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STRATEGY FOR LINKING IMPROVEMENTS IN LAND TENURE WITH ENTERPRISE DEVELOPMENT IN THE HUAMBO REGION



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Lessons Learned: Property Rights and Natural Resource Management (GLT 2)
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USAID/Angola Land Tenure Strengthening Project

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ABBREVIATIONS AND ACRONYMS

ADFP	Agriculture Development and Finance Program (Chevron-USAID)
ADRA	Association of Rural Development and Environmental Protection
ARD Inc	Vermont-based development consulting company
BDA	<i>Banco de Desenvolvimento de Angola</i>
BFA	<i>Banco de Fomento de Angola</i>
BP	British Petroleum
CA	Cooperative Agreement
CBO	Community-Based Organization
Chevron	Chevron Corporation
CLUSA	Cooperative League of the USA (National Coop Business Association)
CMM	Conflicts Mitigation and Management
CSO	Civil Society Organization
CTO	Cognizant Technical Officer
DG	Democracy and Governance
DW	Development Workshop
EU	European Union
FAO	Food and Agriculture Organization (of the United Nations)
GIS	Global Information System
GoA	Government of Angola
GPS	Global Positioning System
Ha	Hectare
IR	Intermediate Result
Kwanza	Angolan currency (1 KZ = 1.33 US cents)
KZ	Kwanza
LOE	Level of Effort
M&E	Monitoring & Evaluation

MAT	Ministry of Territorial Administration
MFI	Microfinance Institution
MINADER	Ministry of Agriculture, Development, Livestock and Natural Resources
MINUA	Ministry of Urbanism
MOU	Memorandum of Understanding
MT	Metric Ton = 1000 kg = 2200 pounds
NGO	Nongovernmental Organization
NRM	Natural Resource Management
PMP	Performance Monitoring Plan
RDI	Rural Development Institute
RSA	Republic of South Africa
SMEs	Small and Medium Enterprises
SO	Strategic Objective
STTA	Short-Term Technical Assistance
TA	Technical Assistance
TOR	Terms of Reference
USAID	United States Agency for International Development
USD	US Dollar = 75 Kwanzas

PREFACE

Research for this strategy was carried out by Dr. Jeff Dorsey for the USAID Angola's *Land Tenure Strengthening Project* which is managed by ARD with implementation assistance from its partners, Development Workshop (DW) and the Rural Development Institute (RDI). The project continues USAID-Angola's support to land reform and land rights strengthening begun in 2004 as part of its assistance to the Government of Angola.

The project grew out of the need to strengthen land tenure and property rights in Angola following the passage of the Land Law and Territory Law (August 2004) and the transfer of the *Land Law Implementing Regulations* to the Government of Angola Cabinet for review and approval (August 2006). These draft Regulations were approved in late August 2007.

The present set of activities and investments support Program Element 7.4 of USAID's Operational Plan for Economic Growth.

7.4 Inclusive Economic Law and Property Rights

Ensure that poor people, women, and other disadvantaged groups have equal legal rights and protection in economic matters.

Program sub-element 7.4.2: Property Rights for the Poor

Strengthen and protect property rights of poor households, including titling of urban and rural land held under informal or traditional ownership; and registration of property to allow it to be pledged as collateral.

Program sub-element 7.4.1: Equal Economic Rights for Women and Other Disadvantaged Groups

Eliminate sources of legal discrimination against women, ethnic and religious minorities, and other disadvantaged groups in economic matters. (It includes de facto as well as de jure discrimination. It includes efforts to ensure equal rights for women in key economic areas such as land ownership and inheritance).

These objectives will be met through a series of interventions during the current phase that:

- Strengthen land tenure rights in two pilot areas in Huambo Province and formalize a process that can be expanded upon by the Government of Angola (GoA);
- Improve livelihoods and encourage equitable economic growth in the project areas through linking improved land tenure rights with private sector investment opportunities; and
- Use the experience gained in implementation to identify constraints in the legal framework (including implementing regulations), particularly for women and disadvantaged groups, and help shape a more realistic timeframe for the formalization process.

The project interventions comprise five components:

1. *Land Legislation and Policy Development* – provide advice/suggestions to the GoA for the improvement/development of land laws and regulations on the basis of project activities;
2. *Land Rights Formalization Pilots* – develop a process by which land rights of poor and disadvantaged groups can be formalized in two areas;

3. *Private Sector Opportunities for Economic Growth* – facilitate the connection of new land rights holders with increased economic opportunities (e.g., connecting them with investors or investment opportunities);
4. *Gender and Other Disadvantaged Groups: Access to Land* – develop and implement activities and strategies that support access to land for women and other disadvantaged groups; and
5. *Capture Lessons Learned* – capture important lessons in strategy and implementation that contribute to expansion of activities and bring more newly acquired rights into economic growth opportunities, particularly in rural areas.

Two areas have been targeted for piloting the project and both are in Huambo Province. One area is peri-urban (Bom Pastor in Huambo City), and the other is rural (Mombolo Village in Ombala Bongo).

This project combines two sources of USAID/Angola funding:

- (1) A MAARD from USAID/Angola through the Rural and Agricultural Incomes with a Sustainable Environment (RAISE) IQC Task Order mechanism. The Task Order is entitled *Lessons Learned: Property Rights and Natural Resources Management Task Order* (Contract No.: PCE-1-00-99-00001-00; Task Order No. 13); and
- (2) A subcontract originally awarded as a grant under the APS for M/OAA/DCHA/DOFDA-06-948, Reconciliation Program Funds. The grant was moved to a subcontract under #1 above for reasons of efficiency, continuity, and synergy among project partners, components, and funding. The current project is supervised by USAID/EGAT/NRM/Land Tenure Specialist, Dr. G. Myers, in close coordination with the USAID/Angola Mission. The project expires in May 2008.

EXECUTIVE SUMMARY

BACKGROUND

This report contains a review of lessons learned by other USAID-funded enterprise development and microfinance projects in Benguela Province, an assessment of enterprise development opportunities related to land tenure in the two USAID-funded Pilot Project Areas of Huambo Province, and an analysis of possible study tours between the pilot sites and successful enterprise development projects in Angola. It was prepared under the Strengthening Land Tenure and Property Rights Project that is currently being implemented by ARD, Inc., Rural Development Institute (RDI), and Development Workshop (DW) under the USAID RAISE IQC Task Order, *Lessons Learned: Property Rights and Natural Resources Management*. The project seeks to strengthen and protect property rights for the poor through formalizing land rights of rural and peri-urban land held under informal or traditional ownership.

The ARD project is located in Huambo Province and includes a peri-urban area, Bom Pastor, bordering the city of Huambo, and a rural area, Mombolo Village, about two hours away from the provincial capital. Huambo is the second largest city in Angola and a commercial hub, but it saw intensive military action during the war. Since the Peace Accords of 2002, a construction boom has been changing the face of the city, which is spilling over into peri-urban areas. Increased urban growth and demand for food products may provide the impetus for commercial agricultural production in rural areas such as Mombolo Village.

LESSONS LEARNED BY OTHER USAID PROJECTS

The Cooperative League of the USA (CLUSA) was awarded a grant by USAID/Angola to implement the Agriculture Development and Finance Program. The program provides support in the areas of production and marketing to farmers with relatively secure access rights to land and facilitates producer access to credit for inputs and marketing. CLUSA's experience with providing access to credit has provided insights and experience for new projects in Angola. Lessons learned include the following: access to land title provides security and opportunity for investment in enterprise development; successful enterprises require that activities be profitable and that support continues for a sufficient amount of time to allow producers to adopt proposed changes; credit is easier to obtain where producers have legalized their property rights and have land that has an accessible location; producers who lack experience with credit require thorough training in credit use; and loan use, production, marketing, and cash availability should be closely monitored so that income can be immediately channeled into loan repayment.

ENTERPRISE OPPORTUNITIES IN THE HUAMBO PILOT AREAS

The primary investment of most people in Bom Pastor is the family home, and future investment is likely to be linked to improving the quality of their housing. The increasing value of these properties has the potential to be the asset base for further investments such as enterprise development loans. There is likely to be strong demand for new enterprises, such as hair salons, motorcycle taxis, and other cottage industries, along with the housing boom due to the urban expansion. New food and dry goods markets are appearing and older markets are increasing in size throughout the city of Huambo. New enterprise opportunities in the expansion area of Bom Pastor are microenterprises of a size that can be adequately financed with loans from existing borrowers in Huambo based on land tenure formalization.

Principal investments that should be made in rural areas are those that increase profit, reduce risk, increase production, and improve product quality. In the Mombolo area, enterprise opportunities identified for rural producers are horticultural crops (onions, tomatoes, okra, etc.), bananas and plantains, and permanent tree crops (mangos, citrus, etc.)

Horticultural crops have a good market in expanding cities like Huambo and can also be marketed profitably in Luanda, while bananas and plantains produce year-round and are easily sold in roadside markets and Huambo. As the quality of the roads continues to improve, both in terms of feeder roads going to places like Mombolo and main highways to Luanda, year-round production and marketing may be possible in some areas, and outside investors such as Chiquita may provide resources needed for growth in this sector.

Tree crops, such as mangos and citrus, can be intercropped with low-growing, annual crops, the production of which covers part of the establishment costs of these permanent crops. Anecdotal information given by community members indicated that some have been approached by urban or peri-urban dwellers who are interested in the possibility of creating joint ventures to establish tree crops on community member farms.

There are several constraints that disrupt farmers developing agro-enterprises around these commodities. Constraints include poor roads and a lack of storage facilities, access to inputs, knowledge of sustainable soil management, mechanized farm equipment, and improved irrigation systems. The present project is not equipped to translate newly formalized land rights into enterprise models.

No immediate short-term investment opportunities in enterprise development appear evident in the pilot areas. These opportunities will require long-term support to be successful. For the remainder of the current project, it is more important to continue to focus on the formalization of land rights. Two possible, low-cost options for enterprise development in both sites include cross-visits by pilot site leaders (traditional and local government) to other sites where land rights have been more successfully linked with higher-potential enterprise development, or participatory subsector analysis with a cross-section of new land rights holders, supported by DW/ARD to review enterprise growth opportunities.

FOLLOW-ON STEPS FOR AGRO-ENTERPRISE

For agro-enterprise based on newly formalized land rights to be successful in the Mombolo community, a basic subsector analysis needs to be completed to determine some sense of profitability, opportunities, and constraints that are specific for the various possible commodities before the end of the current ARD project. The analysis should include the following information:

1. Identify buyers for the commodities.
2. Determine if production and market partnerships with former large commercial farms (*fazendas*) should be explored to maximize economies of scale, where they are operational.
3. Identify demand for new profitable products that are feasible for production in the Mombolo area.
4. Identify realistic solutions for constraints found in the demand analysis such as looking for commodities that can travel for long periods of time without damage or spoilage.
5. Conduct interviews of staff from similar projects for their enterprise development experience.
6. Determine whether selected commodities provide any linkages for enterprise development in the peri-urban area of Huambo.

If no profitable opportunities for enterprise development can be identified in Mombolo, then the project will have to reevaluate whether to continue efforts in this area or move to a new area where lessons learned in land tenure formalization can pay dividends in opportunities for enterprise development.

I.0 INTRODUCTION: BACKGROUND, OBJECTIVES AND METHODOLOGY

I.1 BACKGROUND

USAID has maintained its longstanding interest in land tenure issues,¹ including the provision of policy, legal, and regulatory advice on these matters to government, nongovernmental organizations (NGOs), and donors. Improving land tenure security can reduce the possibility of land disputes and usurpation of land by those without legitimate claims to it. Furthermore, as rights to land become more secure, new opportunities may develop for using land more intensively and taking advantage of productive opportunities. People's equity in land can be tapped through loans and partnerships to develop commercial enterprises both inside and outside of agriculture. Secure tenure to peri-urban property also allows those who have it to invest themselves and borrow money to improve their homes and to establish or expand their businesses.

This study and its associated recommendations relate to two Pilot Project Areas: one rural (Mombolo) and one peri-urban (Bom Pastor, Huambo City), both in Huambo Province, Angola.

I.2 OBJECTIVE

In this context, the objective of this report is to provide recommendations to the project for improving livelihoods and encouraging equitable economic growth by linking improved land tenure rights with private sector investment opportunities.² Specifically, this report relates to Component 3 of the ARD Work Plan. Activity 3.1 of the Work Plan states:

Activity 3.1 Review Existing Models and Assessment of Private Sector Opportunities

The project will engage a commercial enterprise/private sector enterprise specialist to:

- Review USAID's ADFP Pilots for successes and lessons learned to date in identifying market opportunities, linking with investors, equity sharing, and other opportunities;
- Undertake an assessment in the pilot areas of potential opportunities to encourage or support private sector investment between the land rights holders involved in the formalization process and commercial enterprise investment interests in the pilot areas in Huambo Province;
- Consider the feasibility of study tours or cross-visits of pilot site stakeholders to ADFP sites and, if appropriate, arrange a small study tour by local government officials (e.g., MINADER, MINUA), local investors (e.g., banks, other lenders and investors) and pilot area leaders and/or rights holders; and
- Undertake a workshop to design interventions in one pilot community that can be used as a basis for post-project activities. Attendees will be determined by DW in consultation with pilot area leaders, local government, and local investors.

¹ See Scope of Work for background on past and current USAID support to land tenure improvement, Annex III.

² Annex III.

Under the Scope of Work (SOW) for this activity, the author was required to undertake the following project activities:

- Work with DW, to meet with local stakeholders and private sector investors to consider investment opportunities for rights holders.
- Review USAID's ADFP Pilots (operated by the Cooperative League of the USA (CLUSA) for successes and lessons learned to date in identifying market opportunities, linking with investors, equity sharing and other opportunities (refer to the project outline here: http://luanda.usembassy.gov/adfp_launched_in_benguela.html).
- Undertake an assessment in the pilot areas of potential opportunities to encourage or support private sector investment between the land rights holders involved in the formalization process and commercial enterprise investment interests in the pilot areas in Huambo Province.
- Consider the feasibility of study tours or cross-visits of pilot site stakeholders to ADFP sites and, if appropriate, arrange a small study tour by local government officials (e.g., MINADER, MINUA), local investors (e.g., banks, other lenders and investors) and pilot area leaders and/or rights holders.
- Design a workshop (to be held towards the end of 2007 or early 2008) to design interventions in one pilot community that can be used as a basis for post-project activities.

In accordance with the SOW, this report sets out a strategy for linking new land rights holders with private sector investment opportunities and enterprise development.

1.3 METHODOLOGY

In undertaking research for this report, the author relied on:

- A review of relevant literature on the subject (refer to footnotes and bibliography).
- Interviews with a series of local organizations, including Development Workshop (ARD's implementing partner under the project), The Cooperative League of the USA (National Coop Business Association - CLUSA) which is implementing USAID's Agriculture Development and Finance Program (ADFP), and World Vision International (which provides technical assistance to rural producers in the areas of production and marketing).
- Interviews with local government staff (Local Administrators, and local Sobas³ in the Chiumo area, near the rural project area in Mombolo).
- Local residents in or near both Pilot Project Areas.

While the discussions focused on the Pilot Project Areas (Bom Pastor and Mombolo) during interviews, respondents were asked a number of questions relating to their land tenure circumstances (including documentation), sources of income, and the types of activities they undertake on the land. The nature of these related to:

- The number of families in the areas,
- The number of land parcels per family,
- The types of agriculture/other income-generating activities conducted on or around the land,
- The land tenure-related documents in the possession of land occupiers,
- The cost/value of assets on the land (peri-urban housing), and
- Access to financial/other resources to facilitate income/value generation.

³ "Sobas" are traditional leaders and distinct from the "Local Administrator" which is a formal State institution with specified roles.

As part of the research process, the author reviewed investment opportunities under the ADFP in Benguela Province to compare the approaches to enterprise development in both areas and draw on the lessons learned under the ADFP so that they may be applied, where appropriate, in the rural project area in Mombolo.

Section 2 considers the lessons learned from the ADFP. Section 3 undertakes an assessment of the two Pilot Project Areas—their composition and their respective potential for enterprise development. It considers the areas' respective potential and constraints and sets out a strategy for facilitating enterprise development in the project areas. Section 4 provides conclusions and next steps for enterprise development and also considers potential interventions for future project funding at the expiration of the current funding mechanism in May 2008. Section 5 provides an analysis of the feasibility of study tours for farmers in Mombolo to relevant areas under the ADFP.

2.0 GENERAL OVERVIEW OF ENTERPRISE DEVELOPMENT EFFORTS IN ANGOLA

A number of efforts have been made in recent times to foster Enterprise Development in Angola. Most notable is USAID's Agriculture Development and Finance Program (ADFP) which is currently being implemented by CLUSA. However, other related efforts are being undertaken by organizations such as World Vision International and ADRA.

These efforts will be considered in this section (ADFP in particular) before focusing on the current project's Pilot Areas for the purposes of applying lessons from the ADFP and developing a strategy for the current project and potential future funding (especially in relation to assisting the rural poor).

2.1 AGRICULTURE DEVELOPMENT AND FINANCE PROGRAM (ADFP)

CLUSA was awarded a grant to implement the ADFP, which is providing support in the areas of production and marketing to farmers with relatively secure access to land rights (including those letting land through annual rental agreements). The focus of the project is to facilitate producer access to credit for inputs and marketing of commodities by connecting organized producers with bankers, traders, and input suppliers.

CLUSA helps producers over a wide project area stretching from Catete near Luanda south as far as Benguela and Kwanza Sul. CLUSA consistently works with organized producer groups to increase productivity and improve marketing across all of its projects. They support many of the commodities throughout the country, including banana and tomato production (which this report focuses on), which are found in Catete and Benguela. In Benguela, bananas and horticultural products (potatoes, tomatoes, etc.) are being produced using pumped groundwater from shallow wells.

CLUSA facilitates producer access to credit negotiating loans to groups of farmers with local banks. Part of the strategy in getting banks to consider making these loans is the value of the land itself, which is considered as a partial guarantee. The minimum value of good-quality, accessible, irrigated land is \$5,000 or more per hectare in Benguela. In other areas, such as Caxito north of Luanda, land is worth between \$1,000 and \$2,000 per hectare. Land value is higher when its owner has proper title to the land. Rental rates for good quality irrigable land are about \$200/ha/year north and east of Caxito Icolo (60 km from Luanda) where land is irrigated based on pumping water from the Bengo River and small lakes. Thus, rental value is about one-fifth of the minimal purchase price for land. Local people from the area, or people who live in Luanda and who own the land, rent to people who have come from Huambo or elsewhere in the interior.

Since a major part of its work is in credit facilitation, CLUSA believes it needs to work with producers that are already bank clients, have a bank account (or are able to open one), deposit surplus funds in the bank, and are able to prepare a business plan to obtain loans from the bank. CLUSA helps producers to register their land or business, educates them on banking practices and on the need to deposit their money, then to get credit later by negotiation. Producers need to establish a history of investment and deposits with their bank. CLUSA does not look for land conflicts but instead seeks producers who already have reasonable access to land and then tries to resolve remaining difficulties in regularizing their tenure by working with the producers and involving the government.

Among the indicators of its interventions, CLUSA is judged on its success in credit facilitation by:

1. The number of smallholder and medium-scale farmers and small and medium-scale agricultural enterprises accessing financial services.
2. The volume and number of loans to support investment by actors along the value chain.

Credit is seen as an essential input to the production and marketing processes. CLUSA obtains information on credit facilitated and loan recovery from the financial institutions, producers themselves, and agribusinesses records. CLUSA's interventions in credit facilitation increase the number of producers able to obtain loans, reduce the amount of time and cost of processing and obtaining loans, and facilitate loan recovery.

In Catete, most of the producers live in Luanda, staying on their farms during the work-week and returning home on the weekends. Most rent the land they farm for vegetable production at a cost of about \$200 per hectare per year. Usually a down-payment of a quarter to a third is made at the beginning of the cropping season, and the remainder at the end. Irrigation is based on pumping water from the lake. Producers buy 2 1/2- and 3-inch plastic irrigation pipes for distances up to 1,000-1,500 meters at a cost of \$2.75 to \$3.50 per meter. Land values decrease the further away they are from the lake; flat land located closer to the lake is worth more than land with a greater slope located further inland. Land next to the lake runs for about \$1,500 (up to a maximum of \$1,700) and down to about \$1,000 at some distance from the lake.

Neighboring rainfed land which had lain vacant during the years of war has recently been taken over by a mixture of Angolans and foreigners in the form of *fazendas*. None of this land was in production in any significant way. However, the land used by small producers associated with CLUSA is a traditional horticultural production area which has been used for the intensive production of onions and other horticultural crops for years. Owners are not afraid of their land being taken, nor are those who have bought land from them. The fact that they have received visits from government authorities seems to have increased people's perception of greater tenure security. Nevertheless, one of the largest producers (with 10 hectares of land) is making an effort to get formal title to his land and had paid \$150 for a plan of his land. Some additional steps remained but the cost had not yet been determined. His major interest appeared to be increasing his eligibility for a loan of about \$5,000, although protection of his property rights also seems to have been a consideration.

2.1.1 Constraints and Opportunities

Farmers in the CLUSA project area face many challenges in developing successful small enterprises. One of the first major hurdles is the access to secure land title which is being addressed by the ARD project. Other difficulties include issues with basic infrastructure and access to markets.

CLUSA has provided a link to supermarkets in Luanda for farmers to sell their goods, but the farmers are unable to produce consistent quantities and the quality needed for these outlets. These farmers are also dealing with the challenge of the competition for markets from European Union and South African mechanized farms for onions and potatoes. Importers have to deal with serious time delays at the port of entry, which does provide some protection for local farmers, but they are at a serious production disadvantage. CLUSA has also provided a link to the Chiquita Company for banana production. At the time of this research, an exploratory team was supposed to be arriving to spend six weeks researching the possibility of organizing producers with holdings totaling 5,000 hectares to meet quality and phytosanitary requirements of the European market.

According to CLUSA, banana production in Benguela shows some potential for increasing profits for farmers. Banana production is year-round, due to irrigation, and prices are less subject to fluctuation than are horticultural products. It is always possible to sell bananas if producers are willing to accept modest reductions in prices. Cash flow problems are reduced since sales are continuous throughout the year. These conditions could lead to regular profitability in the domestic market and possible access to an international market. Year-round production of bananas and horticultural products (potatoes, tomatoes, etc.) is made possible by using pumped groundwater from shallow wells. Without irrigation, production

of these crops in coastal areas is limited to the cool season of the year (*casimbo*) which runs from May to September.

Road access is a serious problem for banana and horticultural production because the cost of transportation is driven up by poor road conditions that can also lead to damaging products during transport. Road outages can lead to spoilage of goods before reaching the market. Travel time from Benguela to Luanda takes 10-12 hours by truck. The government is working to improve some roads. One example is the road being improved from Ngunza to Lobito and then on to Benguela. One option for transportation includes refrigerated trucking, but this is double the cost of non-refrigerated transport; for example, refrigerated transport from Huila Province to Luanda costs \$300 to \$350 or more per MT compared to \$150 or more in non-refrigerated trucks.

Horticultural crops in the CLUSA project area face a boom and bust price fluctuation with the seasonality of the crops. Producers that are dependent on the rain cycles will plant and harvest their crops at the same time. This leads to a glut on the market which greatly reduces prices. Producers are looking for ways to construct storage facilities to be able to sell their goods in the off season when the prices are higher.

Production cycles vary between the coastal and interior portions of the country. From October to May, producers in the interior zone (Huambo, Lubango, and others) have a comparative advantage for the production of horticultural crops. Being located at a higher elevation (1,500 meters or so) has agronomic advantages and lower temperatures which make off-season production possible and profitable.

Where land tenure is more secure, the opportunity for investment increases. CLUSA has been encouraging producers to make long-term investments in irrigation and fruit trees (bananas, mangos, and citrus) intercropped with vegetables. Such investments are only possible where producers have secure land tenure due to the permanence of the structures and commodities.

2.1.2 Lessons Learned

CLUSA's experience with providing access to credit has provided insights and experience for new projects in Angola. One of the first lessons learned was that access to land title provides security and opportunity for investment in enterprise development. Lenders do take property rights into consideration when granting loans and, as loan size increases, documentation of property rights is considered to be essential by all financial institutions.

The ADFP project managed by CLUSA and similar support by other NGOs make clear that successful interventions require that activities selected be profitable and that support continues for a sufficient amount of time to allow producers to adopt proposed changes. Support to agricultural producers requires the selection of a small number of crops, a choice of profitable technologies, and linking producers with buyers under durable arrangements. These arrangements specify the quality to be provided and the amount of product that will be bought at prices which make production profitable for producers and marketing profitable for buyers. Linking producers and other borrowers with finance is a key element to successful interventions.

CLUSA has found that credit is easier to obtain where producers have legalized their property rights and have land which is well located, with easy access to markets or close to all-weather roads facilitating transport and having access to irrigation water (either by gravity-flow or pumped). Land of this type is more valuable. Many of the producers CLUSA is assisting work initially on rented land and are confined to producing annual crops; those who are better off initially or who become successful as a result of their work with CLUSA gradually acquire land of their own on which they can start making other investments in addition to that made in purchasing the land.

CLUSA has also found that producers who lack experience with credit require thorough training in credit use, close monitoring of loan use, production, marketing, and cash availability so that income can be immediately channeled into loan repayment. In the beginning of the project, most borrowers were renting land, and land documents do not appear to have been taken as collateral for those who did own land. Large loans need to be guaranteed by collateral, including land, to reduce risk to lenders.

One experience of difficulty with loan repayment for the project resulted from the lack of collateral. CLUSA facilitated a loan with a private bank in 2004 for 54 members of the Dungo Cooperative for a little over \$80,000 in total. The loan interest was 8 percent; the loan term was scheduled for 18 months. Its purpose was to help producers acquire motorized pumps which, at the time, cost \$700. About 75 percent of the amount owed was paid as originally scheduled and another 5 percent paid later. About 20 percent still remains to be paid and is accruing penalty interest; until now, the bank has been unwilling to make additional loans. Only 26 of the 54 borrowers paid without pressure; the bank is now considering making loans to these borrowers. The cooperative, in turn, is making a concerted effort to get those with arrears to pay what they owe. It has repossessed one motorized pump and may repossess others to force people to pay their loans. Some of the other main issues that created problems with loan repayments included crop losses resulting from disease, lack of a credit culture, and lack of close follow-up by CLUSA.

Among producers who have not had access to credit, continuity of technical support and supervision of marketing and repayment are key elements to successful use and repayment of loans. Where loan monitoring was weak, as was the case with the Dungo cooperative, repayment problems emerge—particularly when lax monitoring coincides with other problems faced by producers (such as poor yields, low production, or unfavorable prices). The lack of land as collateral reduced leverage on the part of lenders to put pressure on borrowers to repay.

2.2 WORLD VISION INTERNATIONAL (WVI)

World Vision also provides technical assistance to producers including both production and marketing. Unlike the Association of Rural Development and Environmental Protection (ADRA), it does not involve itself with land tenure issues nor does it help settle disputes related to land. It helps producers organize associations and then works with these associations to increase income. Seed production for maize, beans, and Irish potatoes is contracted out to producers with a higher technological base allowing production of seed of consistent quality; this seed is then distributed by WVI to participating farmers. Improved seed, fertilizer, and other inputs are provided on credit. WVI oversees the product quality among association producers and assists those members who want to sell their products as a group to achieve higher prices and other advantages derived from group marketing.

WVI's credit program has worked successfully for a number of years and now is in its sixth cycle. Loans are in-kind and are for the duration of the production and marketing seasons (eight months). Interest is 1 percent per month; a 5 percent loan guarantee fee is charged.

WVI is working in Caala which is some distance from Mombolo and on the opposite side of Huambo.

2.3 ADRA (ASSOCIATION OF RURAL DEVELOPMENT AND ENVIRONMENTAL PROTECTION)

In its proposal, CLUSA planned to work particularly in Huambo and Benguela with ADRA as a technical “partner to support ADFP efforts to strengthen small and medium-size farm enterprises involved with specific commodity value chains in areas such as producer organization and registration, land registration, small business licensing, and capacity building and dialogue with local authorities.”⁴ As of October 2006, CLUSA had not agreed with ADRA on its direct participation in the project. A stumbling block appeared to be ADRA's focus on the poor as opposed to CLUSA's value-chain approach which includes SME producers of a larger scale than those targeted by ADRA. Nevertheless, CLUSA maintains good relations with ADRA and proposed that the consultant visit ADRA projects between Benguela and Huambo; unfortunately, this trip could not be carried out due to time and logistical constraints. It was also not possible to meet with the two ADRA senior staff based in Huambo as they were attending a workshop in Luanda during the time the consultant was in Huambo, and returned to Huambo after the consultant had gone back to Luanda.

⁴ Michael Roth, Angola Trip Report, Lessons Learned: Property Rights and Natural Resources Management, Contract No.: PCE-I-00-99-00001-00, Task Order (GLT2) No. 13, 26 October 2006.

ADRA is also providing needed technical assistance to organizations of small farmers in production and marketing; geographically, it is working in areas to the west of Huambo on the southern Benguela-Huambo corridor. (The Mombolo area in which GLT2 will be working is located about 2.5 hours to the east of Huambo.)

Michael Roth (ARD, Inc.) on an earlier mission recommended that “ADRA or like organization...be identified as the central local organization involved with land tenure and property rights and [that] the GLT2 team on future visits should begin establishing a working rapport with them.” Although funding is not available for providing technical assistance in agriculture and marketing, if ADRA or another similar organization could be convinced to provide such service, it would increase farmer interest in achieving more secure property rights and might allow farmers to make use of the increased value of their land as a result of increased productivity and higher farm income. This is particularly true in Mombolo, where major gains can probably be achieved by adopting approaches to improved banana production and marketing already tested by CLUSA in other areas.⁵

⁵ Lucas Santana, Informe Sobre Condições Actuais da Produção de Banana em Benguela e Recomendações para Tecnificação e Aumento da Produtividade em Escala Comercial, Angola, November 3, 2006.

3.0 ASSESSMENT OF THE STAKEHOLDERS IN AND AROUND THE PILOT PROJECT AREAS

3.1 GEOGRAPHICAL BACKGROUND ON THE PILOT PROJECT AREA

The ARD project is located in Huambo Province and includes a peri-urban area (Bom Pastor) bordering the city and a rural area (Mombolo) about two hours away. Huambo is the second largest city in Angola, a commercial hub, and the home of the largest railroad repair facilities in the country. It was also the home of Jonas Savimbi's UNITA movement and saw intensive military action during the war. The ruins of Savimbi's house are two kilometers from Bom Pastor, and the scars of war are still visible on older buildings. However, since the Peace Accords of 2002, major rebuilding efforts and a construction boom is changing the face of the city. This development is spilling over into peri-urban areas, and urban demand for food products provides the impetus for commercial agricultural production in rural areas like Mombolo.

3.1.1 Peri-Urban Project Community (Bom Pastor)

The project is focusing on the expansion area of the Bom Pastor peri-urban community on the edge of Huambo, about 15 minutes by motorcycle from DW's Huambo office and one hour by foot from downtown Huambo (about 5 kilometers). Land in this area was obtained mostly in 2003 and 2004, after the Peace Accords were signed, by purchase from the then Soba (who has since died) and from Local Administrators. At the time of writing, the proposed project area comprised about 200 land parcels of various sizes and had a population estimated at approximately 2,000 persons.

There is a large market in Bom Pastor with all the types of petty commerce products needed by a low-income community located where the expansion area begins. Established businesses with their own storefronts are located in the older part of Bom Pastor. The new expansion area is characterized by its residential nature, with some small businesses serving the general public being observed during field work in the area served by the project. The land in this area is appreciating dramatically in value and this appreciation can contribute to the wealth of peri-urban families.

In the expansion area of Bom Pastor, services such as electricity, piped water, and sewers are not provided. Water is drawn from open wells, with some type of precarious cover to reduce the risk of children, stray objects, or run-off falling in, and latrines of some sort. Those who live near electric lines run improvised extensions to their houses at their own expense. In summary, peri-urban residents already have a major investment in land and the cost of construction of their current homes. Most plan future investment in improving, expanding, furnishing, and bringing services to their homes. Their homes and the land they are built on constitute the major assets of peri-urban residents.

3.1.2 Rural Project Community (Mombolo)

The village of Mombolo is located 45 km from Kachiungo, which is approximately a two-hour drive from Huambo. It is home to about 187 families and a little over 1,100 persons. On average, it was suggested that each family held approximately six to seven land parcels. The main products sold are bananas and, to a lesser extent, tomatoes. All sales were reported to be by the roadside on the Chiumbo/Kachiungo road.

The road is not a main road, and it is in very poor condition. The village is about 45 kilometers from Kachingo (about a one-hour drive). During the wet season, it is possible that some parts of the road may be difficult to pass.

The elevation of Mombolo is around 1,500 meters, which provides agronomic conditions favoring off-season production of products that would otherwise be seasonal at lower elevations. The area is irrigated and under intensive production with a variety of food and commercial crops, principally bananas which can be grown year-round, and, to a lesser degree, tomatoes, mangos, cassava, avocados, corn, and peanuts. Irrigation is gravity-fed with water from a stream that is channeled through canals to banana plantations and crops. The land is irrigated and already used for production of bananas and horticultural crops which makes the land more valuable than rainfed land. Several varieties of bananas were said to be produced, including cooking bananas (plantains) as well as eating bananas. Pesticide use was not reported.

There are *fazendas* in the area but they are mostly being sought for land speculation rather than for immediate investment in productive activities. Both Angolan and foreign individuals and companies are involved in making land claims of this type. The *fazendas* observed in the Huambo area showed no signs of activity beyond fencing the land to keep others out.

The area has previously been sited as a model for development. As far back as the 1970s, people from other communities were brought to see how farmers organized the work associated with the irrigation system and intensive crop production. Mombolo's intensive agriculture, valuable land, and long history of organization around development issues make it an ideal community with which to work in improving property rights. These rights are expected to lead to significant future investment and possible access to credit for annual crop production and medium-term lending. It is expected that successful interventions in Mombolo could be replicated elsewhere in Huambo Province and in other parts of Angola.

3.2 OVERVIEW OF ENTERPRISE INVESTMENT POTENTIAL AND CONSTRAINTS

3.2.1 Peri-Urban (Bom Pastor)

The primary investment of most individuals and families in Bom Pastor is the family home. The area is quickly expanding and the housing market is booming. Many persons in this area are former inter-city renters who have saved enough money to invest in a home of their own (having 'purchased' the right to occupy the land from the Local Administrator in many cases). A number of the people residing in this expanding area have jobs elsewhere in Huambo. Future investment for many is likely to be linked to improving their housing (e.g., using clay-fired bricks instead of mud bricks; using metal roofing materials). Because of their current and increasing value, these housing assets have the potential to be the base for further investments (e.g., enterprise development loans supported by housing asset value) either from the home or adjacent areas in the future.

The extent to which housing assets will facilitate lending, however, depends in part on the availability of official documents legitimizing land occupation and providing some measure of secure land tenure. Based on discussions during field work, most persons in Bom Pastor have some kind of sales document provided by the former Soba (and now, Local Administrator) and this is confirmed with the administration. These documents can potentially form the basis of loan security for future enterprise investment (although it seems likely that land rights title documents that form the centerpiece of loan collateral are a long time away in Angola—at least in areas like Huambo). Nevertheless, the documents as they stand may provide "comfort" to potential lenders, if nothing else, and potentially provide the basis for enterprise and other lending.

In terms of the potential for enterprise development in the expansion area in Bom Pastor, there is likely to be strong demand for new enterprises along with the housing boom. As noted above, there is a large market that recently relocated to the edge of the expansion area with food and the small products and businesses needed by a low-income community. Expanding small businesses include a hairdresser and even a small "cinema" among others.

Most businesses in the expansion area of Bom Pastor where the project is working are microenterprises of a size that can be adequately financed with loans guaranteed by a solidarity group and other terms required by borrowers in Bom Pastor and other peri-urban areas of Huambo. DW Microfinance is providing loans of this type to four groups with an average membership of 14 people in Bom Pastor. The possibility of expanding this lending program was discussed during the course of the mission with staff from its microfinance program and the director of DW.

DW Microfinance already has a housing loan product called *Kixi casa*. Loan terms are 10 months (maximum of 12 months in the case of public sector employees and of payroll deduction). The interest rate is 3 percent per month. DW Microfinance also has a loan product designed for financing small businesses: *Kixi negocio*. The amount of such loans vary from \$3,000-\$10,000. The payments are monthly for 10 months, with 3 percent monthly interest.

Shops have already been established in the older area of Bom Pastor, along with bottle stores, pharmacies, and other businesses. The establishment of similar businesses in the expansion area is only a matter of time due to population growth and housing expansion into empty lots. To obtain the size loans that will be required for such businesses to grow and serve their growing client base, businessmen and women will need the best documents obtainable showing their property rights for use as collateral.

In the new expansion peri-urban areas such as the part of Bom Pastor served by the project, the availability of titles is unlikely to spur much investment in enterprise expansion either during the short LOP or during the medium term. Business investments of a size large enough to require real estate as collateral for loans are likely to take place in more mature areas of *musseques*, such as Bom Pastor, rather than in newer areas.

Many business activities are possible in fast-growing, peri-urban areas like Bom Pastor. These businesses focus on providing needed goods and services to low-income families living in the same areas. Activities observed include the following:

1. Small-scale, sidewalk-selling of consumer items, clothes, beauty items, etc.
2. Small-scale selling of candy, food, and agricultural products.
3. Hair-salons and plaiting.
4. Haircutting (outdoor male barbershop).
5. Cottage-industry hand-knitting.
6. Bicycle repair.
7. TV/DVD-based movie theater.

Microfinance programs like DW Microfinance's *Kixi solidario* (group loans) can fund activities like these with loans as high as \$2,500 without recourse to real property as loan collateral. Large consumer shops (*lojas*), bottle stores, clinics, pharmacies, hair salons, and transportation facilities (motorcycle taxis, minibuses, etc.) are examples of other types of investments that can profitably be made in peri-urban areas. Loan sizes for many such investments are measured in the thousands of dollars. Financial institutions will continue to insist on co-signor guarantees, liens on moveable property, and blocked savings, but they are also beginning to require that property be pledged as collateral providing a moral, if not a real, guarantee of repayment.

Large-scale investment opportunities of a level where secure property rights and use of these rights as collateral for loans to finance them remain some time in the future. Nevertheless, without secure property rights, microenterprise would have to be self-financed. With these rights, people will have access to these investment opportunities and increased rates of growth.

3.2.2 Rural (Mombolo)

The principal investments that are likely to be made in rural areas involve those that increase profit, reduce risk, increase production, and improve product quality. Because of its role in reducing lending risk, improvement of property rights is likely to be a key factor in increasing access to agricultural loans. Producers in Mombolo are selling their produce along the roadside, and it was suggested that purchasers of the produce took it to the Kachiungo market for resale.

In the Mombolo area, principal opportunities identified for rural producers are:

1. Horticultural crops (onions, tomatoes, okra, and other vegetables),
2. Bananas and plantains, and
3. Permanent tree crops (mangos, citrus, etc.).

Horticultural crops have a good market in expanding cities like Huambo and can also be marketed profitably in Luanda while bananas and plantains produce year-round and are easily sold in roadside markets and Huambo. Bananas and plantains also respond well to relatively simple technological improvements. As the quality of the roads improves, both in terms of feeder roads going to places like Mombolo and main highways to Luanda, year-round production and marketing may be possible in some areas. There is also some possibility that outside investors like Chiquita may come in and finance the investments needed to bring smallholder production of bananas up to European standards of quality, traceability, and size. The company is unlikely to partner with producers unless they show that they have secure rights to their land.

Tree crops, such as mangos and citrus, are intercropped with low-growing annual crops, the production of which covers part of the establishment costs of these permanent crops. CLUSA is encouraging farmers to establish tree crop plantations as their means permit and despite the lack of long-term financing (even for farmers with secure tenure). Anecdotal information given by community members indicated that some have been approached by urban or peri-urban dwellers that may be interested in the possibility of creating joint ventures to establish tree crops on community member farms.

There are several constraints that disrupt farmers developing agro-enterprises around these commodities. Many of these constraints are similar to the findings of the CLUSA and other NGO projects in the region. Constraints include poor roads and a lack of storage facilities, access to inputs, knowledge of sustainable soil management, mechanized farm equipment, and improved irrigation systems.

Roads leading to the Mombolo community are in poor condition and, during the rainy season, they can become impassable. Transportation is also inconsistent along this road. These conditions can lead to problems for farmers who produce perishable goods that they are unable to store for any period of time. This then leads to the issue of the community not having proper storage facilities for produce. Storage facilities may also promote higher farm incomes as group organization becomes strong enough to market their products jointly and to manage these facilities successfully. Cooperative investments in storage, processing, and fruit packing plants may be justified and will require major investments as farmer organizations grow in size and strength.

Input supply and general merchandize shops (*lojas*) are lacking in the area. Rural non-farm commercial activities such as shops (*lojas*) supplying inputs and basic food items also require considerable capital to start up and for carrying an adequate inventory of farm inputs, tools, and basic food and non-food products needed in rural areas. Having property rights over the shop or over urban or rural land is a key factor in loan decisions for financing such activities. Businesses with documentation of secure property rights will be able to grow at a faster rate and, in turn, to provide inputs (and perhaps pre-harvest credit for food and other items) to the local population. The lack of input supplies and money to purchase fertilizers leads to low yields and the inadequate maintenance of soil fertility.

Farmers using subsistence farming practices have difficulty competing with commodities arriving from countries with well-developed mechanized farming systems. Tractors are needed by farmers for land preparation for their own land and those who have them can provide custom plowing services for the vast majority of farmers who have no machinery. The only risk with such an arrangement is subsidized tractor service provided sporadically by government at half the commercial rate, which makes commercial provision of custom plowing services less profitable and subject to increased risk. Another option would be to look for markets where local farmers can earn profits where they have a comparative advantage over imports or where they are not in direct competition.

Irrigation systems are in place on several farms in the Mombolo community, but improved systems would allow more land to become productive throughout the year. Investment in rainfed land is limited but where irrigation is available, as in Mombolo, producers have already invested in the development of common canals serving multiple users. Improved irrigation systems, such as gravity and pumped irrigation, is essential to the production of all of the high-value crops grown in the project area. Means of improving the security and efficiency of irrigation to reduce water losses (better irrigation structures, lined canals, piped water, pumping of water, spray or drip irrigation) all require that a producer have secure rights to the land and access to credit to finance these investments over a minimum period of three years. Farmers with land located near water sources to irrigate land can produce high-value annual horticultural crops and semi-permanent crops such as bananas using pumped water. To do so requires access to loans for the purchase of motorized pumps and plastic irrigation pipe. Rapidly growing plantations such as bananas and plantains may be able to support the costs of spray irrigation, reducing water requirements and pumping costs while also minimizing soil management problems (erosion, salinization, water-logging) related to gravity irrigation. CLUSA is promoting the changeover to this type of irrigation, which few farmers would be able to afford on their own without access to credit. With highly developed irrigation systems in place, it may be possible to introduce aquaculture as an enterprise.

The security of land title can provide the needed access to credit required for the investment in agro-enterprise in the Mombolo area. Annual crop production loans are required to finance the production of horticultural crops which require expensive inputs and high inputs of hired labor. Such loans will be easier to obtain with improved property rights. Investments needed to improve production can only occur where producers have secure rights to the land.

Banks and microfinance institutions like DW Microfinance already require documentation of property rights as part of guarantees for larger loans. Producers with such rights will find it easier to acquire loans. In many cases, documentation of property rights may make the difference between a loan application being successful and its rejection. The amount approved may also be related to the security provided, with those having their own land and willingness to register it as collateral, finding it possible to obtain larger loans. Interviews during field work confirmed that none of the farmers in Mombolo were accessing institutional credit.

4.0 CONCLUSIONS AND NEXT STEPS FOR PERI-URBAN AND RURAL COMMUNITIES

Improved property rights are a necessary precondition for many types of investment, but in and of themselves, are not a guarantee that individuals will be able to make these investments or to find partners with whom to make them. The development of agro-enterprises or microenterprises operated by rural producers and peri-urban residents will require outside support over a protracted period to assist individuals to learn how to use credit effectively and how to maintain a business. For farmers, assistance will be needed to develop and eventually adopt improved technologies; to help them organize their production, focusing on products of quality type and continuity required by the market; and to foster the development and business acumen of producer organizations, allowing them to achieve economies of scale in the purchase of inputs and in the joint marketing of products. Development of successful commercially oriented farm enterprises requires this type of support, which is already being provided by CLUSA through the Agriculture Development and Finance Program funded by Chevron and USAID and similar efforts by ADRA and, to a lesser extent, WVI.

Organizations like CLUSA and ADRA are in a position to identify private sector partners, such as Chiquita or local investors, who may be willing to enter into joint ventures with farmers having secure rights to land. Investors interested in permanent crops requiring specialized production and irrigation systems and packing plants will only be interested in dealing with producers with secure land rights. At the same time, they need the outside assistance of organizations like CLUSA or ADRA which assume a large part of the burden of organizing producers and providing some guarantee they will be able to provide a continuous supply of products, grown according to a strict production regime and delivered on a rigid schedule needed to meet export commitments. While land rights are an essential precondition, such rights alone will not be a sufficient condition to allow outside investors to partner with producers unless they are organized and supported by an outside institution, at least during the initial years of organizational development.

Credit facilitation is essential to help organized producers obtain credit. As noted above, one of the main roles of organizations like CLUSA is to take commercially oriented producers who either already have bank accounts or who are in a position to open them and keep them active through constant use, and link them to financial institutions appropriate to the type and size activities in which they are engaged. Interviews during field work confirmed that none of the farmers were accessing institutional credit. Thus, without an organization like CLUSA or ADRA to engage in credit facilitation, low-income commercial producers are unlikely to obtain credit on their own, even if they have achieved some sort of secure tenure documented by a land title of some kind.

Future project activities (with further funding) could establish partnerships with organizations like CLUSA or ADRA which actively engage in credit facilitation to link producers to financial institutions. A partnership needs to be established with either of these organizations and the ARD-DW project; the preconditions could be established for effective enterprise development, making use of improved property rights to provide increased security to financial institutions and to allow producers to access credit to finance profitable technologies for increasing production and marketing their products more profitably. Alternatively, they could arrange for producers being assisted by the project to receive technical assistance from organizations like WVI, which have their own credit programs managed by the organization itself. DW Microfinance might even consider branching out at some future date into lending to support producer groups, perhaps concentrating first on market season loans to allow organizations to buy produce from member and non-member producers on favorable terms. The fact that these producers

have titles to land which could be provided as collateral could reduce lending risks to participating financial institutions.

A simple strategy for the remainder of the project is proposed that involves the following steps:

Peri-urban Areas

1. Land Rights Formalization. Continue with the land rights formalization process as a basis for providing more secure land tenure that may facilitate the granting of credit from credit providers for small businesses.
2. Link rights holders with credit providers. Link existing DW microfinance activities with rights holders in the project areas that encourage home investment and small business development.

Rural Areas

3. Land Rights Formalization. Continue with the land rights formalization process as a basis for providing more secure land tenure that may facilitate the granting of credit from credit providers for farmers and small businesses.
4. Link rights holders with credit providers. Link existing DW microfinance activities with rights holders in the project areas that encourage home investment and small business development.
5. Undertake study tours for farmers in accordance with that proposed in this section to show farmers the potential of activities undertaken under USAID's ADFP.
6. Consider project expansion to focus more aggressively on enterprise development with future project funding (as outlined below in a draft Scope of Work).

For agro-enterprise based on newly formalized land rights to be successful in the Mombolo community, a basic subsector analysis needs to be completed to determine some sense of profitability, opportunities, and constraints that are specific for the various possible commodities before the end of the current ARD project. The analysis should include the following information:

1. Identify buyers for the commodities.
2. Determine if production and market partnerships with former large commercial farms (*fazendas*) should be explored to maximize economies of scale, where they are operational.
3. Identify demand for new profitable products that are feasible for production in the Mombolo area.
4. Identify realistic solutions for constraints found in the demand analysis, such as looking for commodities that can travel for long periods of time without damage or spoilage.
5. Conduct interviews of staff from similar projects for their enterprise development experience.
6. Determine whether selected commodities provide any linkages for enterprise development in the peri-urban area of Huambo.

These steps will help in providing ways for urban and rural residents to create agro- and microenterprises that are profitable after the project has closed, which will lead to sustainability and a desire to continue the land titling process.⁶

If no profitable opportunities for enterprise development can be identified in Mombolo, then the project will have to reevaluate whether to continue efforts in this area or to move to a new area where lessons learned in land tenure formalization can pay dividends in opportunities for enterprise development.

⁶ Draft Scope of Work for Future Activities in Annex IV.

5.0 FEASIBILITY OF STUDY TOURS

Study tours, which are an excellent way to introduce farmers to new practices and technologies, are recommended here. The goal of these study tours will be to encourage producers who have had outside assistance in developing and consolidating their organizations, as well as raising producer incomes through collective marketing and the increase in production and product quality that make bulk marketing profitable, to share their experiences with other producers. Organizations like those in Mombolo that are at a lower level of development in terms of their marketing and production technologies could benefit by study tours and exchanges. CLUSA has been very successful in helping farmers with the final stages of property registration and helping producers with less secure access to land, water, and other resources to obtain financing, improve their production, and organize their marketing around a small number of agricultural products. CLUSA has also helped producers in addressing quality, volume, and consistency issues in order to develop commercial ties with major buyers willing to pay a premium for their products. CLUSA has particular experience with banana production. Other organizations like ADRA have provided similar assistance to producers in the Benguela-Huambo corridor and have had a stronger focus than CLUSA on assisting small producers and in providing them with assistance to improve their property rights. While it has not worked on land issues, WVI has provided similar support for production and marketing; WVI has its own credit program which provides farmers with crop season input loans.

A number of factors will determine the number and kind of visits that should be arranged and which organizations should be visited. These include:

1. Time and Distance;
2. Cost;
3. Numbers of producers who can participate, including women;
4. Similarity of crops grown with a major focus on bananas and plantains; and
5. Possibilities of NGOs providing ongoing support to Mombolo producers.

5.1 TIME, DISTANCE, AND COST

Travel time between Benguela and Huambo by the southern corridor is about 12 hours in a good vehicle. A four-wheel drive vehicle cost \$250 per day plus \$35 for a driver; rates for a standard passenger vehicle used in Luanda are \$130 per day. Fuel is additional where long distances are to be covered. A minibus suitable for carrying 20 people might run \$300 per day plus fuel; alternatively, multiple second-hand Japanese minibuses (blue and white) used for urban transport might be rented for perhaps \$150 per day plus fuel and might comfortably carry 10-12 people for long trips. Travel might best be arranged in the dry season to areas accessible without four-wheel drive. For the major crops (bananas), production is year-round, but while roads may be passable by truck which are higher and have greater clearance even during the rainy season, their accessibility by minibus is probably limited to the dry season.

5.2 PARTICIPANTS IN STUDY TOURS

5.2.1 Tour Arrangements

Tours might be arranged in two stages, should be bi-directional, and should include both staff of assisting NGOs and producers engaged in producing and marketing major crops.

5.2.2 Exchange Visits by Commercial Banana Producers and Mombolo Farmers

A few leaders (three to four) from a production area, such as Benguela, already successfully marketing bananas commercially should be brought to Mombolo with some still pictures, PowerPoint, and also a video presentation. One or two technicians from the NGO assisting them (probably CLUSA or ADRA) should also be present as should whatever NGO might be willing to provide ongoing support to the Mombolo farmers. Assisted producers should be in Mombolo long enough to walk with local farmers through their banana plantations, observe their technology, and to discuss marketing. Assisted producers can then make suggestions on how they resolved some of the problems Mombolo farmers face and steps they took to improve production technology and marketing. If another NGO like WVI were interested in assisting Mombolo farmers, its staff should also participate. DW should also be represented in this tour.

A second stage would include visits by a small number of leaders from Mombolo to a commercially active producing area near Benguela or on the road from Huambo to Benguela. Their number should be similar to or slightly larger than the number of leaders of commercial producers from Benguela brought to Mombolo in the first stage. Technicians from the NGO assisting commercial producers should also be present; if an NGO other than the one providing assistance to commercial producers is likely to assist Mombolo farmers, a couple of its technicians should also be present. DW should also be represented in this tour. Land tenure issues and the positive impact that their resolution has on financing should also be discussed. On return, leaders and technicians should present the findings, conclusions, and recommendations of their tour to other producers in Mombolo.

A third stage would include a visit by a larger number of producers from Mombolo to commercial producers already producing bananas for the local market and for sale in Luanda. If possible, Mombolo farmers should be divided up and stay with families of producers, so that they can bring a broad range of experience back with them and then share this experience with Mombolo farmers who were unable to participate in the study tour. Some women producers should be included in this tour with appropriate arrangements for them to stay with women producers in the commercial production area visited. One or two of the leaders who had participated in stage two visits should make the trip again. However, most participants (who should number 20 or 30) should be selected by some process deemed to be fair by their organization and should not be the same ones who had already traveled on previous trips. Again, whichever NGO might assist Mombolo farmers with their production and marketing should be involved in this tour as well.

Farmers visited should be those producing for local markets (Benguela, Huambo, and Luanda). If Chiquita does come in with a significant presence, a short visit might also be organized to visit farmers working under contract with Chiquita to see what optimal technology is obtainable in Angola with high-level technical support and financing of need inputs; technologies; crop practice; and post-harvest handling, selection, and packing. Most cross-visits, however, should concentrate on farmers producing for the local market with improved technologies they have learned through their collaboration with CLUSA or ADRA. It seems likely that, for the foreseeable future, Mombolo farmers will be producing bananas for the domestic market and need to focus their efforts on learning technologies and marketing arrangements that are suitable for this market.

ANNEXES

ANNEX I: ANGOLA LAND TENURE STRENGTHENING PROJECT CONTACTS LIST

Angola Land Tenure Strengthening Project			
CONTACTS LIST			
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Angola Land Tenure Strengthening Project

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ANNEX III: SCOPE OF WORK

Property Rights and Natural Resource Management (GLT2)

STRENGTHENING LAND TENURE AND PROPERTY RIGHTS IN ANGOLA

TERMS OF REFERENCE (TOR): ENTERPRISE SPECIALIST

March 2007

Passage of the Land Law and Territory Law (August 2004) and the recent transfer of the Land Law implementing regulations to the Government of Angola Cabinet for review and approval (August 2006), offers important opportunities to promote the formalization of land rights, equitable land access, and actual land tenure security for both individuals and communities at the local level. Land tenure security is important for two primary reasons. First, secure land tenure aims to reduce the number and nature of land disputes arising from tenure uncertainty. Land conflicts too often take land out of production and people away from productive investments in land. Secondly, experience demonstrates that helping people formalize their rights to land also presents opportunities for moving land into productive economic opportunities – the most common being using land as equity in commercial enterprises. In this way formalized land rights and increased tenure security can be aimed at supporting food security, improving land use, and moving land into commercial enterprise opportunities.

Implementing regulations supporting the above new legislation will need to be made operational at the lowest administrative levels, and many administrative and procedural details will need to be resolved. Institutional and administrative capacity will need to be developed at all levels of government. It is hoped that the new regulations will help to clarify an otherwise vague and ambiguous land law. It is also hoped that the regulations will be strong enough to add needed process and transparency to a variety of land administration and land management activities called for by this new legislation.

Under USAID - BASIS and RAISE IQC task orders, ARD (through its sub-contractors the Rural Development Institute's (RDI) land specialists) have provided a limited but ongoing level of policy, legal, and regulatory advice in support of Rede Terra and MINADER. Over the past 7 months, this support has largely been in hiatus as an Agricultural Development and Finance Program (ADFP) grant has been created and awarded. Also, a Reconciliation Program grant, provided through USAID's Conflicts Mitigation and Management (CMM) was being planned with RDI and Angolan NGO, Development Workshop (DW), to formalize community land holdings as a means of conflict identification, adjudication, resolution, and prevention. USAID, however, with the agreement of ARD, RDI and DW, has now decided to direct these awards through the RAISE GLT mechanism with ARD as the prime contractor.

The project now falls under USAID's Operational Plan for Economic Growth which is focused on encouraging private sector-led growth. In particular, Program Element 7.4: states:

Program Element: 7.4 - Inclusive Economic Law and Property Rights

Ensure that poor people, women, and other disadvantaged groups have equal legal rights and protection in economic matters.

7.4.1: Equal Economic Rights for Women and Other Disadvantaged Groups

Eliminate sources of legal discrimination against women, ethnic and religious minorities, and other disadvantaged groups in economic matters. Includes de facto, as well as, de jure discrimination. Includes efforts to ensure equal rights for women in key economic areas such as land ownership and inheritance.

7.4.2: Property Rights for the Poor

Strengthen and protect property rights of poor households, including titling of urban and rural land held under informal or traditional ownership; and registration of property to allow it to be pledged as collateral.

Following the land project configuration based on the program (Scope of Work) outlined to the USAID Angola Mission by ARD and RDI in October/November 2006, the purpose of this TOR is to accelerate project start-up through February 2007.

2.0 ACTIVITIES

The Enterprise Specialist will undertake the following project activities:

- Work with DW, to meet with local stakeholders and private sector investors to consider investment opportunities for rights holders
- Review USAID's ADFP Pilots (operated by the Cooperative League of the USA (**CLUSA**) for successes and lessons learned to date in identifying market opportunities, linking with investors, equity sharing and other opportunities (refer to the project outline here: http://luanda.usembassy.gov/adfp_launched_in_benguela.html)
- Undertake an assessment in the pilot areas of potential opportunities to encourage or support private sector investment between the land rights holders involved in the formalization process and commercial enterprise investment interests in the pilot areas in Huambo Province
- Consider the feasibility of study tours or cross-visits of pilot site stakeholders to ADFP sites and, if appropriate arrange a small Study Tour by Local Government Officials (e.g. MINADER, MINUA), local investors (e.g. banks, other lenders and investors) and pilot area leaders and/or rights holders
- Design a Workshop (to be held towards the end of 2007 or early 2008) to design interventions in one pilot community that can be used as a basis for post-project activities.

The activities will require travel from Luanda to Pilot Project Areas in Huambo Province and ADFP project areas in Benguela Province (or other areas determined in discussions with USAID and other stakeholders).

3.0 DELIVERABLES

- Report that sets out a strategy for linking new land rights holders with private sector investment opportunities and enterprise development, in particular:
 - draws on the lessons from USAID's ADFP Project
 - draws on the experiences of meeting with stakeholders and private sector investors
 - assesses the pilot areas for potential opportunities to encourage or support private sector investment between the land rights holders involved in the formalization process and commercial enterprise investment interests

- assesses the feasibility of arranging study tours for appropriate persons from the pilot areas to the ADFP project areas for the exchange of information and lessons
- designs a workshop for developing interventions in one pilot community (in Huambo) based on the lessons learned from the ADFP Project and the pilot area assessment

4.0 ACTIVITY BUDGET

The LOE for these activities is a total of 21 days (4 days travel time; up to 17 days of field visit and for report preparation, review, and revision).

It is anticipated that the travel to the field will take place on or around 13 May 2007.

ANNEX IV: FUTURE SCOPE OF WORK

USAID Angola Land Tenure Strengthening Project

Draft Scope of Work (SOW) for FY 07-08 for Potential Follow-on Activities

Background

USAID-Angola presently funds a \$1m land tenure strengthening project that supports Element 7.4 of USAID's Operational Plan for Economic Growth and is undertaking land tenure strengthening activities in two Pilot Areas in Huambo Province: Huambo City (peri-urban) and Mombolo (rural). The project comprises five activity components: 1) Land Legislation and Policy Development; 2) Land Rights Formalization Pilots; 3) Private Sector Opportunities for Economic Growth; 4) Gender and Other Disadvantaged Groups: Access to Land; 5) Capture Lessons Learned. Ultimately, this project aims to develop a process for use by the Government of Angola that supports the formalization of land rights under the new Land Law, and that can be replicated elsewhere in the country. The aim: to formalize land rights that will strengthen links between land rights-holders and economic opportunities. This project operates under the Rural and Agricultural Incomes with a Sustainable Environment (RAISE) IQC Lessons Learned: Property Rights and Natural Resources Management Task Order (Contract No.: PCE-1-00-99-00001-00; Task Order No. 13). It is implemented by ARD, in concert with the Development Workshop (an Angolan NGO), and the Rural Development Institute (a U.S.-based NGO). By April 2008, the project expects the following primary results to have been achieved 1) Land Law and Policy Study to have been completed; 2) Land Rights Formalization Process (LRFP) Manual (including a Public Information Awareness Strategy and a Process for dealing with Land-related disputes) to have been completed and trialed in the two Pilot Project Areas. Particular attention is paid to women and disadvantaged groups in this pilot effort. As a result, up to 450 titles (comprising the issuance of Licença de Arrematacao (in the case of urban land) and recognition of Customary Useful Domain in the case of community rural land should have been issued under the LRFP. In addition, a study tour by pilot area farmers CLUSA supported projects in Benguela Province will be conducted to support the exchange of ideas and experience on investments linked to secure land rights.

Objective

The objective of this SOW is to take the lessons and products from the USAID -LTFP and to use these to strengthen land rights and create stronger links between land rights-holders in rural areas with economic opportunities. This will involve the aggressive targeting of new rural rights holders (customary useful domain holders and those with individual titles, if possible) and private sector investors/investment. The aim will be to forge alliances that improve livelihoods and economic growth within rural communities. Activities will focus on: 1) the identification of communities with rural agricultural opportunities and land rights that be linked to investors; 2) the development of business structures that are suitable for these communities; 3) the development of business plans for targeted communities; 4) assistance to business plan implementation; and 5) links to USAID ADFP and MDP sites (by expanding into ADFP and/or MDP sites). Particular attention will be paid to helping women and other disadvantaged groups move newly acquired land rights into these models.

Expected Results

Communities with newly acquired land rights become part of an enterprise development model that:

- Expands current project activities to at least one other project Area;
- Supports the strengthening of land tenure rights at a producer level to a level required to gain the support of private sector investors and investment-facilitators (e.g. USAID's ADFP, and others);
- Captures opportunities for women, in particular, and other disadvantaged groups; and
- Builds private sector buy-in by linking new land rights holders with agricultural production surpluses and that leverages USAID- Angola funding for private sector co-funding or complementary funding, e.g. Global Development Alliances (GDA).

ANNEX V: MAPS

FIGURE I. ANGOLA MAP HIGHLIGHTING HUAMBO PROVINCE IN RED (COURTESY OF DEVELOPMENT WORKSHOP)

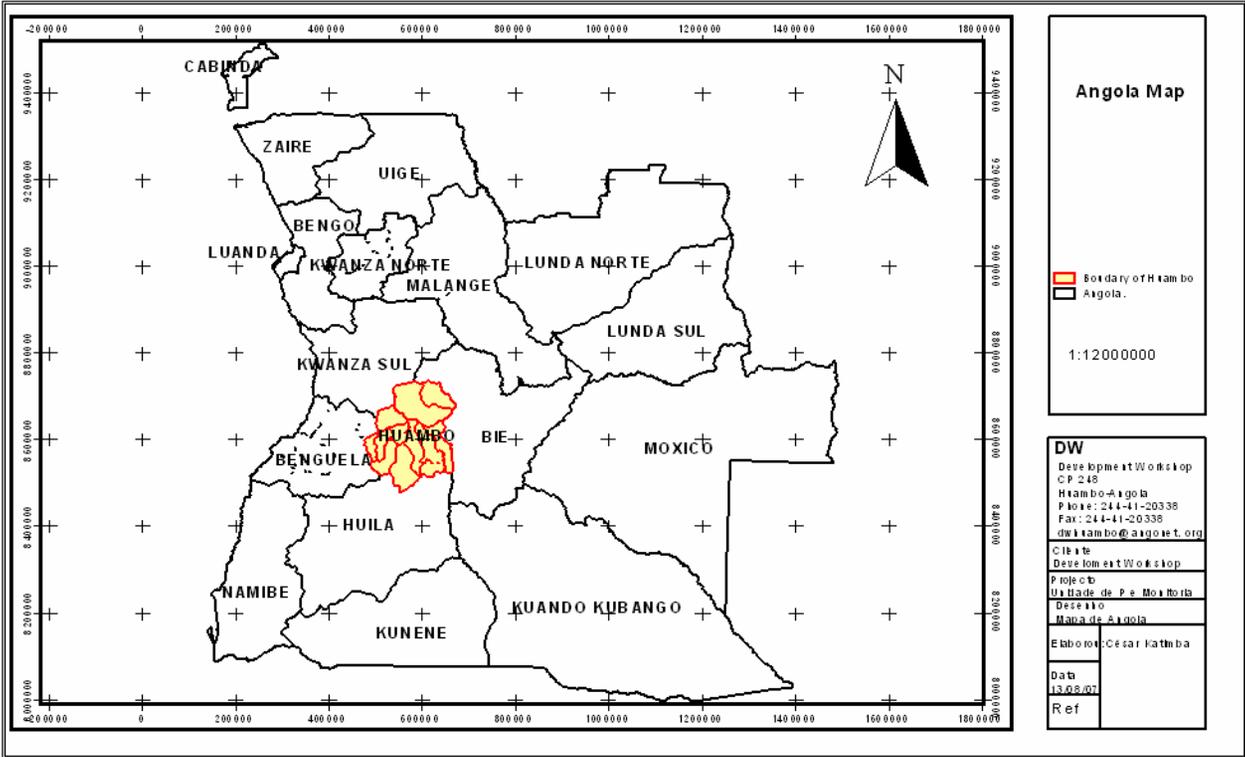


FIGURE 2. HUAMBO PROVINCE HIGHLIGHTING THE CITIES IN WHICH PILOT LAND DEMARCATION IS TAKING PLACE (HUAMBO - PERI-URBAN AND KATCHIUNGO - RURAL) (COURTESY OF DEVELOPMENT WORKSHOP)

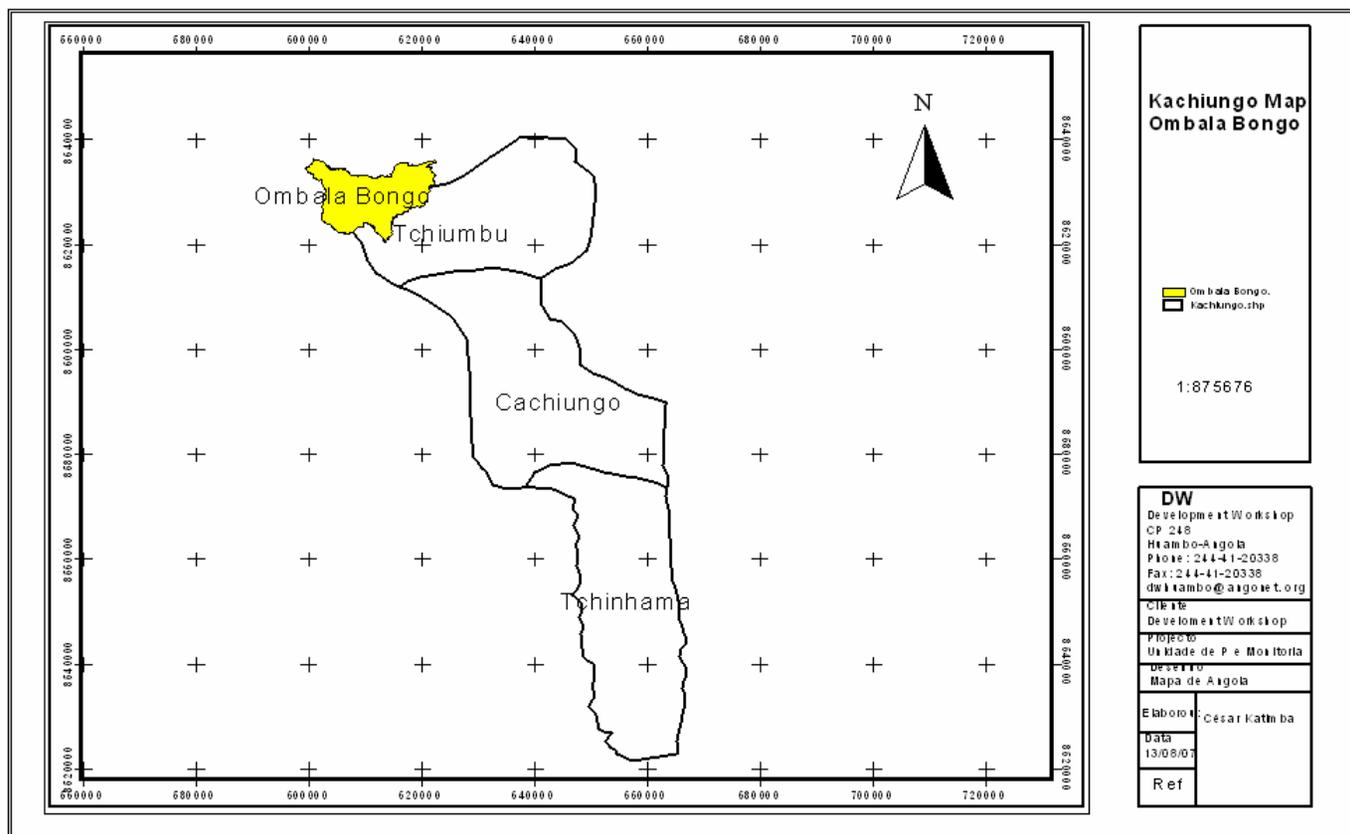


FIGURE 3. KATCHIUNGO MUNICIPALITY RURAL PILOT SITE, MOMBULO, IS SITUATED IN OMBALA BONGO (HIGHLIGHTED IN YELLOW)

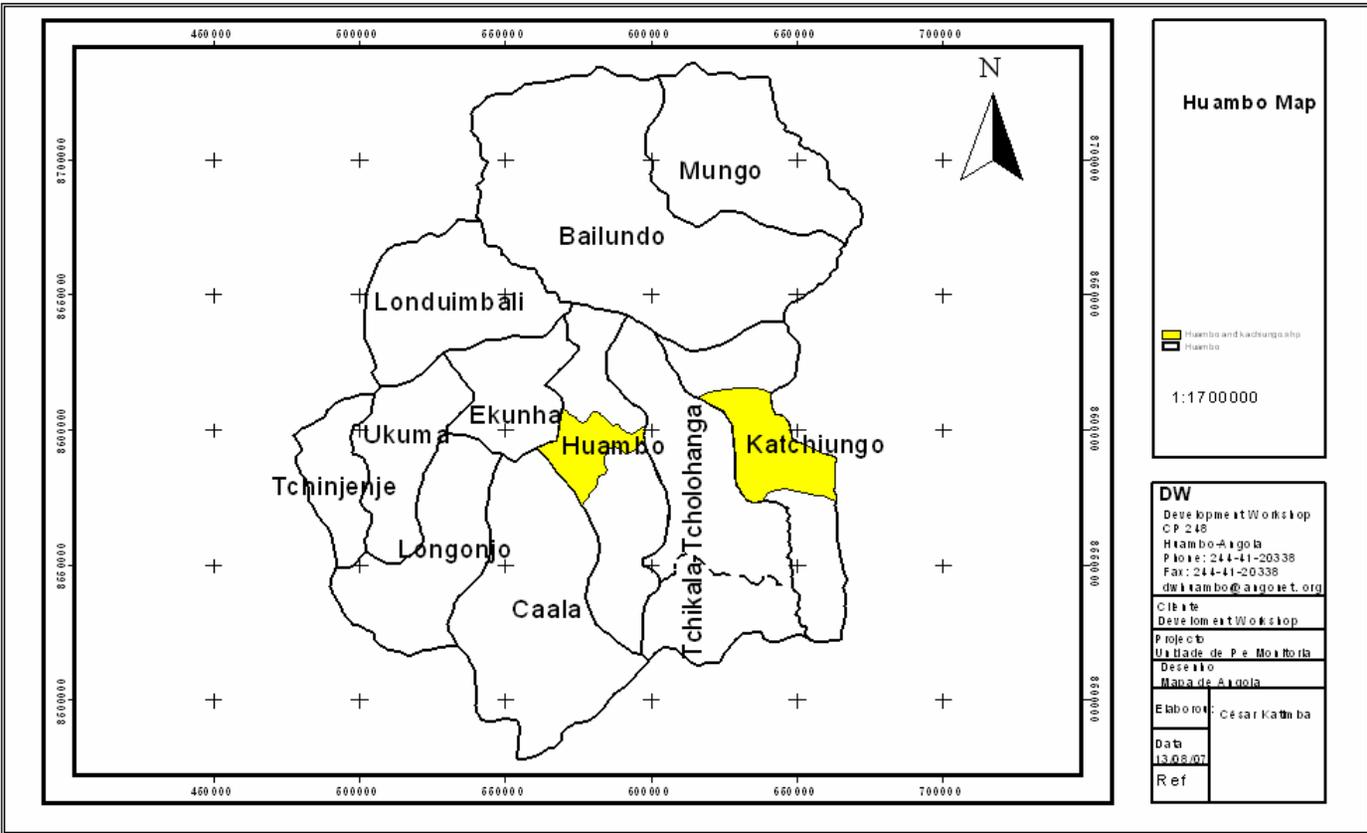
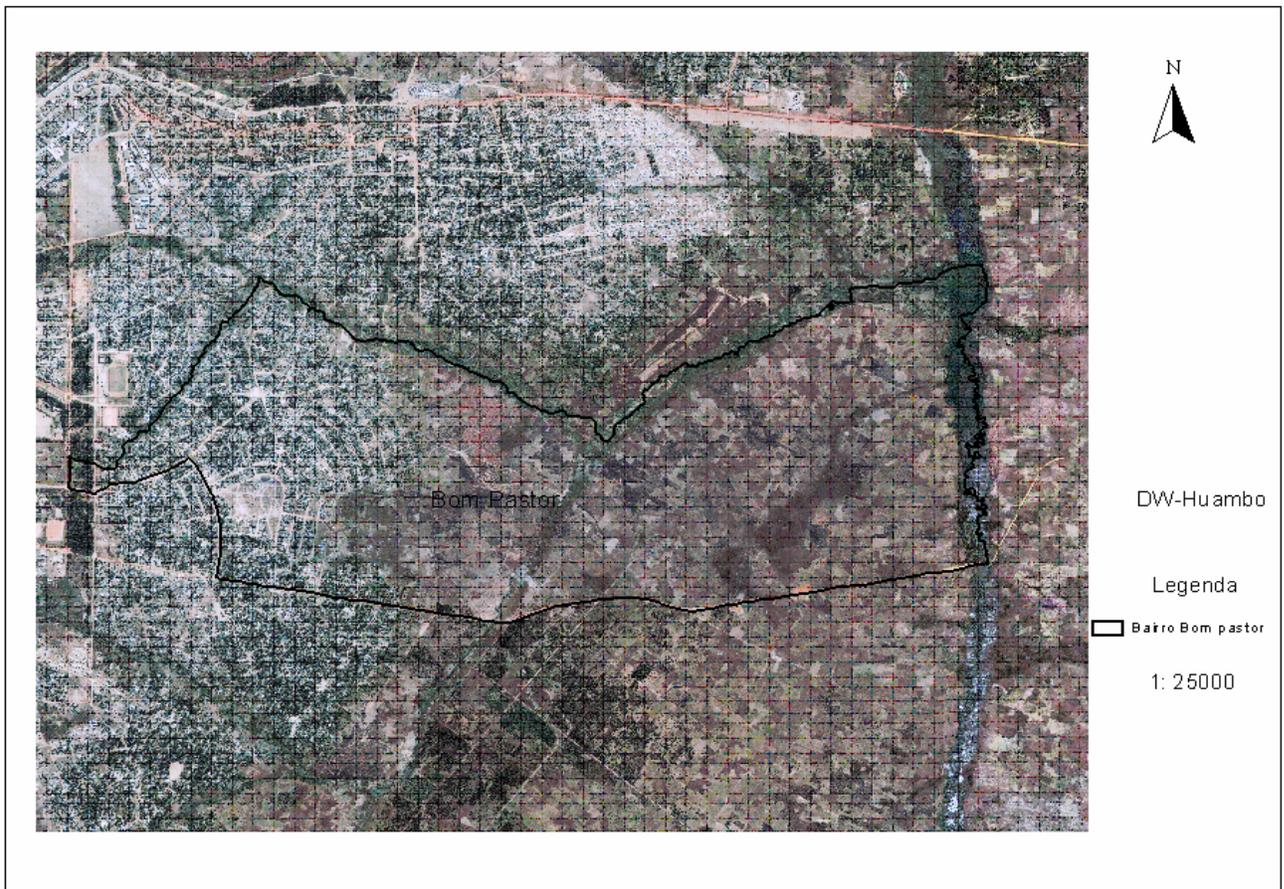


FIGURE 4. PERI-URBAN PILOT SITE DELINEATED - DOM PASTOR, HUAMBO CITY



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