Urban LandMark

making urban land markets work for the poor

Urban Land Market Study

How the poor access, hold and trade land

Malawi: Lilongwe

(Chinsapo & Mtandire)

March 2013

Progressus

Contents

1. **Purpose of the study**
2. Methodology
3. Background
4. Key findings
5. Conclusions

Purpose of the study

- The purpose of the study is to understand how the poor access, hold and trade land in Lilongwe, Malawi through surveying two settlements in the city namely Mtandire and Chinsapo

- This research forms part of a larger research programme which includes similar studies in Maputo (Mozambique), Luanda (Angolo) and Durban, Cape Town and Johannesburg (South Africa).

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Methodology

The study was structured into four phases:

- **Phase 1: Literature review:**
  - Land legislation and policy in Malawi was reviewed, as well as reports and research articles on various land-related aspects.
  - A review was undertaken of the study area namely Lilongwe and the two selected settlements (Mtandire and Chinsapo)
  - Interviews were held with key stakeholders (8) on land issues
- **Phase 2: Field research**
  - 543 survey interviews in 2 communities
- **Phase 3: Data entry and analysis**
- **Phase 4: Community Feedback**
- **Phase 5: Research report**

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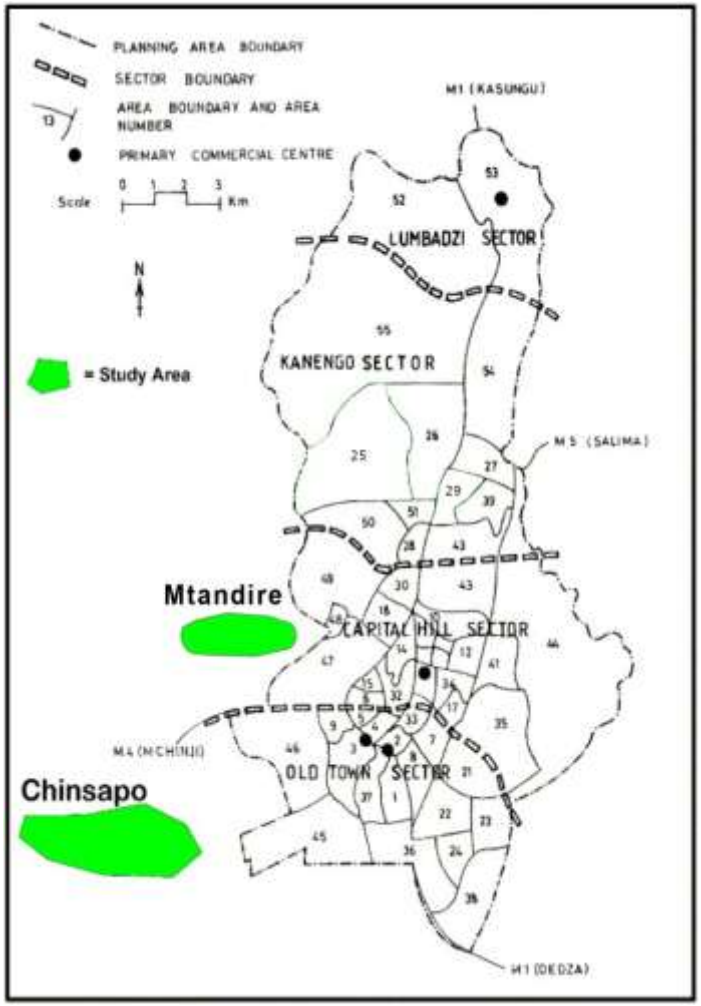
Background

- Malawi is a southern African country
- It is one of the poorest countries in the world:
- Population 13.1 million (2008) and growing - 2.8% per annum
- 5.3% live in urban areas
- Multi-party democracy since 1994
- Least urbanised and highest urbanisation rate (6.3%
- 2005: 1.86 million people or close to 90% of Malawians in urban areas live under slum conditions.
- Types of land tenure:
  - Malawi's 1965 Land Act and the 2002 Land Policy recognize **three categories of land**:
    - **Public land**: 15-20%
    - **Private land**: 10-15%
    - **Customary land:** 65% - 75%
  - The main tenure types in Malawi include **freehold, leasehold, and customary** tenure:
    - **Freehold**:
    - **Leasehold**:
    - **Customary** :

Mtandire and Chinsapo

Chinsapo

- 14,700 houses of which 32% are owned and 65% are rented
- Services: Communal water taps, limited access to electricity and dirt roads.



Mtandire

- 4,260 houses of which 37% are owned and 61% are rented.
- Services provided include water taps, limited access to electricity and dirt roads

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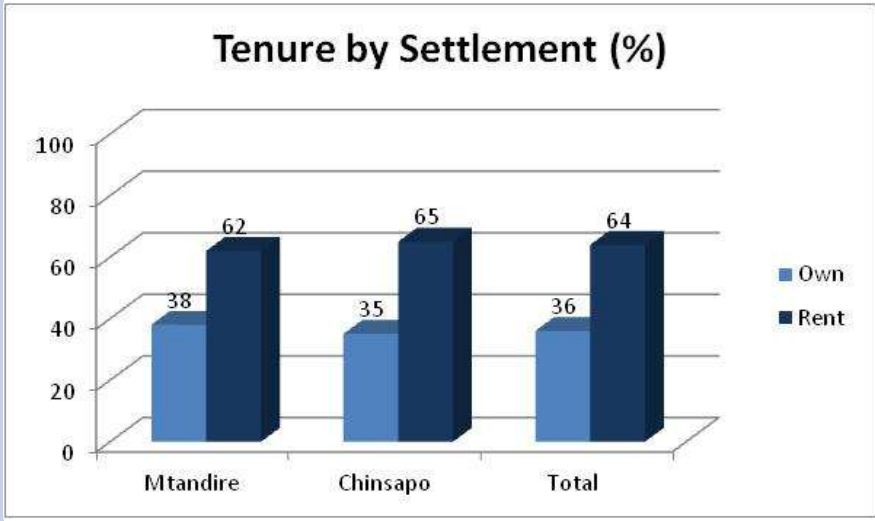
Tenure

- *Own (36% overall)*
- *Rent (64% overall)..*
- *The demographic profile of households in terms of those that own as opposed to rent is similar in both settlements with the following differences:*
  - *Age*
  - *Number of children*
  - *Education*
  - *Income*
  - *Perceived rights to the place they live*
  - *Wealth*
  - *Overall perceived improvement of situation*
  - *Involve Chief*



		Mean age	Mean number of children	% No school or only primary school	% Income < 18,000MK	% Main Income Source = Salaries/ Own Business	% with secondary source of income	% Rights grew stronger since they moved here	% Wealth increased since moving here	% Situation has improved since moving here	% Validated agreement to occupy, through Chief	% who will involve Chief or Community Leaders in Dispute Resolution
Total	Own	42	4	72	39	41	56	77	59	68	89	90
	Rent	30	2	53	51	28	35	65	40	47	2	40

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Time and cost of finding a house

- *Find a place through Informal network of friends & family*
- *The time spent in finding a house 3,5 months in Mtandire to 6 months in Chinsapo, although there is a wide range of time frames*
- *The time taken to secure a house from hearing about it to moving - 3 months in Mtandire and 6 months in Chinsapo*
- *The average cost in finding a house including transport, fees etc varies in terms of ownership being 1,769MK ($5) in Mtandire to 3,385MK ($10) in Chinsapo*
- *The average cost in finding a place in terms of rental is similar between the two settlement being 1688MK ($5) in Mtandire and 1670MK ($5) in Chinsapo*

	Tenure	Time spent in finding the house (Days)		Days passed between hearing about and getting the house		Mean amount spent in finding the house MK
		Mean	Median	Mean	Median	
Mtandire	Own	106	8	92	7	1,769
	Rent	24	3	18	2	1,688
Chinsapo	Own	174	60	177	60	3,385
	Rent	24	4	31	2	1,670
Total	Own	158	30	156	30	3004
	Rent	24	4	28	2	1674
	Total	71	7	74	4	2144

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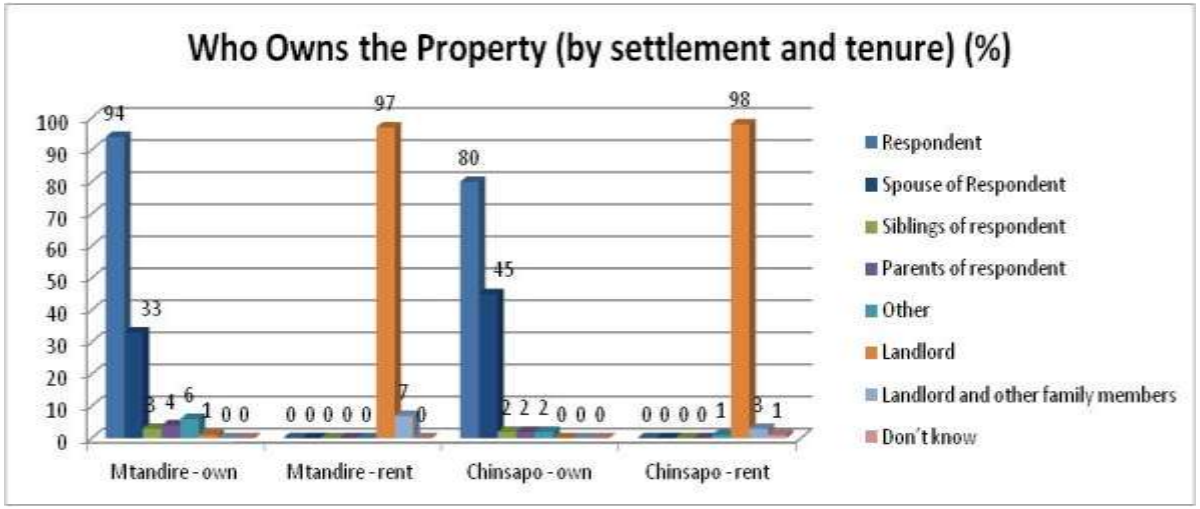
Ownership

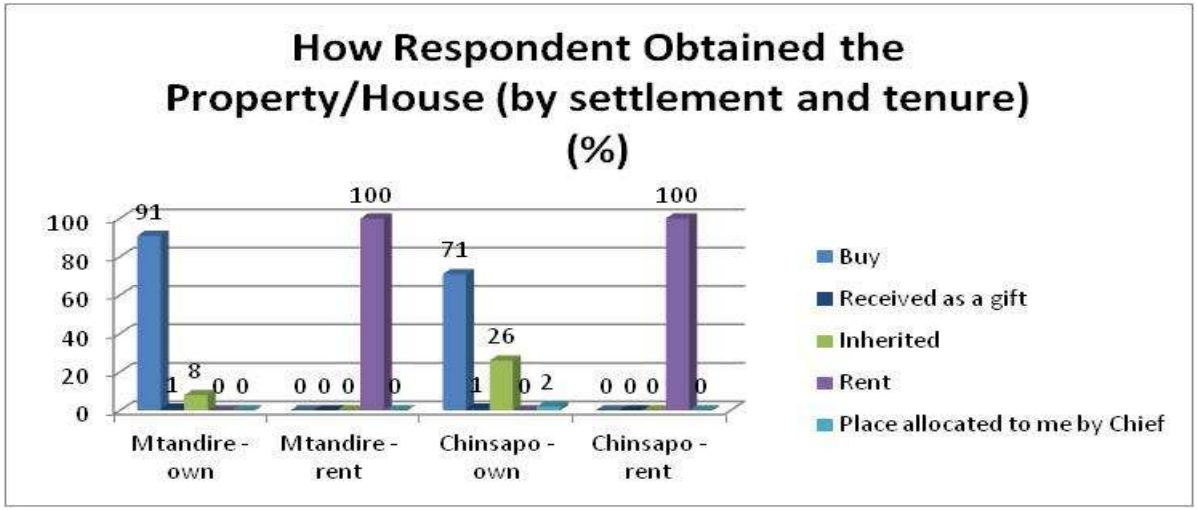
OWN:

- *Single or joint ownership*
- *In Mtandire*
  - *91% bought*
  - *8% inherited*
- *In Chinsapo*
  - *71% bought*
  - *26% inherited*

RENT:

- *Landlord owns the property and the basis of obtaining it is through a rental agreement*





Contracting arrangements

OWNERS

- *How?*

  - Obtaining an agreement that was witnessed by the chief (68% Mtandire and 64% Chinsapo).

  - Given document from chief (30% in Mtandire and 22% in Chinsapo) were given a document from the chief.

- *Confidence from:*
  - *Chief would provide a letter (37% in Mtandire and 41% in Chinsapo),*
  - *Friend or family member introduced them (22% in Mtandire and 10% in Chinsapo)*

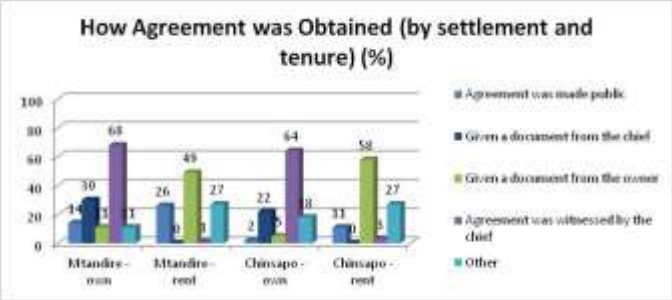
RENTERS

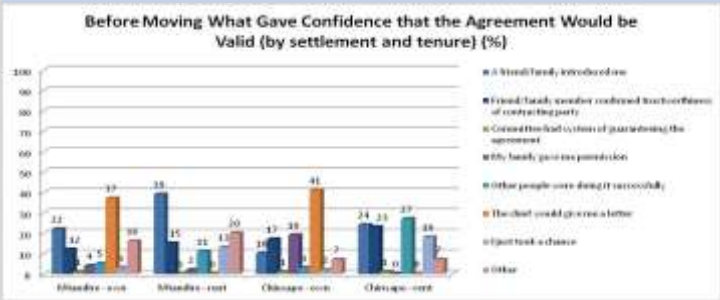
- *How?*

  - Given a document from the owner (49% Mtandire and 58% Chinsapo).

  - Agreement that was made in public (26% Mtandire and 11% Chinsapo)

- *Confidence from:*
  - *Family or friend introduced them (39% in Mtandire and 24% in Chinsapo)*
  - *Family or friend confirmed the trustworthiness of the contracting party (15% in Mtandire and 23% in Chinsapo*

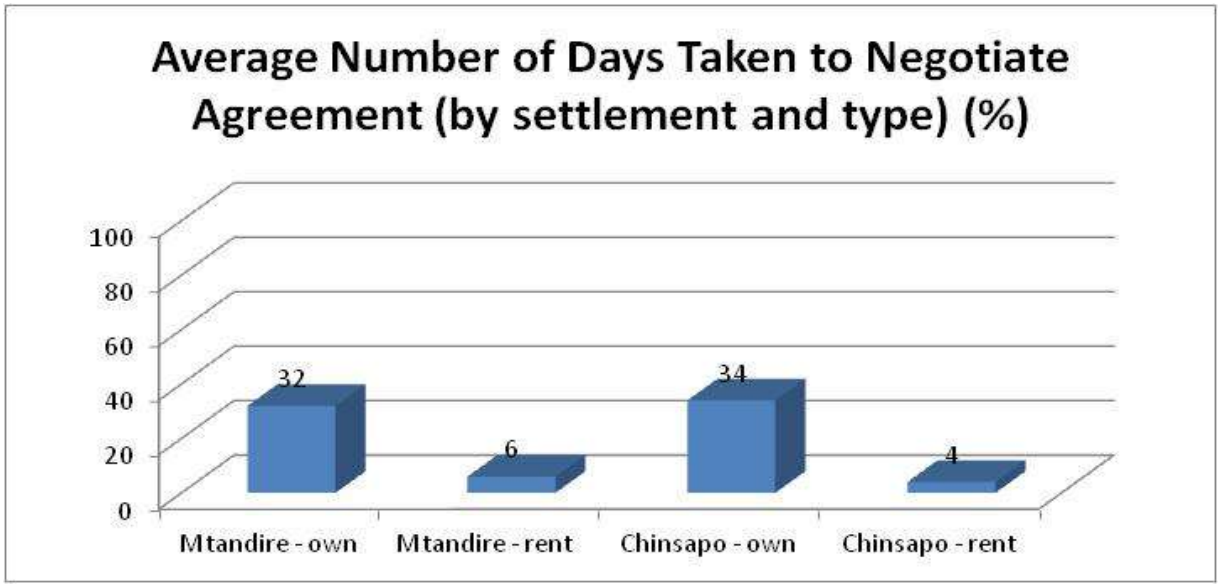




Time taken

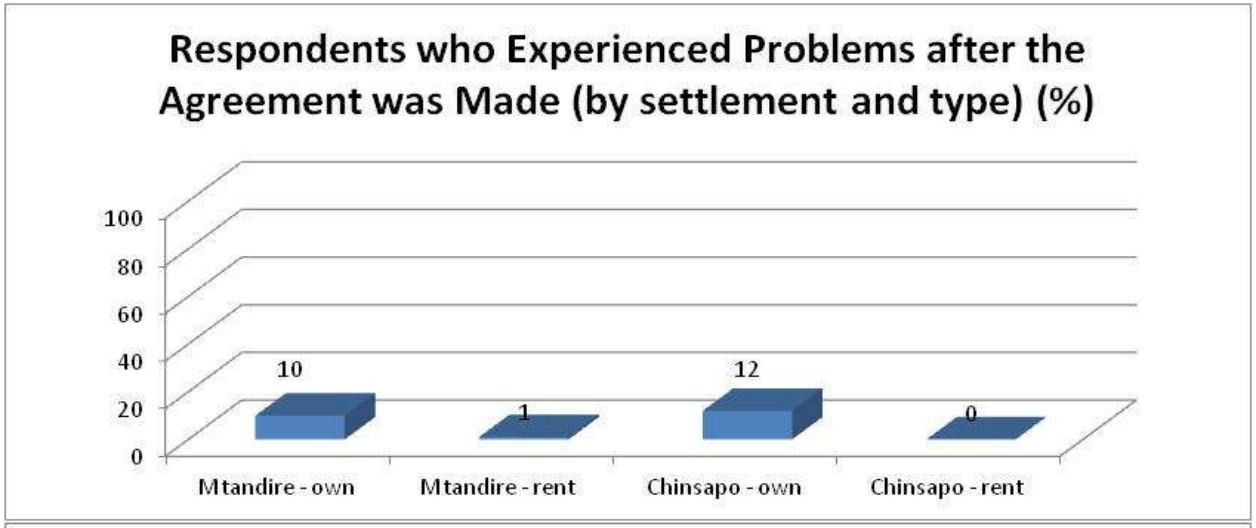
- *OWNERS:*
  - *Mtandire and Chinsapo - 1 month (32 and 34 days respectively)*

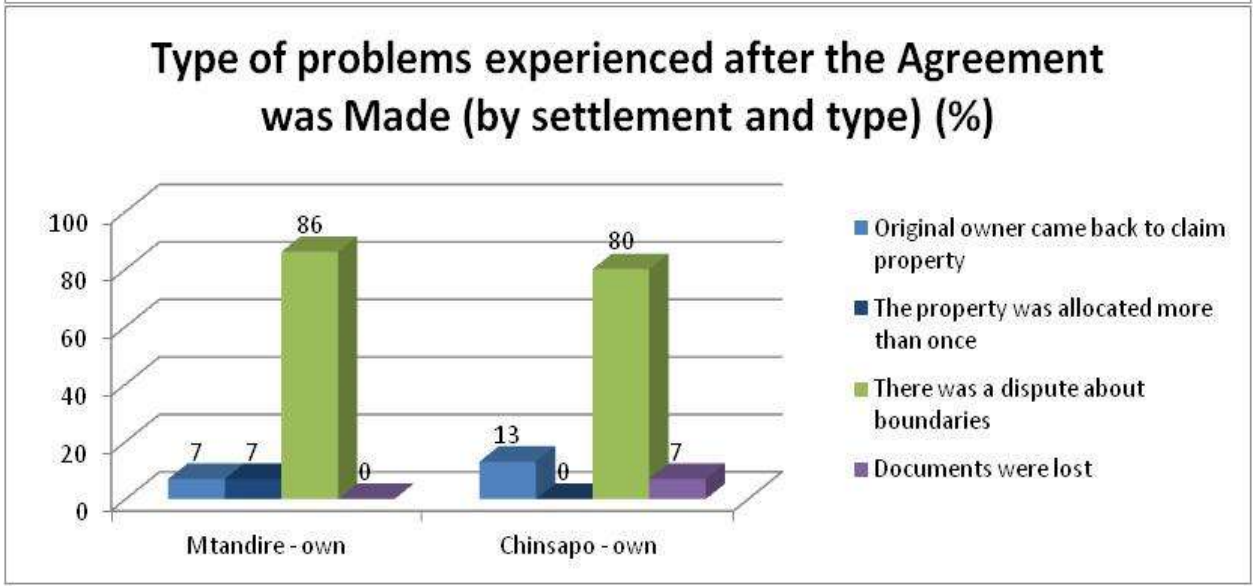
- *RENTERS*
  - *Mtandire 6 days and Chinsapo4 days*



Problems in the contracting process

- *Limited number experienced problems in contracting (10% in Mtandire and 12% in Chinsapo)*
- *Dispute over the boundaries of the property (86% in Mtandire and 80% in Chinsapo)*





Buying a property

COST of PROPERTY:

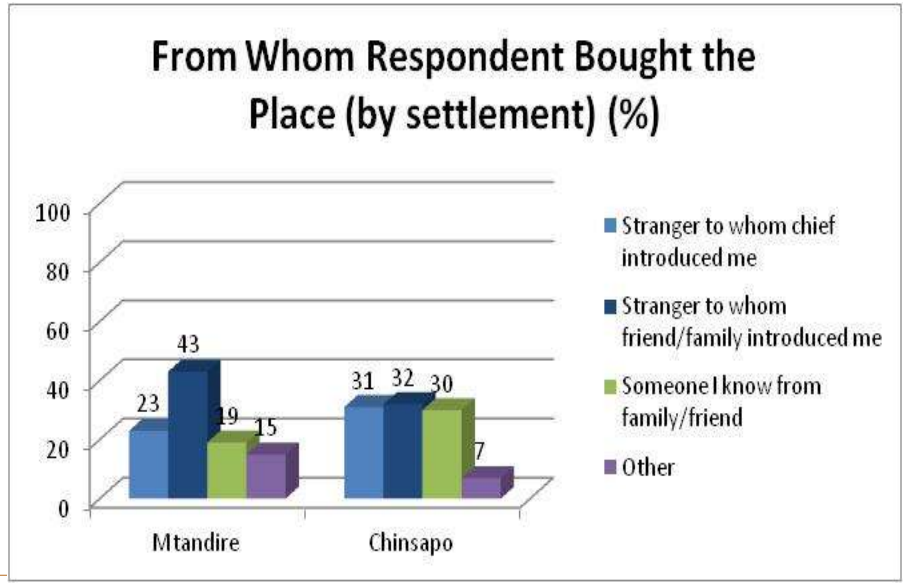
- *Mtandire Median 17,000 MK ($49)*
- *Chinsapo Median 20,000 MK ($57)*

BOUGHT FROM:

- *Stranger introduced by a family member or friend*
- *Stranger introduced by the chief.*
- *Someone known by the family or a friend*

Amount Paid for Property (MK)

	Mean	Median
Mtandire	54600	17000
Chinsapo	44429	20000

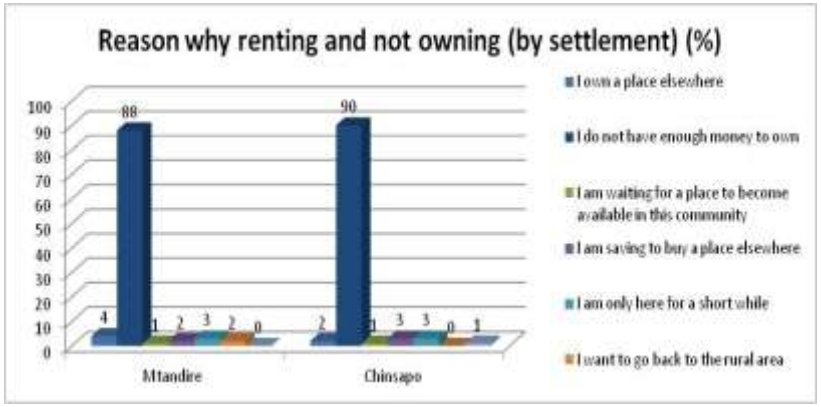


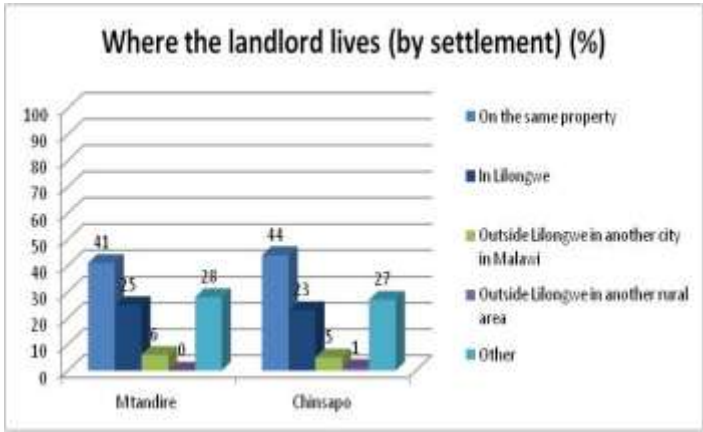
Renting a house

- *Reason for Renting not owning: Financial constraints*
- *Where landlord lives:*

  Landlord lives on property (41% and 44% respectively)

  Landlord lives in Lilongwe (25% and 23% respectively)
- *Rental amount was prescribed by the landlord.*





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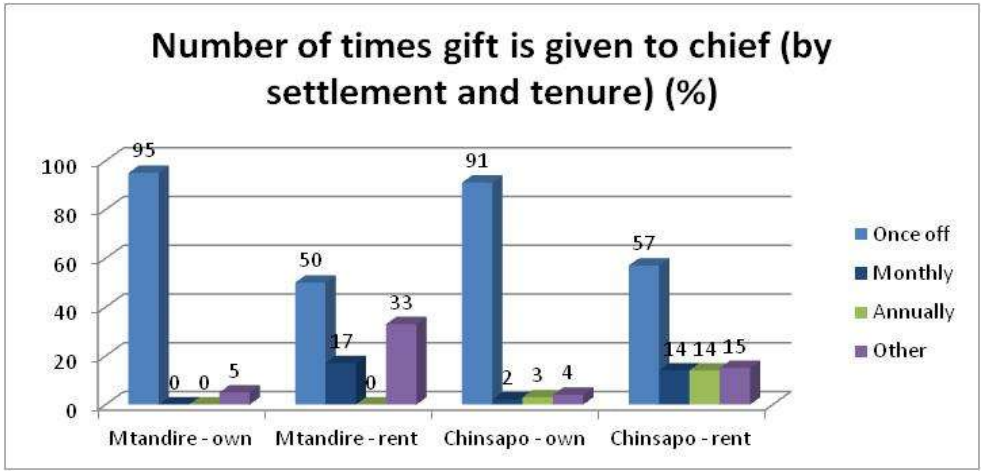
Gifts to the Chief

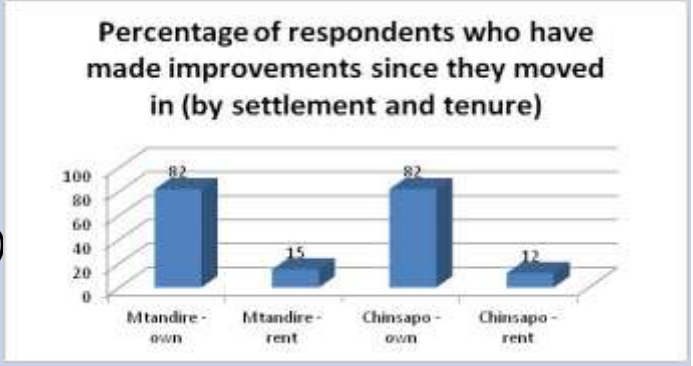
- *On average the value of the gift to the chief is higher from respondents that own than rent:*
  - *The amount given in Mtandire on average from respondents who own is 1,875MK ($5) and in Chinsapo 2,110MK ($6)*
  - *The amount given in Mtandire on average from respondents who rent is 158MK (0.45$) and in Chinsapo 542MK (1,50$)*
- *Most respondents who own gave the chief a gift once only. Respondents who rent give the chief a gift more often i.e. monthly and annually.*

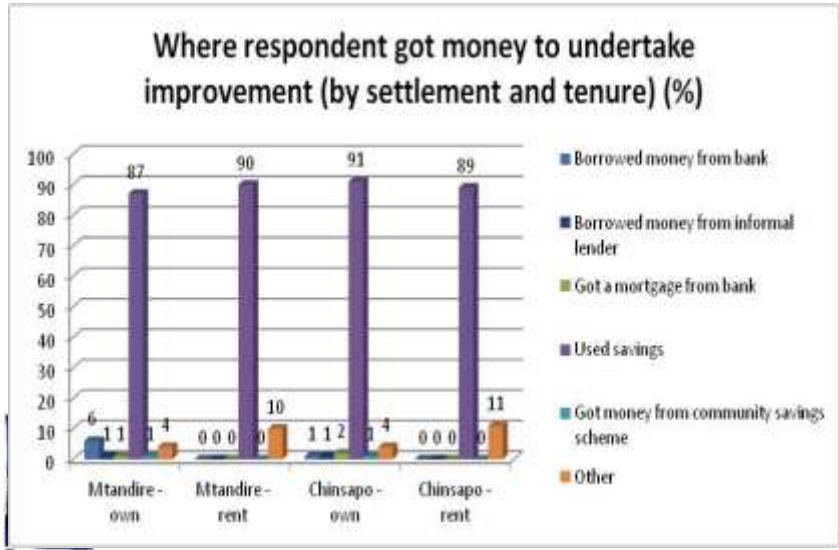
	Mean	Median
Mtandire - own	1,875	700
Mtandire - rent	158	100
Chinsapo – own	2,110	1,000
Chinsapo – rent	542	600



Improvements made

- *OWN: 82% in both Mtandire and Chinsapo have made improvements to their properties*
- *RENT: 15% in Mtandire and 12% in Chinsapo*
- *FUNDED: Savings*
- *TIME: - 18 – 22 months (owners)*
- *COSTS:*
  - *Owners: 483,169 MK ($1386) to 656,468 MK ($1884)*
  - *Renters: 12,950 MK ($37) to 20,650 MK ($59)*





	Average time for making improvements	Average cost (MK)
Mtandire - own	712	656,468
Mtandire - rent	290	12,950
Chinsapo – own	598	483,169
Chinsapo – rent	26	20,650

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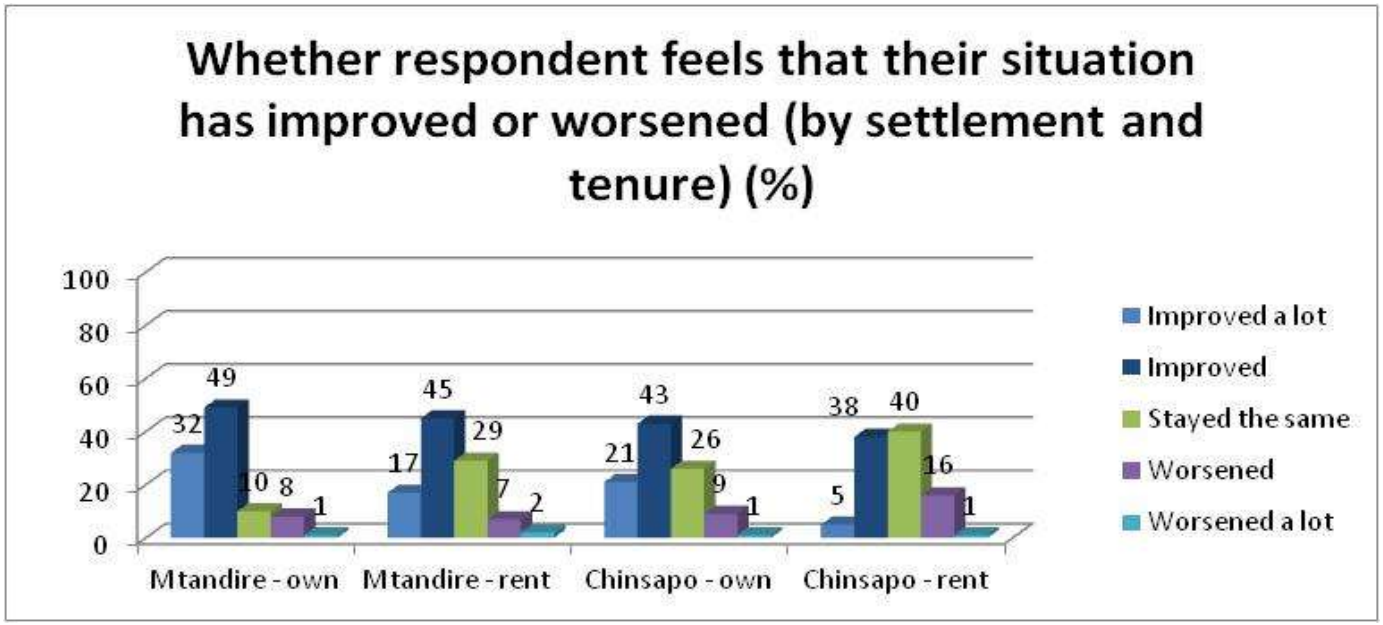
Whether situation has improved

- *Most respondents in Mtandire (both those that own and rent) and those in Chinsapo that own feel that their situation has improved*
- *Main reasons why improved:*
  - Reduced my living costs
  - Access to water
  - Have a place I can pass to my family
  - Have a place I can rent out



Perceptions on the process of accessing and holding land

The majority of respondents found the different activities pertaining to the process of accessing and holding land to be easy

Majority of respondents (over 70%) found the activity easy

Majority of respondents (over 70%) found the activity moderate

Majority of respondents (over 70%) found the activity difficult

	Finding a place	Checking trustworthiness of seller /landlord	Deciding on a price	Negotiation of an agreement	Protecting rights to the property	Deciding what to do with the property when moving
Mtandire - own						
Mtandire – rent						
Chinsapo – own						
Chinsapo - rent						

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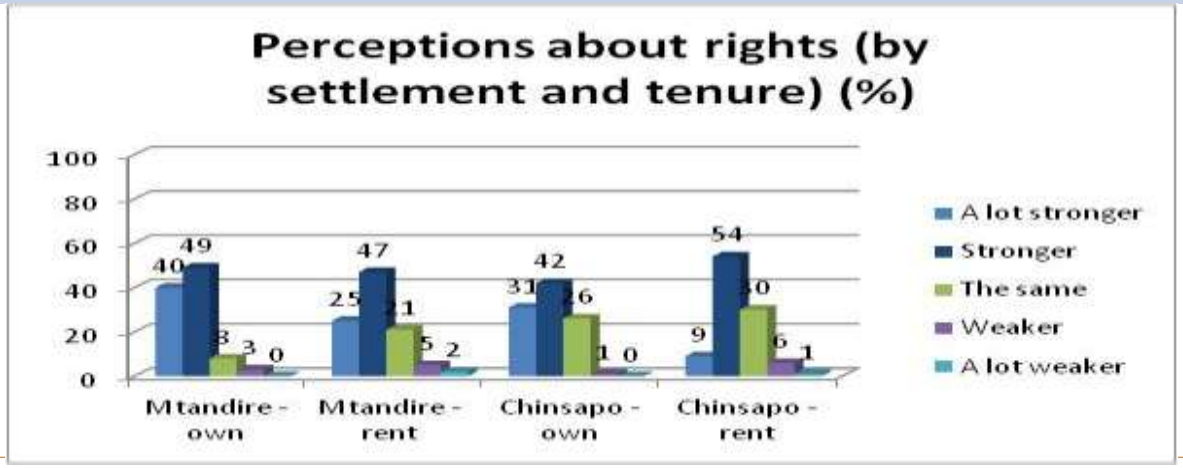
Perceptions about rights

- *Almost all respondents have never had a title deed.*
- *Most respondents in both Mtandire and Chinsapo that their rights stronger*
- *This is less so for respondents in Chinsapo who rent where only 63% of respondents feel that their rights are stronger and 30% feel that they are the same.*
- *Reasons why rights are stronger:*

  OWNERS:
  - My neighbours can prove property is mine
  - I have official letter from the chief
  - I am part of the community

  RENTERS:
  - I have built a good relationship with my landlord
  - My neighbours can prove the house is mine
  - I am part of the community



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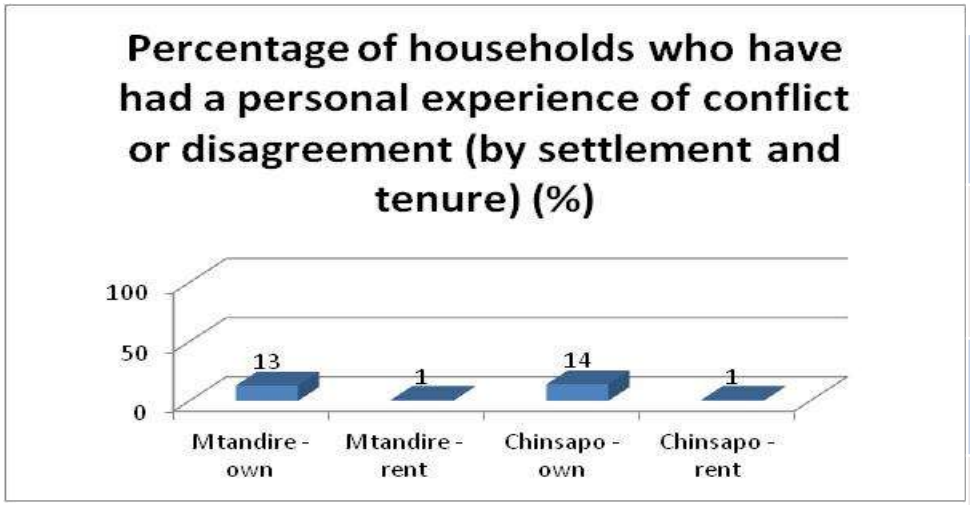
Extent of disputes

- *Few reported conflict or disagreement over the property.*
- *More significant for respondents who own than rent – 13% of respondents who own in Mtandire and 14% in Chinsapo have experienced this problem*
- *Owners will seek assistance mainly from the chief.*
- *Renters seek assistance from neighbours or chief*



	Main person or entity who the respondent would ask for assistance in respect of a dispute
Mtandire - own	88% - the chief 36% - family 34% - neighbours
Mtandire – rent	37% - neighbours 17% - family 16% - friends
Chinsapo – own	90% - the chief
Chinsapo - rent	20% - the chief 17% - neighbours

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Recommendations

1. Functional markets

Strengths

- The land access system is known to all in the community
- The role players in the system are easily accessible to the community
- The system is affordable to the community
- The system is trusted by the community and allows for effective dispute resolution
- Dispute resolution is immediate and the outcome understood by the community
- The system is participatory and inclusive and allows for ordinary members of the community to act as witnesses and become part of the trusted land system.
- The absence of strict building regulations allows poor households to access land and also to build and improve incrementally according to their own needs and abilities.

Weaknesses

- The system is vested in an individual (or group of individuals - chiefs),
- Demarcation of the land or plot is not in a visible and logical way.
- The complex layout of land complicates infrastructure development.

2. Legal status of the land

3. Customary vs. formal administration of land

4. Formal structures

5. Accommodating renters

6. Evidence used to prove tenure security

7. Building on the social network

8. Plot definitions

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