

# Luanda's Post-war Land Markets: Reducing Poverty by Promoting Inclusion

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**Abstract** Almost 40 years of war in Angola forced millions of people fleeing rural areas to seek a safe haven in the capital and to settle in informal slum settlements (*musseques*) on the periphery of Luanda. The new urban migrants created homes and settlements on land that they purchased in good faith but for which they could get no legal title. Now, they face eviction threats due to commercial interests and government infrastructure expansion. With a population today approaching of over six million, Luanda is Africa's fastest growing and fifth largest city. A decade of post-war rapid economic growth, fuelled by rising commodity prices, has seen GDP per capita grow eightfold, but poverty reduction has not kept apace. The poor, representing over 50 % of the population, have benefited little from the 'peace dividend'. The Angolan Government has promised to build one million homes country-wide before the 2012 elections and aims to eliminate much of the *musseque* in the process. However, the government's urban plans remain hindered by a weak administration and little national implementation capacity. Despite the government's assertion as the unique owner and manager of all land, there exists a thriving real-estate market for both formal (titled) and informally occupied land. Most urban residents with weak or non-existent tenure rights benefit little from increasing land values and are susceptible to being forcibly removed and increasingly obliged to occupy environmentally risky flood-prone areas. This paper presents the results of work on property markets in Luanda that permit a better understanding of the nature and economic value of land and identify the problems and potentials the market has to offer. The paper argues for a major reform in public land policy, recognising the legitimacy of common practices in land acquisition and long-term occupation in good faith. Inclusive land management, adapting to both formal and existing informal markets, can contribute to the improvement of urban settlement conditions and economic wellbeing of the poor in post-war Luanda.

**Keywords** Post-conflict · Land · Land markets · Tenure · Urban · Slum · Upgrading · Angola

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## Introduction

Luanda is home to more than six million people and growing; the city confronts unique challenges in managing land assets essential for housing and for economic development. Years of conflict have forced millions of people into the capital region to settle in informal slum settlements (*musseques*) on the periphery of the city. The Angolan Government has adopted an ambitious policy of promoting the building of one million homes country-wide before the 2012 elections and aims to eliminate much of the *musseque* settlement in the process. A major constraint to government urban plans remains the weak administration of land resources and correspondingly weak tenure rights of most urban residents. Under recent legislation, the government reaffirmed its authority as the primary manager of land and the state as the original owner of all land resources. Despite the government's assertion to control land, there exists a thriving real-estate market for both formal (titled) and informally occupied land. By means of a scoping study of urban land markets in Luanda, the authors have set out to help in understanding the nature of these markets and identify the problems and potential they offer for contributing to the improvement of urban settlement conditions and economic wellbeing of the poor in Luanda.

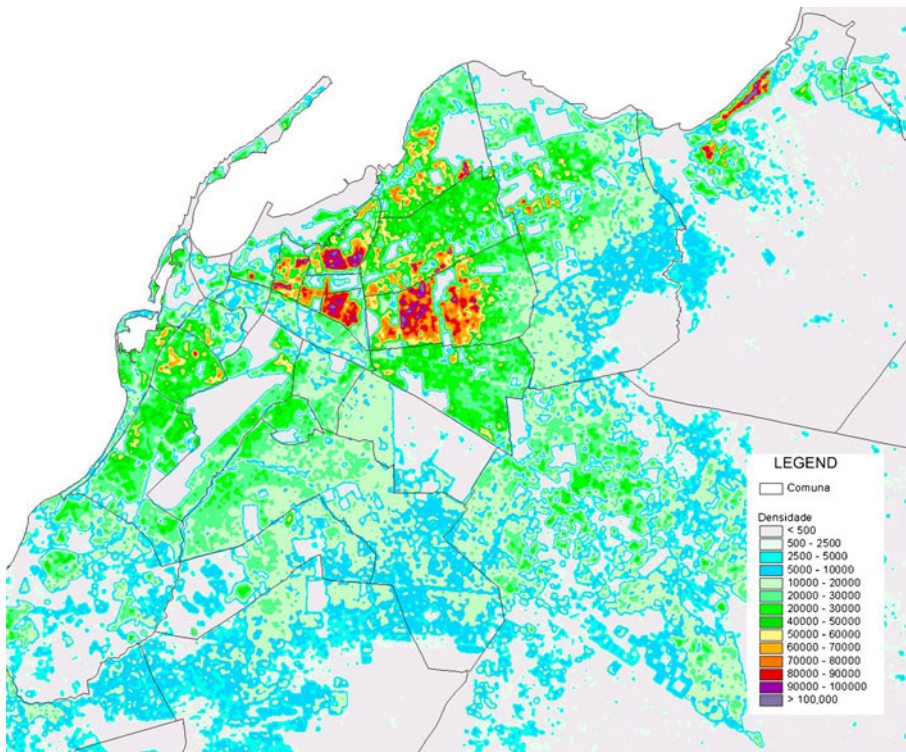
The dynamics governing urban land markets is a key factor in the urbanisation process and a better understanding of this aspect could contribute to the development of policies that would seek to improve the investment competitiveness of Luanda as well as the welfare of a broader cross-section of its population. This paper sets out to assess the factors and agents that influence the performance of informal urban land markets in Luanda. Such understanding is necessary to guide policies toward the recognition and integration of informal land markets—efforts that will be effective only if they take the reality of the informal sector into account. Experience shows that incorporating *musseques* (slum areas) and their residents in a more formal, efficient urban land market removes the constraints that a similar system places on property transfer, security of tenure and, ultimately, economic growth.

Luanda's land markets have direct effects on the urban environment and the quality of life of the city. Efficient and equitable land markets are a prerequisite to well-functioning cities. However, Luanda suffers from land market distortions caused by poor land development and management policies, including the slow provision of infrastructure and services, poor land information systems, cumbersome and slow land transaction procedures. All urban dwellers need secure access to land on which to live and be productive. However, how this is realised is never simple and depends on complex social relationships and their interactions with the land markets. There are significant numbers of people who are so impoverished that direct access to land is crucial to their survival. For poor families, their housing, and the land they occupy, often represents their accumulated savings and assets, acquired over a lifetime or often over several generations. There is a complex overlap between poverty and access to land. Urban poverty is linked to people's access to land and basic services. Land is a crucial factor in the economic strategies of poor people (Nunan and Devas 2004, p. 169) since land and the housing on it represent their major assets and savings and often their workplace and financial security.

This paper is based on a research project that estimated Luanda's population at close to over six million in 2011, which would make it the fifth largest metropolitan area

in Africa after Cairo, Lagos, Kinshasa and Johannesburg. The sheer size of the city and the weakness of the administration structures at the local level is a theme that cuts across our work. The size and complexity of the situation means that policy responses should incorporate, as much as possible, current practice that can be adapted and regularised in new legislation (Fig. 1).

The aim of this paper is to illustrate how poor people access, trade and hold urban land in a way that allows us to appreciate the means in which informal, formal legal and economic activities relate to each other. We hope that the paper will assist policy makers to acquire a better understanding of how formal and informal land markets function in Luanda. It questions the assumption that informality is an enemy of development and that in the short to medium term, everyone will come to be protected within the modern formal system. It also questions the assumption that everyone wants to operate within the formal system because it is 'better'. Informal land markets serve the overwhelming majority of Luanda's population, not just the poor, because many of the middle class and elite also do not have legal titles to the land and housing they occupy. Most of these people have acquired land that they consider to be their own, through a variety of informal mechanisms, albeit ones that are commonly perceived to be legitimate. The paper provides evidence that questions the assumption that informality can be quickly transformed/erased and set aside.



**Fig. 1** Luanda's population and settlement distribution (Development Workshop 2008)

Lessons for policy makers can be drawn from an understanding of how (poor) people access, trade and hold urban land today. The lessons from this research demonstrate that informality–formality can co-exist. The paper recommends that the state should formulate policies and laws that incorporate elements of common practice into the formal system – retaining the basic principles of the formal, but tempering them with the previously informal practices. Through policies and laws that promote a more equitable society, policy makers have the responsibility to legitimise inclusive practices that benefit the poor and marginalised segments of the population.

Informality will, for some time, continue to be a feature of Luanda’s land markets, hence the ‘boundaries’ between the formal and informal systems need to be understood. In Luanda, most land is held, and transactions take place, outside of the officially recognised system of land management and property ownership. However, little was previously known about how these alternative arrangements work, and whether or not they work for the poor. This paper aims to help make these alternative markets visible, so as to inform a view of urban land markets that is complete and enables pro-poor intervention.

This research has investigated the extra-legal ways in which poor people access, trade and hold urban land in four different types of settlements that represent areas where 75 % of Luanda’s population lives. The types of settlements that have been researched include old and new informal settlements and recently constructed social housing projects.

These areas are all of concern to policy makers. Informal settlements and the transactions that take place within them are a persistent feature of Angolan cities. The future of public housing and the ability of local government to retain control over these areas are questioned. Despite the large proportions of people living in settlements represented by the study areas, very little was previously known about the scale of land and real estate transactions within these areas, how they are conducted, and what the consequences are for the future welfare of the poor.

The author’s research revealed that the scale of transactions is very large. This is because poor families are able to access land relatively easily at the periphery of the city, but this is often marginal and usually involves unserviced land. Lands designated by the state as ‘housing reserves’ are also on the periphery of the city. Consequently, both the state and the poor are locked into developing these marginal locations of low value, difficult-to-service, and inconvenient-to-access centres of employment. The poor, who are increasingly alienated from their assets through the process of gentrification of inner-city *bairros*, find that they are unable to generate wealth on the periphery of the city beyond the windfall of profits they earn from selling off their former inner-city residential plots.

Although people are still able to access relatively affordable accommodation in informal settlements, adequate shelter/services and secure tenure in social housing settlements are currently available only to relatively few families. And these are located at a great distance from centres of employment and in areas of difficult transport access. Therefore, the land markets in Luanda cannot be said to be working well for the poor.

## Background

In recent decades, Angola has gone through a process of extremely rapid urbanisation due to socio-economic growth as well as a protracted armed conflict in the countryside. Luanda, the capital, has grown most rapidly, particularly the slum areas of the peri-urban parts of the city. More than three quarters of the population that live in these areas do not have secure land tenure.

Angola, like Mozambique, inherited their legal framework from the Portuguese Civil Code, which did not easily adapt to African land tenure practice—based on a traditional concept of community occupation under customary law. However, with Portuguese settlement, large areas of land were appropriated and incorporated into the colonial cadastre.

The post-independence constitution declared the state to be the owner and manager of land. Laws published in 1991 and 2004 affirmed the colonial cadastre as the basis of land titling, therefore further weakening traditional land claims. The concept of customary tenure was reintroduced to the 2004 Law, but this concept has not been adequately defined nor legally regulated with the publication of bylaws.

The 2004 Law removed all protection that the Civil Code had provided for 'occupation in good faith' or user rights. Thanks to civil society advocacy (Cain 2010) around the land law, a 3-year-window period was given for informal occupants of land to regularise their land claims and apply for legal titles. However, provincial and municipal administrations had little capacity to administer and approve land claims and few informal land occupiers made use of that 3-year period of grace. The regularisation window is now closed and very few titles were issued. Titles for urban land were only issued in fully urbanised planned areas in any case. Bylaws describing the administrative procedures for the regularisation of peri-urban land have still not been published.

In 2008, the Angolan Government announced an ambitious policy that promoted the construction of one million houses by 2012. Through this programme, the government aimed to eliminate most slum settlements known as *musseques*. As part of this plan, the government intended to facilitate self-help construction of 685,000 homes. At the time of writing in 2012, the government has constructed tens of thousands of houses, mainly for civil servants, but has to date provided few affordable low-cost houses for the urban poor. Land allocation for sites and services has been bogged down by weak capacity to administer land and allocate titles. The government's Housing Development Fund,<sup>1</sup> which was set up to provide subsidised financing, has not been taken up by the commercial banks who remain reluctant to provide mortgages to housing end-users, largely because land without legal title provides inadequate loan guarantee.

A major constraint to the implementation of the government's urban plans remains the poor management of land by state institutions, and consequently the poor security of tenure of the urban population. Despite the affirmation of the government to control land, a vibrant real estate market exists for the land occupied both formally and informally. An understanding of the dynamics that govern this urban land market is a key factor in the process of urbanisation.

<sup>1</sup> Fundo de Fomento Habitacional

## Research Framework

This paper is based on research carried out in Luanda in 2010<sup>2</sup> aimed at understanding how informal urban land markets in Luanda operate so that appropriate policies can be designed for upgrading slum neighbourhoods, regularising tenure and providing greater access to urban land for residents, particularly the urban poor. The research addressed the problem that slum residents in Luanda have unclear or weak tenure security or tenancy rights that make them vulnerable to sudden expulsion and inhibit their access to finance to improve their housing. While slums in Luanda and the undeveloped land on the city's periphery are subject to lively property market forces, little is known about these processes. The objective of the research was to understand which factors and roleplayers influence the performance of informal real estate markets in order to guide policies that would contribute to formalising the sector. The research provided information to government officials, policy makers, real estate professionals and international donors to inform policies to address slums. An understanding of how properties are bought and sold can contribute to the better design of programmes to facilitate private investment and leverage these funds. The study explored whether there was any opportunity for informal agents or intermediaries, who are involved in informal transactions, to become professionalised.

The key issues addressed by the research covered the following:

- The origin of buyers
- How property is transferred, including the types of documentation and the weight of each type, as well as the validity of these documents
- The estimated annual volume of properties (residential, commercial and other) transferred by sale or rent in formal and informal markets
- The average cost of land in the various areas of Luanda
- The role of formal and informal real estate brokers
- The opportunities for public sale and lease
- How property values are determined
- How land transactions are financed
- Characterisation of the role of agencies, private entities and communities in the processes mentioned above.

For decades, very little was researched or even written about Angolan urban planning issues. This project has overcome many constraints, including the lack of secondary information sources and the reluctance of government to provide information about a land market that officially did not exist. This research therefore set out to provide new information on and promote a better understanding of how the majority of the people access land to build their own housing.

The 9-month research project employed a combination of methods to obtain the necessary data. A Geographic Information System (GIS) and remote-sensing were

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<sup>2</sup> Development Workshop (DW) was requested by the World Bank to carry out this study on urban land markets in Luanda in 2010. DW has been working on human settlement issues in Angola for more than 30 years. Urban LandMark provided technical and methodological support to the research team with the aim of incorporating tools that would allow the team to later compare research findings with studies on urban land done in other southern African countries.

used to obtain population estimates for Luanda, and to identify the respondents for the semi-structured interviews. Focus group discussions and key informant interviews were conducted to obtain qualitative data.

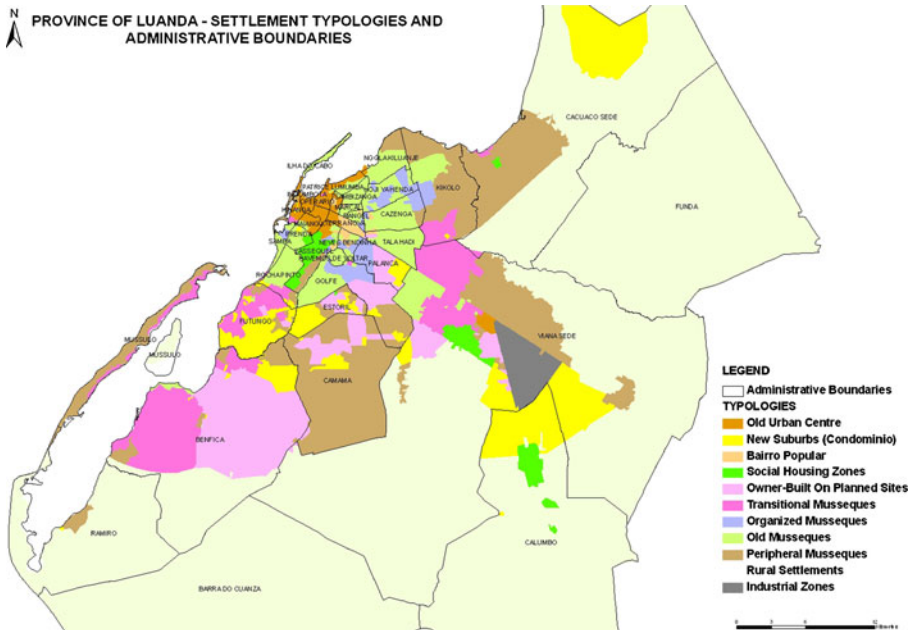
The first task involved building a settlement typology framework for Luanda that differentiates the principal settlement patterns and land-occupation regimes predominant in the city, including urbanised planned settlements and different forms of informal occupation. The typology was based on but expanded from the categorisation developed by the authors and regularly updated (Development Workshop 2005). The building of settlement typologies involved the following stages:

1. Use satellite imagery remote-sensing analysis and on-the-ground validation to estimate the proportion of metropolitan Luanda that is occupied by the different settlement types.
2. Characterise typologies based on urbanised infrastructure services of water, sanitation and road access as an indicator of the ease for physical upgrading and formalisation.
3. Carry out a first-order characterisation of the underlying land tenure status based on three tenure classifications:
  - Formal (public and private title or surface rights)
  - Informal occupation and spontaneous settlement pattern (no title or alternative documentation demonstrating occupation)
  - Upgradeable tenure (with temporary titles or settlements with potential to be renewed in-situ under existing legislation and policies (Fig. 2)).

Sampling for qualitative field research and household interviews was based on the typologies already defined using satellite imagery analysis, existing survey data, ground 'truthing' and field interviews to document land use conversion and gentrification over the decade since the end of the civil war. Focus groups of community residents and slum dwellers were organised to capture their motivations for choosing to live where they live, their goals for obtaining land, services and housing (including willingness and ability to pay), how they view the process of 'regularisation' and its costs and benefits, and their perceptions of the largest barriers to achieving their aspirations.

Documentation and media research drew on DW's three decades of archived materials and extensive library. Angolan media sources were tracked in a process of value mapping of land and housing prices from commercial real-estate advertising sources for a 3-month period, as well as searching and following up road-side postings and 'snow-balling' from local community contacts. Land and housing offerings were dimensioned, geo-referenced and incorporated into a database. Estimates of housing stock prices per unit of land area were made and land values extrapolated. GIS raster tools were used to build a city-wide land pricing model, the first of its kind in Luanda.

Key informant and stakeholder interviews were important tools used by the research team, searching out particularly the 'market makers'. Interviews were



**Fig. 2** Map of Luanda showing the distribution of settlement typologies (Development Workshop 2011)

conducted with people who spoke on behalf of the market, people who influenced land prices and those who could interpret and comment on emerging trends. In the Luanda metropolitan area, this included formal and informal commercial stakeholders, large land owners and property developers. Details were solicited on the extent to which access to land and services constrained or promoted the expansion of their business in Luanda.

The study built on and used some of the methodologies of the World Bank Group's Doing Business Survey for Angola and focused particularly on the issue of the length of time and costs required to carry out a legal land transfer in Luanda. Researchers probed for views on:

- Land and service-related legislative and regulatory provisions
- Related administrative and technical capacity of government offices
- Processing times
- Building permissions
- Public land management including allocation procedures.

In addition, key informant interviews were undertaken with local authorities, community leaders and residents. Of particular interest were their views on how land deals were made in settlements located in prime real-estate areas.

Two hundred household surveys were carried out in each of four *bairros* within Luanda, which represented a geographical cross-section of the city and were also representative of the key settlement types from the urban centre through transitional areas to the periphery (Table 1).



**Table 1** Analysis of settlement typologies of focus in the current research

Typology	Inner-city slums	Social housing	Peripheral informal settlement	Slums in transition
Case study zone	Val Saroca	Panguila	Paraiso	Bairro Operario
Scale (% of total population (population))	40 % (2.3 million)	2 % (118,000)	21 % (1.2 million)	11 % (623,000)
Age	Older than 35 years, constructed before independence	Built less than 8 years ago, after the end of the war in 2002	Less than 10 years ago	Older than 35 years, constructed before independence (Operario is over 100 years old)
Developer	Families	Government	Mainly initiated by families with low incomes	Self, residents and individuals
Layout	Informal settlement patterns	Aligned street pattern	Unplanned, irregular street pattern	Initially informal, but often regular grid, gradually being transformed into formal settlements
Location	Close to the centre of Luanda	Peripheral	Peripheral	Very close to urban area; land is considered very valuable
Services	Electrical connections but water demarcates others from the informal market	Road clearances only; formal state service to be installed after occupation.	Lacking most services unless provided from informal market	Currently benefiting from some improved investment in urban services
Structures/houses	Owner-built ad hoc building structures, precarious houses	Formal contractor built housing	Owner-built, precarious construction standards, poor houses	Reconstructed and regularly improved by residents over time
Improvements	Little incentive to upgrade due to insecure tenure, some out-migration	Achieving better standards as services are provided by private operators	Housing extended incrementally over time	Reconstructed and improved progressively by residents
Other examples	Most of Sambizanga, Rangel and Cazenga	Panguila in Cacuoaco and Zango in Viana	Paraiso in Kicolo, Kilamba and Viana	Catambor and Mabor

## Findings of the Research

The research highlighted the complexity of the actual situation concerning urban land, due partly to the already complex situation inherited from the colonial period, the limited attention urban land has received from the state in the post-independence period and the effect of major social and economic changes that have taken place partly (but not exclusively) as a result of war. It was identified that there are parallel systems of land management operating de facto in the urban areas studied, with sub-systems in some cases:

- The formal state allocation system (with considerable overlap and lack of clarity about distribution of authority), including some formal market-related activity in Luanda

- The informal system, largely operating on market principles now, but incorporating action through local administrators and other forms of social action such as within families and between neighbors.

The most prevalent of these is the informal system, with more than 75 % of peri-urban households in Luanda relying on this system in one form or another. The complexity of the situation requires a diversity of responses, not simplistic solutions. Above all, there is a need to gradually move from the current practices to improved forms of land management, counting on popular support and engagement—otherwise any new system will not succeed.

As a result of this work, we have been able to update, confirm and deepen our understanding of how the *musseque* property markets work in Luanda, and on this basis, refine our recommendations. Building a link between analysis and recommendations in a research study of this magnitude is potentially complex. The approach in this paper is partly about how the study was set up and partly about analysis. The research focused on the four typologies representing 75 % of settlements in Luanda.

The analysis enabled a distillation of the main characteristics of the land markets operating in these settlements and allowed an extrapolation of general findings to the city scale. The empirical findings and analysis show that the following six points characterise the *musseque* markets:

- They are financial in nature, i.e. the majority (61 %) constitute sales
- They are generally well recorded rather than truly ‘informal’ (although we use the term ‘informal’ for convenience) because of the dominance of documented evidence that buyers use to back up their claims (60 %)
- They are perceived as secure by an overwhelming majority (85 %) of buyers
- They enjoy a strong local legitimacy due to this perception as well as the widely used documented evidence
- They are based on rights which are legally uncertain as only 6.8 % of transfers can be backed up by legally defensible documents to secure people’s tenure
- They rarely represent spontaneous occupations or attempts to legitimise the squatting of vacant land (6 % of cases).

These findings guide the perceptions of informal land markets in Luanda in the future, and therefore should also guide decisions on interventions that may be proposed concerning how to improve the market’s performance, at least in the 75 % of Luanda’s settlements studied.

The demand for land for housing originates from two competing interest groups. Large-scale commercial developers, often in partnership with the state, operate generally in the formal sector and are often allocated land in the *reserves fundiarias* designated by the government. However, this study focused on the demand from the end-users, i.e. the future occupants of housing. The majority, principally the poorest two thirds of those procuring housing, seek land for *auto-construção* or self-help building. The massive conflict-motivated migration from the provinces has abated since the end of the war. Our research indicated that only 18 % of buyers were from other provinces of Angola, down from about 30 % in 2004 when the authors did a similar study. However, over three quarters of land buyers are from other areas in

Luanda itself, demonstrating large inner-city mobility. Further demographic analysis demonstrated a movement of populations out of the over-crowded *musseque* slums in the old city centre toward the growing peri-urban areas. A component of this migration can be attributed to the removal of families due to civil works and upgrading projects in these old *bairros*, but many families move opportunistically in order to take advantage of rising real-estate values in the city centre to cash in their housing assets and purchase lower-cost land on the periphery. Families make careful cost and benefit analysis when they move out of free will, considering locational advantages of employment and educational facilities for their children, which are often inferior in areas where land is cheaper. However, those that are forcibly moved are usually not compensated in accordance with the true commercial value of the land they relinquish and have to contend with the lack of urban services on the periphery.

One of the most important findings of the research dispels the myth that residents in informal settlements are synonymous with 'squatters'. In fact, a majority of the sample surveyed bought their land on the informal market and can demonstrate declaration of purchase or sale contracts. Others were assigned the plots of land where they built their houses by local authorities. Only 14.4 % of householders surveyed had no documentary proof of occupation. The proof of formal tenure under current legislation includes:

- Title or precarious or temporary occupation
- Title of Surface Rights
- Land Registry filed in the Provincial Conservatory
- Licence of occupation (issued by the municipality for a 2-year period only (Fig. 3))

The manner in which land is transacted demonstrates the informal nature of the real-estate market. A huge 90 % of transactions are made directly between the buyer and the former owners. Only 2 % of the cases studied involved payments through an agent or intermediary. Only 8 % of land transactions were done through local government administration or the coordinators of recognised neighbourhood commissions. These transactions will only be considered formal if appropriate legal documents or titles are subsequently issued (Fig. 4).

Land in Luanda has a commercial value despite the fact that it is officially owned and managed by the state. Both formal and informal land markets exist in Luanda. Formal markets deal in land that is legally titled or land which falls within one of the government-designated housing reserves (*reserves fundiarias*—Ministry of Urbanism and Environment (MINUA) 2008), while informal markets prevail in the remaining untitled land. However, market valuations span both these markets in an almost seamless manner. The authors developed a GIS-based land values model based on field and media research. From this model, an extrapolation of land values was projected for the different settlement typologies across Luanda (Fig. 5).

Land values are determined by a set of conditions, the most important being the location of the land in relation to the central business district, new investment opportunities

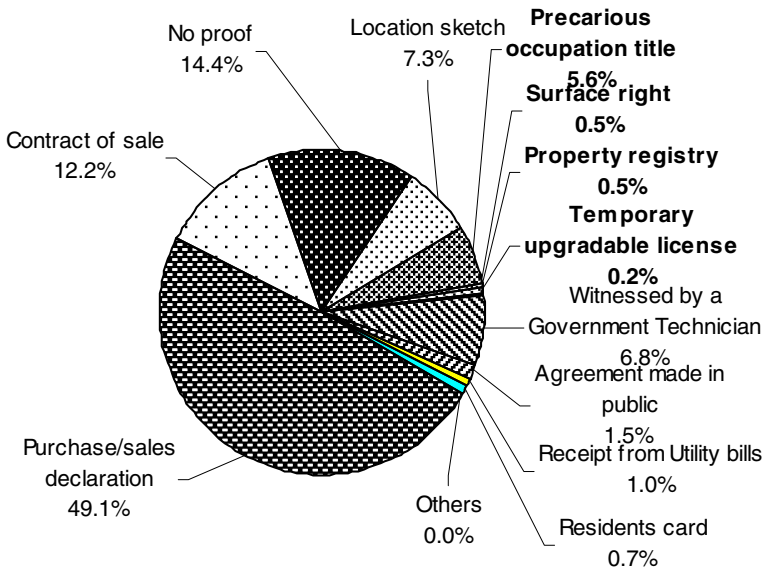


Fig. 3 Documents that prove the right of occupancy (2010)

or employment opportunities. Land demand, and therefore its value, is influenced by the population density, the presence of infrastructure and basic services, legal status of the land, evidence of ownership, access to social services (schools and health), access roads and public transport and the level of environmental risk such as flooding (Fig. 6).

End-user financing for families who want to purchase land and build housing is also largely acquired from informal sources. While commercial banks have provided

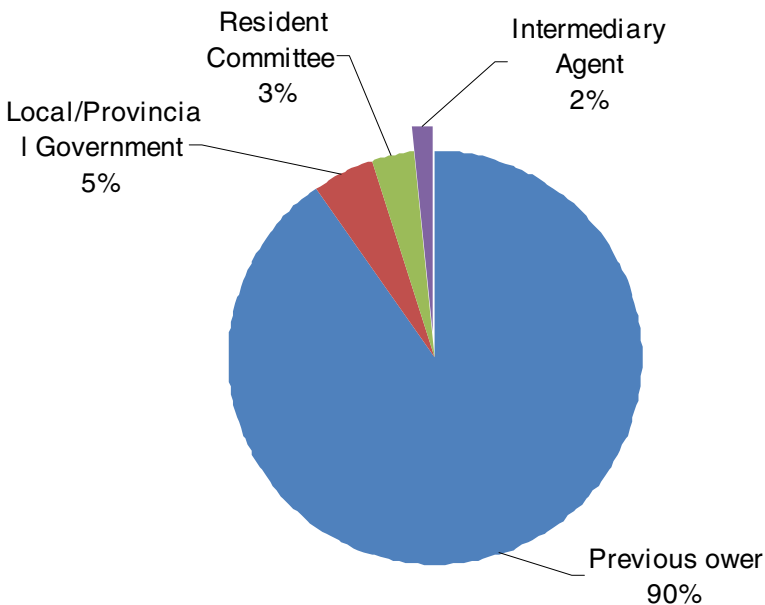
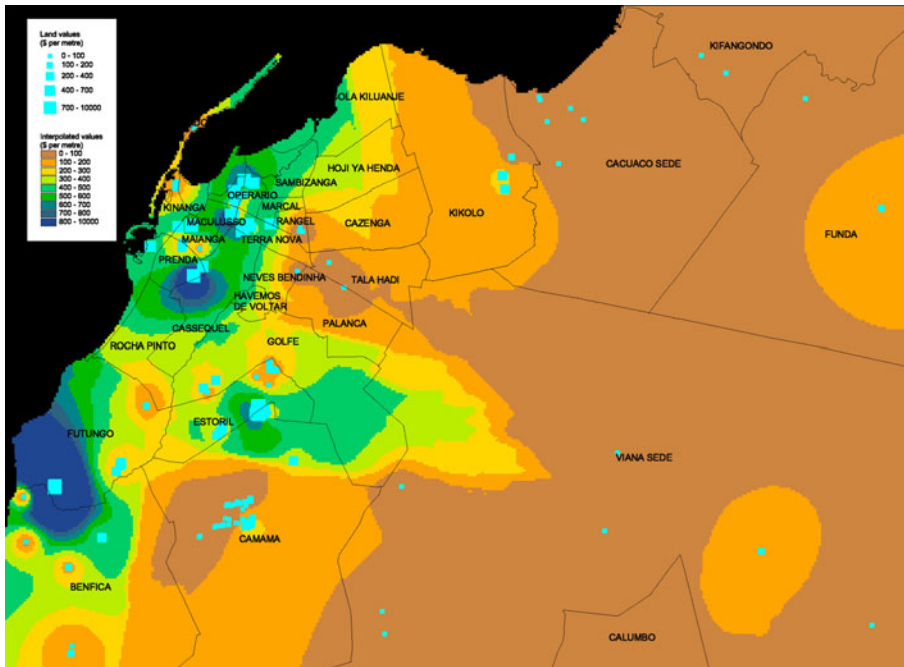


Fig. 4 Beneficiaries of land payments



**Fig. 5** Map of land values per square metre for Luanda

financing for high-end luxury housing projects and condominiums, they have been reluctant to provide end-user financing for families in the form of mortgages to purchase or build new housing. The formal banking sector has been afraid to enter into the real-estate market. Most funding for the purchase of land and building a home comes from family (62 %) and friends (27 %) (Fig. 7).

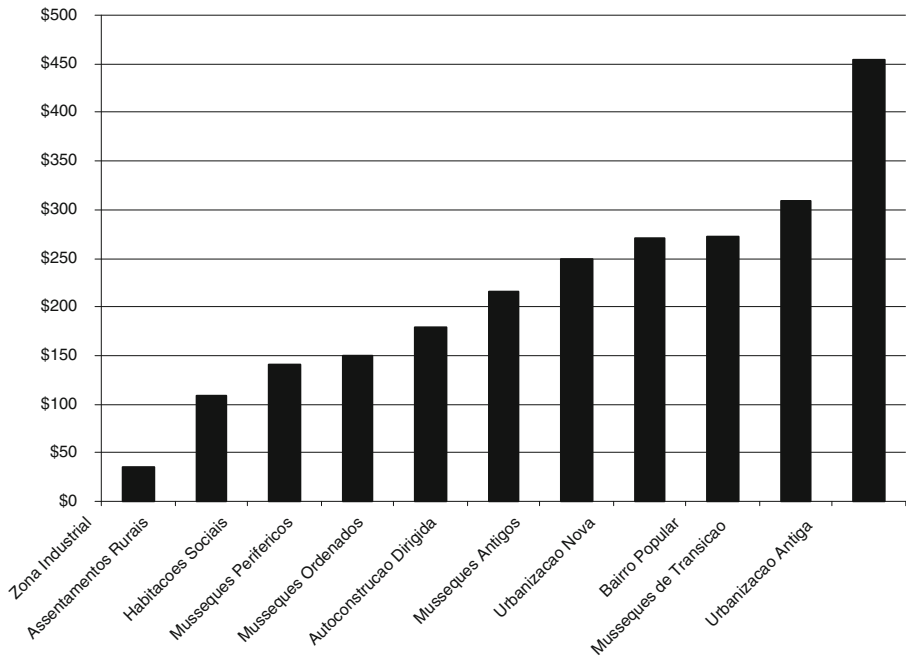
Most of the requests for loans for housing mortgages are in fact turned down. Banks interviewed<sup>3</sup> had an 86 % refusal rate. The reasons given by banks to justify their reluctance to finance land for housing were:

- The lack of clear legislation on land that allows the use of property as collateral
- Long repayment periods
- The lack of a government policy on bank credit
- The lack of ownership documents by borrowers
- The lack of a culture of timely repayment of loans by borrowers (Fig. 8)

## Policy Recommendations

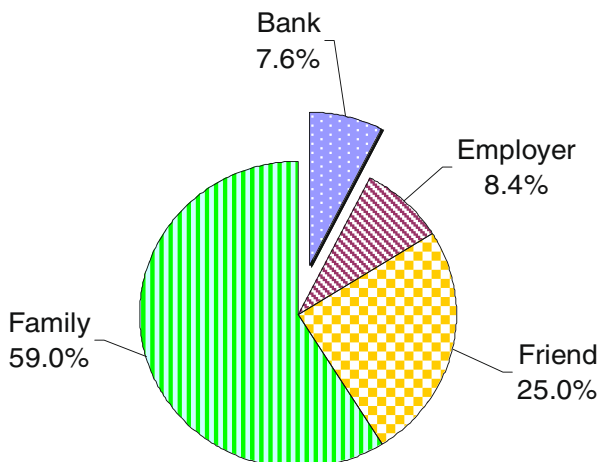
A key overarching principle that can be extracted from the research findings is that existing practices should be integrated into official practice, sanctioned by a more

<sup>3</sup> Banco Fomento de Angola, Banco Milenium, Banco Industria e Comercio, Banco Angolano Industrial and Banco de Popancia e Credito.



**Fig. 6** Land values per square metre in different settlement typologies

inclusive land policy regularised by law. The research study demonstrates that the existing informal mechanisms to access land are well established and have a strong legitimacy among the peri-urban population. It is evident from the study's findings that transfer of land is commonly sealed by declarations and contracts of sale which do not hold the weight of 'title'. The government needs to engage in accommodating informal land practices and legitimising common forms of land transactions by



**Fig. 7** Sources of financing for the purchase of land and building a house



**Fig. 8** Self-help *auto-construção* zone on the periphery of Luanda

incorporating them into regulations. This is important to ensure that the extensive low-income population in peri-urban areas is able to acquire legal access to a vital resource—land.

Angola needs to develop more functional and inclusive land markets. The wide impact of urban development has indicated the need to maximise the socio-economic benefit of land access for the majority, and not only the formal private sector in urban areas. To focus urban development and its benefits on a small elite or limited middle-income group at the expense of the much larger lower-income groups of the city will lead to greater social and economic exclusion from development opportunities.

Efficient and equitable land markets are a prerequisite for well-functioning cities. Dysfunctional land markets caused by poor land development and management policies (including poor urban planning, slow provision of infrastructure and services, poor land information systems, cumbersome and slow land transaction procedures, as well as under regulation of private land development) leads to unplanned development of land on the urban periphery (UNESCAP 2011).

The Angolan Government has articulated the need for the banks and private sector developers to invest in social housing and is aware that they must take a role in stimulating housing finance markets if they are to interest these potential private-sector partners. In November 2009, the government announced that it was allocating US\$ 200 million to implement the *Reservas Fundiarias* (Ministry of Urbanism and Housing (MINUH) 2009) programme, which is to be implemented through public-private partnerships. However, real-estate developers largely shy away from providing low-income housing, in spite of having a large market and a huge demand for this type of product. The general housing shortage across the board in all economic sectors has resulted in real-estate developers being drawn to the lucrative high end of the market. The inevitable saturation of the luxury end offerings, when the current construction boom subsides, will likely encourage some developers to look at market opportunities lower down the pyramid. But banks still consider mortgage lending a highly risky venture (Development Workshop 2010) in a market where they have more lucrative investment opportunities. The Angolan National Bank's offerings of

high interest (20–24 %) treasury bills through 2009 and 2011 drew investment capital out of commercial banks and provided no incentive for housing or even commercial lending. A reduction of interest rates in 2012 may provide more investment for the market. The eventual release of guarantee funds to commercial banks by the long-dormant Housing Development Fund (Ministry of Urbanism and Housing (MINUH) 2009) may provide subsidised interest rates scaled to benefit low-income home builders. Innovative approaches such as the funding of incremental house building (Cain 2007) and the provision of micro-loans<sup>4</sup> are alternatives to mortgages offered through commercial banks and address some of the risks of long-term lending in an environment where weak regulations and land tenure are likely to remain concerns in the medium-term future.

The uncertainty regarding property rights creates major constraints from a market perspective. If the markets are to benefit poor and middle class Angolans, even in a second-generation sense, then property transfers need to be supported by claims that can be legally defended. Housing financiers require certainty. Even if formal land titles are not the norm, for the time being land ownership must have more official recognition than is currently the case. Better access to information will also support more functional markets, e.g. property records, a wider awareness of purchase opportunities and public access to information concerning development projects. Compensation, recognised in the letter of the law, should be linked to market valuations. The system should protect the assets of the poor, which in financial terms often represent a family's accumulated lifetime savings. At present the demolitions and periphery relocations constitute a loss in asset value for the most vulnerable segment of the population.

In order to function well, land markets require a broader definition of property rights and the means for the regularisation of transactions (for example, by public notaries). The roles of brokers and other agents or intermediaries who are currently involved in both formal and informal transactions need to be professionalised, and documentation and acceptable procedures to verify occupancy and term of residency need to be formalised.

In more general terms, real-estate transactions—whether informal or formal—cannot be regularised until practices are standardised and brokers better prepared, perhaps through the Angolan Real Estate Professionals Association.

The author reiterates that the most important aspects are to focus on recognising the right of occupation in 'good faith' and applying the principle of incremental tenure. These two recommendations will have the greatest impact on achieving regularisation of the *musseques* at any meaningful scale.

#### Recommendation 1: Recognise the Right of Occupation in 'Good Faith'

There needs to be recognition of the de facto rights of occupation of urban land, with appropriate simple procedures to adjudicate this. Otherwise, the majority of urban residents who, in good faith, purchased or acquired their land through some other

<sup>4</sup> KixiCrédito, Angola's first non-bank micro-finance institution has piloted a micro-housing loan product called KixiCasa which is being rolled out in the province of Huambo.



legitimate mechanism will be excluded, and the law will be largely seen as illegitimate. The legal basis, regulation and administrative application of land rights must address, in no uncertain terms, the continued speculation in land occupation (whether by 'formal' or 'informal' means).

Any land law and management mechanism which does not incorporate occupation rights in some form or other will lead to a situation of increased conflict over urban land access in general and will undermine the current local (albeit largely informal) procedures by which urban land conflicts are resolved. To minimise this potential situation, simple rules and procedures for operating at the local level and widespread dissemination of these is necessary.

Practically, recognition of the right of occupation in good faith will need to incorporate a deadline for eligibility. Typically, there is widespread fear in government that recognising the right of occupation may send a signal that encourages increasing rural to urban migration. Both of these issues will need to be addressed in taking this recommendation into more practical application.

The acceptable proof for demonstrating occupation in good faith needs to be defined. Land occupation in good faith may be validated by documentary or testimonial evidence that can be accepted under a revised legal framework. It is recommended that the most common forms of proof of ownership that families currently use be incorporated into new legal practice. The most common documentation held by occupants is deeds of sale and declarations of transfer of property. Documents witnessed by local, *comuna* and municipal administrations, and recognised traditional authorities are also commonly considered to be legitimate proof of occupation.

The process of granting legal tenure should also be linked with the building of a land information system or cadastre which involves the geographic mapping of occupations together with recording and archiving the legal documentary proof.

The current land legislation will need to be revised in order to accommodate the principle of occupation in good faith. Bylaws and regulations will need to define the above-mentioned proof that can be used to validate this occupation and the procedures that will be used to register these claims. Once these rights of occupation are defined legally, mechanisms will also need to be established to adjudicate conflicting claims. The strengthening of municipal courts in order for them to deal with local land claims will also be essential.

#### Recommendation 2: Introduce the Principle of Incremental Tenure into Current Regulations and Practice

This paper suggests a step-by-step approach to integrating the prevalent informal markets with official systems. The key in this respect is an incremental approach to tenure security. Although the government's policy to facilitate and simplify land titling is welcomed, the enormous backlog of requests and the limited administrative capacity of designated institutions such as municipalities make the task daunting. By removing long-term occupation as a basis for tenure, recent land legislation has reduced the opportunities for individuals to acquire legal titles. We recommend that an intermediate solution should be found to provide tenure security for those who are likely to wait for a considerable period of time before they can receive a full title.

An incremental approach should permit the distinction between land rights and land titles, with the gradual progression from rights to titles, using intermediate forms of land management mechanisms. This gradual approach should also permit the provision of street naming and numbering, improved urban services and general urban upgrading.

While improved urban land management is of potential benefit to all, the issue of how and who benefits from urban development and urban land management needs political guidance expressed in urban policy. As such, urban policy needs to take into account informal practice and should aim to integrate this with formal development. However, the current situation and the potential resources available for this process require the development of a gradual approach to urban policy development and implementation, in other words, gradual development through ‘learning by doing’ and gradual implementation which permits maximising individual investment starting from a relatively poor socio-economic base.

The process of development of urban policy should be seen as iterative, based on reality as much as possible, oriented to the maximum benefit, and open to ongoing revision based on feedback. Similar to legislation (which it should guide), policy is only as effective as its implementation and needs to be revised in the light of practice.

Full land tenure security exists when an individual perceives that he/she has rights to a piece of land on a continuous basis, free from imposition or interference from outside sources, as well as the ability to reap the benefits of labour and capital invested in that land, either in use or upon transfer to another holder (Barry 1999, p. 19). However, it is not possible to move from the current situation in Angola to one of full formal urban land management—even for the minority—in a short time. The weak institutional capacity of the Angolan state will require an intermediate and incremental approach to land management. The difficulties experienced by some formal sector pilot projects are an illustration of this situation.

The introduction of the principle of incremental tenure into current land tenure regulations and practice is recommended. Experiences from other countries where incremental tenure has been legislated should be shared. All parties that have an interest in land access should be involved in debating this issue. Incremental tenure arrangements in this context include the definition of basic land rights as well as intermediate forms of tenure up to and including transferable land titles. Area-wide legal declaration could be explored, including whether or not existing legal mechanisms can be applied in new or different ways (e.g. the route used for declaring land reserves). Another example could be exploring the regularisation of the role that notaries play in the declarations and linking their witnessing function to a local land recording and validation process.

The principle of an interim tenure arrangement was explored in Namibia and applied by law through the Development Facilitation Act in South Africa. Lack of implementation and limited use of the legal form indicate important technical and political considerations. Typically, arguments against the interim form of tenure (such as initial ownership) concern the cost of interim investments (for example, in evidence associated with the interim tenure, on block layouts and interim services) weighed against the eventual upgrade to full rights of individual title (with investments in deeds registration, individual surveys and pegging, etc.). Arguments in favour cite the technical and bureaucratic demands placed on deeds registries,

surveyor generals and planning functions of a full-scale and widely implemented titling programme. The implications of such demands are that people are unlikely to seek title for a very long time, no matter how well intentioned policy may be, and that certain steps towards greater security can be taken in the meantime that allow public, private and household investments to flow. The political, and at times ideological, considerations concern the disputed role that title actually plays in improving lives, and the political patronage role that it can play for the political interests that provide it.

Other examples of alternative approaches can be found in the Brazilian experience of ZEIS. In this case a planning intervention, as opposed to a shelter policy, is applied in a blanket or settlement-wide fashion to confer a secure tenure status on a settlement which permits investments to flow.

In Angola the *Lei de Terras* (Government of Angola (GoA) 2004) does not recognise scalable or incremental tenure rights as a policy, but the law does not prohibit it either. The range of existing land tenure options permitted by the Land Law can be adapted to an incremental approach. Article 34 stipulates that the state can grant:

- Precarious (temporary) occupation rights
- Surface rights
- Useful customary domain to rural communities
- Useful civic domain
- Private property rights to urban land.

The law does not, however, articulate a relationship between these rights and does not specify the conditions by which one can transform one form of tenure into another. A specific addendum or regulation of the existing law that maps out the principles and scaling mechanisms for incremental rights should be developed.

Regulations on incremental land rights should be:

- *Intermediate* between full land rights, such as freehold or surface rights to land, on the one hand, and legally unrecognised rights or the basic property rights enshrined in the Civil Code, on the other
- *Evolutive* in that they permit the possibility—given certain circumstances—to evolve through manifestations of these rights to full rights
- *Defined* to permit the clarification of what these rights entail, as opposed to the generality of full rights or basic property rights—with respect to such issues as transferability, compensation and limitations

The principles underpinning incremental land rights should include:

- The acceptance of regularisation of land occupation where possible, including the re-ordering, upgrading and requalifying the nature of the land use, taking into consideration the value of the land
- The principle that land has to be valorised by the state, even where there is no formal land market, through taxation instruments which are based on actual land transaction costs—or as close to these as possible

- The fact that the actual land instruments, to be the subject of detailed regulation, should draw on actual practices in peri-urban areas as much as possible, representing customs and legitimacy.

## Conclusions

There is a significant informal land market in Luanda. At least 61.3 % of transactions involve financial payments. These transactions are normally well documented and demonstrate that the market is not really informal. These transactions are considered secure and legitimate by the majority of buyers (85 %). However, the large majority of transactions are legally insecure as only 6.8 % of them can be validated with officially recognised documents. The poor are at risk of loss of their principal assets represented by their property (land and housing) as a result of planned urban renewal schemes that involve demolitions and relocations.

Urban development in Angola is constrained by serious challenges related to urban land management. There remain large gaps in regulation and legislation. Peri-urban and informal settlements, where over 75 % of the population live, have little or no legal protection. Even the existing laws need more supervision and lack guidelines for their implementation. There is a need to reduce unnecessary regulation imposed by the central government and to improve local land registration capacity at municipal levels. There is a need to increase the capacities of all roleplayers, both public and private, at all levels, in order to make land markets more inclusive so as to benefit all economic levels of the population.

It is anticipated that political issues may arise from the proposed policy changes. Strong interests currently vest in the status quo both in the formal and informal property markets, some of which could obstruct change in creating a more inclusive system of land access. Some of the existing interests are likely to be threatened by change. This situation is neither unexpected nor unique to Angola. Elsewhere in the world, social and political change has often been accompanied by a strong push from civil society. What might make Angola more unique in this regard is the impact of decades of war on social mobilisation and community action.

In this context, we cannot over-emphasise the importance of political buy-in on the one hand and on the other, the urgent need for awareness raising among *musseque* residents. Political buy-in is difficult to achieve, in Angola as elsewhere. Pilot projects which demonstrate success stories will be one important strategy in this regard and another is the urgent need to raise awareness among *musseque* residents, and sellers and buyers of property, about the *de jure* situation regarding land and civic rights. Such awareness raising of land rights could also address the positive legal requirements regarding public consultation and access to information. To build broad legitimacy around new approaches and activities, there is a need for broad education campaigns on land rights and responsibilities for urban residents. This should draw on the resources of communities and civil society organisations, as well as local and provincial administrations and central government, and as such needs specific dissemination/education campaigns for leaders and activists.

A heightened level of awareness needs to be created among beneficiaries (men and women), community leaders, formal dispute resolution bodies and government

officials (local, municipal, provincial and national) on constraints to land access, and opportunities to strengthen knowledge of land rights via training, public awareness campaigns and/or legal literacy programmes.

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