

**AGRARIAN TRANSFORMATION IN MOZAMBIQUE: POST INDEPENDENT
PERIOD (1975-2008)**

*Dissertation submitted to Jawaharlal Nehru University
in partial fulfilment of the requirements
for the award of the degree of*

MASTER OF PHILOSOPHY

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DECLARATION

I hereby, declare that the dissertation entitled "*Agrarian Transformation in Mozambique: Post Independent Period (1975-2008)*" submitted by me in partial fulfillment of requirements for award of the degree of Master of Philosophy in my own work. The dissertation has not been submitted for any other degree of this or any other university.


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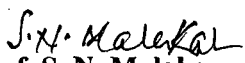
CERTIFICATE

We recommend that this dissertation may be place before the examiners for evaluation.


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DEDICATED TO MY

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Late Smt. PHULAMATI DEVI

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The responsible of errors remains mine alone.


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ABBREVIATIONS

CMEA	:	Council For Mutual Economic Assistance.
FRELIMO	:	Frente de Libertacao de Mozambique.
GDP	:	Gross Domestic Product.
GRM	:	Government of Republic Mozambique.
HIPC	:	Heavily Indebted poor Countries.
MADER	:	Ministry of Agriculture and Rural Development.
MDG	:	Millennium Development Goal.
MNR	:	Movimento Nacional de Resistencia de Mocambique.
NGO	:	Non Governmental Organization.
OECD	:	Organization for Economic Cooperation and Development.
PALMO	:	Partido Liberal e Democratic de Mozambique.
PRE	:	Programa de Reabilitacao Economica
PROAGRI	:	National Programme for Agriculture Development.
RED	:	Recent Economic Development.
RENAMO	:	Resistencia de Nacional de Mocambicana.
SADC	:	Southern African Development Coordination Conference.
SAP	:	Structural Adjustment Programme.
SPA	:	Special Protected Area.
USAID	:	United States of Agency for International Development.

PREFACE

This dissertation considers the main lines of agrarian transformation in Mozambique in the context of two major political and social transitions: from the period of the post-independence socialist oriented policies under The Liberation Front of Mozambique (Frelimo); and from the latter to the market oriented set of policies that became dominant in the post-Cold War era. The primary focus is on the transition from socialist policies characterized by the creation of cooperatives, state farms, and communal villages; to market-led transformations characterized by a system of private property in land and a system of production and exchange for the market. To understand the Agrarian Transformation in Mozambique (1975-2008), the first chapter of the thesis describes historical background of Agricultural development and outlines the complex historical legacy and structural adjustment efforts in Mozambique in addition to reviewing recent economic developments.

In chapter-II, I explore the political usages and various consequences of post-colonial state intervention in agrarian transformation. State control of agricultural sector has a long history in Mozambique. During colonial times the authorities took a keen interest in the political regulation of production and marketing, promoting both metropolitan and settler interests at different times and in different ways. Post-colonial interventions introduced new methods and objectives, but there was a profound continuity in the use of state regulations for the purpose of achieving particular political goals.

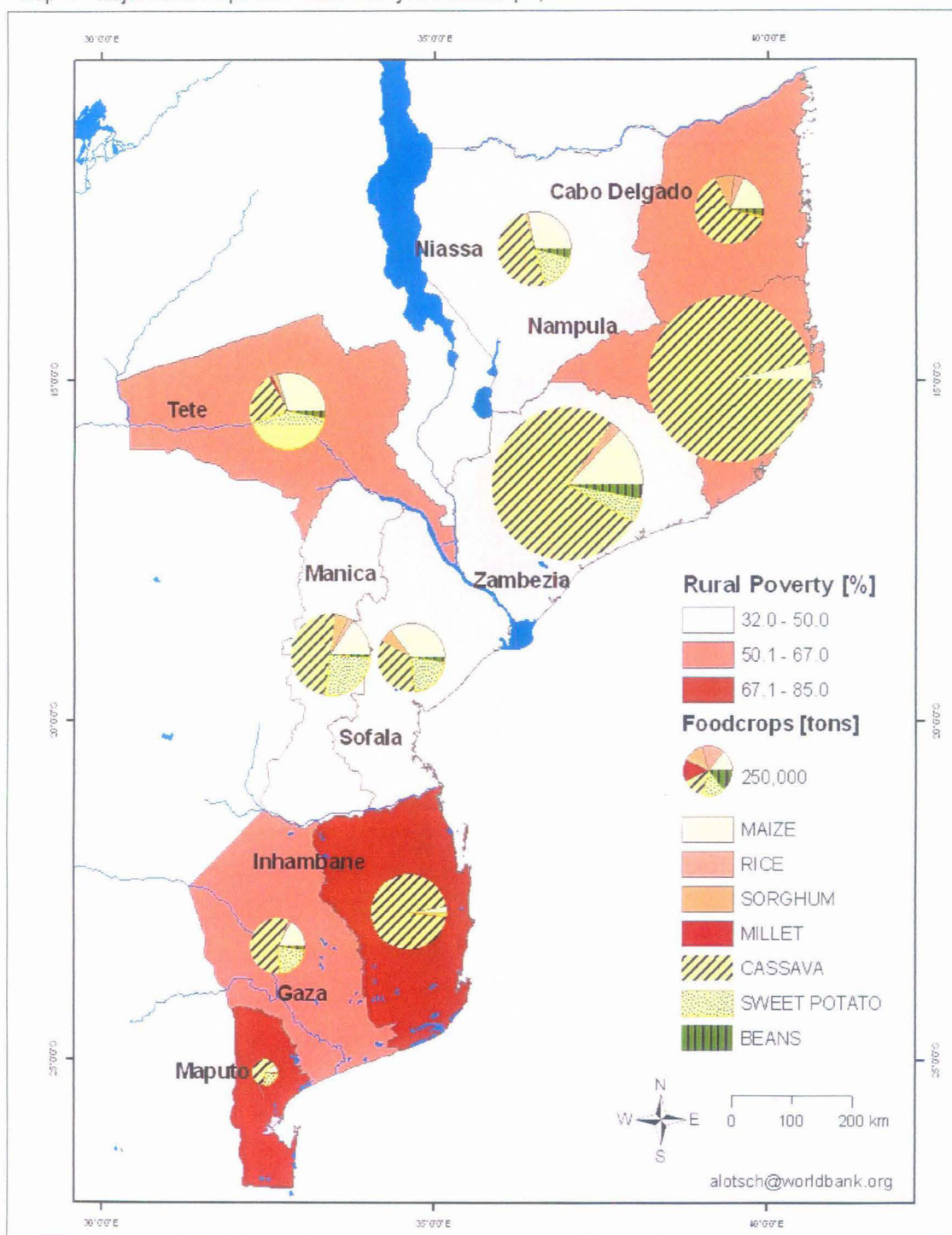
The Chapter-III analyse the range of factors involves in a shift to a 'free market economy' and issue and problems of Agrarian Transformation in Mozambique under SAP. And Chapter-IV summarise the comparative analysis of Agrarian Transformation in Mozambique both in pre and under SAP.

In Concluding Chapter, I find that the creation of cooperatives, state farms, and communal villages was not successful at integrating peasants and bringing together communities to increase production largely because the policies implemented did not reflect the needs and desires of the peasantry. They often were inimical to the situation many peasants found themselves in. I also find that the liberalization of the

economy was laden with policies that were unfavourable to the peasantry. The privatisation of the cooperatives and state farms was accompanied by the reduction of state funded projects such as the development of rural infrastructures and road networks that are crucial in linking peasants to marketplaces. In the future, Mozambique will need to empower local communities and develop rural markets and infrastructure if it is to increase production and generate a positive dynamic of development that can improve rural peoples livelihood and decrease levels of poverty.

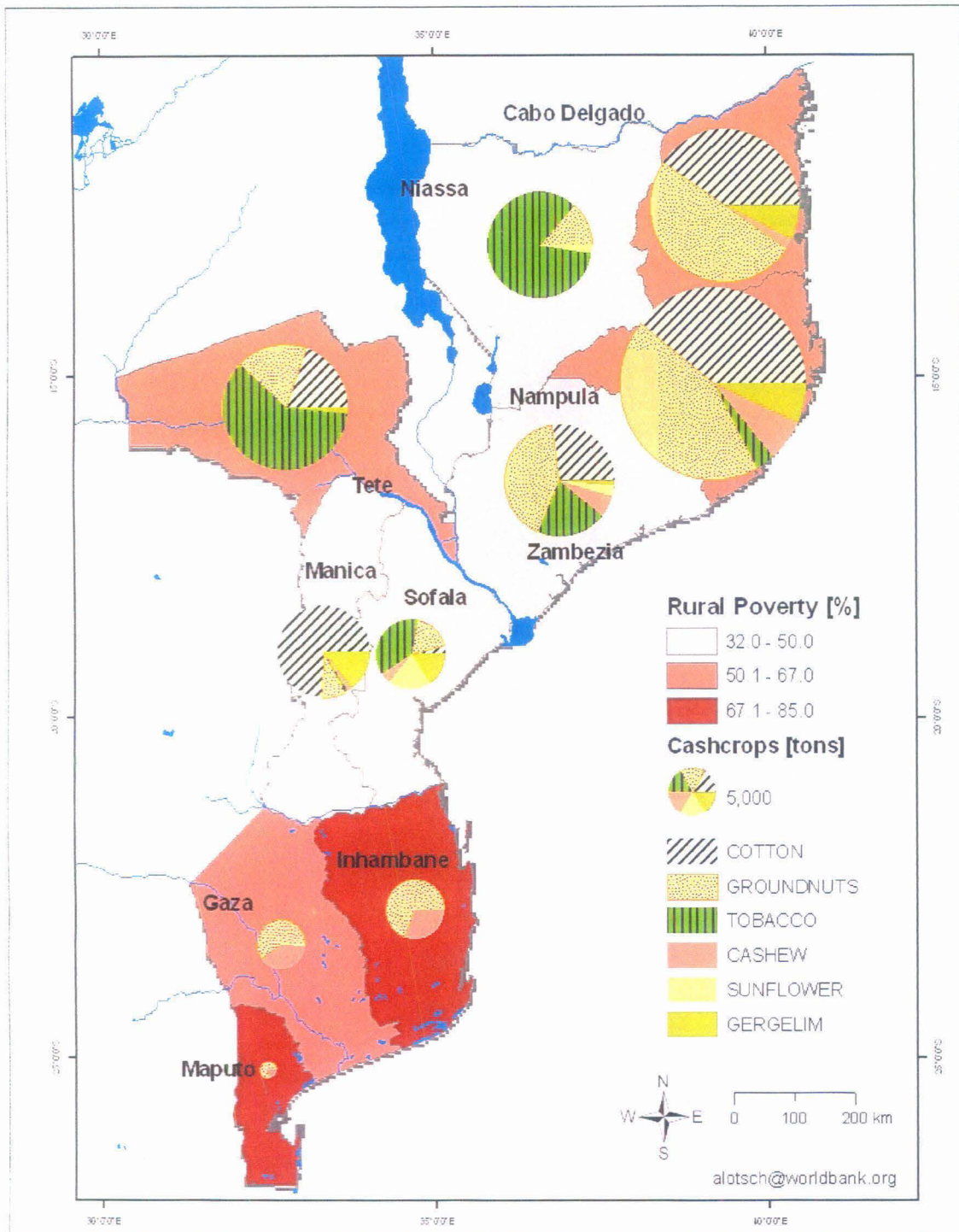


Map 1. Major Food Crops and Rural Poverty in Mozambique, 2003



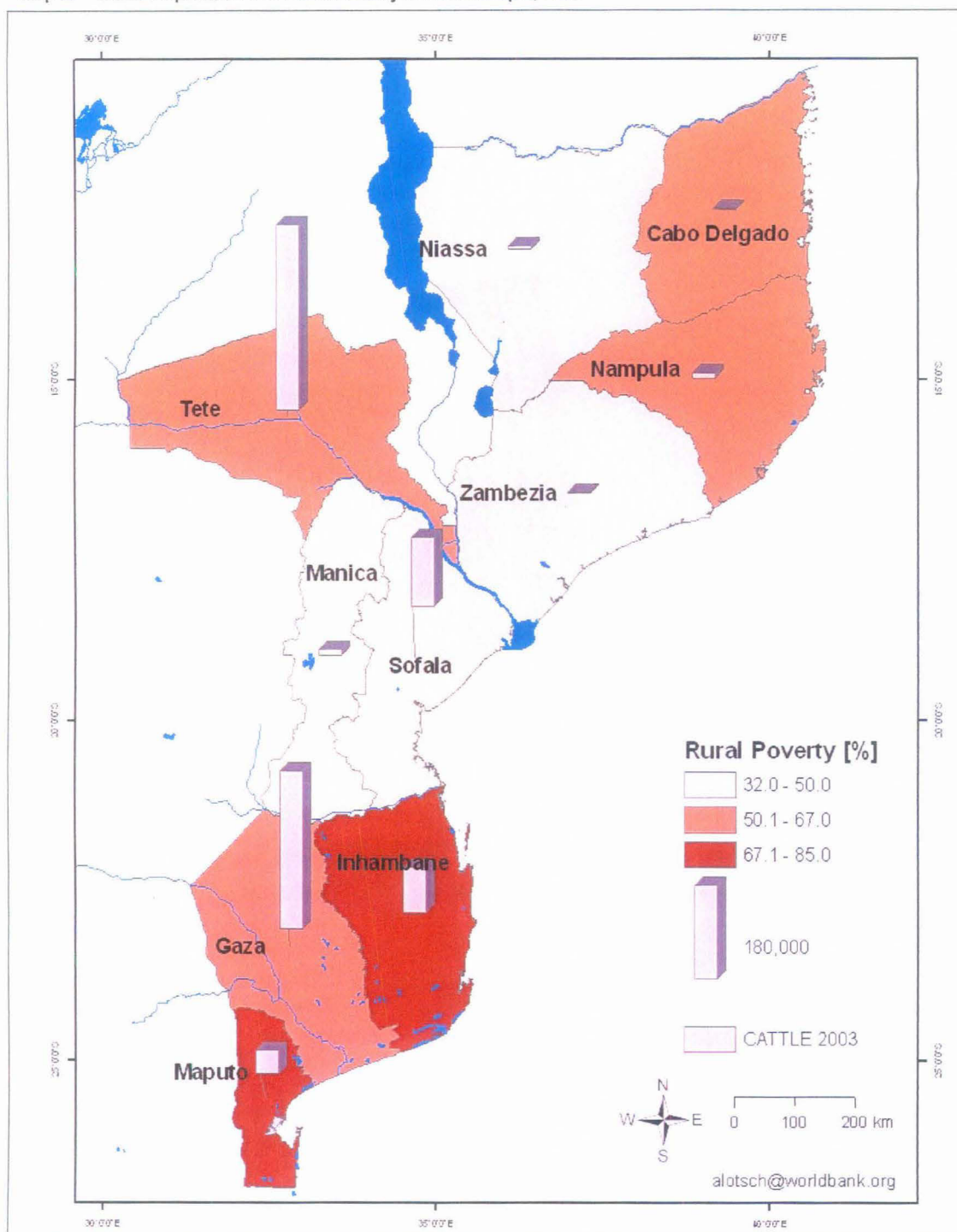
Source: Staff estimates. Mapping based on TIA 2002-03 and unpublished information from Ministry of Agriculture. Rural poverty rates are from Fox et al. (2005) and are measured in per adult equivalent consumption. More detailed information is available in Appendix 3.

Map 2. Major Cash Crops and Rural Poverty in Mozambique, 2003



Source: Staff estimates. Mapping based on TIA 2002-03 and unpublished information from Ministry of Agriculture. Rural poverty rates are from Fox et al. (2005) and are measured in per adult equivalent consumption. More detailed information is available in Appendix 3.

Map 3. Cattle Population and Rural Poverty in Mozambique, 2003



Source: Staff estimates. Mapping based on TIA 2002-03 and unpublished information from Ministry of Agriculture. Rural poverty rates are from Fox et al. (2005) and are measured in per adult equivalent consumption. More detailed information is available in Appendix 3.

CHAPTER- I

1.1 Introduction

Agrarian transformation is a crucial factor in any societies transformation to a modern industrial state. In this process the provision of food to a non-agricultural labour force is a necessity and the securment of investible resources which further and often vital contribution by agriculture. Yet the politics of agricultural development interact in important ways with the social and economic aspect of modernisation. Indeed, agricultural policy issues and their resolution probably lie at the heart of the force shaping the future political and economic landscape in most developing countries.

Agrarian transformation consists of land and its ownership system, land production and its distribution patterns and the most crucial factor relations among the socio-economic forces involved in the process of production and its transaction.

In the context of agrarian transformation, certainly land reform is back on the Policy agenda of international development institutions as well as of many nation states. Globally, poverty still has primarily a rural face with two-thirds of the world's poor, particularly the rural poor. Its persistence has defied policy makers for decades despite sustained efforts by national governments, international institutions and civil sociétés. Effective control over productive resources, especially land, by the rural poor is crucial to their capacity to construct a rural livelihood and overcome poverty. This is because in many agrarian settings a significant portion of the income of the rural poor still comes from farming, despite far-reaching livelihood diversification processes that occurred in different places over time¹. Hence, lack of access to land is strongly related to poverty and inequality. It is therefore, not altogether surprising that the World Bank's 2006, World Development Report focuses on the question of equity has underscored the importance of land access . However, policy discussions around the Millennium Development Goals are yet to systematically and significantly include the issue of wealth and power redistribution in the rural areas, i.e. agrarian reform, especially in a situation where majority of the world's poor are rural poor .

¹ Saturino M. Boras Jr.,Cristobal K,A Haroon Akram Lodhi,(2007), 'Agrarian reforms and rural development;Historical overviews and issues. Pp 25

But unlike in past theorizing and practice of land reform, where the central state took a commanding role, in contemporary thinking about land policies a decisive role is assigned to 'free' market forces in land re-allocation and use². More than a decade into its experimentation and implementation, the new type of land reform should be examined more systematically, both in theory and practice, as to whether it has delivered what it has promised, and if not, why not. Yet, it is important that a parallel critical evaluation of ongoing conventional state-directed land reforms wherever these have been implemented must be carried out as well. The end goal is to produce empirically grounded conceptual reflection on land policies and their relevance to rural poverty eradication within the changed and changing global, national and local context.

Land reform as an instrument of development policy was widely acclaimed in the 1960s and 1970s. In the post-colonial era, agrarian reform was seen by both reformists and revolutionists as one of the levers of modernisation and structural change of backward countries. There was a large school of thought which held the view that traditional land tenure systems were responsible for continuing social injustice, economic stagnation and consequent political unrest. Reform was considered as an essential first step to remove this stagnation and contribute to poverty alleviation in the rural sector. Both reformist and revolutionist movements saw agrarian reform as a growth-oriented intervention which would lay the foundation of a new capitalist, or alternatively socialist, order needed to transform these traditional societies³.

1.2 Post-colonial economy of Mozambique

Mozambique's post independence economy has suffered the damaging effects of a guerrilla-war, drought, floods, famine, the displacement of population and a severe scarcity of skilled worker and foreign exchange. These difficulties have been compounded by a large visible trade deficit with export earnings covering less than

² Ibid: Pp 4

³ B. Rekha, (1994) "Returning agrarian reforms to centre stage", *EPW*, Vol 29, No12, pp.681-682

one-third of import costs and high levels of debt repayment. Despite above facts the resettlements of civil war rerefugee and successful economic reform have led to a high growth rate : the avarage growth rate from 1993-1999 was 6.7% ; from 1997-1999 it avaraged more than 10% per year.The devastating flood of early 2000 slowed GDP growth to 2.1%. A full recovery was achieved with growth of 14.8% in 2001. In 2003, the growth rate was 7%. The government projects the economy to continue to expand between 7%-10% ayear for next five year. All the rapid expansion in the future hinges on several major foreign investment projects, continue to economic reform and the revival of agriculture, transportation and tourism sector⁴.

From the early 1980s, Mozambique was plunged into economic crisis. Production plummeted, half the rural primary schools were burned down or forced to close, the health network shrank by more than a third and the country began to default on debt repayments. By the time President Joaquim Chissano and Renamo leader Afonso Dhlakama signed a peace agreement in 1992, much of the country's physical infrastructure roads, bridges, railways, sugar mills, rural shops and much else lay in ruins. Annual per capita GDP had fallen from \$133 in 1981 to \$90 in 1993⁵.

Before Independence large scale of modern agriculture was under portuguese control. About 3000 fars and plantation existed on more 1.6 hacter where African plots cover some 2.8m. hacter. More than 80% of total working population engaged in agriculture.Since Independent agricultural production has been adversely affected by the scarcity of skilled labour following the post independence exodus by the Portuguese,the internal conflict which prevented nearly 3m. Mozambican from farming the land and drought, flooding, cyclones and insect pests, which have combined to destroy food crops in larger area of this country (notably in South and the Zambezi region). This sector was seriously damaged by the floods of 2000, which affected an estimated 2 million .people. Some 127,000 hacter of crops (10% of the country's cultivated land) were destroyed,and much livestock, including more than

⁴ Europa World: Pp 767.

⁵ Afrol news/Africa Recovery(11 June'09),Mozambique:growth with poverty.

20,000 head of cattle lost. The World Bank later estimated the cost losses at between US \$270m and \$430m⁶.

At present only 5% of arable lands are cultivated, but agriculture (including) has recovered considerably from the conflicts and the floods; accounting for 22.3% of Mozambique's GDP in 2002. Agricultural GDP increased by an average of 3.5% per year during 1990-2002. Before the resumption of electricity supplies to South Africa in 1998 and the start of aluminium exports in 2000, agricultural exports represented Mozambique's major source of export revenue. The major cash crops is cotton and cashew nuts. Prawns remain the principal agricultural export earner, accounting for some 13% of export earnings in 2001. Sugar, maize, bananas, rice, tea, sisal and coconuts are also grown, and the main subsistence crop is cassava⁷.

1.3 Physical set up of Mozambique

The Mozambique covers a total area of 799,380 sq km (308,641 sq miles). This includes 13,000 sq km of inland water, mainly comprising Lake Niassa, the Mozambican section of Lake Malawi. It is located on the east coast of southern Africa on the Indian Ocean, between latitudes and longitudes 30°12'W and 40°51'W. The country is bordered by the United Republic of Tanzania in the north, South Africa in the 10°27'S and 26°52'S south, Swaziland in the southwest and South Africa, Zimbabwe, Zambia in the west, and Malawi in the northwest. The country has a total area of 801,590 km², of which 2 per cent are inland waters. The country is about 1,750 km long and its maximum width is about 1,100 km. The land borders have a length of 4,445 km., while the coastline measures 2,515 km.

There are three basic geographical divisions: a coastal belt which covers about 44 per cent of the country, comprising most of the areas south of the Save River and the lower Zambezi area; a middle plateau, ranging from 200-1000m in elevation and covering about 29 per cent of the country; a plateau and highland region with average

⁶ Europa World: Pp 769

⁷ Europa World: Pp 769.

elevations of around 1,000 m. to the north of the Zambezi River covering about 27 per cent of the country.

About 62 million hacter, or 78 per cent of the total area, are covered by natural vegetation, consisting of high forest (0.8 per cent), low forest (13.8 per cent), thicket (43.4 per cent), wooded grasslands (19.5 per cent) and mangroves (0.5 per cent). The total cultivable land is estimated at 36 million hacter, which is 45 per cent of the total area of the country. In 2002, the cultivated million hacter, of which 4.20 million hacter arable land, while 0.24 million ha were under permanent crops area was estimated at 4.44.

Mozambique is devided by at least 25 main rivers, all of which flow to Indian Ocean. The largest and most historically significant is the Zambezi, whose 820 km. Mozambican section is navigable for 460 km. Flowing from eastern Angola, the Zambezi provides access to the interior of Africa from the eastern coast⁸.

Two main seasons, wet and dry, devide the climatic year. The wet season has monthly average of 26.7-29.4C, with cooler temperatures in the interior uplands. The dry season has June and July temperatures of 18.3-20.0C at Maputo. Mozambique is vulnerable to drought to attendant famine, which severely affected much of the country during the 1980s, particularly during the period 1982-84 and again during 1986-87. In late 1992 it was estimated that 3.2m. people were threatened with food shortages as a result of drought⁹.

The census taken by the Portuguese in December 1970 recorded a total population of 8,168,933, and the population increased to 11,673,725, excluding under renumeration (estimated at 3.8%) by the census of 1 August 1980. At the census of 1 August 1997 the population stood at 16,099,246 and at mid- 2003, according to UN estimates, it was 18,863,000. The population density was 23.6 per sq. km. at mid-2003. Mozambique's population increased by an annual average of 2.2% during 1990-2002.

⁸ Europa World : Pp 762.

⁹ Ibid: Pp 762

North of the Zambezi, the main ethnic grouping among African population, which belongs to the cultural division of Central Bantu, are the Makua-Lomwe groups, who from the principal ethno-linguistic subdivision Mozambique and a believed to comprise about 40% of the population. South of the Zambezi, the main group is the Thonga, who featured prominently as Mozambican mine labourers in South Africa. North of the Thonga area lies the Shona group, numbering more than 1m. Southern ethnic groups have tended to enjoy greater educational opportunities than those of the regions. The government has sought to balance the ethnic composition of its leadership, but the executive is still largely of southern and central origin¹⁰.

Mozambique is divided into 11 administration provinces, one of which comprises the capital, Maputo, a modern seaport whose population was estimated at 1,220,632 in 2003. The second seaport of this country is Beira. Other towns of importance include Nampula, on the railway line to Nissa province and Malawi, and Matola.

1.4 Political dynamics of Mozambique

Portuguese, taking with them most available formal skills down to the level of (say) taxi-driver or mechanic's assistant. Even by African colonial standards, the Portuguese had been notorious for how little encouragement they gave (and how much obstruction they imposed) on even minimal advancement for the whatever the difficulties of Mozambique's economic liberalization, nearly a decade of peace made it possible at least to begin the arduous tasks of reconstruction. After independence in 1975, initial progress in overcoming the Portuguese colonial legacy was reversed by the war waged by the rebel Mozambique National Resistance (RENAMO), with direct backing from the apartheid regime in neighbouring South Africa¹¹.

In its foreign policy FRELIMO embraced the international activism during late 1970s, implementing sanction against the white regime in Rhodesia, by cutting off its main

¹⁰ Ibid: Pp 762

¹¹ Afrol news/Africa Recovery(11 June'09), "Mozambique: growth with poverty".

transport route via the Mozambican port of Beira. It also allowed Robert Mugabe's Zimbabwe African National Union (ZANU) forces to set up the bases on its territory and mount cross border raids. The Rhodesian authorities responded by arming and providing support to the dissident Movimento Nacional de Resistencia de Mocambique (MNR). After 1980, following the emergence of an independent Zimbabwe, South Africa became tutelage the MNR, now renamed Resistencia de Nacional de Mocambicana (RENAMO) which polarised as counter threat to FRELIMO.

This was a poor base for the government to build on in the post-war era. The ruling FRELIMO Party won the first multi-party elections in October 1994, partly on the basis of a manifesto which stated its basic aim as solving the problems of the poor. It promised to reduce social inequalities and regional imbalances and promote "gradual and equitable distribution of the nation's wealth." FRELIMO replayed these themes when it was re-elected in December 1999¹².

The territory now comprising the Republic of Mozambique came under Portuguese control in the 19th century and became a Portuguese 'overseas province' in 1951. Nationalist groups began to form in the early 1960s, eventually uniting in the Frente de Libertacao de Mocambique(FRELIMO), under the leadership of Eduardo Mondlane, in 1964. In 1964 FRELIMO launched a military campaign for independence against the colonial regime that subsequently developed in to a serious conflict, engaging thousands of Portuguese troops by early 1970s. Following the assassination of Mondlane in 1969, Samora Machel was elected leader. After the military coup in Portugal in April 1974, the Portuguese authorities agreed to hand over the power to a transitional FRELIMO-dominated government, and full independence followed on 25 June 1975, when the Peoples Republic Mozambique was declared, with Machel is its President¹³.

The new FRELIMO government implemented a centrally planned economy and one party state, and in 1977 FRELIMO declared itself to be a 'Marxist-Leninist vanguard

¹² Afrol news/Africa Recovery, (11 June'09), ,Mozambique: growth with poverty.

¹³ Europa World: Pp762.

party'. Despite impressive advance in the field of public health, social welfare and education, FRELIMO's policy of *socializacao do campo* (socialisation of the country side) succeeded in antagonising most of the country's peasantry (which accounted for 80% of the population); collective was promoted, traditional beliefs and ceremonies were prohibited, *regulos* (tribal kings) were stripped of their powers church-run social projects were closed.

1.5 Political transition: From communism to democracy

Fundamental changes in FRELIMO's political and economic philosophy began to emerge in 1987, when an economic recovery program the Programa de Reabilitacao Economica (PRE), was launched; it included wide range policy designed to move the country way from the socialist central planning towards a free market economy. In 1989 the party renounced its Marxist-Leninist orientation, embracing social democracy and opening its membership to all. In January 1990 draft proposals for a new constitution were published, providing for the direct election of the President and Assembleia popular by universal suffrage¹⁴. RENAMO was invited to contest the elections, provided that it abandoned the violence and acknowledged the legitimacy of the state. The draft constitution, which was submitted to public debate during 1990, provided for the separation of the FRELIMO and the state, the independence of the judiciary and the right to strike. The process of political was further advanced in August, when FRELIMO announced that the country's name was to be changed from the People's Republic of Mozambique to the Republic of Mozambique.

The new constitution was formally approved by the Assembleia Popular (renamed Assembleia da Republica) in November 1990. Provisions outlawing censorship and enshrining freedom of expression had been added and the death penalty was abolished. The new constitution was welcomed by western aid donors but rejected by RENAMO as the product of an unrepresentative, unelected body. One of the first acts of the new legislature was to pass the legislation allowing the formation of new political parties in December 1990. Evidence opposition to the multi-party democracy emerged in late June 1991 when a conspiracy against government was discovered,

¹⁴ Europa World: Pp 763.

leading to the arrest of a number of a serving and retired army officers, as well as civilians¹⁵. However, FRELIMO held its sixth congress in August 1991, re-electing Chissano as party Chairman and its central committee by secret ballot for the first time. New legislation on the trade union activity was passed by the parliament December, allowing workers to form trade unions of their choice, free from outside interference.

After President Chissano had announced in March 1991 that general election would be held in 1992, new political parties continued to organise, with several of the newly registered parties, including RENAMO, holding conventions, one of the condition for registration. The formal end one party politics came in March 1992, with the official registration of the first legal opposition party. Prominent among these new parties was the Partido Liberal e Democratico de Mozambique (PALMO), which described itself as 'anti-socialist' and whose manifesto expressed views critical of white mixed race and Asian Mozambicans. In June 1992 the leader of PALMO, Martins Billal, announced that eight parties, including PALMO, had agreed to work together to present a 'third force' in opposition to the FRELIMO and RENAMO. In March 1993 the Government published a draft electoral law proposing the establishment of a 21-member national electoral commission, chaired by a member of Supreme Court, to organise and supervise the elections. A multiparty conference, convened in late April to discuss the law, collapsed when 12 opposition party announced that they would boycott the conference until their demand for accommodation and logistical support were met, and called for the establishment for the transitional coalition administration pending the elections. The demand was rejected by the Government. The conference met again in late July, after the opposition party agreed to end their boycott in return for promise of state funding, but was again disrupted by the withdrawal of RENAMO, which alleged that the draft electoral law contravened the peace agreement, which had been signed in October 1992¹⁶.

¹⁵ *ibid.*

¹⁶ Europa Worl, pp764.

1.6 Colonial Agriculture in Mozambique

The Portuguese Exodus Crucial to any understanding of Mozambique, and especially its agriculture, is the disruption occurring in the years after 1974. After the coup in Portugal and especially when it became clear that power in Mozambique would pass to FRELIMO, the next three or four years saw a massive exodus of vast mass of the African population. But even more important than the loss of individual skills was the near total collapse of the marketing, transport, supply and service systems and sectors. Of particular relevance to agricultural policy was the exodus not only of commercial farmers, producing for the Maputo and other urban markets, but also of the agricultural marketing systems within which they had operated and systems for the supply of agricultural inputs and equipment, spare parts and services. This collapse and the resulting crisis of food supply to the cities were among the major reasons for the decision first to nationalise abandoned farms and later to invest in new large-scale agricultural and agro-industrial projects.

The most salient feature of Portuguese colonial agricultural policy was an almost total lack of assistance or encouragement for the development of peasant commercial production. Almost the sole exception to this was the enforced cultivation of certain export crops. The term 'family-sector', which was and still is used to cover the peasantry, has much the flavour of 'subsistence sector', and where own-farm production was concerned, policy was to keep it that way. There was no extension service for the family sector, no state agricultural credit and no infrastructural investment except in Portuguese settled areas. Input-supply was restricted to what private traders would stock. But beyond the lack of encouragement, there was considerable outright obstruction of peasant commercialisation, since it would have offered alternative uses for the labour which was normally in short supply. Forced (chibalo) labour continued to be widespread right up to 1974 and to reinforce an already strong tendency in southern Mozambique for males of working age to migrate to South Africa (at the same time as being a response to the labour-shortage provoked by that migration). During the decade before Independence when rapid growth of Portuguese commercial farming in southern Mozambique made the competition for labour particularly sharp, African commercial agricultural production was further

discouraged by rules restricting transactions to barter and thus giving every opportunity to the trader to depress the terms of trade. The only Africans to receive any assistance were the very few 'assimilados' who, in the process of becoming honorary Portuguese were (legally) redefined from 'family-producers' to 'farmers'. This made them eligible both for credit and for allocations of chibalo labourers from the state, though they seem to have received lowest priority in both cases¹⁷.

Private trading was never made illegal in Mozambique. Private traders were allowed to continue operating, but they were legally bound to follow the established prices, under the terms of the 1979 Private Trade Law (Law no. 7/9 of 3 July 1979). During the early years of independence private traders were viewed with great suspicion by the new authorities for several reasons. First, most private traders were people who had no role in the armed struggle. While those who had been with FRELIMO had been fighting against colonialism, private traders had been making money in the context of a system that FRELIMO considered unjust.¹⁸ For much of the new governing elite, traders were effectively collaborators.

Furthermore, during the colonial period they had frequently exerted monopsonistic and monopolistic powers which made them particularly mistrusted and disliked. Second, memories were still fresh of FRELIMO's Second Congress in 1968, in which the private trading activities of Lazaro Nkavandame and his followers had led to their expulsion from the Front on the grounds that they were 'new exploiters'. The official FRELIMO account simplifies a complex power struggle by pointing only to the evidence of Nkavandame's corruption, but by dint of constant repetition this version acquired the status of unquestioned truth. One effect of this reading of its own history was that private trading was closely linked in the regime's vocabulary to the idea of exploitation. In the early years of independence, to use the words of Lenin during the 'War Communism' years, private trading was viewed as 'monstrous speculations' Third, private trading removed revenue from the sphere of the state; it reduced the

¹⁷ Philips Raikes, (1984), "Food policy and Production in Mozambique since Independence", *Review of African Political Economy*, Vol.29, No.1, Pp. 95-107.

¹⁸ Joao Cravinho, (1985), 'Frelimo and the politics of agricultural marketing in Mozambique', *Journal of Southern African Studies*, Vol.24, No.1, Pp. 93- 113.

level of political control over society and its development threatened the socialist project¹⁹. Yet it was clear that there was no immediate possibility of replacing private traders. The state did not have the resources to do so, and those that remained had not only to be accepted but encouraged.

It is so important to an understanding of recent Mozambican political developments, then it should be of relevance to agriculture. Agricultural production constitutes the base for internal capital accumulation. FRELIMO in its Third Congress in 1977 defined agriculture as the base, and industry as the dynamising factor, for the development of the Mozambican economy²⁰. Recently Mozambique has needed to import more rice, wheat and maize, causing a drain on scarce foreign exchange, adversely affecting economic decisions. Eighty-five per cent of the population live in the rural areas, most of them peasants cultivating 94 per cent of all arable land presently under cultivation. These people live mainly in scattered households, producing the vast majority of food for their own consumption and 80 per cent of the gross value of all marketed agricultural produce, including very important export crops such as cashew, cotton and copra. This peasantry formed the base for FRELIMO during the armed struggle and presently constitutes one arm of the worker-peasant class alliance. The transformation of the agricultural base is therefore a very important element in FRELIMO's policy of socialist transition. It is for these reasons that we think an understanding of agricultural policy and practice is so important²¹.

1.7 Mozambique's external debt burden

The earliest official estimate of Mozambique's nominal stock of public gross external debt exists for 1984, putting the debt at about US\$ 2.4 billion, more than ten times the total value of export of goods and services in that year, or 50 percent of GDP. In order

¹⁹Joao Cravinho, (1985), 'Frelimo and the politics of agricultural marketing in Mozambique', *Journal of Southern African Studies*, Vol.24, No.1, pp.93- 113

²⁰Oscar Marleyn, David Wield and Richard Williams, (1982), 'Notes on the Political and Organizational offensive in Mozambique and its Relationship to Agricultural Policy', *Review of African Political Economy*, No.24, Pp.114-120.

²¹Ibid: Pp114.

to understand the causes of the sharp build up of debt, a balance of payment table from 1973 to 1998 was compiled based on the IMF's background papers on recent economic developments (REDs) on Mozambique. A measure of the total nominal stock of net external debt was then obtained by cumulating net debt-creating balance of payments flows from 1975 onward²².

A net rather than a gross concept of debt is usually analyzed when a country is known to have both assets and liabilities. While the precise figures are not known, this appears to have been Mozambique's position at the time of independence. More generally, other sources of balance of payments financing than external debt may have been used while the debt was building up, so that looking only at gross debt may lead to over- or underestimating the underlying imbalances. A set of internally consistent figures within a well-defined accounting framework should also be more reliable than the analysis of a single series in isolation.

Studying the constructed figure of nominal net external debt in percent of exports of goods and services and GDP, two important facts emerge. First, it was not until 1978-79 that Mozambique started to accumulate substantial amounts of external liabilities, as the drawdown of foreign reserves was sufficient to finance the current account deficit during the years immediately after independence. Second, while the nominal stock of net debt kept rising throughout the period considered, net debt in percent of exports of goods and services peaked as early as 1986-87, and in relation to GDP in 1993-94. Mozambique's debt burden, therefore, was accumulated primarily during the period 1978-93 the period of civil war.

The civil war, however, may not have been the only cause of the rise in Mozambique's debt burden, and other demand and supply factors might have contributed to the build up of debt. Many authors find that, in addition to political factors such as civil war and social strife, external (terms of trade and weather-related) shocks, lack of adjustment and reforms, and creditors' financing and refinancing policies all help explain the build up of debt observed in many low-income developing countries over basically the same period. The next paragraphs analyze

²² Afrol news/Africa Recovery(11 June'09), Mozambique: growth with poverty.

each of these potential explanatory factors, after a brief discussion of the initial conditions at the time of independence²³.

1.8 Initial conditions

Mozambique's war of independence started in 1964, and independence was reached in June 1975, after the Portuguese revolution left the colonial administration in disarray in April 1974. The level of economic development in colonial Mozambique was low even by African standards²⁴. GDP per capita is estimated at US\$ 200 in 1973 the last year of colonial rule.

The stock of gross debt owed to Portugal was reportedly positive, albeit small in relation to exports, at the end of the 1960s. Miscellaneous press reports put the nominal stock of gross debt at less than US\$ 100 million in 1975, while the stock of foreign reserves inherited from the Portuguese administration is estimated at more than US\$ 500 million in 1975.

Neither the war of independence nor the status of the public finances inherited from the Portuguese administration; therefore, appear to be good candidates to explain the sharp build up of debt during the first few years after independence. Independence, however, brought about a first major shock that affected Mozambique's economy and balance of payments for many years to come: a large loss of human capital due to the sudden departure of the Portuguese settlers who were occupying the vast majority of the qualified positions in the economy, including in the important service sector, which traditionally had been in surplus.

A terms of trade decline totalling about 10 per cent between 1975 and 1980 affected Mozambique's balance of payments and real income negatively during the period.

²³ Brooks, Ray and other, (1998), "External Debt Histories of Ten Low-Income Developing Countries: Lessons from Their Experience," IMF Working Paper 98/72 (Washington: International Monetary Fund) and Baltazar, R. and Associates, (1999), *Revisão da Iniciativa HIPC* (Maputo, Mozambique: Grupo Moçambicano da Dívida).

²⁴ Bruck, T. (1997), "Macroeconomic Effects of the War in Mozambique," QEH Working Paper No. 11 (Oxford: University of Oxford International Development Center).

However, developments in subsequent years suggest that terms of trade were not the main driving force behind the build up of debt. The debt burden rose almost fourfold between 1982 and 1986 despite a 40 per cent improvement in the terms of trade over the same period, equally split between higher export prices and lower import prices. Hence, the sharp decline of export values from 1981 to 1985 reflects the collapse of export volume rather than exogenous price shocks.

Indeed, during this period, the collapse of foreign revenues deriving from tourism, transit trade, and border workers was in part, if not mainly, affected by the civil war and the external political factors ultimately explaining the local conflict. The sharp contraction in agricultural output, amply documented by CNP²⁵ for both cash and subsistence crops, however, was related also to the lack of protection of property rights brought about by land nationalization immediately after independence and the distortions of price incentives imposed by economic planning formally endorsed in 1977²⁶.

1.9 Natural disasters

Separate estimates of the balance of payments impact of the floods and droughts that periodically afflicted Mozambique during the period of strongest debt build up are not available. However, a simple account of the main events is enough to appreciate the contribution of this erratic factor:

The Limpopo and Incomati rivers flooded in early 1977 the worst flood in living memory at that time making some 400,000 people homeless and causing some US\$ 34 million worth of damage. The Zambezi flooded in early 1978, resulting in some US\$ 60 million worth of damage and affecting some of Mozambique's most fertile zones. Serious water shortages in some parts of the country (especially Inhambane) turned into full-scale drought in 1980, leading the government to make an urgent

²⁵ Comissão Nacional do Plano (CNP), (1985), *Informação Estatística: 1975-1984*, (Maputo, Mozambique, Direcção Nacional de Estatística).

²⁶ Hall, Margaret, and Tom Young, (1997), *Confronting Leviathan: Mozambique Since Independence* (Athens, Ohio: Ohio University Press).

appeal for international food aid. By the end of 1980 the drought was seriously affecting about 1.5 million people in six of the country's ten provinces²⁷. The 1980 drought, which reportedly lasted until 1983, was followed by floods in 1984-1985 and two other severe droughts in 1986-1987 and 1991-92, respectively.

As a partial result of these natural shocks, but also, as noted above, because of other factors negatively affecting agricultural domestic supply, Mozambique's food balance soon went into structural deficit and did not recover until very recently, forcing the country to rely on food import to feed its people, and thereby continuing to add pressure to the balance of payments. It is estimated, for example, that imports of foodstuff averaged more than US\$ 100 million a year during the period 1980-84, as compared to imports of other consumer goods of about US\$ 60 million per year over the same period.

While it is difficult to distinguish the contributions of terms of trade and weather-related shocks to the initial build up of debt from those of other contributors, such as political or economic policy factors, the evidence suggests quite clearly that adverse weather conditions have been more important than adverse relative price movements in international commodity markets.

1.10 Domestic economic politics

Mozambique's macroeconomic performance since independence has undergone four distinct phases: (i) the decolonization period (1974-76), characterized by a sharp output contraction without a major external imbalance; (ii) the period of strict adherence to economic planning (1977-81), in which output rebounded somewhat from the earlier decline and internal and external imbalances first developed; (iii) a period of economic crisis and financial collapse (1982-86); and finally (iv) a period of more lasting recovery (1987-98), characterized by the resumption of growth, the gradual decline of inflation, and an improvement in the external balance after grants²⁸.

²⁷ Hall, Margaret, and Tom Young, (1997), *Confronting Leviathan: Mozambique Since Independence* (Athens, Ohio: Ohio University Press). / Ibid:106

²⁸ Afrol News: 29th June '06

Following the post-independence turmoil and consequent decline, the government, which up to that point had not pursued a systematic transformation of Mozambique into a centrally planned economy, embraced formally Marxism-Leninism and economic planning at FRELIMO's Third National Congress in February 1977; by 1981, most large-scale economic activities had been brought under the state's control through successive waves of nationalizations. At the same time, public investment projects reportedly worth about US\$ 800 million had been affected under the direction of the National Planning Commission in agriculture, industry, transport and communications, and construction²⁹.

Growth resumed during the period 1977-81, rebounding from its post-independence slump, supported by good weather conditions in 1979-80 after two years of floods, and further stimulated by public investments. However, domestic absorption soon hit capacity constraints, inflation accelerated, and an import growth of more than 30 percent per year pushed the current account into large deficits despite the recovery of exports. Hit by a severe drought and the intensification of the civil war, the economy slowed in 1981 and contracted sharply in 1982. Meanwhile, it was becoming apparent that state-owned enterprises and farms were draining budgetary resources and undermining productivity, especially in agriculture and services. More important, from the narrow point of view of the sustainability of the debt, it was also becoming clear that the rate of return on investments previously financed by foreign borrowing was insufficient to repay the credits drawn³⁰.

The government reacted to deteriorating economic conditions by departing, as early as 1980, from strict adherence to economic planning, on the one hand - including by denationalizing small-scale activities and by trying to strengthen its relationship with the east, on the other hand - that is, by redirecting trade toward the former Soviet bloc

²⁹Ibid

³⁰Ibid

and by applying for accession to the Council for Mutual Economic Assistance (CMEA). CMEA countries, however, were facing economic difficulties of their own at the turn of the decade, and Mozambique's application to the CMEA was refused in mid-1981³¹.

After failing to obtain substantial support from eastern countries and facing a large projected cereals deficit (due to the 1980-83 drought), a shortage of consumer goods more generally, a lack of equipment to wage the war, and fast-rising debt-service payments, the government introduced a rationing system in Maputo in 1981 and turned to the west for financial assistance. It launched a series of international appeals for food aid, applied for membership of the IMF and the World Bank in 1982, and requested its first rescheduling from the Paris Club of Creditors, which it was eventually granted in 1984. Meanwhile, the government also took its first steps toward embracing the principles of the market economy at the Fourth National Congress of FRELIMO in 1983³².

The limited emergency financial assistance, however, was not sufficient to avert an economic crisis that was going far beyond the inability to meet immediate food needs and debt-service payments, as evidenced by the government's action to tighten the rationing system in Maputo in 1983 and broaden it to cover the city of Beira in 1986. During the period 1982-86, GDP declined markedly, and the current account of the balance of payments kept registering enormous deficits; meanwhile inflation remained subdued until prices started to be liberalized in 1987.

The government's response to the economic crisis came in the form of a comprehensive program of economic reforms, the Economic Rehabilitation Program, presented to the national assembly in 1987 with the financial support of the Bretton Woods institutions; a rescheduling agreement with the London Club of Creditors; and the second Paris Club rescheduling.

³¹ibid

³²ibid

The economy responded quickly to this strong reform effort, and growth resumed during 1987-93, accompanied by a sharp export recovery. This trend accelerated after the war ended in 1993. Meanwhile, much higher grant financing (close to 20 per cent of GDP on average during 1987-93) was allowing even larger current account deficits without adding to the debt burden. Interestingly, while the 1977-81 recovery had taken place only after the post-independence turmoil had subsided, the 1987 expansion began much before the end of the civil war, thus providing evidence of the positive effects of reforms on economic performance ahead of the post-war rebound effect.

1.11 Conclusion

Globally agrarian transformation in general and land reform in particular has bounced back on the development agenda and there is emerging consensus on the importance of increased access to land and secure rights in order to overcome poverty in many parts of the underdeveloped world. However there is no consensus on other agrarian related reforms such as the terms of international commodity trade, the question of subsidies agriculture and the role of multinationals within the agro-industrial chain and its effect on smallholder reproduction. Furthermore even though the land reform agenda has bounced back on the policy scene the dominant formulations do not emphasise the relationship between structural agrarian reforms (which include land reform and broader policy re-orientation) and poverty reduction. Rather popular formulations insist on the restitution agenda,³³ addressing colonial imbalance, honouring liberation struggles pledges etc. The failure to link land reform to improved livelihoods is partly due to the historical experience with land reform in other parts of the globe where it was not a success (Mexico, Chile etc). Furthermore the sub-region has been dominated by discourse that priorities the large scale commercial farm sector because of their perceived superiority over smaller landholdings in terms of employment capacity, foreign currency generation, land and labour utilisation. The superiority of the sector in land and labour utilisation is no longer easily justifiable in the aftermath of studies which show that the majority of the large scale commercial farms only utilise a third of arable of land on average, they are not efficient in terms of water utilisation. Even though they tend to employ more labour, the conditions of

³³ibid

employment (especially remuneration) have left agrarian laborers worse off than their counterparts in the mines or urban wage sector. Furthermore some of the contemporary land reforms (especially the Zimbabwean one) have shown their capacity to improve livelihoods³⁴.

In this context it is important to note that Southern Africa's agrarian question is closely related to the poverty situation and needs to be examined in the wider context of models of development, the critical broader supporting frameworks to agrarian livelihoods. Despite the apparent inequalities in the rural sector especially in terms of access to land in former settler colonies (Namibia, South Africa and Zimbabwe) there has been minimal policy attention to the agenda of agrarian reforms. Rather the region is dominated by externally driven 'pro-poor' 'poverty reduction strategies' which have been notably negligent of the fact that diminishing access to land and, inadequate strategies to mobilize financial and human resources to effectively develop land use, are a fundamental constraint to development.

History has shown that poverty can be reduced by increasing access to land of the rural poor, but also it is critical to note although land reform is necessary it is not a sufficient condition to improve livelihoods and spur economic growth but rather needs to be complemented by agrarian and structural reforms which will enable the new agrarian participants to effectively produce. Most of the successful land reforms (South Korea, Kerala, Taiwan and China) carried out to date were supported by massive direct and indirect support in the input and output markets of the rural economy as well as in pro-poor social policies such as in health and education. In this discussion we analyse the contemporary nature of the Agrarian Question and the attendant reforms implemented to date. Based on these experiences we attempt to predict the future of agrarian reforms.

³⁴ *ibid*

Chapter-II

2.1 Introduction

State control of agricultural sector has a long history in Mozambique. During colonial times the authorities took a keen interest in the political regulation of production and marketing, promoting both metropolitan and settler interests at different times and in different ways. Post-colonial interventions introduced new methods and objectives, but there was a profound continuity in the use of state regulations for the purpose of achieving particular political goals. There was also continuity in the fact that many stated goals remained unachieved while other goals remained unstated. The political purposes of colonial regulation of agricultural marketing have been explored by a number of authors¹. The purpose of this chapter is to explore the political usages and various consequences of post-colonial state intervention in agrarian transformation.

Post-independence economic and agriculture policy was characterized by a centrally planned economy with extreme lack of human and physical capital resources, both extremely important factors for economic development. This situation was worsened by the civil war, which throttled the economy for almost the entire last decade. Still the political independence of Mozambique in 1975 was one element in a continuing process of social change. The process includes changes in all aspects of social life including economics, politics and ideology of necessity the rural population is central to this process central to the changes in rural societies has been the policy of developing communal villages where production is organized in agricultural co-operatives².

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The government of Mozambique and FRELIMO, the movement which in 1977 became the organized party of the Mozambican revolution, has taken several initiatives to stimulate the development of agricultural production co-operatives.

¹ JoAo Cravinho,(1998), ' Frelimo and the Politics of Agricultural Marketing in Mozambique!', *Journal of Southern African Studies*, Vol. 24, No. 1,Pp.93-113

² Laurence Harris, (1980), ' Agricultural co-operatives and development policy in Mozambique', *Journal of Peasant Studies*, Vol. .3, Ppp.335-352



These initiatives have associated the development of these forms of communal production with a villagisation programme the plan of which is to develop communal villages (*aldeias comunais*) as the framework for the communalisation of all aspect of rural society with co-operatives production as their material base. All the co-operation on communal land was to be their material base, it is intended that the farmer should retain possession (but not ownership) of individual family plots and work on the communal land for part of the time³.

One of the first formulations of communal villages was in the FRELIMO organized national agricultural seminar of September 1975, soon after Independence, and the policy was formalized in a resolution of the 8th session of the Central Committee of FRELIMO in February 1976. The resolution set out the guidelines for the development of the economic and social structures of communal Villages⁴.

At the economic level the resolution started that the material base will be a co-operatives or state farm, but emphasized only the former and in defining it linked its economic aspects with the “political, Social and cultural aspects” of village development. It also indicated that the production techniques of the co-operatives and communal villages should be labour intensive and that, within the aim of “self reliance”, production should be oriented toward direct consumption as well as marketable surpluses. Since the resolution is programmatic, it does not contain a detailed analysis of rural class structure, but instead mainly employs of the categories of the “people” and “masses”. However the more précised statement of the relevance of class structure is also made;

Given the Political, Economic and Social aims of the communal Village, participation can only involve poor peasants, workers and exploited labour. Small farmers who own their own means of production will be accepted if agree to put these to common use⁵.

³ Ibid:Pp162

⁴ Ibid: Pp162

⁵ Ibid:Pp162

Here the distinction between poor peasants, workers and exploited labour is unclear and the categories do not immediately coincide with customary concepts of class, but it does appear each of these categories is defined as distinct from the category of owners of means of production.

Such conceptions are open to several theoretical criticisms but our concern is with their empirical content in the context of the lower Limpopo valley districts of Gaza Province, Southern Mozambique. There the problem is that the class structure of rural society, both before independence and after, has been highly complex and also subject to rapid transformation, so that to talk of the formation of peasant co-operation is an unhelpful simplification⁶.

The FRELIMO government in Mozambique pinned its hopes for rapid and widespread socialist modernisation of the country upon the agricultural sector. During the two decades since independence, the precise role which the government wished the agricultural sector to fulfil has changed, and the changing regulation of agricultural marketing reflects the new priorities. The most important instrument devised by the government to deal with problems related to marketing was the state marketing board, Agricom.

While the early post-independence period was characterized by FRELIMO's attempts to introduce a centrally planned economic environment, as the dramatic exodus of 1974 had drained the country of both human and physical capital, the prospects of fast recovery were poor. During the last half of the 1970's, enterprises left by the Portuguese were taken over by the state, initially of practical as well as political reasons⁷. As the confidence in leadership and ideology increased, the approach to economic policy was heavily influenced by FRELIMO's endeavor to introduce a socialist system of rapid development and equality. One may suspect the transition of the late 1970's to have been as spectacular as today's structural adjustment plans, the

⁶ Ibid: Pp 165

⁷ Klaus Mohn (1994), *Monetarism and Structural Adjustment.-A Case Study of Mozambique*, Report 94/11

post-independence economic and political strategy was completely in disharmony with the existing socio-economic conditions⁸.

FRELIMO gradually acknowledged that the economy was in need of some sort of restructuring, and in 1980 the first ten-year plan of economic policy was set out. A rigid system of central planning was introduced, and to accomplish "victory over underdevelopment" the gross national product was meant to rise by 17% a year. Emphasis was placed on giant development projects like state farms, heavy industry, and energy production. Other dominant features of the ten year plan were the organization of the peasantry into communal villages, and the collectivization of agriculture to increase production.

In this chapter I discuss the factors behind agricultural growth and the decline of rural poverty over the past decade. In addition, it analyzes the constraints facing smallholder agriculture and rural non-farm employment, provides a snapshot of the agricultural sector, analyzes the determinants of agricultural growth, discusses the determinants of the decline in rural poverty, and briefly examines the non-farm sector and labour markets in rural Mozambique⁹.

2.2 Agriculture in a transition phase

Mozambique, each defined by strategic shifts in economic and social welfare policy: the first phase, from 1975 to 1980, defined by broad-ranging political consensus around the need to transform radically the colonial structure of society on egalitarian socialist lines; the second phase, from 1980 to 1986, defined by FRELIMO's shift to a bureaucratic and hierarchical model of rapid socialist accumulation and marked by sharpening external and internal support for opposition to this strategy.

⁸Bowen, M. (1992), "Beyond Reform: Adjustment and Political Power in Contemporary Mozambique", *Journal of Modern African Studies*, Vol. 30, No. 2, pp. 225-279.

⁹ See: World Bank Report, (2006), Mozambique Agricultural Development Strategy; Stimulating Small holder Agricultural growth.

Only about 4.5 million of 36 million hectares of potentially arable land are cultivated. The country has considerable untapped opportunities for irrigation, with only 14 per cent of a potential 3.3 million hectares irrigated. In addition, major river systems remain largely unexploited¹⁰ (for example, the Zambézi, Save, and Limpopo systems).

Mozambique benefits from its location and neighbors. With a long coastline and three major ports, the country provides shipping services to the land-locked countries of Malawi, Zambia, and Zimbabwe. Informal cross-border trade between Mozambique and its neighbors enables farmers to take advantage of input and output markets in other countries, and mobility across borders is already important. For example, labor currently migrates from Malawi to Mozambique to help sustain growth in the tobacco sector. Likewise, due to the political situation in their country, a number of Zimbabwe farmers cultivate tobacco and other high-value crops in Mozambique¹¹.

During the 1980s and early 1990s, Mozambique's agricultural sector was barely functional due to a combination of manmade and natural causes. The prolonged drought of 1981 to 1984 was followed by the floods and cyclone of 1984, by 1986, a famine emerged from renewed drought and civil war and drought continued into 1987 followed by floods.

Only about 4% of Mozambique is under cultivation at any one time, and more than two-thirds of the land is not exploited in any way. Since independence, there has been a serious decline in agricultural production, attributed to the collapse of rural transport and marketing systems when Portuguese farmers and traders left the country. In the 1980s, state farms received the bulk of agricultural investment, but the yields were poor.

Mozambique agriculture is an integral part of the country's economy. Agriculture of Mozambique is the bread and butter of more than 80% of the population. With so

¹⁰ See: World Bank Report, (2006), Mozambique Agricultural Development Strategy; Stimulating Small holder Agricultural growth.

¹¹ Ibid: Pp 3

many lives at stake the Mozambique government always tries to improve the conditions of agricultural practices. But still much of it is still carried on in primitive ways. Almost all the labour involved comes from the households. In Mozambique, all members of the family contribute towards farming. Organized farming is nearly absent and all the work is carried out by individual farmers. In fact modern agricultural tools such as tractors, electrical ploughs, good quality fertilizers and pesticides were hardly ever used in Mozambique.

Post independent agriculture in Mozambique faced a lot of setbacks due to many factors. One major deterrent was the severe drought that affected Mozambique in the early 1980s. Mozambique does not enjoy the availability of developed artificial irrigation channels and network. Agriculture in Mozambique is almost wholly dependent on rainfall for getting water for irrigation. As a result when rains failed so did agricultural production. Drought was followed by floods and locust attacks that further affected the production of crops. To top it all, the Civil Wars were the ultimate destructors of agriculture in Mozambique.

However, despite all these mishaps, Mozambique agriculture is again reviving. The climate and soil of Mozambique are ideal for the growth of a number of crops. The major cash crops grown here are sugarcane, copra, sesame seeds, sugar beans, sunflower, rice, millet and maize. Besides these, the vegetables grown are potato, cucumber, sweet potato, pumpkin, cabbage and tomatoes.

The emergence of land distribution problems within the sub-région through rural differentiation processes, suggests that a new generation of land concentration is emerging, highlighting the challenges to poverty alleviation through land redistribution. The accumulation logic of new social forces emanating from the maturation of a Southern African *petit bourgeoisie* two generations after independence drives this new land concentration now seen largely in the hands of retired public servants, professionals, indigenous business people and other urban elites¹². These social forces and interest groups emerged from earlier nationalist, political and administrative leaderships, traditional chieftaincy elites, and new post-

¹² Ibid: Pp 4

independence middle class elements. They follow an accumulation treadmill of agrarian export markets, which flourishes alongside the widespread variety of poor rural peasantries and semi-proletarian or lumpen elements, which 'straddle' both arenas. Such rural differentiation partly explains the growing and in some cases potential demand for land reform policies, which can deliver land rapidly in both urban and rural areas, but largely in favour of elites¹³.

2.3 Modernisation and the Family-Sector

But this was by no means the only reason for a large-farm emphasis and there would certainly have been strong pressures in that direction in any case. Most significant decision-makers in post-1974 Mozambique were united in holding a strongly modernisation-oriented notion of development. That is, development is seen as the process of building a new and separate modern sector in both agriculture and industry, marked by the use of the most modern available techniques and organisational structures. This is seen to be rooted in scientific knowledge, initially imported and later generated locally through institutions of formal teaching and research. This knowledge takes its point of departure in formally learned principles of scientific farming and is in no way based upon traditional practices, from which there is nothing to learn. In such a vision, the role of the 85 per cent of the population who form the family-sector is to provide a surplus for the investment process (through accepting poor terms of trade for their labour and products) and to wait for the time when they can be integrated into the modern sector as wage-labour or members of co-operatives. While there is doubtless an element of caricature in the above account, there is no doubt that such a simplified version of modernisation ideology has been quite influential in Mozambique. The general notion is, of course, very widespread, but Mozambique seems to have adopted a more than usually 'pure' form¹⁴. Among the more important reasons for this would seem to be the Portuguese heritage. By this It means, not only that such an extreme version of modernisation was closely connected to the virtually exclusive colonial emphasis upon (white) 'farmers', but that the effects

¹³ Ibid: Pp 4

¹⁴ Philip Raikes, (1984), 'Food Policy and Production in Mozambique since Independence', *Review of African Political Economy*, No. 29, Pp. 95.

of this policy had been to produce a peasant sector which was more than usually technologically backward and less than usually integrated into the national economy through sale of crops or livestock¹⁵. A further point of considerable importance is the legal and political distinction which was maintained between 'farmers', who were 'modern', could get credit and various other forms of assistance including forced labour to work for them, and the 'traditional' family-producer who in addition to lacking the above, could not even dispose of his or her own labour-power freely since subject to *chibalo* labour. The contrast was probably most marked in southern Mozambique, whose labour-force had in effect been rented out to South Africa since before the turn of the century as migrant labour. With over 50 per cent of able-bodied males away at any one time in some places and with others engaged in or avoiding *chibalo* labour on Portuguese farms the family sector was to a large extent composed of female-headed households. That is, a large number of family-farms were in fact composed of women with children and old people trying to produce enough to eat and to get by, while relying to a greater or lesser extent for cash income on remittances from a husband working in South Africa. Starved of labour and cash, with overall control and land rights still in the hands of a largely absent male, and facing the risk of forced labour for herself or older children, it is hardly surprising that family-farms were generally somewhat unimpressive considered simply as production units. It is however entirely wrong to attribute this situation to 'stagnation' or conservatism when it obviously derives from external constraint. It would make as much sense to attribute the forced immobility of a prisoner to lack of interest in the outside world.

2.4 State Farms and Socialist Development

While, in its purely technical aspects, Mozambican agricultural policy bears a strong resemblance to modernisation elsewhere, one of the major forces behind its specific form has been a particular notion of socialist development. Whatever the general nature of Mozambique's relationships to east and west, this has strong roots in the policies of the USSR and Eastern Europe and takes as one starting point the 'dominant

¹⁵ Ibid Pp.101

and dynamizing' role of the state-farm in socialist agricultural development¹⁶. In some versions, the state-farm is also said to be the 'highest form' of socialist production unit in agriculture. This in turn relates to a general strategy for socialism which lays great emphasis upon the development of the forces of production as a necessary condition for a (subsequent) transformation of social relations. While there are many formulations of this line which seek to deny the aspect of 'production now, transformation later', it seems to me both undeniable in practice and built into the whole hierarchical structure of state farms and the planning structure which lies behind them. The notion of the state-farm as highest form or leading edge seems to derive from an analogy with the predictions of some leading Marxists (including Lenin) that the dominant and adequate form of production unit under developed capitalist agriculture, would be the large commercial farm, the 'firm in agriculture'¹⁷. This prediction has not been fulfilled in Western Europe or large parts of the USA, where by far the most important form of production unit is the commercial family farm, dominated and controlled by capital from the outside, in the form of agribusiness and finance. Nor, come to that, is there any obvious reason on productive grounds for the choice of the Soviet model. While low productivity on state farms is certainly not the only reason for the current position of the USSR as by far the world's largest grain importer, it has certainly been among them. Nor, with the possible exception of North Korea, are there many successful examples from elsewhere. But whatever the rights and wrongs of the matter, there is no doubt that notions relating to the leading role of state-farms have been influential in determining the direction of Mozambican agricultural policy.

2.5 Agricultural marketing and entrepreneurship

The study of post-colonial agricultural marketing reveals that the most important consequences of state intervention were not those intended by policy-makers. The relationship with the private sector was initially marked by ambiguity: the government's desire to force the private sector to feed into its political project was

¹⁶ Ibid: Pp 100

¹⁷ Ibid: Pp 100

limited by the desire to keep it from disappearing over night, but the methods and instruments chosen by the government resulted in a drastic decline in the number of private traders, threatening the viability of the political project. At a later stage, the government sought to revitalise the private sector as a means of unburdening the state but in practice the state sector ended up subsidising the activities of private traders in unforeseen ways. During the late 1980s and early 1990s the interventions of aid donors also produced contradictory and unforeseen results, an issue that has been explored by various authors¹⁸.

The combined colonialist and Marxist histories of Mozambique has left the country devoid of a well defined commercial and market orientation, with a noticeable lack of business acumen and management skills throughout the workforce and little evidence of local entrepreneurial skills. Today we see evidence of a very small business class who are primarily located in Maputo and its environs and whose economic sphere of influence is more directly related to South Africa and other parts of the Southern Africa Region than to the very poor areas in the center and Northern provinces of the country. The public sector also manifests classic characteristics of the socialist and paternalist traditions of government: lack of merit-based reward, poor compensation by any standards, oversized government workforce, mainly reactive/obedient employees, with little incentive to innovate. The lack of an incentive structure in the salary and benefits of public sector employees contributes to the unfortunate concentration of higher level personnel in the capital city, a problem recognized by Ministry officials as contributing to the lack of experienced staff in the more remote (agricultural) centres¹⁹.

When FRELIMO came to power it justified agricultural interventions in terms of its Marxist ideas and terminology; a more important, and yet unacknowledged, influence was the legacy of centuries of intervention in agriculture by the central government. Intervention in the economy with a view to consolidating power and sovereignty had been the central government's goal ever since Mozambique acquired its name. FRELIMO's ideal society differed from that of the colonial government, but it also

¹⁸ In particular, see Joe Hanlon's (1992) *Who Calls the Shots?* OUP.

¹⁹ See Mozambique Human Capacity Building Assessment Agriculture Sector, December 2003

required large-scale intervention and direction, shaping people's lives by regulating how and what they were to produce, and at what price²⁰.

The first and most pressing crisis the new government faced after independence resulted from the collapse of the rural trading networks: what should be done with the small-scale rural entrepreneurs who had constituted such an important feature of colonialism? The question was ideological, practical and extremely urgent.

At independence in 1975 the country's private rural trading network had consisted of around 6,000 traders, nearly all of whom were Portuguese or Asian." Traders travelled from towns to rural areas and back, trading on both legs of the journey. From the towns they took basic consumer goods such as soap, salt, cloth (*capulanas*) and batteries, as well as agricultural implements such as hoes, machetes (*catanas*), seeds and sacks. On the return journey they brought agricultural produce (maize, manioc, cashews, groundnuts, beans) back to the towns. Other agricultural goods, such as rice, cotton and tobacco generally reached the market through large-scale concession companies with exclusive rights for buying peasant production in specific areas. A third type of agricultural production (e.g. of tea and sugar) was carried out by large European-owned estates.

The mass departure of the Portuguese and the migration of most of the Asians to the cities in 1975 led to the collapse of much of this trading network, leaving the rural population with great difficulties in getting produce to market and in buying consumer goods and agricultural implements. During the colonial period the commercial network was very often also the provider of rural credit: this supply of credit also disappeared in 1975. When the traders left, many of them took their vehicles, driving them over the border into South Africa and Rhodesia.²¹ In one stroke the country lost

²⁰ JoAo Cravinho, (1998), 'Frelimo and the Politics of Agricultural Marketing in Mozambique!', *Journal of Southern African Studies*, Vol. 24, No. 1, Pp.93.

²¹ J. Hanlon, (1984) *Mozambique: the Revolution Under Fire*, London,. B. Munslow, (1983), *Mozambique: the Revolution and its Origins*, London, p. 165, fn 19, quotes an official study (VIAK, *National Transport Survey, 1978*) that says that 25,000 vehicles 'disappeared' between 1973 and 1977. It is not clear whether this figure includes vehicles that were scrapped. SIDA, *Evaluation of Agricom E.E.*, p. 9, holds that between 1973 and 1976 the number of heavy vehicles in the country fell from 11.000 to approximately 6,500.

most of the people involved in rural trading and much of the vehicle fleet with which this trading was carried out. By 1976 there were less than 2,000 traders left.

2.6 Price and Food Policies

Colonialism in Mozambique had produced a skewed demand structure for agricultural produce. The large influx of settlers during the 1950s and 1960s, as well as the growing presence of the Portuguese army, had resulted in increased demand for expensive 'white' foodstuffs: wheat flour, meat, dairy produce, rice, fresh vegetables. Although prices were subsidized, few Africans could afford these items which, for the most part, were grown by Portuguese settlers. In 1975 the new government decided to freeze the prices of most foodstuffs in the midst of inflationary pressures and rapidly falling production levels. Urban demand for these goods consequently grew out of all proportion to supply, leading to shortages, increased imports and pressure upon the government to step into the breach²².

The government sought to please both producers and consumers by increasing farm-gate prices and decreasing consumer prices, subsidising at both ends. The net result was that the government came under four distinct sources of pressure: the requirement to provide favourable prices for producers; the requirement to keep prices low for consumers; the requirement to keep private traders in business by maintaining a margin between producer and consumer prices; and the requirement to maintain some sort of limit on the extent of subsidies. Subsidies were extended to the point where the government simply printed money to cover costs. The margins permitted to private traders were very low, and any slack between supply and demand was taken up by the almost instant growth of a parallel market. The government periodically attempted to crack down on the parallel markets, but by the early 1980s it was clear that it simply did not have the capacity to manage all four sources of pressure. The whole system was, with some variation, breaking down: levels of production fell dramatically; consumer goods, including agricultural implements, no longer reached the rural areas; on-farm consumption and barter increased in response to the futility (for the

²² P. Raikes, (1984), "Food Policy and Production in Mozambique Since Independence", *Review of African Political Economy*, 29, pp. 98.

entry) of selling excess produce in exchange for money that had no purchasing power. The introduction of public flogging for black marketing, and the public execution of an Asian trader in 1983 were a brutal part of a last desperate attempt to impose government control on marketing²³.

An analysis of resources tenure in Mozambique has to be looked at not only in terms of the existing legal framework, but also in terms of types of resources available and their main users. The tenure assumes that resources are divisible and also highlights the fact that resources distribution is determined by power relations²⁴. In the context of Mozambique and other countries political and economic powers determine the groups who have access to the resources and the ones who are classified as "resourceless". The rural farmers since the colonial period have been farming marginal land in the surroundings of rich/fertile land farmed by the ones who have access to capital. And, the purpose of this setting was for the poor farmers to supply cheap labor to the companies²⁵.

FRELIMO's decision to try to maintain the consumption pattern which it inherited at independence, and its use of large subsidies to do so²⁶, was part of its effort to meet its commitment to improving the livelihood of the majority of the population. This decision may have been taken in isolation, with little thought as to its place within the overall framework, but it was to have long-term consequences. The type of foodstuffs that the Portuguese had produced, and which FRELIMO now decided should be available to the majority of the population, were mostly produced within the 'modern' sector, i.e. on large farms, with a relatively high degree of mechanization and a liberal use of chemicals and other imported inputs. After the departure of the Portuguese only

²³ Goolam Nabi was tried by a military" tribunal and found guilty of smuggling prawns and bribing the customs staff at Namaacha, on the Swaziland border. (Hanlon, *Mozambique*, p.208.) At exactly the same time, the Tanzanian government launched a similar crackdown on private traders - the 'National Economic Sabotage' campaign.

²⁴ Forster, N. (1999), Back to basics: can tenure foster ecologically-sustainable resource management? Workshop on Land in Latin America. CEDLA/CERES/WUR. Amsterdam.

²⁵ Carvalho, Sol (1998), *História de Moçambique*, Vol. 1. UEM. Maputo.

²⁶ P. Raikes, (1984), 'Food Policy and Production in Mozambique Since Independence', *Review of African Political Economy*, 29, Pp. 99.

the state had the resources to direct this form of agriculture. If FRELIMO's objective of providing such foodstuffs to the majority of urban dwellers was to be met, then there was no alternative but to invest heavily in state farms: what had originally been intended as a gesture of triumphalism from the new regime became an important factor in the complex of decisions about what kind of agriculture it should favour.

There were also other influences at work: the desire to standardise on a nation-wide basis, which is apparent in many areas of post-independence policy, influenced agricultural marketing. Prices were established for buying and selling at all points: from producers, from intermediaries, from warehouses and from retail establishments." FRELIMO took over the colonial crop pricing system and made it less flexible by eliminating price differences based on quality, seasonality and geography. By abolishing these distinctions the government was hoping to contribute towards the creation of a unified and homogenous state *do Rovuma ao Maputo*. What it actually did was favour agriculture production close to the urban markets over that in more remote areas. It also led to a fall in quality by favouring the production of cheap but poor quality produce over more expensive but better quality crops.

Mozambique is a country rich in natural resources having about 78% (62 million ha.) of its surface covered with vegetation of different types from small patches of high forest plus the abundant low forest and thicket to wooded grassland and mangroves. Nevertheless, as far as productive forest (valued in terms of abundance of commercial timber) it only cover 25% (19 million ha.) of the land. The annual allowable cut is about 500 000 m³ of timber²⁷.

In addition, the cultivable land is about 36 million ha of which only 5 million ha are actually under cultivation. In general, the agriculture is extensive with very low input and despite having about 3 million ha of land with potential for irrigation only 37,500 hectares are actually irrigated. Natural pastures account for 33% (12 million hectares) of the cultivable land with a capacity to support at least 2 million head of cattle.

²⁷ Isilda Nhamumbo, 'The new resource tenure framework in Mozambique: does it real give the tenancy to the rural communities?' Paper prepared for the 8th Biennial Conference of the International Association for the Study of Common Property (IASCP), 31 May, 3 June 2000

Land and all other natural resources belong to the state, which adjudicates the user rights either to the communities in the rural areas, to the urban dwellers or to both local and foreign private entities. The main agricultural land user is the rural population mainly for subsistence, hence owning small plots without title deeds. Therefore, the rural population farms land obtained through occupation on the basis of the traditional rules or any other informal formal structure at local level. Plots for agriculture are privately owned, hence with exclusive rights (unwritten rule), though without title deeds, whereas the access to forest and pasture resources is common. However, the private sector is issued with lease authorization for development of large-scale agricultural activities. Apart from agricultural land the private sector can have concession for harvesting forest products, to explore game reserves and land for private grazing²⁸.

Similar to some of other countries in Southern Africa, Mozambique went through a central planning stage in which the government set the rules of resource use and controlled the market. In 1987, however, there was a major shift to a market economy, which is being consolidated with substantial change on the resource tenure. In addition, there is change of the role of the state from provider to an enabler through development of policies and regulations, which facilitate the contribution of the stakeholders towards its major goal economic development.

Mozambique gained its independence in 1975 from the Portuguese. Similarly to all colonized countries, it inherited part of the three-tier ownership system that consists of state public ownership, individual proprietorship (private) and community property²⁹. However, one of the characteristic typical of Mozambique (which distinguishes perhaps the colonization approaches of Britain and Portugal) is the fact that there were no communal community tribal lands in as much as there were no native reserves. What existed were areas where communities resided and used the available resources for subsistence purposes without any clear ownership rights,

²⁸ Ibid: Pp 3

²⁹ See Okoth-Ogendo, H. W. (1996), Land Tenure and resource management: a comment. In Agriculture and Rural Development. Vol.3:2. Pp.15.

despite allocation through the traditional leadership³⁰. Therefore, in community areas resources ownership resembled what is described as a situation in which no one has clear rights, hence no one has rights to exclude others and no potential user can be excluded. In addition, there is prevalence of two parallel systems in the country. On one hand, the formal which limited access and control over the use of the resources, especially in productive and protected areas, and the traditional (where it survived after independence) which establishes the collective rules still guiding resource allocation and use³¹.

The production structure in the agrarian sector and the fact that the type of economy influenced also the type of resource ownership, especially as to land. The collectivization of production, the role of state as the major supplier of all food and forest products dictated the control measures in the market and subsidized unprofitable production systems. It can be stated that since 1975 to 1987, only state property prevailed in the country, because even the farmers had to organize their production systems as determined by the government. Traditional institutions weakened and their role was no longer clear as regards allocation and control of resources. However, even though operational rules prevailed, there is no evidence that the collective choice/rules, which guided the harvesting of forestry products, disappeared completely during this period.

In the late 70's, the state created plantation to supply firewood and poles apart from the control of timber production. Management problems coupled with the change in the economy orientation led to a design of new strategy for forestry development in which the role of the rural population was recognized. The called reforestation strategy gave the community an important role in replacement of harvested areas, and provision of alternative sources of wood products for their consumption and supply to

³⁰ Negrão, J. (1998), Land reform and community based natural resource management in Mozambique. In: Enhancing Land Reforms in Southern Africa: Review on Land Reform Strategies and Community Based natural Resources Management. Edited by F. Mutefta, E. Dengu and M. Cheng. ZERO. Harare. 23:45

³¹ Isilda Nhantumbo (2000), 'The new resource tenure framework in Mozambique: does it real give the tenancy to the rural communities?' Paper prepared for the 8th Biennial Conference of the International Association for the Study of Common Property (IASCP), 31 May, 3 June.

urban market. Inputs such as seedlings were distributed as incentive. However, lack of baseline socio-economic studies to evaluate issues of land tenure and implications of the new strategies as well as analysis of labor availability, and mechanisms for distribution and benefit sharing within the household were but few of the main reasons of the failure of this policy³².

Many government policy interventions thorough the years, though well intentioned as far as the supply of food and forest products objective, they failed to address a fundamental platform for successful implementation of such initiatives. In fact, the lack of assignment of clear rights and obligations to all other stakeholders played a role in their exclusion from the decision-making process and active participation in development of the country. However, one important step is that the state started to acknowledge that it could no longer be the sole supplier, but an active role had to be played by the other stakeholders.

As stated in this section, despite the fact that the State owns the land and its resources, having the right to transfer the user rights to various stakeholders, the communities have certain privileges in the new policy and legal framework (land as well as forestry and wildlife). This includes respect of the traditional rules, delimitation of community areas and participation in decision making through local structures. However, the question remains, how far can the community go in exercising those rights? Is the delimitation of land as stated in the Land Law a step towards excludability? If so, who is in fact being excluded: the neighboring communities or the private investor or the state? Who controls the resources and the decision making?

Some of the problems encountered by the different practitioners in the field are related first with the reluctance of the community to understand the changing roles and especially the fact that it can participate in the decision making on resources allocation. Therefore, the Land law dissemination becomes a very slow process, hence costly. The other aspect is related to the definition of the community in the law versus the understanding at local level. The law states that the community is a group of

³² Ibid: Pp 5

people sharing resources within the limits of a locality (administrative unit) or below. However, in Gaza province not only people identified limits which go beyond the administrative boundaries, but also delimitation raised conflict between communities as one claimed exclusive rights over the resources including the common pool goods such as water and grazing land³³.

In addition, it is reported that the delimitation has been raising expectation to the traditional leaders who see it as a way to regain power lost after the independence. This seems to confirm³⁴ that one of the major difficulties faced in the attempt to secure rights for the communities is poor integration of national systems of statutes and custom. However, this limitation is not always a hindrance and in Zambézia province 4 out of 12 communities have successfully completed the process required for land acquisition, having the title deeds.

Low productivity agriculture provides a precarious livelihood. The smallholder sector in Mozambique is characterized by holdings of multiple small plots, multiple crops, low input use, and low productivity. Average crop yields are about one half of the regional average³⁵. Smallholders have limited access to capital, little schooling, are at the mercy of highly variable rainfall, and suffer seasonal price risks. Farms typically use manual cultivation techniques and little or no purchased inputs. In 2003, only about 4 per cent of farmers used chemical fertilizers and only about 5 per cent used pesticides. The use of chemical inputs is generally concentrated among cash crop growers. Only about 11 per cent of households use some form of irrigation³⁶.

2.7 Regional Variation of Crop Production

Mozambique is a vast country with a wide variety of regional cropping patterns. Large regional differences include rainfall, temperature, soil types, and market access.

³³ Ibid: Pp 10

³⁴ Bruce, J.W. (1999), Legal bases for the management of forest resources as common property. Community Forestry Note 14, FAO. Rome.

³⁵ According to data from Aviso Previo

³⁶ According to TIA 2003

Although the country is grouped into 10 agro ecological zones, it can be broadly divided into three geographical regions: North (Niassa, Cabo Delgado, and Nampula), Center (Zambézia, Tete, Manica, and Sofala) and South (Inhambane, Gaza, and Maputo province) displays the main features of Mozambique's agroecological regions and its farming systems. Mozambique's agro climatic zones range from arid and semi-arid (mostly in the south and southwest) to the sub-humid zones (mostly in the center and the north) to the humid highlands (mostly the central provinces). The arid regions of the south and southwestern part of Gaza province are suitable only for livestock. The principal regional variation of cropping practices is based on soil conditions and rainfall with changes in quantity and predictability from north to south³⁷.

The most fertile areas are in the northern and central provinces. Annual rainfall in the north ranges from 1,000 to 1,800 mm. The overwhelming part of agricultural production takes place in the north. Farmers in this region use a combination of food and cash crops cassava and maize are the most important food crops, followed by rice, sorghum, beans, and sweet potatoes. Important cash crops are cotton, cashew, and groundnuts. In addition, Tete and Niassa provinces are Mozambique's most important tobacco areas. The central region also has good potential for agriculture with good soils and annual rainfall ranging between 1,000 and 1,200 mm. In central Mozambique, cassava, maize, and sweet potatoes are the most important food crops, followed by beans, sorghum, millet, and rice. The central region is also an important producer of several horticultural products, as well as coconuts, principally in the coastal areas. Important cash crops in central Mozambique, although produced in much lesser quantities than in the north, include cotton, groundnuts, and some cashew.

The southern region is drier with sandy, infertile soils, and a higher risk of drought losses. Total agricultural output from the southern region, compared to the central and northern regions, is relatively low. The main crop is cassava, followed in very low quantities by maize, rice, groundnuts, sweet potatoes, and cashew. In the southern

³⁷ See: World Bank Report, (2006), Mozambique Agricultural Development Strategy; Stimulating Small holder Agricultural growth.

provinces, cassava and maize are still the most important crops in terms of land area, even though maize yields are lower and the agro ecological conditions are not conducive to grow maize. The southern region is also the heart of Mozambique's livestock activities because animals there are less prone to disease.

The period from 1980 through 1986 was marked by sharp political differences within FRELIMO on strategic economic policy. Although state-farm product was growing, collectivisation of peasant production and residence had not advanced, international terms of trade were unfavourable and remittances from migrants had fallen. At the same time, however, the Independence of Zimbabwe and the increasing success of the ANC in South Africa seemed to promise future regional growth.³⁸

2.8 Conclusion

FRELIMO had little choice but to take a strong leading role in the agricultural sector. The vast majority of Portuguese settlers including farmers, technicians, mechanics, transport operators, merchants, and financiers had fled the country in the months immediately preceding or following independence in June 1975. When FRELIMO took power, it was confronted with an agricultural sector in nearly total collapse. Consumer goods and agricultural inputs were not reaching the rural zones, and food was in short supply in the urban centres. The most productive farmland often situated in close proximity to transportation networks, markets, processing plants, rivers and irrigation schemes, and urban areas was rapidly falling into disuse after being abandoned by the Portuguese settlers and companies which had occupied it. In the absence of a Mozambican private sector to move into the void, the state 'intervened' in the management of major colonial landholdings.

Intervention on abandoned farms began in 1976, with a concentration on agricultural enterprises considered of critical importance to the Mozambican economy. These included lands for growing export crops, notably cotton, sugar, copra, and tree fruits (including cashew nuts), as well as for the production of food

³⁸ Bridget O' Laughlin, (1996), From Basic Needs to Safety Nets: The rise and Fall of Urban Food-Rationing in Mozambique, *The European Journal of Developmental Research*, Vol.8, No.1, pp.200-223

needed in the urban areas, such as rice, maize, dairy products, and livestock. Within five years, the Government had formed blocks of farms out of more than 2,000 abandoned state settler schemes and private commercial and settler farms. This new state sector eventually claimed around 1001 to functioning farms, covering at least 600,000 and probably over one million hectares. Presents the 83 state agricultural enterprises for which we have data³⁹.

When the Government intervened on choice colonial holdings, it acquired control of many of the most desirable plots in the country- frequently in areas that were densely populated. Its actions were presented not as continued denial to smallholders of what they wanted for themselves and their families, but rather as taking possession of the best lands on their behalf, FRELIMO asserted that the Mozambican nation was to be built on the principles of socialist modernisation. State farms were to serve as demonstration points within the rural areas to provide examples of progressive farming techniques and employment opportunities to those who had depended on colonial agriculture. They were also to ensure a leading role for the state in the countryside, in many cases rewarding those who had given loyal service to FRELIMO during the war for independence.

The state farms were to be joined with communal villages in which social services education, health care, consumer co-operatives, etcetera were available to the rural population, aid through which the state would solidify its power by nominating village leaders, who were ultimately subject to the political hierarchy originating in Maputo. FRELIMO's intervention in the rural areas was thus both economic and political in nature. The 'traditional authorities' were denied any role in affairs pertaining to the distribution of land and the resolution of land-related conflicts. In their stead, village authorities were to administer such activities in accordance with party precepts and respecting the priority of the regime's agenda⁴⁰.

³⁹ Bruce, J.W. (1999), Legal bases for the management of forest resources as common property. Community Forestry Note 14, FAO. Rome

⁴⁰ In practice, where customary leaders were excluded from participation in local institutions, state appointees could not resolve the greater part of area disputes for lack of time and *personal* claims and histories. Conflicts between smallholders frequently continued resolved within unofficial institutions.

Despite being under great pressure from the government in the first decade of independence, the private sector was able to exploit opportunities which appeared as a result of state intervention, whereas state attempts to centralise decision-making had the perverse effect of weakening state capacity to intervene in the economy. In the meantime, the large-scale influx of aid after the mid-1980s had contradictory effects, both strengthening and weakening Agricom in its changing roles. The study of Agricom permits an analysis of a generalised problem in Mozambique, namely the contradictions between different levels of political accountability that undermine the state's real capacity for controlling even its own institutions. The different levels of political accountability, and the non-accountability that resulted from the contradictions among them, created spaces for variously motivated interventions by numerous different agents, a feature that consistently worked against state objectives as defined in Maputo.

The absence of an entrepreneurial tradition due to the colonialist and socialist past is frequently cited as an explanation for the weak agrarian status in Mozambique. In the post independent era just before approaching to Structural adjustment, educated people have generally been groomed in professional areas and are not oriented to the notion that business ownership or self-employment is a real and viable option. The uneducated or poorly educated population that represents the vast majority of Mozambicans has little exposure to a model of successful business ownership and thus does not aspire to ownership and, even less, to entrepreneurship. The idea that surfaced repeatedly in interviews was that of incorporating into the educational system courses in business development. The idea has wide currency in Mozambique and should be explored further.

Chapter- III

3.1 Pre condition to approach SAP

Faced with global depression and political re-adjustments in the late 1980s, all states in Africa have been trying to implement major reforms. For socialist regimes, however, the demands have been more daunting since these changes have often directly threatened the ideology (and the aspirations) of creating a more egalitarian social order in the wake of colonial rule. Their states faced fundamental social, economic, and ideological transformations, as well as political reconstruction what was required was no less than the replacement of a socialist with a capitalist market economy, and corresponding alterations in property relations that involved enterprises such as peasant holdings, small family firms, and co-operatives, as well as large-scale farms, factories, and plants under state control. These reforms not only affected the lives of ordinary people, but also reshaped the power and privileges of the government, party leaders, and others directly dependent upon the state¹.

Such a move to capitalist markets in private relations and Structural Adjustment Programmes (SAPs) in the public sphere, however, were not shifts undertaken willingly in every case. Enormous pressures from powerful financial centres have been brought to bear on African governments since the 1970s, to encourage 'recovery programmes', to combat the ongoing economic crisis. But the complexity of these transformations, affecting all segments of society through a dense network of interrelationships between political, socio-economic, and ideological factors, has often been overlooked in favour of simple slogans. This chapter seeks to analyse the range of factors involved in such a shift to a 'free market economy'².

Mozambique figures prominently among those sub-Saharan countries seriously attempting to move to a more capitalist-oriented strategy of development. Independence was achieved in 1975, after a ten-year guerrilla war against Portuguese colonial rule by the FRELIMO, the present ruling party. As early as 1983 - long

¹ Merle L. Bowen, (1992), *Beyond Reform: Adjustment and Political Power in Contemporary Mozambique*, *The Journal of Modern African Studies*, Vol. 30, No. 2, pp. 255-279

² *Ibid*: Pp256

before the introduction of perestroika in the Soviet Union - the Government turned from large-scale, centrally-planned, capital-intensive, and import-dependent development projects both in industry and in agriculture, and placed an emphasis on more decentralised, capitalist-oriented, small-scale projects. It dismantled most state farms, redistributing land to peasants and private farmers, and withdrew from many economic spheres that it formerly dominated.

Some of the country's economic and political reforms originated from domestic initiatives and debate - for example, investment in small-scale agriculture and industry, and encouragement of the private sector. But others, such as privatisation of public services and market 'openness', have been instigated by international finance institutions, as well as by non-governmental organisations (NGOs). To halt the deepening economic crisis fostered largely by South African de-stabilisation, and to obtain desperately needed western foreign aid and credit, Mozambique joined the I.M.F. and the World Bank in 1984. Subsequently, in 1987, the Government adopted the I.M.F.-sponsored Programa de Reabilitaffdo Economica (PRE), which represented a move away from the centralised socialist planning of the early 1980s towards a much greater reliance on market forces³.

Not all regions or social classes have benefited (or suffered) equally under Mozambique's austerity programme. Yet the unquestioned rationale behind S.A.P. reforms is that rural areas are uniform beneficiaries, and that all agricultural producers have gained from the liberalisation of prices for crops, and from the renewed functioning of official market channels. Such assumptions stem from the work of rational-choice theorists. For example, according to Robert Bates, the policies of African states have been systematically biased against the agricultural sector, giving priority to industrial development, pacifying urban wage-earners and the unemployed, and enlarging the patronage available to state officials. Governments have kept food prices low and foreign exchange cheap, thus encouraging imports of food instead of increased output⁴.

³ Ibid: Pp 256

⁴ Ibid: Pp 256

3.2 Agriculture under SAP

Mozambique has undergone some dramatic changes in recent years. The government concluded a 17 year-old civil war in 1992 and held democratic elections in 1994. Following the adoption of Structural Adjustment Policies after 1987, the government eliminated subsidies on food and consumer items, pledged its supported for emerging markets, and has now sold most state companies to private investors. These changes have generated much interest among researchers and policy makers, particularly with regard to their impact on the agrarian sector in countryside, where the majority of Mozambicans live and work. In this chapter emphasise was given on the issues and problems of agrarian transformation which is most appropriate rural development strategy for Mozambique now that to alleviate the widespread poverty that still exists in rural areas. Other work has analysed the structure of agrarian relations or how to ensure food security. Additional research has criticised the government's on-going policy of encouraging and granting land concessions to private investors. It claims that the policy lacks transparency and fails to consider the rights of local communities⁵.

Mozambique has immense agricultural potential, with an estimated 36 million hectares of arable land, with only 9 million currently in productive use. It is the backbone of the Mozambican economy, providing employment for 80% of the workforce, and contributing 25% to the GDP. The main exports are copra, cashew nuts, sugar cane, cotton fibre and tea. Other products include sisal, tobacco, mafurra and sunflower. In addition to the vast areas of arable land there are large tracts suitable for livestock. Following the war, livestock farming is very underdeveloped, with much of the present requirements having to be imported.

In 1998, the agricultural sector engaged approximately 81 percent of the Mozambican labour force and contributed 34 percent of GDP. Mozambique's major agricultural

⁵ M. Anne Pitcher (1999); "What's missing from 'what's missing'? A reply to C. Cramer and N. Pontara, 'Rural poverty and poverty alleviation in Mozambique: what's missing from the debate'?" *The Journal of Modern Africa Studies*, V. 37, No.4, pp. 697-709.

products include cotton, cashew nuts, sugarcane, tea, cassava, corn, rice, tropical fruits, beef, and poultry. Agricultural exports include prawns, which are a type of shellfish similar to large shrimp, cashews, cotton, sugar, copra (a coconut product), citrus, coconuts, and timber.

Tobacco production in Mozambique has grown very rapidly over the past seven years. From 1,500 tons in the 1996-97 agricultural season, national production of raw tobacco increased every year to reach over 50,000 tons in 2003-04. Over the same period, the estimated number of tobacco growing households increased from 6,000 to more than 120,000. There are currently five major firms operating in the country that promote smallholder contract farming schemes and larger scale commercial operations⁶.

By contrast, cotton production in Mozambique has been cyclical over the years. The historic high of 144,061 tons was achieved over 20 years ago. Current production is an estimated 88,173 tons due to fluctuating prices and demand in the world market, as well as domestic issues related to contracts between exporting firms and smallholderfarmers, under which virtually all production is generated⁷.

Though the vast majority of Mozambicans work in the production of cash crops, prawns from the fishing industry has become the country's single most important export. According to the U.S. Department of State *FY 2000 Country Commercial Guide*, prawns, which comprise 40 per cent of all export revenue, have contributed an average of \$70 million per year to the economy over the past several years. Commercial fisheries involved in catching and exporting prawns usually boast large-scale operations, many of which are foreign-owned. A small amount of local unlicensed fishers also engages in selling prawns, though the government is seeking to crackdown on such illegal operations.

⁶Benfica, R., J. Zandamela, A. Miguel et al., (2005), "The Economics of Smallholder Households in Tobacco and Cotton Growing Areas in the Zambézi Valley of Mozambique", Maputo: Processed

⁷See: World Bank Report, (2006), Mozambique Agricultural Development Strategy; Stimulating Small holder Agricultural growth.

Livestock make significant contributions to the livelihood of smallholders and the rural poor. The number of livestock has grown significantly over the past decade. They are owned by the rural poor to increase and diversify income, and to reduce risk. The very poor can afford only some chickens and pigs, while those at the next level can add goats and a few cattle, and the better off among the poor can afford larger numbers of chickens, pigs, and cattle⁸. Cattle are used mainly for animal traction, as a status symbol, and are rarely sold. Nationwide, only 4 per cent of the population possesses cattle. Livestock holdings include other animals such as rabbits, ducks, and guinea pigs. As with other agricultural activities, the roles of men and women differ. Women often raise chicken and pigs while men raise goats and cattle.⁹

The abandonment of the socialist development model included the dissolution of large-scale state farms, and a renewed emphasis on development of the smallholder sector. State and donor investments in agriculture go almost entirely for improving services for this sector, and many large-scale private investments have been approved because they will partner directly with smallholders, typically as out growers of cash crops. Cotton out grower schemes in Nampula, Cabo Delgado and Zambezi provinces are the best known but not the only examples of large private capital being enlisted in the cause of the smallholder sector¹⁰.

There is also a perhaps growing tendency within some sectors of the Government to see commercial agriculture as the way to 'modernise' rural areas: the large number of land concessions and invitations by top political leaders to South African and Zimbabwean commercial farmers to settle in Mozambique are one expression of this tendency¹¹.

⁸ GRM International, 2005. "Contribution of Livestock to Poverty Alleviation in Mozambique." Draft consultant report for 2005 Rural Development Strategy. Washington D.C.: World Bank. Processed

⁹ See: World Bank Report, (2006), Mozambique Agricultural Development Strategy; Stimulating Small holder Agricultural growth.

¹⁰ David L. Tschirley and Rui benifica, (2001), 'Small holder agriculture , wage labour and rural poverty elevation and land-abundant areas of Africa; evidence from Mozambique', *The Journal of Modern African Studies*, V.39, No. 2, pp333.

¹¹ Ibid : Pp 336

3.3 Agriculture and Poverty in Mozambique: Issues and challenges

Mozambique's agricultural sector has shown remarkable progress in the recent past, with rural poverty declining by 16 percentage points from 1996-97 to 2002-03. Increased smallholder agricultural production was a fundamental part of this impressive achievement, and rural inequality increased only slightly because the decline in poverty was broad-based. The non-farm economy ¹²also performed strongly, including small businesses and increased self-employment related to extracting natural resources, as well as increased wage labor opportunities. These factors contributed to reducing rural poverty for the upper income quintiles, however, despite substantial growth of the agricultural and rural non-farm sectors, poverty remains widespread.

Current patterns of agricultural growth are not sustainable and rural incomes face a substantial risk of stagnating. Over the past decade, agricultural growth was almost entirely driven by farming more land with a larger rural labor force, with few technological improvements. Improved agricultural technologies played only a minor role. Access to and use of improved crop technologies remains very limited, and there is evidence that crop yields are stagnant. If appropriate action is not taken, agricultural growth will slow and rural poverty will remain widespread¹³.

In the medium term, incomes can only improve with higher land and labour productivity, and future growth particularly depends on adaptation of new agricultural technologies. These include more and better extension services; adoption of best practices; introduction of new seed varieties, increased use of fertilizer, animal traction, and irrigation; and construction of more roads. Development input and output markets are critical because farmers have little incentive to improve yields if they cannot sell what they produce. In the non-farm sectors, primary education and

¹² In this strategy, rural non-farm activities occur outside of owner-operated farms. The non-farm sector thus includes wage labor on farms. Agriculture includes all primary production of food and cash crops, however, it excludes food processing, agricultural services, and other primary sectors such as mining or quarrying although they may take place on the farm.

¹³ See: World Bank Report, (2006), Mozambique Agricultural Development Strategy; Stimulating Small holder Agricultural growth.

measures to increase labor market access for women are important, as well as establishing marketing links to the local economy and neighboring countries. Finally, adoption of higher-value crops is crucial¹⁴.

Rehabilitation of the existing agriculture-related investments including roads, rail, ports and irrigation systems is a priority for the Government. This should facilitate new investments, and provide viable opportunities. Key areas of development of commercial farming include Chokwe, Massingir and Corumana which all have an existing network of irrigation¹⁵.

Landless wage earners are often women and are among the poorest. Seasonal and casual farm laborers are also often women and from some of the poorest rural households. As in much of Sub-Saharan Africa, these female-headed households tend to be more disadvantaged than the average rural household in terms of access to productive assets and education. Anecdotal evidence suggests that many must rely entirely on their meager wage income because they do not receive remittances from male members of the household. Because of the protracted wars, women were 53 per cent of the population in 1997, the year of the latest population census, compared to 51 per cent in 1981. Also, in rural areas women tend to work predominantly in the agriculture sector and are about two-thirds of the total agricultural labor force¹⁶. Although in 2003 about 23 per cent of rural households were headed by females, it should be noted that landless labor in Mozambique is somewhat rare. It is the combination of a lack of productive factors and human capital that makes land-constrained rural households among the poorest.

Migration has been an important feature of rural life. Migration in rural Mozambique has different patterns: rural-rural, rural-urban, and from Mozambique to its neighbors (in particular, the male out-migration to South Africa). In its tumultuous past during

¹⁴ Ibid: Pp .1.

¹⁵ Press release of Mozambique Policy review, 26 Jan '01

¹⁶ Fox, L., E. Bardasi and K. van den Broeck, (2005), "Evolution of Poverty and Inequality in Mozambique, 1996/7-2002/3." Background paper for the 2005 Country Economic Memorandum. Washington D.C.: World Bank. Processed

the protracted wars of independence (until 1975) and the subsequent civil war (until 1992), the rural population migrated significantly. The exact magnitudes of rural migration flows are poorly documented. During the civil war, an estimated 1.5 million people left Mozambique, while some 4 million moved internally. Migrants typically moved to more secure rural areas and to urban or semi-urban areas. To this point more than 1 million refugees have returned¹⁷, which has enormous implications for agricultural land use. Also, the promotion of communal production has affected population settlements and agricultural land use.

As part of FRELIMO's socialist legacy, all land is owned by the state. The latter, in turn, leases parcels of land to individuals and companies for up to 50 years, with an option to renew. The system is designed to protect the small family farm sector, which provides employment for 90 per cent of the agricultural population. According to the *IMF Country Report Number 01/25*, 98.9 per cent of the rural poor in Mozambique own land, with an average of 2.5 hectares per household. Many small holder farmers can only produce enough for subsistence (survival) purposes, while others are able to produce a surplus to sell on the market. Land tenure is a highly politicized issue and it is unlikely that FRELIMO will privatize land ownership any time soon. Estate production is confined mostly to the sugar sector, though there are some large agro firms maintaining commercial operations of cotton, copra, citrus, and maize production.

3.4 Reforms and its impact on trade and policy

International Fund for Agriculture and Development (IFAD) has granted a US\$31.1 million loan to Mozambique to enable small-scale farmers in southern African state to increase their incomes by marketing their surpluses more profitably. According to IFAD, inefficient rural and agricultural markets seriously affect livelihoods of majority of rural population in northern Mozambique. An IFAD press statement released indicates that, "because of poor returns from surplus sales, smallholders adopt low-risk strategies, resulting in some of the lowest yields in southern Africa". It

¹⁷ Cramer C. and N. Pontara, (1998), "Rural Poverty and Poverty Alleviation in Mozambique: What's Missing from the Debate?" *The Journal of Modern African Studies*, 36(1) Pp. 118.

states that programme would improve terms of trade for smallholders, providing them with incentives to move out of semi-subsistence agriculture, adding that it would support 20 000 farmers in some 670 farmers' associations and 375 small-scale traders¹⁸.

Programme has been designed to encourage poorer members of community to participate, statement also added."Smallholders will be able to market their surpluses more profitably, thereby increasing income. Access to and participation in agricultural markets and value chains will be improved and efficient market intermediaries and effective partnerships will be established, stimulating increases in agricultural production," IFAD said¹⁹. Since its formation in 1978, IFAD has provided \$143.9 million in loans to nine programmes and projects in Mozambique. Two thirds of Mozambique's 20 million people live below poverty line, according to World Bank statistics. IFAD is an international financial institution and a specialised UN agency. It is a global partnership of OECD, OPEC and other developing countries. Today, IFAD supports more than 200 programmes and projects in 85 developing countries²⁰. Until very recently, cashews were Mozambique's most important agricultural export. Indeed, throughout the colonial period, Mozambique was the world's leading cashew producer. Although cashews continue to play an essential role in the economy, with exports increasing, for example, from 33.4 thousand tons in 1994 to 58.7 thousand tons in 1998, the cashew sector has suffered severely from declining prices on the international market. International prices for agricultural products are determined by world supply and demand in a given year, factors over which Mozambican farmers have no control. In January 2001, international prices for cashews plummeted to US\$2/lb., their lowest level in over a decade²¹.

¹⁸ Afrol News, 18th April 2004.

¹⁹ Press release of Mozambique Policy review, 26 Jan'01

²⁰ Afrol News, 18th April 2004.

²¹ Ibid: Pp3.

Cotton-producing farmers have also been seriously affected by declining international prices in recent years. Cotton, which is currently Mozambique's third most important agricultural export, reached a post-war peak production of 117,000 tons in the 1998 crop season. One of the major factors promoting increased cotton production was the advent of the out-grower scheme, in which large agro-industries provided small farmers with advice and productive inputs and bought their crops. According to the Economist Intelligence Unit's April 2001 *Country Report*, a sharp fall in international prices in 1999 led to a 52 per cent decline in cotton production as many small holder producers exited the market. On the positive side, production in 2001 is estimated to rebound significantly to 80,000 tons or more, though there is no telling how stable production will remain, given the inherent instability of international agricultural pricing²².

The current resources tenure policy framework is comprised of the Forestry and Wildlife Development of 1997²³, the Law of Forestry and Wildlife of 1999²⁴, the Land Law of 1997²⁵, the Land Regulation of 1998²⁶, and the Technical Appendix of 1999²⁷. These are the main policy instruments governing the access and ownership of resources by all stakeholders. The state continues to be the guardian of the resources, holding power for allocation. However, the role of the other stakeholders is recognized and it is clearly stated in the land policy that the traditional adjudication of land should be acknowledged and used to issue a formal title deed in case of need.

Mozambique has a liberal pricing policy with little or no interference from the Government, but there are cases when the government has imposed ad-hoc tariffs. Smallholders in the north and center depend more on trade with neighboring countries. Due to infrastructure constraints — north to south — markets are in the

²² Ibid: Pp3

²³ BR I:14 (1997), Política e Estratégia de Florestas e Fauna Bravia . GoM. Maputo

²⁴GoM1 (1999), Lei de Florestas e Fauna Bravia . Maputo.

²⁵BR I:40 (1997). Lei de Terras.GoM. Maputo.

²⁶GoM2 (1998). Regulamento da Lei de Terras. Maputo.

²⁷MAP (1999). Anexo Técnico ao Regulamento da Lei de Terras. Maputo.

neighboring countries. The free movement of produce across borders is hampered by a number of non-tariff barriers such as entry documents, invoices, and certificates, which in most cases cannot be met by traders. Grading, safety, and phytosanitary standards and requirements for import of agricultural produce still vary across the region, although the countries have signed the SADC trade protocol to promote, coordinate, and harmonize regional trade to improve food security. Regulatory requirements for transportation across the frontier contribute to the barriers. Although the SADC transport protocol has been signed, insurance, road user charges, weight restrictions, and license requirements still need to be harmonized. Duties, other charges, and restrictions imposed at the discretion of local officials and lack of inspection facilities when quality problems arise are other constraints that hamper cross-border trade. The Ministry of Agriculture and the Ministry of Commerce and Customs need to evaluate the situation and facilitate market access for smallholders²⁸.

This is important given the fact that the new policy paradigm emphasizes the management of natural resources with community involvement. This policy was developed on the basis of major goals envisaged on the economic development policy, for instance, which include food security, sustainable economic development, and reduction of unemployment and poverty. The argument presented in the on forestry policy²⁹, is that the rural community has not benefited from the harvesting activities going on in the surrounding of where they live. Hence the benefits have been only accruing for the state (through taxes and fees) and to the private sector, which gets the revenue of processed or unprocessed industrial timber and other valuable products. This resulted in the definition of the social objective as being the involvement of the community in the management of forestry and wildlife resources for conservation and sustainable use of resources. The strategies include community participation in resource use planning and law enforcement, capacity building, legal representation of the community, development of legal instruments for securing access of the community to resources and provision of direct benefits³⁰.

²⁸ Ibid: Pp 79

²⁹ BR I:14 (1997), Política e Estratégia de Florestas e Fauna Bravia . GoM. Maputo

³⁰ Afrol News, 18th April 2004.

All land remains property of the state, but land leases can be granted for up to 50 years. These leases are renewable, inheritable, and transferable subject to administrative authorization. One condition for the award of land leases is the presentation of a development plan. If the farmer fails to comply with stipulations of the approved plan, the lease can be cancelled. Investments in land, including infrastructure, can be bought and sold. However, administrative authorization is still required for the transaction to be effective. Traditional land use rights are recognized and formalized in a system of community land management, implemented through co-titling of community lands. Existing users of the land are protected provided they can demonstrate “good faith” occupation of the land. This demonstration need not be documentary evidence. Verbal evidence from members of the community can be recognized as valid. There is a right to local participation and consultation in the management of natural resources and in procedures leading to the award of land leases in order to protect both traditional community rights and to take account of future needs of communities.

In this context various aspects of the current resource tenure in Mozambique were raised. These included the fact that communities are mainly in marginal land; hence it is this land that they will have legal rights to. Forster on a study of the land tenure in Latin America highlights the fact that land reforms in fact target marginal quality land where peasants are pushed into fragile lands with high environmental costs. These include high propensity for erosion, deforestation, reduction on biodiversity and even an effect at large scale, i.e., regional and global climate modification³¹. Many authors add that decisions on resources are influenced by internal variables including production factors (land, labour and capital), livelihood strategies and local institutions as well as external factors which include the markets and government policies and legislation. As indicated earlier, this situation is similar to Mozambique in that communities have easy access to marginal land and the problems above mentioned can be observed in various settlement especially where the population density is relatively high. Land markets even though not formally recognized in the

³¹ Forster, N. (1999). Back to basics: can tenure foster ecologically-sustainable resource management? Workshop on Land in Latin America. CEDLA/CERES/WUR. Amsterdam

policy and legislation, they exist and in fact tend to push further to non-productive land the peasants who in exchange of few dollars accept to give up their land³².

3.5 Rapid Growth in Agriculture

The rapid growth of Mozambican agriculture is primarily a result of increased area and household labor. Crop diversification has significantly increased, but adoption and use of technologies has seen only modest advances. Extension coverage is limited, but where available, significantly affects rural crop production, but smallholder yields are low.

Starting from a low base of per capita income, agricultural growth was high during the mid-1990s, in fact, Mozambique has one of the highest growth rates in the region. Since the Peace accords the agriculture sector has grown rapidly because farmers were able to return to their land and markets opened up. Average annual GDP growth for the agriculture, livestock, and forestry sectors was 6.2 per cent between 1992 and 2003³³. In favorable years growth has peaked at about 10 per cent annual growth. Over the past decade the rural economy has suffered heavily from climatic shocks (droughts in 1994 and 1996, and floods in 2000). These events were, however, followed by an immediate recovery of the economy.

Mozambique's high agricultural growth rates are consistent with household-level evidence³⁴. Considering rural population growth of about 1.9 per cent annually, estimates from a background study of the 2005 Country Economic Memorandum reveal that total rural consumption grew annually at about 6 per cent between 1996

³² Afrol News, 22 August 2005.

³³ According to National Accounts data from INE.

³⁴ Despite strong evidence of an overall increase of agricultural output, there is an urgent need to revise and harmonize the measurement of agricultural production in Mozambique. Due to crop measurement problems with agricultural surveys, estimates of agricultural production trends in Mozambique are usually based on the Aviso Previo (or National Early Warning System; see Appendix 1 for a discussion). However, food crop production measured by agricultural surveys and the Aviso Previo are largely incompatible, in particular at the regional level. The exception is the level of maize production.

and 2003³⁵. This compares favorably with the average annual growth rate of 6.6 per cent for the agriculture, livestock, and forestry sectors over the same period. Part of the difference may be attributed to real income growth of the non-farm economy, as shown in the following sections. Growth of maize production, Mozambique's predominant food crop as a proxy indicator, equally confirms the basic production trends. Maize is cultivated by about 79 per cent of rural households and occupies about 35 per cent of total planted area³⁶.

Empirical evidence, although scattered, suggests that the number of households as well as total cash crop production for exports increased. Particularly important are sugar cane (for larger enterprises), cashews, copra, and cotton. The percentage of households that grow cashew increased from 5 to 7 per cent, tobacco from 2 to 4 per cent, and cotton from 5 to 7 per cent. As a consequence, some provinces have demonstrated a growth dynamic with higher input use. This process is mainly due to excess demand from neighboring countries³⁷, Tobacco production, which reportedly has grown significantly.

3.6 Role of the institution

Institutions formal and informal as well as integration of the new ones envisaged in the land and forestry and wildlife laws need to be addressed carefully. The question of institutions also seems to be contentious (as indicated in case of Gaza province) when the roles of the traditional and the local formal structures are not clear and well articulated. One important aspect referred by Munker is that the land use systems were guided by flexible rules, which reflected the local and changing conditions. This may suggest that there is requirement for rescuing the useful rules for the present context and clarify the role of the various institutions, especially taking into

³⁵ Benito-Spinetto, M. and P. Moll, (2005), "Mozambique: Macroeconomic Developments, Economic Growth, and Consequences for Poverty." Background paper for the 2005 Country Economic Memorandum. Washington D.C.: World Bank. Processed

³⁶ According to CAP 1999/2000.

³⁷ Walker, T., D. Tschirley, J. Low et al., (2004), "Determinants of Rural Income in Mozambique in 2001-2002." Research report 57E. Maputo: Directorate of Economics, Ministry of Agriculture and Rural Development.

consideration the creation of the new and encompassing institution for management of land and other resources: the committees or councils. One of the aspects highlighted by Arnold when listing the principles for enduring common property regime institutions conflict resolution mechanisms, authority of the community to devise its own institutions and nested enterprises are essential. However, projects, NGOs and others facilitators for implementation of CBNRM tend to take a rather top-down approach as far as the devise of institutions is concerned. For example, for some gender equity is translated as equal number of men and women in the committees. Nevertheless, this should be so if a detailed study of the social and hierarchical structure indicates this is in fact the way to voice concerns and solutions to those concerns for all groups in the community. The lack of such analysis has potential for undermining the role that the committees and other representative entities have to play for successful implementation of common property regimes. Other principles apart from clear boundaries include congruence between appropriation and provision rules and local conditions, collective choice arrangements, monitoring mechanisms, and graduated sanctions. These are being taken into consideration at various levels in the implementation process³⁸.

3.7 Conclusion

Agriculture in Mozambique is almost entirely dominated by smallholders. The agricultural economy is a major source of livelihood, and food represents about two thirds of total consumption, especially among the rural poor. An estimated 68 per cent or about 12.5 million people live in rural areas. Rural households are predominantly smallholders who provide about 95 per cent of agricultural GDP with the balance from a small number of medium and large commercial farms³⁹. Average cultivated area per household is only about 1.4 hectares. In 2003, there were an estimated 3.2

³⁸ Ibid: Pp 14

³⁹ The share of the rural population declined from 79.6 percent in 1996/7 to 67.9 percent in 2002/3. The sharp decline is mainly due to a change of the rural definition. In 1996/7, rural areas were defined as all local communities outside the national and provincial boundaries. By contrast, in 2002/3, rural areas were re-defined to include all towns in the rural space, not just the capitals. This resulted in a sharp decline of the rural population. In absolute numbers, however, according to official numbers the rural population remained constant at about 12.5 millions (World Bank 2005c).

million farm families cultivating some 4.5 million hectares. Medium- and large-scale farmers are almost insignificant in terms of land area and numbers of farms⁴⁰. Two-thirds of agricultural production is for home consumption and only 5 per cent is generated by large-scale agriculture. Most of the agricultural land area for small (less than 10 hectares) and medium farms (10-50 hectares) is cultivated for basic food crops. By contrast, large farm enterprises (more than 50 hectares) produce mostly cash-crops.

The Structural Adjustment Programmes focused on three broad issues: Macroeconomic stability, lifting price controls, and public sector reform. Macroeconomic stability was to be accomplished by tight money and credit policies to bring down inflation, deregulation should handle the conversion to market prices, and privatization was the dominant instrument in the public sector reforms. However, the designers of the structural adjustment programmes were not allowed to work undisturbed, and were subject to quite massive criticism from the start. The former structuralists regrouped and formed the *neo-structuralist macro critique*. Again, attention was paid to the distinctive features of the economy in developing countries. But a main difference was now the attempts to fit the new ideas into a framework that also left space for supply side mechanisms. According to Bruno imperfect competition and unofficial credit markets in a macroeconomic model with flexible prices. Over the 1980's, the neo-structuralist macro critique produced a number of interesting ideas, some of which also surfaced in practical applications of development economics⁴¹.

⁴⁰ There is also a small but potentially important category of medium farmers with average land holdings of 35 ha, known as *privados*. USAID estimates that by the mid-1990s, *privados* numbered some 3000. Many of these entrepreneurial farmers are women working in *zonas verdes* (green zones) and market most of their products. Many of these *privados* are said to have contractual arrangements with bigger commercial enterprises (Cramer and Pontara 1998)

⁴¹ Bruno, M. (1979), "Stabilization and Inflation in a semi-industrialized economy", in: Dornbusch, Rudiger and Frenkel, Jacob A. (eds.), *International economic policy, theory and evidence*, Johns Hopkins University Press, Baltimore, pp. 279.

Another source of criticism was the social content of the structural adjustment programmes. This was brought to the surface of public debate by UNICEF in 1987, who argued that the lending programmes of the World Bank only exacerbated the adverse income distribution and social unrest. Slowly, the response to this appraisal surfaced through the introduction of so-called social action programmes. After a time, pre- and post-programme income surveys also came into use, to map the distributional impact of the structural adjustment programmes. This critique has indeed been fruitful, and today the programmes of the World Bank are not only viewing to efficiency matters, but they also show concern for the income distribution. It has also been acknowledged that a smoother transition to a market economy may substantially influence the political viability of the structural adjustment programmes (the recent developments in Russia).

International pricing is not the only factor that affects the stability of the agricultural sector. Weather conditions are a second, albeit just as important, element determining productive output. In 2000, for example, production of corn-Mozambique's most important crop produced for domestic consumption-fell to 1,019,000 tons from 1,246,000 tons the year before. The productive decline related largely to devastating floods, which lasted from January to March. Conversely, debilitating droughts also frequently afflict the country, and 2 crippling droughts in the post-war period alone led to severe declines in agricultural production. Such weather imbalances lead to oscillating (fluctuating) patterns of production, which, in addition to destabilizing export revenue, severely restrict the country's ability to gain self-sufficiency in food production. Further exacerbating the problem, only 4 per cent of all land in Mozambique is arable. As a result of these problems, the country must import large amounts of rice and wheat every year⁴².

Therefore, the creation of community based organizations (Natural Resources Management Committees/Councils), as the legal representative of the community is crucial to acquisition of legal user rights of land and other resources. The Forestry and Wildlife Regulation states that such committee should include apart from community representatives, the private sector, and associations of farmers and local government,

⁴² Accessed on 29th march, 2009, www.nationsencyclopedia.com/Mozambique-AGRICULTURE.html

i.e., all interested parties in the area. The full user rights of resources by the community are not obtained only with a title deed for land, but also with authorization through license or concession for harvesting other products such as forest products, and game. However, the latter requirement is only when the community explores the resources not only for its consumption, but also for commercial purposes, in which case is equally treated as a private entity with requirement to pay royalties. One can then ask, if the community is expected to perform some duties of state employees, such as law enforcement without remuneration and yet pay royalties for resource utilization. Is the community getting the benefits that the current policy is claiming?

The land law/regulation on the other hand states that the state recognizes first that land occupation through customary law if the land lies outside the protected areas. Oral testimony is recognized as a source of information for recognition of the rights of occupancy. Secondly, title to individuals and communities are not subject to a limit in time and it is free of charge. Thirdly, communities ought to be consulted in the adjudication of land to other user external to the community, and rural community has a role in natural resources management as well as conflict resolution. The regulation also emphasizes the fact that the community can delimit their land and this can be included in the official mapping system if the community so wishes. In addition, community should have access to water resources for public use available in the neighborhood, and any contracts with third parties for utilization of the resources within the boundaries of the community should be based on consensus within it. Finally, similarly to the Forestry and Wildlife law, an entity representing the community is also envisaged and 3 to 9 people including the District Government Officer and representatives of the local community should compose it. Are these two legal devices conflicting? Apparently not if wisely used in order to avoid duplication and conflicting decisions regarding the use of land and forestry resources.

Smallholders do, however, contribute to the production of export crops, particularly cashew, cotton, and tobacco. An estimated 16 per cent of rural households engage in cash crop production. These smallholders are contracted by larger firms under out-grower schemes. Contracting arrangements are one way to overcome the failure of input and credit markets. These arrangements allow farmers to access extension advice, inputs, and credit, but oblige them to sell their output to the input provider. As

a consequence, the number of farmers growing tobacco and cotton has risen significantly from 1995-96 to 2002-03⁴³.

Irrigated agriculture for smallholders has high growth potential. Developing smallholder irrigation would cost an estimated US\$600-800 per hectare compared to US\$3,000 per hectare for large farms. Most smallholder irrigation is now used for double cropping food crops — intercropping with vegetables and at times cash crops. Under existing cropping patterns, the average value-added is estimated at US\$500-600 on the smallest farms and US\$800-1,000 for farms of between 5 and 10 hectares. If a total of US\$20 million were invested per year, that investment could generate about US\$250 million of value added in agriculture (even assuming no major shifts in cropping patterns)⁴⁴.

To conclude, the chapter discussed the changes on the resource tenure policies in Mozambique starting from when the state assumed the role of owner, provider and controller to the recent policy framework, which is inclusive to all stakeholders. The new paradigm for sustainable use of resources is involvement of the community in the management of resources. Clear ownership user rights are given to the community through common property regimes. However, some hindrances encountered in the implementation process were looked at.

The private sector is an important partner to implement the program and ensure that inputs are provided and outputs procured. Major constraints for the private sector have been the lack of infrastructure and transport costs to deliver inputs and market output, thus building roads is key.

⁴³ Benfica, R., J. Zandamela, A. Miguel et al., (2005), "The Economics of Smallholder Households in Tobacco and Cotton Growing Areas in the Zambézi Valley of Mozambique", Maputo: Processed and
Bias, C. and C. Donovan, 2003. "Gaps and Opportunities for Agricultural Sector Development in Mozambique." Research report 54E. Maputo: Directorate of Economics, Ministry of Agriculture and Rural Development.

⁴⁴ Margulis, S., (2005), "An Economic Analysis of Natural Resources Sustainability in Mozambique." Background paper for the 2005 Country Economic Memorandum. World Bank: Washington D.C. Processed

Donors are important financiers of agriculture sector development in the medium term. In this context it will be important for donors to ensure that their programs support the Government strategy. The donors have been effective at coordinating, especially as part of the sector-wide approach. An MOU was signed by the contributing donors. Support to the sector is provided by different financial arrangements that include budget support, common funds, and investment lending, both off- and on-budget. To enable the Government to develop an appropriate MTEF it is essential that donors ensure that all their investments are part of the overall Ministry budget. This will ensure transparency and accountability by all stakeholders.

The private sector is an important partner to implement the program and ensure that inputs are provided and outputs procured. Major constraints for the private sector have been the lack of infrastructure and transport costs to deliver inputs and market output, thus building roads is key.

The basic problem in Mozambique has been that the socio-economic base of the state has been changed by the international donor community and by foreign private capital. At the same time, the dominant internal force is no longer the peasantry (as it was during the war of liberation) or the modernising state bureaucracy (as during the subsequent phase of attempted socialist transformation), but the private sector, albeit dependent upon the resources made available by external forces: the World Bank/I.M.F., multinational enterprises, and N.G.O.s. In this context, the most serious threat to ordinary Mozambicans in the approaching era of reconstruction may be the need for an increasingly repressive state to guarantee the smooth performance of the 'triple alliance'.

Chapter- IV

4.1 Introduction

Agriculture in Mozambique is dominated by smallholder farmers whose farm is in a risky environment that is vulnerable to droughts and floods, for the last 25 years. Crop production varies by region, due to the exist differences in rainfall, temperature, soil types, and market access.

Mozambique's most important agriculture sub-sector is food crop production. Most rural households diversify themselves their economic activities to cope with low productivity and low income. As a result smallholders are poorly integrated with markets. The majority practices of extensive shifting cultivation, where one-third sells any crop output, and almost two-thirds lives in households which lack food security. The most important food crops are cassava and maize, followed by sorghum and rice. Cassava is an important component of the smallholder's risk reduction strategy in the context of Mozambique's variable climate because it is drought tolerant and resistant to disease¹. For the most part, food crop producers use seeds reserved from the previous year's crop. About 82 per cent of rural households identify seed supply as their predominant agricultural problem².

The most disturbing thing for most Mozambicans is that they will be experiencing hunger earlier than the normal time. Instead of October (the normal hunger season), food experts said Mozambicans should expect hunger in August and September. The hunger season might is expected to go through March 2008. Northern Mozambique has recorded high yields this year, but the high cost of transportation is limiting the food supplies from the north to south³.

¹ Mather, D, D. Boughton, D. Tschirley et al., (2005), a. Analysis of Rural Income Growth in Mozambique 1996-2002 and Implications for Agricultural Development: Final Results based on TIA 1996 and TIA 2002. Draft presentation. East Lansing: Michigan State University. Processed

² See: World Bank Report, (Feb 23, 2006), Mozambique Agricultural Development Strategy: Stimulating Small holder Agricultural growth.

³ Ibid

In this context food experts said, the bad weather conditions in early part of the year are among the causes of Mozambique's food insecurity. The flooding of Zambezi River and passage of cyclone are also seen as contributing factors. Over 700,000 Mozambicans are expected to face food crisis should the second harvest season turns bad. International food monitors are also concerned about the low rainfall in the country, especially in the southern and central parts, which might seriously risk the production capacity in said regions⁴.

If there is growth currently in Mozambique," asked the UN Development Programme's 1998 National Human Development Report on Mozambique, "what is growing and for whom? The growth of absolute poverty for the great majority, or the growth of ostentatious incomes for a small minority? The growth of social and civil security, or the growth of crime? Economic growth, which promotes the human development of Mozambicans, or growth that is exported to soften the country's indebtedness? The growth of democracy and participation, or the growth of political apathy and abstention? The equitable growth of human development, or the inhuman deepening of inequalities between the sexes, and between social, ethnic and racial groups?" The flood crisis makes such questions more relevant than ever⁵. Nevertheless, economic growth is not a panacea. Large increases in gross domestic product (GDP) coexist with grinding poverty for the bulk of the population. Achieving a formula for growth that also ensures poverty alleviation is now more critical than ever, since the heavy rains have thrust around 120,000 peasant families in the southern and central provinces into utter destitution.

Third world poverty has once again caught the attention of the western world. Poverty alleviation is now on the top of the agenda for nearly all multilateral and bilateral donor agencies. The World Bank's country strategy paper has been replaced by a poverty reduction strategy paper, and it's much anticipated and debated world development report 2000/1 focuses on attacking poverty. The controversy surrounding this report, and the draft report itself, suggest that there is little agreement within the bank about what strategies to adopt in fighting poverty. At the same time,

⁴ Ibid

⁵ Afrol News, 28th May 2008.

disparate but increasingly vocal and influential groups have arisen to strongly criticise the bank and other 'Bretton woods institutions' (especially the IMF and WTO) for perpetuating poverty rather than reducing it. While these controversies are perhaps not surprising, given the enormity of the topic and the historical and political baggage it carries, they underscore the difficulties facing developing country government and civil societies as they try to develop coherent strategies to reduce poverty⁶. This emphasis on smallholder agriculture is not universally supported, nor is it monolithic within the government. Cramer and Pontara strongly criticise what they consider an undue emphasis on smallholders, both in the academic literature on Mozambique and in the country's rural development and poverty alleviation strategy⁷. They suggest that this strategy should instead focus on 'the expansion of private sector agriculture... including those with perhaps only 10 hectares and up... and large and high-profile commercial enterprises...' O' Laughlin criticises an undue focus by analysis on land ownership among smallholders, and suggests that off-farm income is a crucial but underappreciated component of rural livelihoods. Cramer and Pontara also highlight the key role that they claim wage labour and rural-rural migration play in the income strategies of the poorest (especially 'female-headed') rural households and suggest that growth in these off-farm opportunities will be a prime determinant of the rate of rural income growth and poverty reduction⁸.

According to the MAP, the steps to be followed in the delimitation include first the awareness rising as to their rights and obligation stated in the law. Then follows a Participatory Rural Appraisal to understand the socio-cultural and the economic context of the interested and affected target as well as initiate the identification of community limits/boundaries⁹. A draft map is drawn and later discussed with the

⁶ David L. Tschirley and Rui Benifica (2001), "Smallholder agriculture, wage labour and rural poverty alleviation in land-abundant areas of Arica: evidence from Mozambique", *The Journal of Modern African Studies*, V.39, No 2, pp335.

⁷ Cramer C. and N. Pontara, (1998), "Rural Poverty and Poverty Alleviation in Mozambique: What's Missing from the Debate?" *The Journal of Modern African Studies*, V. 36, No.1, pp.111.

⁸ David L. Tschirley and Rui Benifica (2001), "Smallholder agriculture, wage labour and rural poverty alleviation in land-abundant areas of Arica: evidence from Mozambique", *The Journal of Modern African Studies*, V.39, No.2, pp. 336.

⁹ MAP (1999). Anexo Técnico ao Regulamento da Lei de Terras. Maputo

community. After consensus has been reached then the limits can be registered in the national maps. The final stage is the demarcation of the land, which is done if the community aims at acquiring a title of the land and or other resources.

There are two main agents in land delimitation: government offices at provincial/district level, projects and NGOs. According to an informal interview carried out with people involved in this work in seven provinces of Mozambique, there are criteria or situations that lead to a need/priority for delimitation. First delimitation to protect the community stake when there is an interest from the private sector to invest in a certain area. Second, when the community or organization working with community requests and finally when there are conflicts on resources use either between the community and external users (private sector) or between two neighboring communities, the latter being less frequent. A multidisciplinary team including agriculturists, geographers and lawyers carry out land delimitation (apart from the community). From the examples cited by the group of people interviewed there are more than 30 community areas being delimited in the country. The resources in the areas include agricultural land, pasture, fishing, salt production sites, elephant reserves and even areas with Non-renewable resources such as diamonds¹⁰.

4.2 Analysis of Pre-Reform Agricultural Conditions with Post-Reform Anticipation & its Overall Generalisation

Several generalisations can be drawn from the analysis. First, the local farm labour market is the most frequent source of wage employment for rural households, and work on neighbouring smallholder farms is, by far, the most common in this category. Nearly three-quarters of all labour events were non-migratory, occurring in the workers own village, and over half occurred on a neighbouring smallholder farm within the worker's village. Second, work on small holders farms was generally of short duration (unless it occurred outside the country), and therefore resulted in low total earnings for the worker. Overall, each labour event on smallholder farms lasted

¹⁰ Isilda Nhantumbo, (2002), 'The new resource tenure framework in Mozambique: does it real give the tenancy to the rural communities?' Paper prepared for the 8th Biennial Conference of the International Association for the Study of Common Property (IASCP), 31 May- 3 June.

only 20 days and earned about US\$23. Third, despite these low mean earnings, the high frequency of work on other smallholder farms means that it is the largest source of total agricultural wage labour earnings for smallholders, generating nearly five times the earnings of work on private farms, and more than 50 per cent more earnings than work on company farms. Finally, non-agriculture work regardless of location, generally was of much greater duration and earned the worker far higher wages than agriculture work. Migratory work lasted on average from three to over four months, and earned the worker between US\$89 and US\$171, depending on location. Non-agricultural labour lasted on average about six months, and earned the workers over US\$ 235. As a result of these patterns- labour events in the local farm labour market which are frequent but last a short time, in contrast to non-agricultural and migratory labour events which are less frequent but last much longer- non-agricultural and migratory labour accounted for disproportionate shares of total wage earnings. Though representing only 28 per cent of all wages, while migratory labour earned nearly half of all wages despite accounting for only 27 per cent of all labour events¹¹.

It seems that structural conditions are at least partially at work in creating this differential access to labour markets. Income from agriculture activities is similar for households accessing the high-wage end of the labour market (non-agricultural labour and work on company farms) and those accessing only the low-wage end (smallholder and private farms). Households at the high-wage end of the market purchased about twice as many consumer goods during the week prior to the survey compared to households at the low-wage end, but this is consistent with their higher total per capita incomes and does not suggest structural factors at work. The key results are found in the wealth indicators. High-wage households own about twice as many types of household goods, and are about 100 times more likely to have a cement floor and 30 times more likely to have metal roof in their home, compared to low-wage households. High-wage households report holding slightly more land than low-wage and non-wage households, though reported cultivated areas are comparable. Ownership of farm implements and of livestock is also comparable between the two groups¹².

¹¹ Ibid: Pp 340.

¹² Ibid: Pp 343.

More profitable and productive agricultural areas generate more off-farm income opportunities, and tend to have fewer wages –driven income inequality. It is widely recognised in the development literature that the vast majority of wage and self-employment labour in rural areas is strongly linked to agriculture. At least three types of linkages are important. Consumption linkages are based on the fact that most rural enterprises depend on local demand for their products. As a result, the market for the products of rural enterprises- and their contribution to employment growth-will increase very slowly, if at all, without growing incomes in rural areas. While this income growth can come from the farm and non-farm sectors, in the early stages this growth must be launched by increasing agriculture incomes. Forward linkages emerge when rural enterprises depend on agriculture goods as inputs for their business. Food processing enterprises are a typical example. If there are not steady productivity gains at the farm level, the cost of these inputs will rise relative to other goods in the economy, choking-off growth by these enterprises and reducing their contribution to employment growth. Direct employment linkages exist when local farms hire labour. Table showed that 61 percent of all labour events in the study area in 1998 were on smallholder farms, and that these generated far more income for fellow smallholders than did work on ‘privado’ or company farms. Thus, growth in this important source of current rural employment depends directly on growth in smallholder agriculture¹³.

Increasing productivity in agriculture also allows the sector as a whole to release labour to the industrial and service sectors, a key feature of agricultural transformation throughout the world. As agriculture productivity grows, the prices of agriculture products fall relative to those of industrial and service products. These falling relative agriculture prices unleash two effects. First, they increase demand for agriculture products and spur further growth in the sector. Second, they draw less productive farmers (and grown sons and daughters of productive farmers) out of the agricultural sector and into the industrial and service sectors, as these farmers compare the relative returns in the sectors and decide that they can increase their

¹³ Ibid: 346.

earnings by leaving agriculture. The key insight in this process is that this release of labour to other sectors does not occur without increases in agricultural productivity¹⁴.

There is also a direct link between human capital and the level of wages that a rural resident can earn, since the highest paying jobs in rural areas, as anywhere, are high skill jobs. A stagnant smallholder agriculture sector will not be capable of generating these skills among many rural residents, for two reasons. First, a stagnant agriculture will engender much less of the learning-by-doing that Dawe emphasises. Second, poor smallholders mired in unproductive agriculture will not generate the profits nor the spare time needed to invest in formal education¹⁵.

The marked change in the pattern of international trade and financial relations is evident also from looking at the composition of imports by country of origin: the share of imports from centrally planned economies in total imports dropped from just under 20 per cent on average at the beginning of the 1980s to virtually zero at the end of the 1990s. After 1993, grant financing declined only partially, compensated by further debt forgiveness, perhaps reflecting a perception of decreased official financing requirements¹⁶.

Since the economic and financial crisis of the early 1980s, however, they have engaged in a close dialogue with Mozambique through successive rescheduling agreements under terms progressively more concessional, eventually leading to the HIPC Initiative. Total net financial assistance provided by the international community under the framework of traditional rescheduling mechanisms failed to stabilize Mozambique's debt burden at a sustainable level, but, together with Mozambique's own strong policy effort, it had contributed by the end of the 1990s to a radical change in the composition of the country's foreign financing: the share of net debt-creating instruments in total foreign financing requirements fell to about 40 per

¹⁴ Ibid: 346.

¹⁵ Ibid: 347.

¹⁶ Afrol news, 3rd August 2004.

cent (on average) during the period 1994-98, as compared to 90 per cent during 1980-84¹⁷.

4.3 Analysis of pre reform and Post reform under SAP

Coordination is lacking by multiple stakeholders-the Government, beneficiaries, the private sector, NGOs, and donors. Because unit investment costs are high to develop infrastructure, it is appropriate for the public sector to provide such services, including roads, railways, and surface irrigation facilities. The private sector seldom put any effort to sell inputs and buy outputs. One deterrent for the private sector to be actively involved in selling inputs is that transaction costs are high to reach all farmers. Input distribution and marketing product costs would be lower if farmers organized into rural producer organizations so they can participate in bulk buying and group marketing schemes¹⁸. Given that the country is so large, decentralization becomes an important objective. The Government is committed to a decentralization framework and is working towards it; however, the strategy is still at a nascent stage. Together with strengthening the government at the provincial and district levels it is important to empower communities and community-based organizations, so they ensure that local governments are accountable and transparent.

To ensure that services are to be delivered to grassroots smallholders, the civil societies and NGOs must be closely aligned with agricultural development programs. At the district and provincial levels they should be involved in identifying and planning development programs. Government administration cannot be everywhere and hence in such a large country, it is all the more important for these organizations to be involved. Local NGOs need to be strengthened, so that when international organizations depart the capacity exists to mobilize communities, ensure that people are heard, and hold the Government accountable.

¹⁷ *ibid.*

¹⁸ See World Bank Report, (2006), Mozambique Agricultural Development Strategy; Stimulating Small holder Agricultural growth.

For the agriculture sector, the Ministry of Agriculture must inventory all activities and establish how and in what way donor programs complement its own programs. Additionally, the donor community must play an important role in providing long-term financing to the public sector. The stability of donor support is also an important factor.

Given that the Mozambican budget is being funded primarily by external resources, the donor role is critical. Donors need to think together - not so much for their own interests as much as for the interests of the country. Programs should be jointly developed with the Government and communities, and should not compete with other donors. A truly empowered Government is one that can tell donors what it wants financed and where it wants the money to be invested with “government in the driver’s seat.”

4.4 Main Structural Challenges: an analysis of Infrastructure, Markets, and Institutions

According to the World Bank literature Constraints to agricultural growth are numerous. The 17-year conflict destroyed the basic infrastructure and institutions that were created during the colonial period. Rebuilding of roads and bridges is now a priority and a necessary condition for any growth in the agriculture sector. The vast terrain and scattered and sparse population makes it all the more critical to ensure rural connectivity, but per capita investment costs are considerable and would have to be borne by the Government. The dismantling of state owned organizations that provided agricultural inputs and bought and marketed production has created a vacuum. In its infancy, the private sector has yet to find it cost effective and profitable to reach out to rural areas¹⁹.

Poor roads and markets and unexploited irrigation potential are key constraints to agricultural development. Despite recent investments in roads, the density of the road network is the lowest in southern Africa (32 kilometers per square kilometer), which

¹⁹ See: World Bank Report, (2006), Mozambique Agricultural Development Strategy; Stimulating Small holder Agricultural growth

to some extent is due to the size of the country and difficulty in building and maintaining roads. With a sparse population, the unit costs of serving rural areas are high. Other key infrastructure such as power and telecommunications are also very poorly developed, especially in rural areas, as is irrigation, another key factor for agriculture. Total irrigated area is only about 3 per cent of its potential²⁰.

Institutions in Mozambique are weak, lack of capacity, and were largely shaped by its history. The war, colonialism, and socialism dictated the types of institutions and their thinking during the socialist era, colonial farms became state farms, parastatals were established to supply inputs and market outputs, and smallholders were considered constraints to modernizing agriculture. Today, the Ministry of Agriculture formulates policies and regulations, and the private sector supplies inputs and markets. A major issue for many public sector entities is the lack of trained personnel. Colonial Mozambique did not train an adequate number of people and after the war many who were trained left the country. Today this deficit is a major constraint so that the country continues to rely on outside technical assistance. Additionally, low salaries in government departments do not attract and retain skilled and qualified staff.

Contrary to the past decade, there is some evidence of better market integration by smallholder households, which may be due to improved roads. The north, center, and south of the country used to be almost autarkic due to high transport costs and poor communication. With recent improvements in the quality of the roads, however, the Agricultural Market Information System (SIMA) indicates that, there has been a tendency for prices to converge across sub-regions²¹. Nevertheless, many secondary roads are not accessible during the rainy season, hence the need to improve roads. Agricultural growth in certain provinces, including Tete and Niassa, has benefited from increased cross-border trade with Malawi, Zambia, and Zimbabwe. Estimates of total informal cross-border trade for maize range from less than 100,000 to 200,000

²⁰ Ibid: Pp xvi

²¹ Bias, C. and C. Donovan, (2003), "Gaps and Opportunities for Agricultural Sector Development in Mozambique." Research report 54E. Maputo: Directorate of Economics, Ministry of Agriculture and Rural Development. Here they also report that beans from Niassa and groundnuts from Nampula have found their way to markets in Maputo. However, it is estimated that much of these crops have been transferred via the road infrastructure of Mozambique's neighbouring countries

tons per year²². Other food crops include rice and beans, although smaller quantities. There is evidence that Mozambique supplied more than 90 per cent of informal maize imports to Malawi during the second half of 2004. The country is also the biggest exporter in the informal SADC maize market, with an estimated share of more than 70 per cent. Around one-half of the Mozambican maize destined for Malawi passes the border post at Muloza in the Mulanje District. Anecdotal information indicates that there have been substantial food grain exports from Mozambique to Malawi since the mid-1990s²³.

A key feature of informal trade is the relative ease with which maize crosses the Mozambican border. The combination of low yield levels yet immense and growing cross-border trade is a strong indication of Mozambique's agricultural potential in regions with reasonable infrastructure access. Despite a number of non-tariff barriers, informal commercialization of agricultural products does not appear to be a binding constraint in certain areas of the country.

Market integration measured by the dynamics of the rural labor market, however, reveals a more or less stagnant trend. Rural labor market activities in Mozambique showed no significant dynamism over the past decade. The percentage of agricultural households that hired non-family labor actually declined from 19 to 16 per cent from 1995-06 to 2001-02²⁴. Households that hired agricultural labor declined for the first four income quintiles. The only exception is the highest income quintile, where demand for agricultural wage labor increased.

The percentage of major food crops sold in local markets eventually stabilized. For example, maize commercialization rose from 11 per cent to 22 per cent from 1996 to

²² Carl Bro, (2005), "Impact of Policies of Neighboring Countries on Agricultural Growth: Mozambique." Consultant report for the 2005 Rural Development Strategy. Washington D.C.: World Bank. Processed.

²³ FEWS, (2005), "Informal Cross Border Food Trade in Southern Africa." FEWS-Net 6. Funded by WFP and USAID. Processed.

²⁴ Mather, D., D. Boughton, D. Tschirley et al., (2005a), Analysis of Rural Income Growth in Mozambique 1996-2002 and Implications for Agricultural Development: Final Results based on TIA 1996 and TIA 2002. Draft presentation. East Lansing: Michigan State University. Processed.

2000, but eventually declined to 17 per cent in 2003. According to data from the Ministry of Industry and Commerce, the average annual increase for maize and rice commercialization was slower than the overall production increase. Important exceptions are sorghum, cassava, and beans. Cashew commercialization actually declined.

4.5 Micro agricultural analysis (food crops, cash crops, and livestock)

For this analysis, the agriculture sector is divided into three broad sub-sectors food crops, cash crops, and livestock. Subsistence agriculture has significant growth potential in Mozambique. To ensure household food security, most cultivated land is used to grow low-value maize and cassava (more than 50 per cent of the total)²⁵. With the remaining area, smallholders diversify with a wide variety of other food crops, and further diversify risk by planting in both low lying and higher elevation areas. Yields are low and show stagnant patterns, moreover, yields are estimated at only a small fraction of their potential.

The cash crop sector has the potential for substantial yield increases. Today cash crops occupy roughly 5 per cent of cultivated land and contribute to some 5 per cent of agriculture GDP, which in turn is about 6 per cent of the country's exports. The traditional cash crop sector includes cotton, tobacco, cashew, sugar, and tea. Cotton and tobacco are grown under contract, cashew is a smallholder crop, and sugar and tea are plantation crops. As in the food crop sector, there is a major gap between potential and actual yields. Seed cotton is one example. Yields in Mozambique are significantly constrained by a lack of high-yielding, pest-resistant varieties adapted to local agro climatic conditions. Yields average 0.6 tons per hectare compared to 0.9 in Zimbabwe and over 1.0 in Francophone West Africa²⁶. Yields also vary within Mozambique-a

²⁵ Bias, C. and C. Donovan, (2003), "Gaps and Opportunities for Agricultural Sector Development in Mozambique." Research report 54E. Maputo: Directorate of Economics, Ministry of Agriculture and Rural Development.

²⁶ de Sousa, E., (2005), Study on Contract Farming and Supply Chain Financing in Mozambique. Draft report. Washington D.C.: World Bank. Processed

high-input block may yield 1.4 tons per hectare while a low-input block may produce only 0.5-0.7²⁷.

Another important example is cashew, which is of great importance to smallholders. Cashew trees are often old and diseased. The most recent plantings date from the 1950s and 1960s, and average yields are only 1.5-3.0 kilograms per tree, whereas the potential can be as high as 10-15. One-quarter of the national stock of about 25-26 million old trees is attacked by powdery mildew (*Oidium*) and other diseases, which reduces yields by as much as 70 percent.²⁸ During the dry season trees are damaged by fire²⁹. These problems not only affected yield, but also reduced the quality too.

With a potential irrigated area of about 3 million hectares, irrigation of more land will increase the yield and quality of cash crops. Mozambique's irrigated areas lie mainly in the central and northern provinces, with the Zambézi basin accounting for nearly 60 percent of the total. There is less irrigated land in the south, about 300,000 hectares. Out of the 3 million hectares that are estimated to be irrigable, about 97,000 are equipped for irrigation but only 37,000 (or 40 percent) actually are irrigated³⁰. Of the three types of irrigation—large-scale public, donor-funded small-scale, and farmer-run micro irrigation, smallholdings are most likely to be expanded where the second and third types of irrigation are available. The first type is mainly used by large commercial farmers. For example, about 36,000 hectares are currently cultivated for sugar³¹. Other than rice and sugar, a variety of high-value horticultural crops can be grown on irrigated areas.

²⁷ Jeje, J., J. Howard, P. Strasberg et al., (1999), "The Potential for Productivity Increases in Cotton and Maize Systems: The Case of Northern Mozambique." Paper prepared for the Agricultural Transformation in Africa Workshop, June 27-30, 1999. Nairobi: Processed.

²⁸ de Sousa, E., (2005), Study on Contract Farming and Supply Chain Financing in Mozambique. Draft report. Washington D.C.: World Bank. Processed

²⁹ Finney, C., (2003), "Background Paper on Public Expenditure on Agriculture: Main Report." Draft consultant report. Washington D.C.: World Bank. Processed.

³⁰ See: World Bank Report, (2006), Mozambique Agricultural Development Strategy; Stimulating Small holder Agricultural growth.

³¹ World Bank, (1997), Mozambique: Agriculture Sector Memorandum. Report 16529-MZ. Washington D.C. Processed

Some of the policy instruments, however, have proved politically contentious and created uncertainty in the relevant industries. Larger farms in Mozambique tend to be in the zones where animal or mechanical traction is possible and where market access is adequate. Cash crops are mainly grown for export and account for about one-third of total exports, but occupy only up to 5 per cent of the total planted area.

4.6 Modest cropping and technological approach: It's a Ramification of Pre-Reform and Post-Reform

Smallholder households have significantly diversified their production patterns. From 1995-96 to 2002-03, the mean number of crops almost doubled from 4.6 to 8.5 crops per household. Crop diversification was more pronounced for food crops, in particular pulses, horticulture, and perennials. In addition, crop diversification occurred almost equally in all income group, suggesting a pro-poor pattern of agricultural growth. Diversified crop production is primarily a coping strategy against weather-related production risks, but provides little additional income to the poor. Analysis undertaken for this strategy based on an agricultural crop production function, shows that the effects of crop diversification for additional farm income are rather negligible³². This may be due to the quality and quantity produced at each farm household.

Adoption and use of agricultural technology has seen some modest advances. Overall, use of chemical and manure fertilizers per household, rose from about 4 per cent in 1995-06 to 10 per cent in 2001-02 to 11 per cent in 2003. Use of animal traction increased from 7 to 11 per cent. This increase may partly be attributed to livestock repopulation programs. Households that use small-scale irrigation increased from 4 to 11 per cent. Moreover, there is evidence of an increase in the number of smallholders using drought-resistant varieties. In 2002, about 34 per cent of maize farmers

³²Loening, J. and J. Perumalpillai-Essex, (2005), "Agriculture and Rural Poverty in Mozambique: Dimension, Profiles and Trends." Background paper for the 2005 Rural Development Strategy. Washington D.C.: World Bank. Processed.

purchased seeds of varying quality³³. In general, the adoption of new agricultural technologies was broad-based, but there were somewhat higher increases in the lowest and highest income group. Overall, the changes are too moderate and often very region-specific to have a significant impact on agricultural growth.

Despite limited access to improved crop production technologies in rural Mozambique, there is scope for optimism. Estimates of the determinants of smallholder crop income undertaken for this strategy show that the use and adoption of improved agricultural technologies would have significant effects. Of particular importance are use of fertilizers and pesticides and mechanization in the form of animal traction for poorer households. On average, households that use fertilizer have 50 per cent higher income than those that don't fertilize, and pesticide use could increase farm incomes by about 30 per cent (with the caveat that higher use of agricultural inputs is often associated with cash cropping, which may bias the estimates). Moreover, households that use animal traction could increase farm income by about 14 per cent. Social capital also plays a key role. Belonging to a farmer association has the potential to increase average income of poor dwellers by about 25 per cent³⁴.

Mozambique has relatively low pressure on the cultivable portion of its abundant land resources, but has a troubled heritage of conflict over land use. Disputes over land use are mainly about access to fertile land located in favored climates and competing forms of land use. Until independence, smallholders relied on customary forms of land tenure with conflicts adjudicated by traditional community or tribal elders, and commercial farmers and plantation owners held long leases. Traditional systems of land management are far from egalitarian, and members of the local elite are able to gain access to more and better quality land. The rights of women to inherit rights to use land are insecure and depend on family and other local ties. After independence

³³ Donovan, C., (2004), "Agricultural Growth and Poverty Reduction in Mozambique." Paper prepared for the World Bank Video-Conference 'Attacking Poverty in Mozambique.' Washington D.C.: World Bank. Processed.

³⁴ Loening, J. and J. Perumalpillai-Essex, (2005), "Agriculture and Rural Poverty in Mozambique: Dimension, Profiles and Trends." Background paper for the 2005 Rural Development Strategy. Washington D.C.: World Bank. Processed.

and under the socialist model, large commercial farms were expropriated and turned into state farms while smallholders were organized into cooperatives. The constitutional principle was that all land belonged to the state. After the end of the civil war in 1992, land conflicts intensified as large numbers of returnees claimed use of their land and investors wanted control over unoccupied areas, but smallholders wanted to reassert their traditional land use rights. A prime objective of the 1997 Land Law was to settle conflicts between smallholders and commercial farmers. An overriding concern of the law was to protect the interests of smallholders practicing shifting cultivation.

4.7 Conclusions and policy implications

The evidence presented, however, suggests that the civil war and the related external political factors and domestic economic policies are probably the most important contributors. The war has inflicted a very large loss of human and physical capital on the economy; nationalization and economic planning has deteriorated agents' incentives and behaviour. Both the war and the planning experiment have disrupted productive and export capacity, increased financing requirements, and weakened property rights. Different from many other low-income countries, terms of trade shocks did not play a major role in Mozambique's external imbalance, while weather-related shocks contributed to large deficits in the food balance, which put the balance of payments under almost continuous pressure.

During the fourteen-year era of Marxist rule, many university academics, government officials, teachers, and technicians in science and the vocational/technical fields were being trained in satellites of the ex-Soviet Union, Eastern Europe, and Cuba. These people are now at mid-career in positions of leadership in public administration and educational institutions setting policy and the academic agendas of their organizations. Many of the public sector officials were being interviewed, specifically in the Ministry and its subordinate agencies, recognized the limits of their socialist formation and desired a change to market-oriented values. Nevertheless, the habit of waiting for orders and reluctance to make decisions characteristic of the top-down mentality in dysfunctional bureaucracies can still be seen. This capacity of

development report provides practical recommendations to achieve the more market oriented approach as desired by the progressive GRM officials³⁵.

Over the past decade, sectoral shifts have been moderate, but the agriculture sector remains important. In 2003, agriculture was the largest sector and contributed 25 per cent of total GDP compared to 24 per cent in 1992 and 31 per cent in 1996³⁶. In this context, however, agriculture makes a relatively modest contribution to total GDP considering that farmers are about 90 per cent of the rural workforce and about 68 per cent of Mozambique's population of 19 million lives in rural areas.

Production of basic food crops is the key driver for increased agricultural production. Basic food crop production grew at an average rate of about 3-4 per cent annually. Maize and millet production showed the highest increases, followed by sorghum, beans, rice, and cassava. Groundnut production may have declined by about 1 per cent. Regionally, production increases were highest in the central regions, particularly in Tete province³⁷.

Despite considerable reconstruction efforts after three decades of war, much of the physical infrastructure remains deficient³⁸. There was massive destruction of housing, communications networks, and education and public health facilities. Livestock herds were decimated and fields were abandoned. The population of 19 million was severely affected, with more than 1 million dead, 1.5 million refugees, and 3.2 million people internally displaced. After the General Peace Agreement in 1992 and democratic elections in 1994, the agriculture sector moved away from centrally planned to state intervention in agricultural management, pricing, and marketing toward market allocation of agricultural resources, liberalized pricing policies, and privatization of state assets. Economic reform, initial rehabilitation of rural

³⁵ See: Mozambique Human Capacity Building Assessment Agriculture Sector, December 2003

³⁶ According to National Accounts data from INE.

³⁷ See World Bank Report, (2006), Mozambique Agricultural Development Strategy; Stimulating Small holder Agricultural growth.

³⁸ There was a liberation war during the 1960s and early 1970s, and a devastating civil war during the 1980s and early 1990s.

infrastructure, and the rapid post-conflict expansion in production have also stimulated a small agribusiness sector.

Large-scale commercial farming, however, has declined in importance since the 1970s. Until independence in 1975, cash crops (such as cashew, sisal, and cotton) were almost two-thirds of total exports. The decline started with the exodus of the Portuguese and other settlers after independence, which was a major loss of managerial and technical staff. It was hastened by nationalization, poor management, inappropriate investments in plants and machinery, overvalued exchange rates, low fixed prices, marketing controls, declining international prices, and sabotage during the civil war³⁹.

Today, most of the companies have been privatized but struggle with obsolete machinery, weak markets, and low competitiveness. As part of its strategy for agricultural development, the Government has attempted to revive both cash crop production and agro-processing have achieved some recent success (e.g., tobacco and horticulture).

Thanks to Mozambique's reform efforts, which started more than a decade ago, economic growth has long since taken off, domestic macroeconomic stability and external viability have been restored, and the debt burden is being permanently alleviated by forthcoming assistance under the HIPC Initiative. However, much remains to be done to fight poverty and restore room for manoeuvre in policymaking. To this end, further development of an environment conducive to large inflows of foreign direct investments should be high on the government's policy agenda.

³⁹ See World Bank Report, (Feb 23, 2006), Mozambique Agricultural Development Strategy; Stimulating Small holder Agricultural growth.

Chapter-V

5.1 An overview of Agrarian Transformation

Since Independence in 1975 Mozambique had undergone profound changes. The socialist system was abandoned in the 90s. Massive privatizations took place, but it should be remembered that the level of economic development was very low in Mozambique¹. Mozambique has faced an impressive developmental record. With the establishment of peace in 1992 and the subsequent elections in 1994, Mozambique completely abandoned its socialist strategy. Macro-economic equilibria were attained and the rate of economic growth has been impressive. As a result of this growth there was a significant decline in poverty from 69.4% to 54.1% between 1997 and 2003. The income distribution has remained the same throughout the period. In the transformation of former socialist economies there has been a significant increase in income inequalities which did not take place in Mozambique².

Given the large share of agriculture in the economics of nearly all non- oil exporting developing countries, especially Mozambique, a key decision that they and their donors all face is how high a priority to accord agriculture. Beyond this sectoral decision, country's most decides how to priorities within the agricultural sector between small holders, medium and large scale farmer and agricultural industries. Though agricultural economists have for four decades argued the importance of investments in agriculture for the structural transformation of the economy and thus by implication, for poverty reduction, governments and donors have not been easy to convince. Agriculture's share in total bi-lateral aid flows from OECD countries fall from 13.2%: in 1987 to 7.2% in 1998, continuing a secular trend which started earlier. Many developing countries governments, faced with urgent demands from many sectors, and often given to a view of agriculture as a passive sector from which

¹ Tom Alberts, (2006), 'Mozambique-A success Story in Poverty Eradication?', *Draft Discussion Paper*, Pp 15

² In Arndt *et.al.* (2005), it is noted that very rich households were excluded in the sample. The income distribution data are based on consumption and do not include savings, e.g. purchasing a house.

resources need to be extracted,³ invest more heavily on industry and social infrastructure than in agriculture. Even when the need for investment in agriculture in investment is appreciated, the difficulties of investing seriously in small holder agriculture—physical isolation generally poor organisation, low levels of education— are daunting and often lead to a focus on medium- scale agriculture and agricultural industries rather than on the small holder sector. This tendency is reinforced by common conviction that the way out of poverty for rural house-hold is through off - firm activities, including migration and not small-holder agriculture⁴.

Mozambique is one country that has attempted to invest seriously in agriculture and in this small holder sector. Since ending its fifteen year in 1992 and holding successful democratic elections in 1994, the country has transformed its approach to economic development. After a more than decade-long experiment with state-led socialist model, the country began in 1997 to liberalise its economy in line with standard World Bank/ IMF stabilisation and structural adjustment recommendation. The pace of liberalisation peaked of with the end of the war in late 1992 and 1994 election; in agriculture , the country is now eliminated nearly all fixed prices, slashed support to the cereals marketing parastatal, and ended restrictions on external trade for most commodities⁵. The country's macroeconomic performance during the liberalisation has been exceptional, with low and stable inflation, falling interest rates, and some of the highest economic growth rates in Africa. Yet this growth started from an extremely low base⁶, and occurred during the first peaceful period in fifteen years, making it difficult to determine the relationship between the growth and the new economic policies that the country has pursued.

³ This view was first propounded by development economists (Lewis 1995; Prebisch 1959. Hirschman 1958) and continues to influence decisions in many ministries of finance in third world countries.

⁴ David L. Tschirley and Rui Benfica (2001), "smallholder agriculture, wage labour and rural poverty alleviation in land-abundant areas of Africa: evidence from Mozambique". *The Journal of Modern African Studies*, 39, 2 (2001), pp. 338.

⁵ Cotton continues to have fixed producer prices, and cashew is the principal exception to the liberalization of external trade.

⁶ Mozambique was listed by the World Bank as the poorest country in the world in the early 1990s.

It is to be empirically assessed the recommendations to focus development efforts on commercial agriculture and farms with more than 10 hector. In order to increase rural wage labour opportunities, are deeply flawed. Specifically, we contend that their arguments ignore at least three key facts. It shows that the poorest farm households have least access to high-paying wage labour, so that off-farm incomes tend to increase income inequality. Furthermore, the conditions that create this relationship will take a long time to change. Second, nearly all empirical literature on African development recognizes the strong linkages between farm and non-farm growth in rural areas of Africa, and emphasis the difficulty of spurring non-farm growth without a dynamic agriculture. Finally, an extremely large proportion of the rural population in Mozambique would be excluded from an agriculture development strategy which focuses only on households with more than 10 hector⁷.

Northern Mozambique had some tradition of migratory labour, principally in tea plantations in northern Zambezia and sugar plantations in sofala. Yet these labour opportunities disapproved over the course of the civil war, and in any event the tradition of migratory labour was much weaker than in the centre and, especially, the south, where Beira, Maputo, and South African mines attracted thousands of seasonal and longer-term workers from rural areas. Few if any studies have addressed rural labour markets in Mozambique, but the conventional wisdom seems to be that such markets are predominantly agriculture. While this is true in terms of the number of labour events, it is clearly not true in terms of the total amount of time worked and total money earned⁸.

Most of this literature is based on an archetype of the African peasant smallholder, conceived as a stable family which produces on a small scale, virtually entirely from the labour inputs of family members, and which consumes a significant proportion of its own farm output, having no access to other sources of consumption.

In a summary of their critique, they claim that 'the literature' shares an 'antipathy to large-scale farming' and instead favours approaches that would lead to an equality of

⁷ Ibid: Pp 337

⁸ Ibid: Pp 343

landholding and broad homogeneity among the rural population. Explicitly or implicitly, they argue, these objectives are rooted in an 'assumption that small is workable and beautiful in Mozambique'⁹.

The next question refers to whether or not these contributions reflect the government policy position of 'what to do with the peasantry'. It is perhaps useful at this stage to distinguish land tenure policy from agrarian development policy although the two are obviously interlinked.

First, it seems undeniable that the government attaches great importance to secure access to land for the Mozambican peasantry. As FRELIMO's five-year plan¹⁰ puts it: "Land is one of the most important and precious national resources...the government will reinforce mechanisms that will ensure its use and exploitation improvement through the following actions-

- a) Intensification of the process of land distribution, particularly to the family sector and small producers, guaranteeing at the same time the issuing of land titles for land use and exploitation;
- b) Promotion of a better circulation of the land law and its regulations"¹¹.

5.2 Gender and Land Inequalities

The key land question related to poverty reduction remains that of women's access to and control of land which is currently inadequate and constrained by various customary and generally patriarchal social relations. In general women's rights to land are extremely insecure. Furthermore women provide labour for farming under severely exploitative relations in production and reproduction. The major forms and sources of this unequal land distribution and tenure problem is its derivation from the dominance of patriarchy and customary land tenure systems and local authority

⁹ M. Anne Pitcher (1999); what's missing from 'what's missing'? A reply to C.Cramer and N.Pontara, 'rural poverty and poverty alleviation in Mozambique: what's missing from the debate?'. the journal of modern Africa studies, 37,4 ,pp. 699.

¹⁰ Government of Mozambique 1995: Pp 38.

¹¹ Ibid: Pp 714.

structures. These perverse social relations, also characteristic in different forms of pre-colonial African society, were contrived during colonial and contemporary times by the male dominated central and local state and political power structures found in southern Africa.

Unequal gender relations in land control and use have over time worsened and deprived women of their land rights in many parts of the SADC region, reduced the extent and quality of the land rights that they continue to hold, and failed to cater for the new forms of land rights and growing land needs of women. Women's land rights are insecure and inadequate for their ascribed roles as key agricultural producers and the compelled custodians of reproducing children, as well as of the family livelihoods in rural and urban areas. Unequal gender rights in land must be understood in the context of the discrimination and exploitation of women through the instrumentalisation of land tenure regimes against women's land and other rights, particularly the manipulation of the means and structures of land use and production. These processes tend to marginalise women from the products of their labour and the benefits of the control of land.

In spite of the strong representation of women in development activism, they have been left out from the benefits of land reform programmes and, when considered at all, they tend to be marginal to the programmes. For instance, women in Mozambique contribute about 70% of the agricultural labor force yet they very rarely control land for agriculture. As a result, women are more involved in agriculture than men. Yet when the shift of power and decision-making to communities is analysed, it shows that the shift has generally shifted been to men and rarely to women.

5.3 GRM Agricultural Plan – PROAGRI

The Government of the Republic of Mozambique (GRM) instituted the National Program for Agricultural Development (PROAGRI), a program to reform, decentralize and modernize the agricultural sector, implement mechanisms to ensure sustainable use of natural resources and strengthen Mozambique's capacity to provide agriculture public services. The ten largest donors including USAID, the EC and

World Bank along with several others have pooled resources in support of PROAGRI which has served to rationalize the contributions of most donor agencies to the agriculture sector. Phase II, the second five year program, of PROAGRI will focus more on field level interventions.

PROAGRI is a true partnership between the GRM and the donors. This has had the effect of making most donor-supported activities in the country known to the Ministry of Agriculture and Rural Development (MADER), which in turn has enhanced MADER's ability to fulfill its planning function. Nearly all major donors operate within the PROAGRI framework¹².

5.4 Agricultural Strategy: A Two-pronged Approach to Promote Growth

A boost to the agricultural economy is critical to ensure growth of the rural sector. Any strategy must promote sustained production and productivity for smallholders who depend on agriculture, thus improving their livelihood and reducing vulnerability and risk. The transformation of agriculture from low-productivity subsistence to high productivity commercial is long-term, and the current strategy involves short-term activities to lay a foundation for a long-term transformation. Such growth should be highly productive and environmentally sustainable, along with strengthening the cash crop sector by promotion of out-grower schemes¹³.

A two-pronged strategy is required in the agriculture sector to promote growth in the rural sector. Given the subsistence nature of smallholder agriculture and emerging out-grower schemes, two elements are required. For the smallholder whose efforts produce food grains and other products for the domestic market, enhancing productivity is critical. For the growing number of smallholders who participate in out-grower schemes, strengthening their power to bargain for better farm-gate prices and improve industries that add value are essential.

¹² See Mozambique Human Capacity Building Assessment Agriculture Sector, December 2003.

¹³ See: World Bank Report, (2006), Mozambique Agricultural Development Strategy; Stimulating Small holder Agricultural growth.

The food crop sector currently dominates and will for years in the future. Yield increases are required through the use of improved seed and other inputs such as fertilizer and irrigation. Public sector activities such as research and extension services must be demand-driven and reach out to farmers. Given that most farmers are women, extension staff should reach out to this group and ensure that appropriate technology is gender-oriented.

The cash crop sector, already an important source of income growth, has substantial potential. Depending on the crop, there is a need to develop expertise and mechanisms to balance the interests of out-growers, companies, and the institutional environment. For example, out-growers need fair prices, companies do not want to be undermined by side-selling, and both groups need the results of research and extension to keep a competitive edge. Farmers need to organize into producer organizations so that they have the power to negotiate with companies.

Companies need to feel the confidence to invest, and it is important that competitors with very short-term agendas do not undermine their efforts. Side selling is a major issue, and building a long-term relationship will need additional efforts¹⁴.

Cashew, an important smallholder cash crop, needs to be revitalized. Given the age and diseased nature of most trees, structural characteristics of domestic and foreign markets, and the past controversial liberalization, experience should be reviewed. Replanting is important and farmers need the power to negotiate prices with processors and export marketers.

Horticultural exports have been a major source of export-led growth in many developing countries, and Mozambique has the potential for further development of this sector. Especially in the central region, there are opportunities to cultivate high-value vegetable crops and flowers for export to Europe. Zimbabwe farmers are already investing in Mozambique because of the political situation in their own country. The public sector can support such endeavors to develop the quality

¹⁴ Ibid: Pp xvii

standards required for higher income markets. There is also a need for a better marketing infrastructure essential to integrate smallholders in this high-value chain.

Productivity of the livestock sector is undermined by disease, high mortality, and inadequate feed. One essential support element is to deliver more widespread extension services, including those addressed specifically to women who tend small livestock and men who tend cattle. Currently they are neglected by an extension system that assists only cattle owners. As with crop cultivation, different types of livestock are demarcated along gender lines¹⁵.

There are five potential explanations why estimates of decreased labour productivity appear plausible.¹⁶ First, diversification into new crops could lower the relative effort per household member for any specific crop if more crops are produced on a similar cultivated area. Second, extensive agricultural practices imply that newly formed households have access to lower quality land than already established households. Third, it is likely that even for established households, soil fertility is declining while weed growth increases given continuous land cultivation with limited or no fertilizer or manure applications. Fourth, diversification to non-farm activities could mean less effort per household member in crop production or reflect less successful extensive agricultural practices. Finally, was there was an a priori reason to expect labor productivity to show strong positive trends? Such trends could be driven by higher quality labor and better use of external inputs, including improved seeds and mechanization. Given the marginal improvements from household education and use of inputs at the household level, there is little reason to expect that labor productivity would improve substantially over time¹⁷.

¹⁵ Ibid; Pp xviii

¹⁶ Mather, D., D. Boughton, D. Tschirley et al., (2005a), *Analysis of Rural Income Growth in Mozambique 1996-2002 and Implications for Agricultural Development: Final Results based on TIA 1996 and TIA 2002*. Draft presentation. East Lansing: Michigan State University. Processed.

¹⁷ See: World Bank Report, (2006), *Mozambique Agricultural Development Strategy; Stimulating Small holder Agricultural growth*.

5.5 Rural Poverty Declined but Remains Widespread

Although rural poverty remains widespread, it has declined and rural inequality has increased moderately. While agricultural growth is the major factor in reducing poverty, other factors are also in play, including transportation for inputs and farm produce. Female-headed households are significantly disadvantaged, rural inequality appears to have moderately increased over the past decade, and rural growth has benefited upper income quintiles. Rural poverty in Mozambique declined from 71 per cent in 1996-97 to 55 per cent in 2002-03. The decrease, as measured by adult equivalent consumption, was greatest in the central region, with the second largest decline in the north. Rural poverty in the south increased slightly, especially in Maputo province. While overall evidence of a decline in rural poverty is strong, regional changes should be considered with caution. For example, changes in rural poverty in Sofala province may be overstated because household consumption was not accurately measured in 1996-97. The increase in Cabo Delgado may be due to poor sampling, particularly in 1996-97, that led to a low estimate. In Maputo province, changes in the food basket price that correct for price changes in imported food and non-food items, may produce a low estimate of changes in poverty¹⁸.

The evidence that rural poverty has decreased is robust and independent of assumptions about poverty lines or data. As rural households have met basic needs, they spend more on durable goods as demonstrated by a four-fold increase in bicycle and radio ownership. The share of household expenditures on food decreased nationally. This is a strong indicator for a decline in poverty because richer households generally spend relatively less on food and relatively more on non-food items. Finally, access to general health care improved and primary school enrollment increased significantly. Also the Demographic Health Surveys (DHS) show that infant mortality rates and under-five mortality decreased from 1997 to 2003¹⁹.

¹⁸ Fox, L., E. Bardasi and K. van den Broeck, (2005), "Evolution of Poverty and Inequality in Mozambique, 1996/7-2002/3." Background paper for the 2005 Country Economic Memorandum. Washington D.C.: World Bank. Processed.

¹⁹ See World Bank Report, (2006), Mozambique Agricultural Development Strategy: Stimulating Small Holder Agricultural growth

Despite the impressive reduction in rural poverty, 55 percent of the rural population in Mozambique remains poor. Moreover, rural poverty dominates the national figures on poverty because the majority of the population is located in the countryside. In 2003, rural poverty was located in the southern and northern provinces of Mozambique, in particular Inhambane, Maputo, and Cabo Delgado. The center of the country was relatively better-off.

5.6 Agricultural Growth Is the Main Determinant to Reducing Rural Poverty

Although technological improvements have been modest, agricultural growth has played a lead role in reducing rural poverty. Beyond its direct contribution to growth via increased farm income and employment, other aspects contribute to reducing poverty a concentration of the rural poor in the agricultural sector, positive externalities by assuring food security, and forward and backward links to the non-farm sector. In Mozambique, the effect of agricultural growth on rural poverty is particularly powerful because the rural economy is almost entirely dominated by smallholder agriculture.

Empirical evidence suggests a key role for agriculture in the reduction of rural poverty. The decline from 1996-97 to 2002-03 can be associated with increased smallholder food crop production over the same period. First, there appears to be a reasonable degree of correlation between changes in basic food crop production and rural poverty. Second, outliers and the likelihood of underreported food crop production in agricultural surveys show a decrease of rural poverty even with low or negative increases in agricultural production. Third, factors other than agricultural production may have played a role as well, for example, growth of the rural non-farm sector.

Female household heads are significantly disadvantaged, with rural households headed by females consuming about 23 per cent less than those headed by males. This may be because women are confined to their farms and are seriously disadvantaged in terms of health care, education, and employment opportunities. Female-headed

households, usually due to cultural reasons, also have limited access to non-farm income and are more likely to be food insecure than male-headed households²⁰.

Households with a head working in a non-agriculture sector seem to be relatively better off than those with a head working in agriculture. This can be shown by differentiating the relative consumption position (using total consumption as numéraire) of households by agricultural and non-agricultural wage labor, and households in 1996- 97 and 2002-03. However, the relative gap between both groups has widened. Also the relative gap between wage workers and those working for their own account has widened. The most preferable category to be working appears to be the non-agricultural and especially the non-agricultural wage sector²¹.

5.7 Natural Resource Endowment

Strong environmental regulatory institutions are required to maximize effective use of Mozambique's vast land resources and manage water, irrigation, and forests. Farm households occupy only a small portion of a large arable area, but there are still disputes over access to favorable land, and there are no clear policies to manage rural water²².

Implementation of the Land Law provided a measure of stability to smallholders although its implementation is problematic. One basic problem is how to strike a balance between conflicting demands of extensive, low-productivity subsistence agriculture and those of capital-intensive commercial agriculture to promote broad-based higher productivity. The law did not help strike this balance with clear criteria that could be applied in a transparent, unambiguous, and accountable fashion²³.

²⁰ Loening, J. and J. Perumalpillai-Essex, (2005), "Agriculture and Rural Poverty in Mozambique: Dimension, Profiles and Trends." Background paper for the 2005 Rural Development Strategy. Washington D.C.: World Bank. Processed.

²¹ Brueck, T. and K. van den Broeck, (2005), "Growth, Employment and Poverty in Mozambique." Draft consultant report for the International Labor Organisation. Berlin: Deutsches Institut für Wirtschaftsforschung. Processed

²² Ibid Pp.37

²³ Ibid Pp.39

There are some key problems with the Land Law.²⁴ The law has not resolved recurring conflicts between smallholders who practice extensive, shifting cultivation and commercial farmers who practice capital-intensive cultivation. It has not encouraged partnerships between smallholders and large commercial farmers. Few partnerships have materialized. NGOs argue that the mechanisms for consultation are a charade because smallholders have been displaced without consultation and due compensation. Commercial farmers (farms over 50 hectares) wishing to invest complain that the procedure for securing leases is cumbersome and costly because of administrative decisions on the viability of the development plan. In 1996-97, non-agriculture wage jobs were associated with a relatively higher household consumption per capita in the north and the center. In the south, however, they were not and it was the households with a self-employed head not working in agriculture or wage job in agriculture that had a relatively better consumption position. Nationally, living in the south and having a household head working for agricultural wages or self-employed outside of agriculture was the best position to be in²⁵.

Finally, for smallholders and large commercial farmers alike, land still does not serve as collateral for loans despite the 1997 Land Law. Although there are other factors, smallholders are not credit worthy to commercial banks. Even for commercial farmers, land does not serve as collateral because it is socially very unpopular to actually seize the land. In sum, the Land Law has not promoted long-term investments in agricultural land and there is no evidence that it has improved equitable distribution. Land access for smallholders is reasonably secure but not for large-scale endeavors. In implementation of the Land Law, the right of access that it confers is not secure, enforceable, and transferable without excessive bureaucratic interference and discretion.

The 'classic' Agrarian Question according to Marx was essentially a political question of alliance building between the peasantry and the 'progressive' working class to overthrow capitalism and introduce a socialist order. The peasantry was seen as a potential

²⁴ Ibid Pp.39

²⁵ See: World Bank Report, (2006), Mozambique Agricultural Development Strategy; Stimulating Small holder Agricultural growth.

obstacle to the successful overthrow of the bourgeoisie due to their contradictory nature of being both labour and owners of property. They were also perceived as transitory, they would not be able to compete against capitalist driven agriculture.

However contrary to Marxist theory, the expansion capitalism has been highly uneven especially in the global South and East and failed to completely dismantle the peasant mode of production. The peasantry remains a very visible empirical reality within both the so-called developed world and also the developing world. However the contemporary peasantry differs from the peasantry. Despite the high levels of differentiation among the peasantry²⁶ it has also been observed that the contemporary peasantry combines a number of rural and non-rural derived incomes with agriculture. Such a diversity of the peasantry has led others to pose a questions whether peasantry is disappearing. Others have coined them as 'semi-proletariats' in an attempt to fix the indeterminate socio-economic position of the peasantry. It has been argued that rural livelihood diversification in the absence of a comprehensive industrialisation strategy and the creation of jobs is a symptom of the strain on agrarian systems and their capacity to enable rural social reproduction. Southern Africa has in the past decades been characterised by the shrinking of the formal sector due to structural adjustment programmes which have emphasised liberalisation of the economies thus forcing infant industry to compete against much cheaper products.

Mozambique's agrarian question is both a historical product of colonialism and is shaped by global commodity markets especially the role of the colluding multi-national agro-industrial web. Its perpetuation is aided by a comprador elite in government that has been coopted into the neo-liberal agenda and forsaken some of the liberation struggle aspirations. Colonial policy in Mozambique varied between settler and non-settler type. Settler colonies were characterised by higher levels of land alienations compared to the non-settler. Land alienation through the development of large scale commercial farms and large estates is one of the most visible strand of the agrarian question. Thus most of the discourse on the agrarian question in the sub-region has tended to focus on the land question. In the post independence era we note

²⁶ earlier discussed by Lenin : To the Rural Poor

that colonially based land alienations are yet to be redressed and also that there are new forms of land alienations.

Increased privatisation of state lands in Mozambique, as part of the foreign investment drive has crowded out the poor onto the worst lands and adversely affecting their livelihoods. This has created grounds for incipient racial animosity, as foreigners and white South Africans tend to dominate this investment. Mozambican officials have called for greater social integration of incoming white farmers to avoid creation of “white islands” where commercial development outpaces that of the indigenous populations who surround these new settlers. Although some specific land policies forbid foreign ownership of land, incentives and other mechanisms have been put in place to allow foreigners access to land for commercial production.

The continued importance of external neo-colonial forces in fostering unequal land and resource control, including exclusion and conflict tends however to be under played by dominant discourses which instead focus on “internalist” perspectives. The latter tend to argue that southern African development challenges tendencies are caused by the socio-political implosion and conflict in the region, thus essentialising weak governance systems. While internal mobilisation of land ownership concentration is critical, external and historical factors remain critical to the genesis and reproduction of this trend.

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