



Graduate School of Development Studies

**Explaining Debt in Gorongosa, Mozambique:  
Processes of socio-economic transformation at  
the grassroots**

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I dedicate this work to the farmers of Gorongosa

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## List of Acronyms

AEPATO	Association ‘ Hope for All’
FRELIMO	Mozambican Liberation front
IMF	International Monetary Found
MAM	Ministry of Agriculture of Mozambique
MT	Meticais (Mozambican currency)
NCC	National Cotton Company
NGO’s	Non Governmental Organisations
PRSP	Poverty Reduction Strategy Paper
PRAP	Plan for the Reduction of Absolute Poverty
RENAMO	Mozambican National Resistance
SAP	Structural Adjustment Programme
WB	World Bank



## **Abstract**

This paper explores the complex and gendered processes of change that have occurred at the grassroots level, using the debt cases reported to the traditional tribunal of a rural community in Gorongosa in Mozambique as a point of departure. It explores how male farmers have implemented an informal credit system among themselves using their own financial resources to provide what agricultural policies have failed to provide under the liberal peace. The main reasons for the increase of debt cases are first examined. Then, the study considers the growing monetization of social relations and how such change can be tied to wider socio-economic processes in rural Mozambique. Finally, the impacts of different type of debts, their inter-relations and impacts on the community and on gender relations in particular, are considered.

## **Relevance to Development Studies**

Poverty alleviation in rural areas is a major issue in development policies. The relevance of this work is that it starts with a puzzle: rising debt in a remote rural area, without apparent conflict. The study goes inside the socio-economic processes of change that have appeared within a grassroots economy in rural Mozambique. It sets these changes in the wider context of liberal peace implemented in Mozambique since the 1990s. Its original contribution is to highlight the mechanisms that dictate and regulate financial relations among male and female farmers. It also explores how changing debt patterns connect to wider impacts of socio-economic change on the community. In this regards the paper could be of relevance for a development program that aims at implementing a micro finance institutions in that region.

## **Keywords**

Mozambique, liberal peace, grassroots economy, gender, class, cotton, informal credit, debt

# Chapter 1

## Introduction and Theoretical Framework

### 1.1 Statement of the research

This research aims to address the main reasons that might explain the increase of debt cases recorded in the community tribunal of Gorongosa in Mozambique in the past few years. Based on a longitudinal period of observation of the records of the tribunal since 2003, this paper explores the complex and gendered processes of social and economic transformation that have occurred at the grassroots level in this rural area. Three main points arising from this observation are explored. First, I will analyze how have farmers dealt with the scarcity of financial resources through the grassroots economy in the context of the liberal peace implemented in Mozambique since the 1990s. Second, I will describe how social relations between farmers have become more monetized and what have been the implications of this change on the community in general and for gender relation in particular. Finally, I will analyze how conflicts and disputes have been handled by the community in the context of rising male indebtedness, and how increased lending and borrowing can be linked to wider socio-economic processes of change in Gorongosa.

### 1.2 Theoretical framework

#### *1.2.1 The concept of liberal peace*

International efforts to restore, rebuild and consolidate societies after a period of civil war have shared several key assumptions about the best approach to ensure a sustainable and durable peace and how to provide long-term development. The logic underlying this assumption is based on the theory of liberal democratic peace which finds its origins in the work of Immanuel Kant's (1795) 1795 essay 'Perpetual Peace'. To assure its success, liberal peace is founded on three pillars: republican representation, an ideological commitment to fundamental human rights and transnational interdependence (Doyle, 2005). These three pillars have been politically and economically translated into processes of democratisation, the free market and liberalisation.

This model of post-conflict reconstruction and development is commonly called 'liberal peace' and has been widely adopted by the newly formed post-war governments under the supervision of the international community. According to the definition of Roland Paris of liberal peace:

‘in the political realm, [it] means democratisation, or the promotion of periodic and genuine elections, constitutional limitations on the exercise of constitutional power, and respect for basic civil liberties, including freedom of speech, assembly and conscience. In the economic realm [it] means marketisation, or movement toward a market oriented economic model, including measure that aimed at minimising government intrusion in the economy, maximising private investors, producers and consumers to pursue their respective economic interests’ (2004:5).

This model of development - driven by the neo-liberal economy - is until today the governing logic of the structural adjustment programs (SAP) conducted by the International Monetary Fund (IMF) and the World Bank (WB) since the 1980s. As the WB states clearly in its 2000 World Development Report:

‘In a world where financial markets continue to ‘go global’, developing countries need to work toward becoming good homes for long-term foreign investment’ (World Bank, 2000 quoted in Bergeron, 2006:140).

This vision portrays the world as becoming a homogenous world economic system. The domination of a single economic system to achieve democratization supported by structural adjustment programs in the developing world leads to many doubts. There have been demands to ‘pierce the ideological veils of neo-liberalism’ (Smith, 2008: 133) and show that the liberal peace owes much more to the renewal of patriarchal authority and the oppression of minorities, than to the promotion of transnational interdependence and mutuality through economic means to achieve development (Smith, 2008). In addition, it has been demonstrated that neo-liberal reforms had particularly harsh implications for the poorest, including for poor women (Jaquette, 2003).

The processes of development as defined by the international community also embedded norms that reproduce forms of violence. Zygmunt Bauman (1989) argued, in relation to the Holocaust, that violence is likely to be generated by society and its norms, rather than simply representing the breakdown of these norms. He also adds that rather than simply representing a breakdown in development, violence is often generated by particular patterns of development. What Bauman argues is that violence can be embedded in structures. In this respect he developed an argument that was developed before, mainly by Johan Galtung (1969) who proposed the concept of structural violence some time ago.

By structural violence Galtung means indirect violence. He defines indirect violence as ‘violence that comes from the social structure itself- between humans, between sets of humans (societies), between sets of societies (alliance, regions) in the world’ (Galtung, 1996:2). Structural violence lies at the very heart of the social fabric that reproduces repression, exploitation and marginalisation. The issue also underpins the approach adopted by this study.

Adopting this broad understanding of violence allows me to look at the recent developments that have occurred in Mozambique in the context of four decades that have deepened social inequalities even in a time of ‘liberal peace’.

### ***1.2.2 Gender and the political economy of Mozambique***

In this section I would like to explore the relationship between women, gender relations and the modernisation project in Mozambique. According to the Oxford dictionary of sociology (1999), modernity can be defined as a:

‘stage in the transition from tradition to modernity, which is to be brought about the economic level by the operations of the market and foreign investment; at the political level by the implementation of parliamentary democracy and at the social level by the adoption of appropriate Western institutions, values and behaviours’.

Ruth Jacobson (2008) explored the impact of the project of modernization in Mozambique and argues that the different phases of this project in Mozambique<sup>1</sup> have not challenged the gendered inequalities and gendered powered relationship within Mozambican society. Similarly, feminist analysis has explored the impact of neo-liberal policies on poor women in both developed and developing countries (Smith, 2007), and have underlined: ‘the renewal of patriarchal authority’ (Smith, 2008:133) behind the veil of neo-liberalism. In addition, April Gordon showed how: ‘patriarchal attitudes and practices, which privilege men, continue to permeate African societies from the level of the family up to the state’ (Gordon, 1996:7).

According to Jacobson, if we look at the recent political history of Mozambique, ‘the forces driving the neo-liberal project clearly have never seen any necessity to take structural gender inequalities into account, despite women’s large-scale participation in the peace process’ (2008: 88). This statement is particularly relevant for this paper since I will explore the gendered exclusion of woman from financial credit and will be arguing among other things, that the model of development that has been implemented in Mozambique has not challenged gender inequalities and has not be sufficiently sensitive of the exclusion of women from many of the benefits of the ‘liberal’ model of development through production for the market.

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<sup>1</sup> The colonialism, the Marxist Leninist model of state-led economic and social transformation, the capitalist neo-liberalism model.

### ***1.2.3 The concept of grassroots economy***

In his work on Mozambique Mark Chingono (1996, 2001) explores the emergence of what he called the grassroots war economy in the context of the severe economic crisis faced by the country in the 1990's at the end of the civil war. Chingono wanted to show that despite the economic crisis and war weariness, Mozambicans not only found the means to survive but some even thrived and became wealthy during this difficult time.

Chingono defines the concept of grassroots economy as the way 'the dispossessed took the initiative to provide for themselves what the weakened state could not, erecting, on the ruins of war, alternative economic and social relations' (2001:93). He sought to identify the complex process of accumulation, social differentiation and class formation that took place in the grassroots war economy in Mozambique in particular. The main features of the grassroots war economy was the virtual collapse of the formal economy and the rise of an informal 'survival' sector. This in turn forced most people to enter the informal economy in order to survive. As a way to provide for themselves what the Mozambican State could not, many Mozambicans developed inventive solutions to cope with what was a difficult time. The concept of grassroots war economy allowed the author to examine a range of economic and social types of behaviour and agency that arose in response to the dramatic situations that Mozambican people were facing at the onset of peace. Many of their difficulties related to the scarcity of a whole range of economic resources.

I have found that the concept of grassroots economy in general (and not just confined to the immediate post-war period) to be particularly relevant to this study in helping to analyse what has been happening in Gorongosa in relation to debt and how conflicts related to debt are handled. The first reason it is useful is that a key feature of the grassroots economy in Gorongosa is the lack of financial institutions. The lack of credit provided to farmers by the Mozambican government means that micro finance institutions in Mozambique tend to operate nearly exclusively in urban settings (Simonetti et al. 2007). The lack of credit is therefore not unusual in a remote rural area. This forces farmers to rely on the financial resources of other farmers. As a consequence, the informal credit system implemented by the wealthy farmers of Gorongosa is a local grassroots initiative, and comes from the grassroots level. In other words, debt is not organized centrally or credit provided from outside. The informal credit system is run largely by self-trained barefoot entrepreneurs, in response to a growing demand for financial capital. This study will suggest that one of the key factors that prompted the growth of debt was a new economic perspectives, which arose particularly as a result of the increased production of cotton as part of a grassroots economy response to increase revenue in rural areas.

A second reason why the grassroots economy approach is useful is that the farmers of Gorongosa although poor, cannot be qualified as 'dispossessed'. They mostly own their own land and many produce successfully on these lands. However despite 16 years of stable peace, their prospects for

diversifying their income are strictly limited. Most of them have not managed to significantly improve their standard of living since the end of the war (IFPRI, 2004). Therefore the informal credit system provided by some farmers in the community is one of the only means available to create some hope of real improvements in the rural areas. The second point however relates more to the issue of debt as a means to promote production especially of cotton as a means of improving living standards in the rural areas which have stagnated and even declined with peace.

Structurally the concept of grassroots economy is conceived as being in contrast to formal economies. However this idea of a dichotomy – between the formal and informal - fails to grasp how formality and informality interact in a dynamic fashion in the grassroots economy. To overcome this limitation I use the concept of a semi-autonomous social field as developed in a classic study by Moore (1973). Moore suggested that in any society different groups generate their own rule-making processes and regulations. The semi-autonomous social field was defined by Moore as ‘...rule-making capacities, and the means to induce or coerce compliance...simultaneously set in a larger social matrix which can, and does, affect and invade it, sometimes at the invitation of persons inside it, sometimes at its own instance’ (1973:720). In other words, this concept will help show how in the grassroots economy farmers can create their own processes of formality and informality.

### 1.3 Key questions and chapter outline

Therefore the key research questions that will be addressed are the following. There is one main question:

**What are the main reasons that might explain the increase of debt cases recorded in the community tribunal of Gorongosa?**

In order to address different aspects of the main question, three sub-questions are identified:

- i. How have farmers dealt with the scarcity of financial resources through the grassroots economy that emerged in the context of the liberal peace implemented in Mozambique since the 1990s?
- ii. How have social relations between farmers become more monetised and what have been the implications of this change on the community in general and on gender relations in particular?
- iii. How have conflicts and disputes been handled in the context of indebtedness by the community and how it can be linked to wider socio-economic processes of change?

This paper is composed of 7 chapters. Chapter 2 presents the political and economic background of Mozambique during recent years and the methodology adopted during the research. Chapter 3 describes the main results of the fieldwork. Chapter 4 explores the reasons of the increase of debts among male farmers. Chapter 5, analyses the social consequence of the proliferation of money in the context of social and cultural relations. Chapter 6 looks at the relation between processes of indebtedness and monetisation. Finally, Chapter 7 presents the main conclusion of the study.

In conclusion, the project of modernization conducted in Mozambique wanted to provide sustainable peace through the marketisation of the economy. If this project has been successful in maintaining peace in Mozambique, in the same time the ' liberal peace' has widened economic, social and gendered inequalities. This chapter has presented the main concepts that will be use to explain the processes of changes that have happen at the grassroots economy in the rural area of Gorongosa.

## Chapter 2

### Background and Methodology

This chapter presents a brief history of recent political and economic events that occurred in Mozambique over the past four decades or so. The chapter also provides an overview of the socio-economic context of Gorongosa, the region where the research was conducted. In the last section the methodology and methods adopted during the research are described and explained.

#### 2.1 A brief recent history of Mozambique

Mozambique has been a theatre of war since 1964 when the armed struggle for independence led by Frelimo<sup>2</sup> started in the north of the country. In June 1975 independence was finally proclaimed and the country became a socialist led regime under the name of the Popular Republic of Mozambique. The lull following independence was of short duration. In 1976, in retaliation for the support that the Frelimo-led regime gave to the liberation movement of Rhodesia, the military forces of the Ian Smith regime invaded the former Portuguese colony with the pretext of eliminating the military bases of the Rhodesian liberation movement settled in Mozambique. The war of aggression turned into a civil war between the Frelimo troops and a guerrilla group called Renamo<sup>3</sup>. The war covered the whole nation in geographical terms. However the most directly and intensively affected people remained, during the 16 years of the conflict, the rural population (Igreja, 2007: 18). At the end of the civil war in 1992, Mozambique was the 'worlds poorest, hungriest, most indebted, most aid-dependent country' (Hanlon, 1991:1).

The peace agreement of 1992, provided a plan for post-war reconstruction. At the political level the peace agreement consisted of multiparty election, the liberalisation of the media, freedom of association and movement, creation of commissions to monitor respect of civil rights, demobilisation of armed forces, creation of a new national army, reintegration of ex-combatants (The General Peace Agreement for Mozambique, 1992: UN document S/24 635, quoted in Paris, 2004:141).

At the economic level, the measures undertaken in the mid 80s by the government of Mozambique, the Western governments, the IMF and the WB would be extended to the post-conflict period. In 1984, Mozambique became a member of the IMF and the WB. Due to its poor economic results

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<sup>2</sup> Mozambican Liberation Front

<sup>3</sup> Mozambican National Resistance



under its centrally planned socialist policy and its incapacity to meet its obligation to international creditors, three years later, in 1987, the Frelimo government implemented an extensive structural adjustment program and economic liberalization. This was in large part developed by the Bretton Woods institutions (Hume 1994, Abrahamson and Nilsson 1995). In October 1994 the peace building mission (ONUMOZ), under the cover of the United Nations, was in charge of monitoring the first multiparty election and ‘served to reinforce and to expedite a process of economic and political liberalisation that had been on going since the early 1980s’ (Paris, 2004: 144).

Mozambique has often been seen as a success story with the potential to sustain high rates of growth (Alden, 2001; Cramer, 2005). The structural adjustment reforms have yielded to relatively high levels of economic growth with relatively low level of inflation: Mozambique’s real GDP grew by an annual average of 8.9 between 1996 and 2003 (World Bank report, 2008: 25). For others, the country continues to be seen as troubled by widespread and extreme poverty, particularly in rural areas (Cramer and Pontara, 1998).

## **2.2 Policy in rural Mozambique, the last four decades**

For the last four decades Mozambique has witnessed processes of far reaching political, economic and social change that have had a direct impact on the Mozambican population as a whole and on the rural population in particular.

First, change was initiated from a socialist perspective by Frelimo the ruling party since independence in 1975. Rural development was based on the key concept of ‘socialist modernization’ which intended to encourage the rural population to settle in communal villages and state farms, and was inspired by the Soviet model. The new rural policies would centrally provide social services, such as education, health and drinking water for the people living in these villages and farms. The increase of productivity in the rural sector would be the result of the employment of peasants as labourers on mechanised state farms, or through the establishment of co-operatives whose members would be trained and assisted by the government. In this way it was expected that mechanised agricultural production and not peasant agriculture would constitute the basis for state-led economic accumulation and ‘modern development’. The underlying intention was that peasants should not be subjugated to super-exploitation as they had been in the colonial days. The task of supplying the urban markets, was to be assumed by state farms established on former settler land after the Portuguese exodus. This strategy was summarised as ‘socialising the country side’ (Brochmann G. and Ofstad A., 1990:14). But, the strategy was soon to founder. The economic collapse of the years after independence is summed up in Table 1. Different factors were at the origin of the economic and agricultural collapse. Merle Bowen (2000) in her work on the

Mozambican peasantry during the post-colonial period has focused mainly on internal causes of this collapse. She shows how Frelimo neglected the well being of the peasantry because 'it imagined them to be self-sufficient and believed that rural transformation would be most rapidly effected through the public sector' (2000: 2). Another view, that of Hanlon (1996), criticises the Frelimo government for abandoning the family and co-operative sectors in favour of large state farms. According to his analysis, in many respects similar to that of Merle Bowen, the greatest mistakes of the state came not so much from what they did as from what they failed to do. Frelimo failed to rebuild the marketing and transport networks and to provide other services critical to rural commercialisation. Hanlon also agrees that the peasant sector suffered from systematic neglect rather than the imposition of collective agricultural production strategies.

Second, in the mid 80s, there was a shift in Mozambique from the model of a centrally-planned socialist economy to a more market led form of development. This favoured private enterprise rather than the state as the main agent of economic growth and development (Wuyts, 1995). The country formally joined the WB and the IMF in late 1984. Reforms were initiated in 1983 and came to fruition in 1987 with the adoption of the SAP which aimed at reshaping public management (Wuyts, 1991). According to Grete Brochman and Asve Ofstad (1990) this program was in essence a traditional IMF/WB program consisting of price reforms, devaluation, budget cuts and overall liberalisation, aimed at increasing production incentives for both the internal and external market. In practice, for the agriculture sector, the main strategic change was the state's withdrawal from providing subsidies, and the end of credit for the state farm sector followed by considerable divestment from state farms (Wuyts, 1995:16). Indeed, the state's inability to foster the development of peasant agriculture in particular and the private sector in general was at the core of the WB intervention. According to the WB too:

'Little attention has been paid to the development of institutions and infrastructure to deliver essential agricultural services such as research, extension, marketing and credit to family and private producers' (World Bank, 1988, quoted in Gibbon et al, 1993:51).

Consequently resources were redirected. For rural areas this meant: the privatisation of former state farms, new land concessions for producers who plan to settle company workers with their family within the concession (ibid), a new land law on land tenure directed to small-scale farmers, aimed at protecting female headed households and finally the elimination of nearly all fixed prices apart from the cotton production and the cashew industry (Gibbon et al, 1993).

But who have been the beneficiaries of these reforms? In many developing countries, as in Mozambique, agricultural government policies focused on

medium scale agriculture (farmer with more than 10 hectares) and on agricultural industries. This tendency was confirmed by the large number of land concessions and invitations by top political leaders to South African and Zimbabwean commercial farmers to (re-) settle in Mozambique (Tschirley and Benfica, 2001). However, in the recent Mozambican Plan for the Reduction of Absolute Poverty (PRAP) 2006-2009, small-scale farmers are finally at the centre of attention for the government.

The PRAP stresses the importance of ensuring the active and direct involvement of poor rural families in the rapid growth of the Mozambican economy by emphasising a close interdependency among rural communities, urban centres and world markets (PRAP, 2006). What the policies seem to miss is that these connections already exist at the informal level, i.e. through the shadow economy that 'has developed in response to adjustment which now constitute the major part of the economy over much of the South' (Duffield, 2002:1058). Rather than being independent the informal economy intersects with the formal one. In addition they share another feature both 'remain under patriarchal control' (Duffield, 2002:1058; Moore, 1973).

### **2.3 The socio-economic context of Gorongosa**

Nearly two decades after the end of the war the large majority of rural people in the centre of Mozambique still live from manual agricultural production. For the majority of adults in Gorongosa district there is no formal employment available. Agriculture is at the centre of local economic activities (Igreja, 2007). Contributing to this is the richness of the fertile soil and the abundant hydro resources. The district has an estimated 129,000 arable hectares and the population so far uses only 40-45, 000 hectares for farming of this total. (MAM, Ministry Agriculture Mozambique, 2005). People grow different types of grains including maize for consumption and sale, millet, beans and tomatoes; onions and other vegetables. All adult family members, men and women whether single, married or widowed have their own field for farming production. The average land size for a farmer is of one or two hectares (IFPRI<sup>4</sup>, 2004). Work is gender-divided and women are expected to work in the households (Madzokere, 1993 ;Center for African Study, 2000). Men have the responsibility for financially supporting their family, and they are 'expected to make major decision in the household' (Madzokere, 1993:26). Both are actively involved in farming activities.

As a consequence of the war and until around 2000, the agricultural and

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<sup>4</sup> The International Food Policy Institute

commercial infrastructure and transport network was very unstable and did not function properly and securely. Although some farmers produced enough food to sell, they were unable to trade the surplus systematically because most of the roads had been destroyed and markets therefore operated only at the most local level (Igreja, 2007). People from the cities (the main buyers) did not have access to many of the rural areas in order to buy up the surplus and sell it on. War damage and poor transports thus severely limited the extent of the market, and reduced the impact of any liberalisation measures taken in relation to prices. The scenario has gradually changed since 2000 as the national route No1, has been rehabilitated. Nowadays there are better roads in many areas and reliable connections between the main town centres. Despite the recent development that have occurred in the region since 2000, the International Food Policy Research Institute conclude in its 2004 report that a 'wider provisions of roads, markets, banks, and extension and communication services to Mozambican villages' is still necessary to alleviate poverty further (IFPRI, 2004:79). Many villages continue to be very isolated and farmers face enormous problems and logistical hurdles in the commercialisation of their production.

Along the road of Gorongosa small shops and little markets have opened in recent years. These informal shops are called 'bancas'. In order to obtain cash and buy goods in the market farmers have to sell a part of their production. When the harvest yields a substantial quantity, the surplus is sold. It is important to note that selling surplus is largely a male activity. The surplus can be sold little by little according to the daily or weekly needs of the family or in bigger quantities and depending on the rhythms of production and the need for cash to meet expenses. In some cases the surplus is stored in huge sacks and sold on the main road by the male farmers. Indeed, it is difficult for the farmers to transport their production to the main cities, due to transportation costs. The farmers depend on ambulant buyers that come from the main cities. The prices offered by the ambulant buyers are lower than in the main cities. Indeed prices are often not high enough to cover the production costs (Igreja, 2007).

The commercialisation and sale of food crops remains a complicated problem since the farmers do not generally control the prices in the markets and transport can be costly and slow. Many people feel that they are being exploited in this situation and the costs of marketing food can intensify rural deprivation. Usually women have to depend entirely on their husbands selling the family's surplus goods and production to have money to provide for their own and their family's needs, and this sense, the socio-economic condition of the women is poor and highly dependent on the virtual commercial monopoly of men (Igreja, 2007).

## **2.4 Cotton production**

Since the day when people were forced to grow cotton, under a colonial

scheme initiated in the late 1930's, cotton cultivation has had a bad reputation in Mozambique. One reason for the hatred of cotton cultivation is that it is an extremely labour intensive crop. According to Allen Isaacman (1996:7), colonial officials estimated that rural household had to spend between 140 and 180 days a year working to cultivate one single hectare of cotton. With less time left to grow food, famines and hunger became the order of the day among cotton producers.

The end of colonial occupation also saw the end of forced cotton cultivation, with the immediate effect of a steep fall in cotton production (CEA<sup>5</sup> 1980:1). The new Frelimo government tried to re-structure cotton cultivation through co-operative farming and huge state-run farms, but without the desired results in term of overall outputs and incomes (Pitcher, 1996: 90). Apart from growing cotton on their own land, these companies also started to control cotton grown by the 'small-holder' farmers within a specific area, almost as they did in colonial times (Arnfred 2001). In Mozambique cotton is mainly grown by peasant farmers on small areas of less than one hectare. It is estimated that in total around 300.000 peasant families grow and sell their crop to 10 concession companies. The largest company is the National Cotton Company (NCC), which is the one present in Gorongosa (MAM, 2005).

Cotton production in Mozambique has been floating up and down over the years (Table 2). The historical high of production (144,061 tons) was achieved over 30 years ago and is now far from being achieved. Recent production represents 61,2 percent of that level (MAM, 2005). In Mozambique, in term of price cotton has been one of the most stable cash-crop. Between 2006 and 2007 the price of cotton<sup>6</sup> has even risen of 15 %. This may explain why farmers in Gorongosa have been attracted by the production of this crop.

In Gorongosa, the production of cotton started during colonial times. Nowadays Cotton is grown informally by peasant farmers, which means they are not contracted by the NCC rather they produce cotton on their own lands and then sell it to the NCC according to the prices of the global market. Sofala provinces (Gorongosa is situated in Sofala) is said to be good cotton producing areas with an average of 12 000 tonnes of cotton produced per year (Table 3). According to the Mozambican Cotton Institute (MAM, 2005), the national average cotton yield is 550 kg/ hectares. In Sofala it is of 820 kg/ hectares, the highest among the seven producing provinces<sup>7</sup>. However Sofala is only in third position among these regions in terms of the

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<sup>5</sup> Centro de Estudo Africano

<sup>6</sup> In 2006 the price of cotton per kilo was of 132 cents USD and of 153 cents USD in 2007. Which represents an increase of 15 %. [www.missioneco.org/mozambique](http://www.missioneco.org/mozambique)

<sup>7</sup> Niassa, Cabo Delgado, Nampula, Zambezia, Tete, Manica are the six provinces that also produce cotton.

number of growers and the number of hectares planted (Table 3). Again, this may be for the infra-structural reasons noted earlier in relation to food crops and constrains on the growth of local agricultural market in general.

## 2.5 Cotton and indebtedness

Cotton production is full of contradictions. On the one hand cotton is associated with wealth and on the other it is associated with indebtedness. Literature on cotton production in Africa has emphasised this paradox (Isaacmann, 1996; Gray, 2008; Lacy, 2008; Moseley and Gray 2008). In her work on cotton growers in Burkina Faso, Lesly Gray (2008) explains the motivations and difficulties faced by the farmers who engage in cotton production. First, growing cotton is the only way to become wealthy in the Province of Tui. Second, the farmers need to take their input on credit from the cotton Company. Indeed, a good harvest depends on sufficient labor for ploughing, seeding, weeding and the judicious and timely application of fertiliser and pesticides. In addition every farmers depend on rain-fed agriculture for subsistence. A poor rainy season can reduce cotton yields. Then debt can increase. After the commercialisation of their production farmers would fail to pay back their loans. As research on cotton farming in general suggests, this research has also found that: 'it is not surprising therefore, that one of the largest problems facing cotton farmers is debt' (2008:73).

In Gorongosa, the situation is similar to the Province of Tui. Cotton can be a very lucrative crop under certain conditions, when a good harvest is likely. For this reason growing cotton is very popular and is now associated by most members of the farming community with wealth (in spite of its negative association with colonial past). During an interview I conducted in Gorongosa in 2007, a woman described one of her neighbour, Armando, as follows: 'Every one who wants money in the community looks for him'<sup>8</sup>. I asked her why every one in the area borrowed money from Armando. She replies 'He produces a lot of cotton'<sup>9</sup>. Another person, who was attending the tribunal session because of a debt problem which for many years he had delayed paying back to one of his relatives, told me that the reason he did not pay the debt earlier was because 'I did not have money to pay. I only started cultivating cotton much later'<sup>10</sup>. For these kinds of reasons many more farmers are being attracted by the production of this crop.

In Gorongosa, access to capital to acquire assets like draft power and/or

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<sup>8</sup> Interview 13, Gorongosa, 25.07.2007

<sup>9</sup> Idem

<sup>10</sup> Interview 10, Gorongosa, 25.07.2007

machinery is seriously constrained. Lack of financial resources also constrains smallholders access to chemical inputs. In addition, availability of such inputs through the open market is virtually non-existent in Gorongosa (MAM, 2005). However, cotton requires a timely and physical human investment. Table 4 resumes an average farmer-days spent in cultivating cotton. We observe that almost each step of the production process is time consuming, particularly the land preparation and the harvesting. In addition, it is important to keep in mind that all households engaged in cash cropping areas get engaged in multi-cropping, i.e. they grow a combination of crops to meet their immediate food security objectives (IFPRI, 2004). Multi-cropping requires a high personal labour investment that sometimes the members of a family cannot provide. Consequently, farmers may have to hire other peasants to work in their cotton fields. In Gorongosa there is no financial institution that can provide financial capital, therefore the farmers have to borrow money from wealthy farmers to pay workers to work in their cotton fields. It happens that debtor cannot repay its debt. There are two factors to explain this situation. The first one as mentioned by Lesly Gray is a bad harvest due to climatic reasons, or any other external factors. The second one is the high interest rates asked by the creditor when they lend money. According to my interviews the interest rates can reach 50 percent to 100 percent of the annual rate of their loan. The value is to be paid after the commercialisation. In one of the interview a man had borrowed 250 Meticaís (MT) in order to pay some workers to clean his field. He had to pay back 500MT some time later. Other interviews confirm that this practice was widely used in the community as I will show in more detail in chapter 4.

## 2.6 Methodology

Between 2001 and 2007 I worked as a research assistant for a Mozambican NGO called AEPATO<sup>11</sup>. The project I was involved in concerned the array of local resources that Gorongosa people handle in their community to recover from the period of the civil war. One of these resources was the role played by the community court in the community. The idea was to better understand the dynamics of social conflicts in the context of post-war reconstruction in a region particularly affected by the civil war.

AEPATO has established research co-operation with three community courts and their respective judges to write down all the cases that they received in their courts for adjudication. The judges received a basic questionnaire to gather information about the defendant, the plaintiff and the type of cases brought to the court. For each person involved in a case the judges had to fulfil a questionnaire with the following information: 1) the

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<sup>11</sup> Associação Esperança Para Todos

name, age, gender, place of birth, residence of the plaintiffs and complainants, 2) the social relation between the plaintiff and the complainant, 3) the type of cases in which they were involved, 4) the description of the case, 5) the final resolution of the tribunal, 6) the comments by the President of the tribunal about the case when the judges had faced difficulties during the resolution. These information were reported chronologically in a note book and this is what I have used to get access to the cases of the tribunal of Kanda, one of the town that belongs to Gorongosa region.

Based on this data we observed that conflicts and disputes over debts had significantly increased over time. In this regard I decided to study more carefully the dynamics of this type of conflict and also the role of the tribunal in dispute resolution. All the data presented in this research concern one community court in Kanda. The reason I focused on one court in particular was that the judges involved in the project had done a remarkable job. They had systematically and precisely recorded the case in a very consistent way comparing with the judges of the two other tribunals. As a consequence the data were more reliable. In this context my research arises out of a longer-term project of collaborative research between AEPATO and a local grassroots justice institution which started in 2001.

## **2.7 Data collection, language**

I did my research last year in July 2007. The interviews concern people involved in debt cases in the year 2006 and the first semester of 2007. I specially focused on these two years for two main reasons. First, it seemed significant that debt cases were increasing quite rapidly during this period while the annual number of all other types of cases presented in Kanda's community court remained stable (Table 5). This needed some explanation, it seemed. Second, It was noted that it was quite difficult to obtain accurate descriptions of the nature of the debt cases that had started to increase around 2005. The records of the tribunal gave some factual information about the kinds of debt involved, but it was seen as important to conduct interviews to get 'behind the scene' as to why debt cases were increasing in the first place. On this basis, I decided to focus on the most recent cases in order to obtain more reliable information and to ask some questions of both debtors and creditors who had appeared before the tribunal.

In the meantime, I was able to view the record of debt the cases heard during the second semester of 2007. Although for this period I was not able to return in order to interview the persons involved in debt cases, having access to this period of the tribunal record of debt cases (the second semester 2007) allowed me to complete my research and to confirm the earlier observed trend for debt cases to rise (Table 5).

The majority of the Gorongosa people do not speak Portuguese, the official language of Mozambique. Instead they speak Chi-Gorongosa. I do not speak



Chi-Gorongosa but I speak Portuguese fluently. I therefore worked with a local translator, Américo João, during the research process. Américo João has worked in the past as a translator in many circumstances and his language skills have really facilitated my work. I will discuss the interviews further later in this chapter.

## **2.8 Setting: geography, people and culture**

This research was conducted in Gorongosa district. Gorongosa is one of the ten districts of the Sofala province in the centre of Mozambique. The district is composed by three main towns: Vila Paiva, the capital of the district, and two administrative posts: Kanda and Vunduzi. The majority of the population is concentrated in Vila Paiva with a total of 47,745; Kanda has a total of 23, 854 and Vunduzi a total of 20,956<sup>12</sup>.

Gorongosa is a patriarchal society (Pinto, 1995; Igreja, 2007). The family constitutes the basic units of society and the man is considered the chief of the household. In general family are polygamous and extended. According to the customary law, men can marry as many women they wish as long as they are able to support them and their children.

The social division of work between men and women establishes that there are specific activities for each gender as we have seen in chapter 1. Women are generally responsible for activities that take place in the domestic sphere. However some women in the community have positions that allow them to play a role in both the private and public sphere and they exert influence on their male and female peers. For instance, many women are traditional healers, some women are Christian Church leaders and still others are political leaders in their community. In the community court of Kanda where I have done my research two out of five judges were women.

## **2.9 Methods**

The results presented in this paper are based on data collected through different approaches and methods. One approach was longitudinal which consisted of five years (2003-2007) of data collection in a community court by recording the types of conflicts that were presented in the courts. I could have started my observation in 2001, when we initiated the project with AEPATO. However I decided to present here my observation from 2003 and not earlier because the data were at that time more accurately recorded. The judges had more experiences in recording cases. Another approach was cross-sectional (July and August of 2007) which consisted on data collection in specific and limited periods to further investigate the litigants whose cases had been adjudicated by the community court. From the vast

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<sup>12</sup> <http://www.up.ac.za/academic/centre-environmental-studies/Asard/UCM.htm>

array of conflict presented in the community courts I decided to focus on debts for further analysis. My interest was triggered by the fact that debt cases were increasing every year since 2003. As presented in Table 5, in 2006 and 2007 the tribunal has recorded the highest number of debt cases with respectively 24 cases and 38 cases. In the same time the total number of cases presented in the tribunal remains stable.

## **2.10 Quantitative and qualitative methods**

In relation to quantitative methods I used the records of the tribunal from 2003 to 2007. I classified this data in Table 5. I also completed structured questionnaires to map contextual knowledge. The questionnaires covered the following themes: 1) the socio-economic status of the plaintiffs and the defendants, 2) their cultural and religious practices, 3) the strength or weaknesses of their family relations.

In relation to qualitative methods, I did semi-guided interviews with the people involved in the court cases in 2006 and 2007. I also conducted interviews with the judges and the president of the tribunal. I used a tape recorder and my own notes.

Semi guided interviews were used to better understand the debt problems in which people were involved. I was also interested by their opinions concerning the origins of debt cases in the community and the explanations they gave for their increase. I also enquired about the fact that very few women were involved in debt cases and sought insights into the reason for this absence.

I also did participant observations during resolution of cases in community court. My presence during case resolutions helped to better appreciate the context in which the cases were solved. It gave me the ability to focus closely and in depth on the cases presented at the tribunal. It also gave me the possibility to take a holistic point of view, looking at a set of relationship as a whole, not just a pre-selected set of attitudes.

The modus operandi of the court is as follow: there are no lawyers, only judges, defendants, plaintiffs, family members, witnesses and the community in general. Each individual represents him or herself. Although the main protagonists in the trial are the plaintiffs and the defendants, the trials are collective in that family members take part as well. Gender division are markedly evident from the beginning: men sit one side and women on the other. However, during the court proceedings each individual, regardless of gender or age, has the right to speak until he or she announces to the court that the testimony is over. The opening of the court consists in a brief presentation by the main judge regarding the case that has been reported. People then, define and narrate problems in their own terms. When the complainant's narration is presented, the judges ask some questions for clarification, and then it is the defendant's turn to speak. In the

majority of the cases I have observed the resolution was achieved on the same day.

## **2.11 Limitations**

It was not possible to interview all those identified in my list as having potentially interesting perspectives on the debt issue in Gorongosa. Because of handicaps of distance, some people were not able to take part in interviews, which were held adjacent to the tribunal, which seemed logical since it was through the tribunal that I was able to contact people in the first place. Of 48 cases reported to the community tribunal (between January 2006 and June 2007), 25 were conducted as full interviews, with details notes and transcript (from tape). Regarding translation issue despite my translator's skills, I encountered limitations in not speaking my interviewees' language. Mainly because certain subtleties, jokes were not easily translated. Most of the interviewees responded by long and extensive answers that some times make the sense of the answers confusing. I had to ask them to repeat, to re-explain or to ask them to be more precise. This complicated the process of translation.

## Chapter 3

### Main Results

Before to start with the presentation of the results the first section briefly presents the justice system in Gorongosa then the chapter focus on the cases of debt reported to the tribunal. Then it presents an overview of the demographic and economic characteristic of the informants and it continues with a description of the different types of debts reported to the tribunal.

#### 3.1 The justice system

As in many regions in Mozambique the justice system in Gorongosa is pluralistic. The legal pluralism is featured by the state courts, traditional courts and Christian religious groups (Santos and Trindade 2003; Santos 2006). In 1992, during the war, the Mozambican parliament promulgated the law no.4/92 that created the community courts and defined their areas of competence. The law served to provide legal legitimacy for the judges who had already been working in the so-called *tribunais populares*, the people's courts, mainly in the urban and semi-urban centres (Sachs and Honwana-Welch, 1990). In general, the community courts do not substantially differ from the modus operandi of the traditional court. I will use traditional and community court interchangeably.

#### 3.2 Results

According to the record of community court, 48 cases of debt were reported to the community tribunal between January 2006 and June 2007<sup>13</sup> (62 debt cases if we include the second semester of 2007). The majority of the case involved 2 persons, one plaintiff and one defendant. One case involves 3 persons one complainant and two defendants. I manage to interview 36 farmers involved in different debt cases. I tried to speak with both the plaintiff and the defendant. Some times I spoke with just one or the other because I did not manage to contact both. With the interviews I covered 25 debt cases of the 48 recorded by the tribunal. In 12 debt cases I spoke with both the complainant and defendant. In 13 debt cases I was only able to speak with the complainer or the defendant. Of these 25 debt cases 2 cases involved at least one woman and 23 cases involved men. I interviewed 2 women and 34 men. One man was involved in 2 debt cases at a different period of time as a complainant. What emerges first is that gender determines the extent to which a person will be exposed to debt. The result

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<sup>13</sup> This is a huge increase comparing to previous years. The records of the tribunal in 2003, 2004, 2005 totalised 23 cases of debts while 2006 and 2007 totalised 62 cases (Table 5).

clearly shows that debt is a situation that mainly involves men. I will show in chapter 5 what is the explanation given by both men and women of the exclusion of women from financial debt.

### 3.3 Types of debt

There are different types of debt. They can be classified into four distinct categories. Debts can be related to money lending, cotton production, and two related to local marriage practices Mabatiro and Ku fewa. These will each be briefly explained below.

- 1) The debts related to money lending are the majority of the debt cases recorded by the tribunal. These debts are generally contracted to solve punctual and/or daily life problems. For instance, people have lend money in order to pay the treatment of a traditional healer, to solve family problems, to travel in another town to sell their production, but also to hire workers to help to clean or enlarge their fields, without mentioning which type of fields. In this regards, cases of money lending can also be related to the agricultural production, for instance cotton production.
- 2) The debt related to cotton production involved money lending but this time on a larger scale. Every year<sup>14</sup> at the same period some farmers and their family engage their efforts in the cotton production. Cotton production requires daily maintenance of the fields which in return requires a lot of people to work in the fields. For this reason some cotton farmers have to borrow money in order to hire people to work on their fields. Some male farmers have to borrow money from wealthier families to be able to start production at all. Cotton production is therefore associated with indebtedness as we have seen in chapter 2.
- 3) Mabatiro concerns the girl's sanctioned loss of virginity, whereupon the parents ask for a gift or bride price. In other words after the wedding ceremony the spouse have to reward the parents for having kept their daughter virginity. It happens that the spouse delays in paying the Mabatiro. In that case the parents come to the court to ask for the payment of Mabatiro.
- 4) Ku fewa concerns the combination of work done by the fiancé in the house of his parents-in-law as well as different gifts given to them, in order to marry their daughter. This work that the young man has performed sometimes over several years before he marries, is paid

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<sup>14</sup> In September the process of production start. The commercialisation is in August the following year (this information was obtained through my informants).

back to him when a divorce is pronounced. The ex-wife and her family have to pay back the ex-husband Ku fewa. The amount of work done by the fiancé before he marries is translated into monetary value. The amount of money engage in the transaction has rise too. It seems that Mabatiro and Kufewa have been affected by the spread of capitalist economic relation characterised by the debt cases reported to the tribunal, but I will examine later this question in chapter 5.

### **3.4 Demographic characteristics**

Tables 7 and 8 provide an overview of the demographic characteristics of the people that participated in the research. The results concerned people that I interviewed in July 2007 and who were involved in debt cases in 2006 and in the first semester of 2007.

The results are organised according to the gender, marital status, type of family, number of family members and number of children. In average the farmers belong to family of 10 and have in average 6 children. These variables were chosen to give an indication of some of the general characteristics of the people who participated in this study.

### **3.5 Agricultural production and other sources of income**

Table 9 provides an overview of the agricultural production of the farmers involved in debt cases. The majority of the farmers are engaged in food crop production. They produce maize (97.2%), millet (97.2%) and have lower fields<sup>15</sup> (91.8%). These crops are mainly produced for the family consumption but in case of surplus there were sold. Three types of cash crop are produced by the farmers: cotton, beans and tobacco. Cotton is the most popular and 44.4 percent of the farmers I interviewed were cotton producers. Beans and tobacco are still a marginal production among the farmers. 88.9 % of the farmers have sold a part of their food crop production during the year. Which is an indication that for most the production was good enough and that the family had some surplus that gave them a source of income. However it also could be that some basic goods had to be purchased with cash, so family have no choice but to sell a part of their production. 33.3 % of the farmers have access to non-agricultural income. Some worked as carpenters other repair bicycles, other are owner of a shop in the market...still they all produce in their fields.

### **3.6 Presentation of the main outcomes of the interviews**

During the interviews I focused on debt conflicts that people had brought to

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<sup>15</sup> Lower fields are fields situated near the rivers. The farmers produce vegetables and fruits in the lower fields.

the court. The main trend that come out from their answers are the following:

From the interviews it became initially clear that the defendants and the plaintiffs had failed to reach a resolution of their conflict over debts by themselves, most of the time because the debtor had no money. In all the interviews the defendant did not dispute the veracity of the debt. In all cases the debt was paid soon after the trial or some days later. In two cases the defendant refused to pay the interest rates because it was not part of the original agreement. In all the cases complainant and defendant declared that they maintained a good relationship with one another after the hearing. All complainants and defendants declared that they were satisfied with the way that the court dealt with the case. This can suggest the high legitimacy of the court and of the judges too. The reasons why the defendants were not able to pay their debts on time can be classified in 4 categories:

- Harvest (the price of the harvest was too low to be sold, the harvest was not ready to be sold, the harvest was not as good as expected and therefore they had no money to pay back their debt)
- Illness (the person or a member of his family was ill)
- Family problems (the money expected by the complainant was spent to solve family problems)
- The project failed (the project in which the borrower invested the loan failed, therefore the borrower had no money when the time came to pay back the debt).

In conclusion this chapter presented the main characteristics of the people I have interviewed. In addition it has showed that the main results found during the research was the increase of debt cases reported in the traditional court. In the next chapter I am going to explain the reason of this increase.

## Chapter 4

### Reasons for the Increase of Debt

This chapter presents some of the possible reasons why debt cases have increased in Gorongosa in the past few years since around 2005. The explanation provided in this chapter centre on the notion of the grassroots economy perspective that was introduced at the start of this study in chapter 1.

#### 4.1 Cotton production and wealth

Chapter two has already highlighted the fact that cotton production was intrinsically linked with indebtedness in Africa. To engage in cotton production farmers need quite a lot of money<sup>16</sup> depending on the size of their fields. One farmer<sup>17</sup> explained me that in order to clean his two hectares cotton fields he had to borrow 2 millions MT and to reimburse 3,200,000 MT, due to the use of interest rates. So, the interest rate was about 1,200,000 MT. I asked him whether if that money was not too much. He told me 'No, it is very little because if the production is good, it is not a lot of money'<sup>18</sup>. We pursue the conversation and I asked him if a lot of people were doing like him. He answered me 'yes, a lot of people. People move around from one house to another in search of 'Mutraquita' (jobs of short duration), or in search of money to clean their fields'<sup>19</sup>. I wondered how many people he hired to work in his two hectares fields and how much he was paying the workers. He told me that the payment varied according to the surface area that the person agreed to weed (cotton cannot grow in a field full of tree stumps, grass and weeds...). He said that payment could vary from 50.000 to 100.000 or 200.000 MT.

This farmer seemed to think that 1,200,000mt was not an excessive payment. This implies that it was possible for him, in his view, to earn much more than this amount if the harvest was good. What this suggests is that cotton production is potentially a source of considerable wealth which explains why many farmers might be attracted to engage in the production of this crop. However, there are also potential risks with cotton production. What needs to be examined, therefore, is the rationale of the debtor. Why is

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<sup>16</sup> According to my informants a framer needs between 2 too 6 millions Meticais (Mozambican currency), which is considered a lot of money.

<sup>17</sup> Interview 24, Gorongosa, 27.07.2007

<sup>18</sup> Interview 24, Gorongosa, 27.07.2007

<sup>19</sup> Idem



he borrowing money, and why is he taking such considerable risk by becoming so heavily indebted?

The notion of risk taking has been explored by John Weeks (1970) in his work on income distribution in peasant agriculture. According to Weeks individuals tend to take more risks when they are wealthy; and do not usually become wealthy because they take risks. He argues therefore that the propensity to take risks and accept conditions of uncertainty is a function of the individual's wealth. Farmers that start cotton production in Gorongosa are taking risks, yet most are not wealthy to start with. How can this growing trend be explained? What this seems to demonstrate is that the rationale of the debtor is that the risks are limited because normally cotton production results in good returns in terms of money earned, return that generally will allow the debtor to pay back his debt even with interest, whilst also being able to provide for the needs of his family. It seems that the willingness of even quite poor farmers to enter cotton production and try to become wealthy has increased over recent years in spite of the risks they might incur by becoming indebted. Consequently the rationality of the debtor farmers in Gorongosa seems to be that the risk is relatively not that great, given the estimated returns from cotton, which are believed to be high. There are enough examples around in Gorongosa to show that farmers can succeed in producing cotton and making enough money to escape poverty, like the testimony below.

Many testimonies confirmed that people usually get a lot of money after they sell cotton. A young farmer<sup>20</sup> that I interviewed told me that last year he had been able to produce 75 sacks of cotton. He earns 19 millions Meticais (MT). He also produced 6 sacks of beans which gave him 7 millions MT and 18 sacks of tobacco and earns 17 millions MT (Total of the harvest of his cash crops 40 millions MT). So I asked him if he used to lend money to other male farmers; not surprisingly he answered positively. He is in fact one of the main creditors in his neighbourhood. The maximum he ever loan to one person was 6 millions MT, and like other lender he asked for high interest rates. The money is to be paid back at the end of the harvest season<sup>21</sup>. He showed me his notebook with the names of the borrowers, the amount of money they have to pay back, the timeframe within which men had to pay him back the money. I was quite impressed at how highly organised and formalised this informal credit system had become. I told him that he had found a good business and that the record-keeping seemed to be in keeping with a business-like approach. He answered me 'this is not right, this is not right... (this is not the way it is) because I am living and working with this people'<sup>22</sup>. But judging by the amount of money that he was getting

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<sup>20</sup> interview 25, Gorongosa, 30.07.2007

<sup>21</sup> see footnote 13

<sup>22</sup> Interview 25, Gorongosa, 30.07.2007

I thought that he was indeed using his capital to run a small business, and earning quite a lot of money through money lending. For the few male farmers who have been able to accumulate a capital due to cotton production, lending money with high interest rates is an operation that is generating good profits through the grassroots economy. However it is also responsible for the increase of debt cases.

## 4.2 Origins of interest rates

I heard, for the first time, about the practice of interest rates last year when I did the fieldwork. I have been going to Gorongosa since 2001. I asked the interviewers, when this practice started, and the answers were very coherent. According to my informants interest rates start very recently some told me that it started in 2003/04 others thought it started in 2005. This shows that the practice is quite recent. When asking about the origins of this practice the explanations were numerous. For some this practice emerged as the result of the development of the 'bancas' in the markets<sup>23</sup>. According to one of the informant people started '*Nhankwari*', which means 'to imitate' the owners of the 'bancas', which sold goods through credit. For others, interest rates had their origins in the practice of some traditional healers that used to ask for extra-money when a patient delayed in paying his or her treatment. For others these practices come from the cities or come from Zimbabwe. Other people have just no idea on when the practice of interest rates started and they simply told me that they heard about it suddenly and quite recently.

## 4.3 Practice of interest rates

I rapidly found out that the reason that explains the rise of debts cases in the tribunal was partly due to high interest rates. Most of the time the creditors apply 50 to 100% interest rates to the money that the borrower has to pay back. This amount can even increase when there is a delay in the payment, resulting in an additional burden for the borrower. But borrowers are aware of this dilemma and intentionally accept the risks because the borrowers think that they will earn much more than the amount borrowed. One informant<sup>24</sup> that I interviewed found the practice of interest rates normal arguing that in fact when someone borrows money the debtor is making money with the creditor's money. My informant perceived the concession of credit as a high risk of default. According to him, when a farmer lend money to someone else, the creditor cannot make use of this money, therefore it impinged the creditor of using this money for himself and his family. For this reason he explained to me that it was correct to ask for high interest rates. Another farmer<sup>25</sup> told me that the practice of lending money was 'a kind of help and business at once'. And then he continued 'when the

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<sup>23</sup> As seen in Chapter 1.

<sup>24</sup> Interview 25, Gorongosa, 30.07.2007

<sup>25</sup> Interview 10, Gorongosa, 25.07.2007

person comes to me to borrow money he says, 'I am dead, I am looking for money in order to do my business'<sup>26</sup> He also felt that under this circumstance of financial deprivation he was helping the other farmers.

In conclusion to this chapter, the grassroots economy has emerged because of the need that male farmers have to access financial capital. The informal credit system implemented by wealthy farmers characterised the grassroots economy. The creditor ask for high interest rates which increase the risk for non-repayment of the credit at the end of the harvest season. However, most of the farmers continue to borrow money since cotton production is a source of potential wealth.

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<sup>26</sup> *Idem*

## Chapter 5

### Monetisation of Social Relation

In Chapter 1 the social consequence of the proliferation of money as an agent of change were considered in the context of social and cultural relations. This chapter builds on that analysis to explore some gendered impacts of money, debt and its consequence on bride wealth and marriage.

#### 5.1 'Men are the ones that live to accumulate money'<sup>27</sup>

As I have said previously very few women are involved in debt according to the records of the tribunal. Since the first interview I tried to understand why this was the case. The conversation I had with Terezelia, a female farmer<sup>28</sup>, is representative<sup>29</sup> of the intersection between gender and access to financial capital in Gorongosa.

Terezelia was in the tribunal because of a dispute that involved her husband. The husband had stolen a chicken from his neighbour and as a result the neighbour went to Terezelia's field and took away her millet as a way to compensate for the damage caused by her husband. The tribunal decided that she should receive her millet back and her husband was ordered to give back the chicken. She was satisfied with the tribunal decision. I started the conversation in order to elicit her views about this case and the way in which the judges dealt with it. Then I entered in the topic of women and men's access to money. More specifically I asked whether a woman could borrow from a man or another woman. She answered 'yes, I can borrow money from my female neighbour, but it is not usual that a women asks for money. Women ask for salt, cooking oil, food...I can ask for 5 MT, 10 MT if I need to go to the market and buy some goods. Usually, we, women, do not have a lot of money'<sup>30</sup>. I asked her, why is it that women do not have money if they are farmers like the men. She told me 'Where will the women find money? Her work is very slow, her work is very weak'<sup>31</sup>. She continued asking me 'Can a women cut down a tree like this?'<sup>32</sup>. She pointed to the trunk of large tree that was nearby. I looked at the referred tree and then I asked her 'Can't a woman cut down a tree like this?' She

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<sup>27</sup> Interview 13, with a female farmer, Gorongosa, 25.07.2007

<sup>28</sup> Idem

<sup>29</sup> Almost all the interviews I made stressed the points exposed here by Terezelia.

<sup>30</sup> Idem

<sup>31</sup> Idem

<sup>32</sup> Idem

laughed at me ‘We can cut down a tree by chance... a woman does not live with money; the men are the ones that live with money’<sup>33</sup>. Terezelia concludes by telling me that ‘if a woman has a husband and if she borrows money it means that her husband is weak’<sup>34</sup>.

According to Terezelia therefore, women’s lack of strength inhibits their access to financial capital. Money is associated with men, she is clear on this point. In addition if a woman has to borrow money from other people, this is taken to mean that her husband is not able to provide for the family. This is a disgrace for the husband and for the woman too.

On top of that there is another impediment that constrains women’s access to financial capital. Money is seen as a way to corrupt women’s body. It is linked with adultery, and the community condemns it. In the following section this gendered aspect of access to credit will be explored further.

## **5.2 ‘A woman is someone else’s wife’<sup>35</sup>**

When asked about this, male and female farmers all agreed on the fact that a man should not lend money to a woman, unless a male relative accompanies her. I found two levels of explanation for this principle. First, a woman is always ‘someone else’s wife’. This is understood to mean that there is already a man that is responsible for her. If she needs money she has to first ask her husband, whose duty it is to provide her with the money she needs. If the husband cannot provide the money then he, as a man, can borrow money from another man in order to provide.

As a male farmer explained to me ‘someone else’s wife is a problem’<sup>36</sup>. Tomorrow the husband may say ‘why did you give money to my wife without my presence? Then there will be noise (confusion or problem)’<sup>37</sup>. I asked him which kind of problem would occur, to which he replied that: ‘He [the husband] will be thinking that I slept with his wife (...) He will be suspicious. I can lend drinks [to a woman] there is no problem, but money, to give 100.000 MT to someone else’s wife, tomorrow there will be a problem’<sup>38</sup>. Apparently this informant had been victimised as a result of lending money to a woman. He said that:

‘I suffered in my right leg. Someone hit me because he thought that I was

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<sup>33</sup> Idem

<sup>34</sup> Idem

<sup>35</sup> Interview 2, Gorongosa, 24.07.2007

<sup>36</sup> Interview 6, Gorongosa, 24.07.2007

<sup>37</sup> Idem

<sup>38</sup> Idem

having an affair with his wife. I was hospitalised during three months. For this reason I cannot lend money to a woman. If a woman comes alone I cannot lend money to her, unless if she comes with her husband'<sup>39</sup>.

The presence of the husband is a guarantee that secures the transaction from the creditor's point of view. In such circumstances lending money remain a 'male business' from which women are excluded in any direct sense.

In another interview I asked a farmer, if his wife had any debts in the areas he answered me 'Never, because she knows that she has the flesh of woman, she fears that if she borrows money from someone a problem can erupt'<sup>40</sup>. I asked him which kind of problem could erupt? He told me:

'She is a woman and then if she borrows money without arranging with me, when I will see that money I will ask her: "From where the money is coming?" She will reply that she took it in someone's house and this is not good, we will start to argue. (...) We will argue because she has to talk to me. I will start to get suspicious that perhaps there is something between my wife and the person that lent her money, we will argue. I do not agree because she must not create problems while she is a woman. She can borrow money if she was living with her parents'<sup>41</sup>.

The second level of explanation was that in the tribunal a man would never win a case of debt that involved himself and a woman. I asked to one of the male informants who used to lend money if he could lend or borrow money to a woman. He answered me that 'No, even if you borrow the money to a woman then on the day of the trial I will lose the case'<sup>42</sup>. I asked him how was this possible? He told me: 'It's difficult because *indi mukadzi wamuno* [its someone else's wife]. It is not accepted to lend money to a married woman, (...) because she has the flesh of a woman'<sup>43</sup>. I asked him if a woman was not also a person. He replied: 'When you report such a case the judges will ask "When you lend money did you see her as a man?" Then I will answer "No, I saw a woman". Finally the judges will ask why did I give money to her? And I will lose the case'<sup>44</sup>.

Another informant was even more direct and told me that 'It's very difficult to deal with women. If I have a conflict with a woman because of debts, then we go to the court I lose the case'<sup>45</sup>.

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<sup>39</sup> Idem

<sup>40</sup> Interview 4, Gorongosa, 24.07.2007

<sup>41</sup> Interview 4, Gorongosa, 24.07.2007

<sup>42</sup> Interview 9, Gorongosa, 25.07.2007

<sup>43</sup> Idem

<sup>44</sup> Idem

<sup>45</sup> Interview 10, Gorongosa, 25.07.07

Men do not lend money to women because they fear being accused of having sexual relations with the women they lend to. They will be in trouble with the woman's husband and this can result in physical violence against both the male creditor and the woman debtor. If the problem is brought to the court the lender loses the case by being accused of having broken a social rule. Therefore they lose the case.

What we learned from this case is that when men engage in a financial transaction, this transaction is seen as legal, it is not hidden. It belongs to the public sphere. When the same transaction occurs between a man and a woman it loses its quality of semi formality as part of a relatively 'public business' to enter the private sphere, viewed as wholly informal. The private sphere is ambiguous, restrictive and in this case detrimental for the status of women.

In sum, women do not directly access financial capital because according to the culture they belong to their husband when married and their fathers when they are unmarried. To a large extent, they are expected to rely on their fathers and husbands for their survival. The second problem is that the tribunal is an institution that reinforces certain cultural beliefs and practices that are detrimental to the status of women. It does this in guise of protecting women and preserving their dignity and honour.

What this study therefore shows is that women suffer from a complex of practices - economic, social and political – all of which are gender biased in some way towards men's interests (Gordon, 1996; Smith 2007, 2008; Jacobson, 2008). In Mozambique, women must cope not only with poverty and underdevelopment, but as this research has shown, with exclusion from the informal credit system. Women find themselves constrained by patriarchal attitudes and practices, community values and state policies. Similar conclusions are reached in Diane Elson's work (1991, 1997) in which she shows how WB structural adjustment are male biased in their conception, design and implications.

The lack of significant state involvement in Gorongosa with regards to access to financial resources for both male and female farmers, coupled with the prohibition of female handling of financial transaction, has led to the emergence of a male biased informal credit 'institution' which totally exclude women. This is an interesting contrast with all women credit institutions, such as have emerged in many part of south Asia (Kabeer, 2001)<sup>46</sup>.

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<sup>46</sup> Naila Kabeer (2001) in her study in micro credit in Bangladesh has shown that where woman contract small loans, they are often likely to be shared with male

Ruth Jacobson (2008) presents a longitudinal analysis of the gendered experiences of Mozambican men and women during and after the war. She shows that since the pre-colonial history of Mozambique until present day women have been exposed to the 'raw fact of negotiability' in all their social and economic relations (Wright, 1985:73, quoted in Jacobson, 2008:77). Despite numerous processes of political and social changes in Mozambique during the past 40 years, structural gender inequalities remain in Mozambique and reforms have had a very limited impact (Jacobson, 2008). This was true of the 1970's modernisation project of Frelimo aimed at establishing gender equality and seeking to involve women in 'production'. In part due to resistance in the countryside, the break down of the civil war and economic constraints, this project failed.

Thirty years later, after the end of the war and the adoption of the neo-liberal model of modernisation, the question of gender inequality remains at stake. Long-standing processes of exclusion of women from development as 'modernity' in Mozambique have impacted on women's life, in the sense that the gender inequalities have never been seriously taken into account (Jacobson, 2008). Gender based inequality remains the daily reality for Mozambican women and the hegemonic neo-liberal discourses and practices further constrain opportunity for positive changes for women (Bakker: 1994; Bergeron, 2006).

### **5.3 Women are not totally absent**

It may be useful to be reminded that 'men never ruled completely anywhere' (Amadium, 1987:189). The claims of patriarchy remain hegemonic only if what women do in society and culture is denied and they are treated as invisible. Testimony from Gorongosa has suggested that women's informal role in credit can be quite important in some cases.

The following interview is an example of this. Flora explained to me that when her husband wanted to contract a debt he sometimes spoke with her and it also happened that they went together to the house of the creditor<sup>47</sup>. What this interview shows is that women are not completely absent from the process of lending and borrowing money. Together with their husband women may also decide about the best choices available to improve the life of the family. It was explained in the last section how moral sanctions, and male relatives can prevent women from engaging in their own income-earning activities, by refusing access to credit. But the case of Flora shows that this does not mean women have no part in the decision making process

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members of the household. However, where men contract loan, as in Gorongosa, there is no evidence that loans are also shared with female household members.

<sup>47</sup> Interview 8, Gorongosa, 25.07.2007



in relation to debt and credit. In this case a decision to borrow money was considered a family decision where woman was indeed involved.

#### 5.4 Transition from lineage debt to financial debt

In Table 5, as already discussed, the debt cases brought to the tribunal over the past 5 years are broken down into categories. It was clear that all debt cases had risen over several years. This is particularly true of a specific type of debt known as Kufewa. As already noted in chapter 2, Kufewa refers to work done by the fiancé for his parents-in-law to be and to gifts given to them, prior to marriage, works and gifts returned of the man in the event of divorce.

What is interesting to note is that disputes over Kufewa have increased markedly with recent inflation in the amount of money involved in such transactions. The data presented in Table 5 shows that first, more and more farmers in the community are using the community court for Kufewa debt recovery, as well as for debt recovery in general. In line with the monetisation of Gorongosa's rural economy in recent years, my argument here is that Kufewa has also become more commercialised as a form of intra-community transaction in the grassroots post-war economy. If disputes concerning Kufewa are becoming 'monetised', as seem to be the case, then this might be due to a gradual shift transfer from bridewealth and marriage based on values 'rested on simple and ineluctable principle of reciprocity' (Kuper, 1982:39)<sup>48</sup> to a more speculative form of money-making exchange. Whilst the context of colonial Rhodesia and present-day Mozambique could not be more different it is interesting that earlier research showed a surprisingly similar pattern of increased local debts resolved through a 'native commissioner court' during the 1950s and 1960's (Appendix 2). It is possible – and interesting - that similar processes of monetisation and commercialisation were linked to the rising debt levels noted in that case also.

There is a definite lack of research on the micro-causes of intra-household debt in southern Africa, and this makes the (admittedly out-dated) research of Randal Smith so interesting for the analysis of why lineage debt cases (Kufewa and Mabatiro<sup>49</sup>) have increased so rapidly in the community tribunal of Gorongosa. One possibility, which cannot be explored in this study, is that there is a correlation between cotton-related debt and Kufewa (and Mabatiro) debt cases. In other words, family marital relations may be

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<sup>48</sup> Kuper (1982) does not explore particularly Kufewa practices but marriage and bride wealth in Southern Africa that follow the same pattern as Kufewa in Mozambique.

<sup>49</sup> I will not enter into details about Mabatiro, but it seems that it follow the same pattern as observed with Kufewa.

subject to the same commercial pressures as production-related social ties.

In conclusion women and men face different realities regarding access to credit and money. When two men engage in a financial transaction, it is seen as legal. When the same transaction occurs between a man and a woman it is subjected to restrictions, and is viewed as detrimental for the status of the woman. Women are thus limited by patriarchal attitudes and practices and beliefs at local and national level. These practices undermine their capacity to improve the living conditions of themselves and their families. Finally it seems the proliferation of money in Gorongosa may have commercialised the financial transactions involved in traditional marriage arrangements. This was not discussed in depth, due to a lack of evidence, but it is interesting to underline its similarity with the (colonial) Rhodesian situation cited in Smith (1998). In general, it seems fair to conclude that processes of monetisation and commercialisation are to rising debt levels. This takes us back to the original puzzle in this study: rising debt levels in the local court.

## Chapter 6

### Relation Within Debt

This chapter explores how the credit system in Gorongosa has generated rule making processes, regulations, and the means to induce compliance among male farmers. These findings with the case of Western Nigeria, where there is evidence of a comparable credit system, but a coercive one. By analysing how non-monetised forms of connection reduce the coercive force of monetised relations of debts, the comparison highlights specific features of the debt system in Gorongosa. Finally, processes of class formation are explored using the notion of structural violence. The aim is to understand how the community tribunal, in resolving debt disputes, also works to reproduce class inequalities.

#### 6.1 Farmers as banking institutions

In Gorongosa in the past few years, wealthy farmers have started to operate like banking institutions, providing credit to those who come for loans. They lend the surplus money they have made under particular conditions: the gender of the borrower is almost always male, accountability of the borrowers is ensured via the keeping of records and the tribunal, there is the institution of a time limit to debt repayment and the use of interest rates which are set at a high level. This situation is of course not unique to Gorongosa's informal credit system. In Western Nigeria a very similar practice called 'sogúndogòjí' - roughly translated as 'convert twenty to forty' - has been described by Toyin Falola (1993). Sogúndogòjí was an informal credit system that appeared after the 1950's. According to the author it was an 'usurious practice', whereby a debtor would be charged a very high interest rate of between 100 and 300 percent. In addition, the surety collected a fee, while the lender could cheat by a false recording of the principal collected by the debtor. Despite the high interest rates, the money lenders were not short of clients, especially in the towns where strangers had no other avenues for raising credit, and where people in urgent circumstances who required money could not get help from family or formal banking institutions. The lenders considered their own activity as a risky one (Falola, 1993). The debtor might for example relocate elsewhere to avoid payment. So, to minimise their losses, the lenders obtained personal information on their debtors, preferred salary earners with fixed addresses, and insisted on reliable guarantors. The debtor required a guarantor who provided a testimony on character and assumed responsibility for loan repayment in the case of default or absconding. The guarantor was more than a witness, as in some cases they would collaborate with the lender to put pressure on the debtor. For this service the guarantor might receive a fee from the lender. The similitude and differences between Gorongosa and

western Nigeria are interesting. They highlight the importance of social norms and the value placed on money when credit is hard to come by.

In both cases high interest rates are a feature of the informal grassroots credit system, and in the case of Nigeria the high rates were more remarkable, perhaps because of the urban, less familiar setting of the loans. In spite of such high interests rates the lenders have clients. In Nigeria the lenders did not deal with farmers but with employees who earned a regular salary, and the nature of the relationship between the creditor and the debtor was mediated by the guarantor, a position that is absent in Gorongosa. In Gorongosa it emerged from the research that the creditor and debtor always knew each other well and shared the same social and cultural environment. The reason that Nigerian creditors needed stronger guarantee than creditor in Gorongosa may have to do with the social distance between lenders and borrowers in that case. The main guarantee in the Nigerian context was the presence of a witness during the financial transaction and his active role in case of debt non-repayment. In Gorongosa, in contrast with this, whilst most debtors are also accompanied by a witness when they go to the creditor's house, the witness, usually a close relative, is there only to reassure the creditor of the seriousness of the debtor. The witness will not intervene in case of litigation between creditor-debtor to help enforce repayment. At most he will have to testify that he was present on the day the loan was contracted if the case is reported to and handled by the tribunal.

In the grassroots economy the banking and credit system thus implemented by poor and wealthy farmers does not threaten the well being of the debtor. When the debtor and the creditor decide to 'associate', the relation that exists between them goes beyond a purely financial creditor-debtor relationship. Because they belong to the same community, and because their fields are situated in the same zone, and they use the same water hole, drink together during gatherings and parties, and belong to the same church, there is a strong element of trust in the relationship that avoids the need for non-economic coercion of the kind observed in the Nigerian case (Falola, 1993).

In another circumstance, Toyin Falola points out that: 'the mobilisation of credit brings to the fore the social values of money and the several ways through which members of society relate to one another in debt relations' (1995:163). In Gorongosa the credit system implemented by the farmers does not seem to use threat (as far as the researcher could find). This may be because the link between creditor and debtor extends well beyond a purely financial relationship and the gender solidarity of men. Underlying the apparent convergence of interests or at least the peaceful resolution of debt disputes in spite of diverging interests, is the important principle that the building of trust increases the likelihood that the creditor and the debtor will not cheat one another, and do not factor that expectation into their behaviour through the use of force and/or evasion. This is an interesting finding.

## 6.2 Role of communal relationship in resolving dispute around debt

In Gorongosa, when a farmer cannot pay his debt back with money he can also work in the fields of the plaintiff in order to pay back part of his debt and the interest on the debt. However from a political and social point of view, this kind of relationship linking debtor and the creditor in the grassroots economy can be interpreted in at least two different ways. In the first place, this can be seen as a system of debt bondage. Alternatively as I will argue, it can be viewed as something of a reciprocal relationship based mainly on acknowledgement of shared duties and obligations between the two parties, as members of one community, and with strong element of reciprocity involved in spite of social and economic inequalities among the two parties, the debtor and the creditor.

Debt bondage as a phenomenon has been described in many different region of the world and especially in India<sup>50</sup>. Historically in Africa, debt bondage was at the origins of some forms of pre-colonial slavery (Klein, 1993). Most of the time contemporary debt bondage concerns adults or children who work in different types of industries (carpet-making, silk, brick kilns) or as domestic housekeepers, or who work for landlords on their farms. This phenomenon is invariably related to poverty and exploitation of the indebted workers and is generally severe, and can involve both debtors and creditors. The case presented by Augendra Bhukhut (2005) for example describes how labourers in the brick kiln in South India activities are bonded, by taking advance money and having then to work long hours without pay in order to repay their debts and the interest. Their poverty is reinforced, and the debt maintained because the wages paid are extremely low. Most workers are therefore never able to pay off their debt in time, and the debt accumulates, with the interests. As a consequence of this structure, poor families fall into deeper debt and thus into debt bondage. Bhukhut describes how parents engage their children to work in the brick kiln industry in order to help repay the debt. This relationship involves coercion in the structural sense, with use of the un-free labour of children to meet obligations of the adults towards the creditor.

In the case of Gorongosa, there is no evidence of parents sending their children to the debtor's house to work in the fields or as a domestic worker to help pay off their parents' debts. Of course, this may be happening, but certainly it is not known to this researcher and was not mentioned by any informants, formally or in casual conversations. It was not in evidence as it was with the brick kiln workers in South India. What some people did explain to me was that if they were not able to pay back the entire amount of

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<sup>50</sup> Breman (1974, 1993, 1994, 2007), Mundle (1979), Sarkar (1985), Prakash (1990, 1992) and much more...

their debt, it was always possible to pay off a part of the debt, or part of the interest rates at least, by working in the creditor's fields for some days or weeks. The debtor had first to agree to this solution, which involved adult labour as far as I could establish. Since there is almost no formal sector employment in Gorongosa and it is quite difficult to have access to credit or money through the banking system, in this context it seems reasonable to conclude that the debtor is likely to accept such a solution. This may also help to reinforce the strong elements of reciprocity in the debt relationship and to reduce the structural and other forms of force or violence in the debtor-creditor relationship.

This is to say that the system of debt repayment which can be solved through physical work in the cotton fields shows that the connections between people go well beyond the money transactions that have nonetheless increased in recent years. In other words non-monetised forms of connection reduce the coercive force of monetised relations of debt which can otherwise reinforce existing inequalities. People are not linked purely because of the creditor/debtor relation but because the world they live in implies and requires a strong interconnectedness at many different levels and in many different settings (familial, work-related, religious, social).

Cotton production is one of the elements that demonstrate the strong interconnectedness of the use of (financial or other) resources, exchange of labour and communal relationship that link the farmers one to one another as I mentioned in the beginning of this chapter. These ties strengthen the connection between them, building trust which means that there is little need for physical threats to ensure debt repayment. This last point is important since 'moral obligation' within the grassroots economy can explain why the emergence of debt in this community has not brought with it forms of physical and structural violence so often associated with debt in other contexts. The underlying overlapping identities of debtors and creditors is strong enough to create a sense of 'mutual moral obligation' that is built on social trust. It is this that makes it unlikely that either creditor or debtor will seek to cheat the other or use escape or physical coercion to get their way.

### **6.3 A surprising absence: violence and violent conflict**

When talking with the farmers involved in debt cases it became clear that the plaintiff and the defendant did not generally use any kind of verbal insults or physical threats, let alone any direct violence when it came to dealing with disputes arising from delays in the repayment of debt. The situation in Gorongosa is in this respect very different from in some other cases documented, whether in Western Nigeria or in India, where non-debt repayment of debt result in both structural and physical coercion, with potentially very damaging consequences for the debtor and their family.

Not all systems of debt recovery are so peaceful as in the case in Gorongosa,

where the tribunal settles such disputes in a mainly consensual way. In his work on traditional credit practices in colonial Western Nigeria, Toyin Falola (1995) showed how the practice of 'òsómáló'<sup>51</sup>, lead to coercion and sometimes physical violence. The òsómáló is a trader who encourages his client to buy on credit and to settle the bill later. The distinctiveness of the òsómáló compared to other forms of credit system in other regions<sup>52</sup>, was their ruthless ability to benefit from the later recovery of these debts. If the debtor was not able to pay in time, relations and friends of the debtors were requested to collect the debt on the trader's behalf. When this failed, the òsómáló habitually resorted to intimidation and could use physical force against the debtor. Before dawn, the òsómáló, in company of apprentices and others, would lay siege on the debtor's house, preventing him from attending to his daily duties and needs. The òsómáló could become a nuisance: he could threaten to commit suicide, he would use violent language in great anger; or could harass the debtor and the other members of the debtor's household in order to recover the debt. This use of threat and blackmail force and intimidation were usually effective. (Falola, 1995). In Gorongosa, the bad debtors are not humiliated in this way in public. During my research period, and whilst living in the area, no evidence arose of cases where such open forms of humiliation or threat and use of physical violence were present. However, there are some serious consequences and as I will show in the next section, however peacefully and non-coercively, the tribunal is responsible for confirming the growing and considerable level of economic and social inequality that is arising among male farmers in Gorongosa in the present period, and those among households within the rural community. In the next section this will be discussed in more detail.

#### **6.4 Processes of social differentiation or the emergence of class within debt relation**

The grassroots economy not only implies new economic relation between individuals but also new forms of social relations (Chingono: 1996) as a result of social differentiation and class formation. The informal credit system is provided by a certain category of farmers that own enough financial capital to lend a part of this capital to the less well off and poorest farmers. In my interviews I was able to speak directly to one of the wealthy farmers. This 34 years old male farmer<sup>53</sup>, had married three women and was

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<sup>51</sup> òsómáló is a word of Ijesa origin that is translated by 'I will stoop until I recover my debt' ( Falola, 1995: 172).

<sup>52</sup> *Esusu* and *Ajo* were indigeneous credit institution of the 19<sup>th</sup> Century which survived the colonial period. *Pàró-olówó* and *Dandogo* are more recent forms of indigeneous credit institution that emerged during the 20<sup>th</sup> century. (Falola, 1995:170; 173).

<sup>53</sup> Interview 25, Gorongosa, 30.07.2007

the father of four. The story of this farmer was interesting. He was originally from Gorongosa but when the war started he and his family moved to Manica district and later on to Beira the capital of Sofala district. At the end of the 1990's, he started to buy goods in Zimbabwe to sell in Beira. According to him his plans went well and he made a lot of money. Since he still had relatives in the region of Gorongosa he decided to go back to his place of origin and become a farmer because 'life in the countryside is much cheaper'<sup>54</sup>. He resettled in Gorongosa in 2004. Like most of all farmers in Mozambique he produced maize and millet of 3 hectares of each which is more than the average (1-2 hectares). He also has 5 lower fields<sup>55</sup>, which is also unusual, most farmers own less than 3 lower fields. He also produces cotton, beans and tobacco and he owns 'bancas'<sup>56</sup> in the market. I was wondering how he was able to deal with so many activities. He told me that he hired two employees and besides that he worked with his large extended family which included 10 adults. Despite his young age he was the chief of this extended family. As he told me proudly 'I am the one who helps my family members'<sup>57</sup> (and not the other way around as I was suggesting). His economic successes are translated into a particular social position that allows him to be responsible for the elder brothers in his family.

This farmer saw himself as a planner. Not only was he able to provide his family with employment, wealth and financial resources, but he was also able to invest his money and draw up plans for the future investments and activities. He started to lend money with high interest rates in 2005. He thought that the practice of charging relatively high interest rates was fair since 'people make money with my money'<sup>58</sup>. By consequence, he believed that the creditor deserves to be reimbursed with interest rates. I naively asked him why some people in the community become wealthy, like he did, whilst others do not? He just replied that 'This goes according to your thoughts (ideas). Some people today have thirty millions Meticaís and next Monday they have nothing. Some spend their money in drinking alcohol other give the money to their friends...But when the money is over, your friends also end-up with your money'<sup>59</sup>.

For him there were two categories of farmers, the ones that are not able to make rational plans for the future and spend their money with frivolity, and the other, who, like him, work, make plans and succeed in realising these plans. I asked him how he could lend money to other farmers since it seems

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<sup>54</sup> Interview 25, Gorongosa, 30.07.2007

<sup>55</sup> Lower fields are situated near the rivers. The farmers produce vegetables and fruits in the lower fields.

<sup>56</sup> Store in the market

<sup>57</sup> Interview 25, Gorongosa, 30.10.07

<sup>58</sup> Idem

<sup>59</sup> Idem



to be very risky business to lend money to poor people like the ones he described to me. For him it was possible to evaluate the trust you could place in an individual by looking at the amount of work a person does, their richness, and the agricultural products they own. For instance he told me that he will never lend money to a person whose land is full of weeds at the moment of the production. This was definitively a sign of laziness and lack of seriousness in the production process and especially for cotton producers.

For sure entering the business of cotton production, bean and tobacco, and being able to lend money to other farmers is according to this farmer a sign of prestige and of self-realisation. Karin Barber (1995) has also show how in the Yorùbà society the money is perceived a 'enabler' that exert a force on a whole field of interaction such as social values, achievements, aspirations, and relationship.

Thus, my informant recognised two main categories of farmers: those deserving and those undeserving of credit. The first are the ones who make plans, work hard and take rational decision. They succeed in becoming wealthy by investing in their land. The others, the undeserving poor, are the ones who sometimes drink, whom he considers lazy and who spend their money without thinking of the future, enjoy life with their friends but fail to provide opportunities for their own family and thus reach a successful life.

Overall, it is interesting to note that in spite of the lack of overt force or violence resulting from conflicts over debts in Gorongosa, other forms of more structural violence have emerged. As mentioned already the tribunal has overseen, and in a sense given some respectability to processes of debt and credit-creation and accumulation among men. Through this process of social change, connected as was suggested, to the neo-liberal order and commercialisation of cotton production, some huge inequalities have emerged among male farmers in Gorongosa. The most significant way in which this has emerged is through the use of high rates on loans. The tribunal has sanctioned these high rates of interest by not questioning their fairness or justification. The effect of these changes have been to allow two classes to start to emerge among male farmers in Gorongosa- debtors and creditors. The tribunal is mainly responsible for overseeing the process of accumulated debt formation over time. High grassroots-imposed interest rates have had the effect of reinforcing social inequalities, but without engendering violence or use of non-economic coercion.

Arguably what this has produced is a form of structural violence through the possible deprivation of poorer farmers through debt and interest repayment of the profits potentially to be gained from cotton, and thus possibly also depriving them of the means of ensuring a decent basic living for them and their families. Built into Galtung's work on structural violence, is the notion that: ' structural and indirect violence is defined as built into the person, social and world spaces and is unintended' (1996:31). The tribunal serves as a regulatory institution to provide the creditor with their loan and the

interest rates. As a consequence the tribunal is an instrument that reproduces (whether those who sit in it want to or not) structurally unfair practices at the individual and social level. At the individual level the tribunal contributes indirectly to the economic impoverishment of small debtor farmers who have no choice but to take on high-interest loans, working in other farmers' fields to pay off interest, or contracting another high interest loan. At the societal level the tribunal sends a clear message that the practice of creditors charging high interest rates will be accepted and therefore this practice has become a norm. Through the institutionalisation of farmers' responsibility to re-pay high interest rates, the tribunal normalises a form of structural violence which needs to be viewed as such, even where no direct force or violence is used against the debtors. What has taken place under the tribunal's oversight is the emergence of a new social strata of lenders among the male farmer population: a rural elite.

In conclusion, the informal credit system has generated its own regulating processes. In opposition to Western Nigeria, it does not seem to use threat. On the contrary this chapter underlined the peaceful resolution of debt disputes and highlighted the principle of trust based on a reciprocal relationship based on acknowledgment of share duties and obligations between the creditor and the debtor. However the traditional tribunal reproduces forms of structural violence by given some respectability to processes of debt, credit-creation and accumulation among men. As a consequence huge inequalities have emerged among male farmers.

## Chapter 7

### Conclusion

The neo-liberal project which governs the logic of the SAP implemented by the IMF and WB in Mozambique since the mid 1980s emphasizes measures that aim to maximize private investors' returns, and enable producers and consumers to pursue their own economic interests (Paris, 2004). However, the context faced by farmers of Gorongosa shows a different context. As pointed out recently by the PRAP (2006) poor rural Mozambican families remain excluded from the rapid growth of the macro-economy.

The lack of formal financial services provided to the farmers of Gorongosa is one aspect that seriously restricts their possibility to maximize their own economic interest i.e. to engage in cash crop production like cotton. Cotton production and the informal credit system implemented by male farmers in the grassroots economy represent new patterns of access to wealth. Cotton production and commercialization have emerged as intertwined factors promoting the growing indebtedness of poorer male farmers in recent years. Debts at high interest rates are provided by successful farmer creditors to male farmer debtors as a way to enable the latter to engage in cotton production, in the expectation of high returns. High interest rates are a feature of this credit system as is regulation by the tribunal of disputes arising from debt non-repayment. At the same time the informal credit system is becoming much more formalised and regulated and thus highly profitable for the creditors. In that sense this research suggests more mixed motives for those entering the grassroots economy in Gorongosa, than barely 'survival'. Access to wealth is a motive alongside survival, and some farmers thrive and become wealthy. As a consequence, there has been a transformation in the way the grassroots economy works in this area of rural Mozambique. The grassroots economy is no longer immune from processes that characterise the marketisation of the wider Mozambican economy i.e. the monetisation of the relations, which is accompanied by the emergence of more obvious class divisions among male farmers.

Finally, in Gorongosa, the way in which debt recovery is dealt within the farmers themselves and by the community tribunal tends to minimise the use of force. This was an interesting finding. However forms of structural violence are nonetheless reproduced through class and gender inequalities. These both exclude woman from financial capital and hasten the impoverishment of some male farmers and the process of class formation in the rural economy.

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# Appendix 1

**Table 1**  
**The economic collapse (1973-1986)**

	1973	1980	1986
<b>Industrial output</b>	100	77	35
<b>Marketed agricultural output</b>			
<b>CASHEW</b>	100	45	20
<b>COTTON</b>	100	45	7
<b>MAIZE</b>	100	54	18
<b>RICE</b>	100	37	16

Source: Broschmann, G. and Ofstad, A. (1990:19)

(Index 1973=100)

**Table 2**  
**Cotton Production and surface cultivated (2000-2006)**

	2000/01	2001/02	2002/03	2003/04	2004/05	2005/06
<b>Hectares</b>	234 693	225 311	162 339	175 576	185 465	212 071
<b>Tones</b>	71 048	84 675	54 144	93 205	78 205	122 287

Source IAM, Instituto de Algodão de Moçambique (quoted in [www.missioneco.org/mozambique](http://www.missioneco.org/mozambique))

**Table 3**  
**Key informations on the Cotton sector in Mozambique (2003-2004)**

Provinces	Number of Growers	Area Planted in Hectares	Production in Tons	Tons per Hectares
<b>Cabo Delgado</b>	41 671	38 958	20 819	0.53
<b>Nampula</b>	24 759	75 606	34 144	0.45
<b>Sofala</b>	22 382	15 937	13 130	0.82
<b>Zambezia</b>	9918	13 957	3940	0.28
<b>Tete</b>	7430	-	4256	0.58
<b>Manica</b>	1685	-	4067	0.54
<b>Niassa</b>	-	14 863	7817	0.53

Source: Ministry of Agriculture of Mozambique (2005) Research report No 59 E.

**Table 4**  
**Average farmer-days in cotton field**

Field activity - cotton production	Average number of days in the field
<b>Land Clearing</b>	62.29
<b>Land preparation</b>	81.70
<b>Planting</b>	28.53
<b>Desbaste</b>	26.79
<b>Weeding</b>	56.71
<b>Harvesting</b>	131.1

Source: Ministry of Agriculture of Mozambique (2005) Research report No 59 E.

**Table 5**  
**Court record of debts cases per category (2003-2007)**

	2003	2004	2005	2006	2007
<b>All types of cases per year</b>	68 cases	127 cases	163 cases	145 cases	155 cases
<b>Total debts per year</b>	8 cases	7 cases	8 cases	24 cases	38 cases
<b>Debts of Money</b>	3 cases	0 case	4 cases	16 cases	13 cases
<b>Debts of cotton production</b>	0 case	0 case	0 case	0 case	8 cases
<b>Debts of Ku fewa</b>	3 cases	4 cases	3 cases	4 cases	11 cases
<b>Debts of Mabatiro</b>	2 cases	3 cases	1 case	4 cases	6 cases

**Table 6**  
**Amount of money involved per category of debts in Meticais (2003-2007)**

	2003	2004	2005	2006	2007
Debt Money	410.000	0	2.050.000	7.325.000.	18.105.000
Debt cotton production	0	0	0	0	14.000.000
Debt Ku fewa	5.350.000	2.700.000	7.864.000	4.450.000	20.700.000
Debt Mabatiro	1.500.000	2.500.000	2.100.000	7.500.000	11.260.000
Total per year	7.360.000	5.200.000	12.014.000	19.275.000	64.065.000

**Table 7**  
**Demographic data**

	Frequency	Percentage
Male farmer	34	94.4
Female farmer	2	5.6
Married	34	94.4
Divorced	2	5.6
Monogamous	17	47.2
Poligamous	19	52.8

**Table 8**  
**Average number of family members and children**

	Mean
Family members	10
Number of children per family	6

**Table 9**  
**Production/income**

<b>I produce:</b>	<b>Frequency</b>	<b>Percentage</b>
Maize	35	97.2
Millet	35	97.2
Lower fields	33	91.8
Cotton	16	44.4
Bean	11	30.6
Tobacco	2	5.6
Sell their production	32	88.9
Non agricultural related income	12	33.3

## Appendix 2

### **Rising debt in colonial Rhodesia**

In his article on Sipolilo district in former Rhodesia between 1953 and 1963, Randal Smith (1998) shows how the penetration of capitalist social relation deeply affected the form and structure of *roora* marriages. The author starts with the dramatic surge in commercial debt cases in the Native Commissioners Court, and the subsequent dramatic increase in non-commercial debt cases, those largely in matrimonial disputes. One of the main element underlining this analysis was the establishment for the first time in Sipolilo rural district of storekeepers and the emergence of the new concept of financial debts in that community. This was due to the open up of the district to the cash economy in the 1950s. The stores started almost immediately to implement credit in order to sell their goods. The implementation of credit was of fundamental importance in an economy based on the agricultural cycle: credit was necessary for the stores to overcome the irregular incomes of their clients (mainly farmers). The stores not only operate as a 'credit institution' to allow farmers to buy goods but some of them operate as rudimentary banking institution lending money to their clients. Gradually the stores made most used of the Native Commissioners Court to recover non-debt repayment. For example, the author describes how between 1959 and 1961, a man who was at various time a carpenter, a shop owner and a small commercial farmer brought 28 commercial debt cases to court as a plaintiff. Shopkeepers were increasingly making use of the tribunal to recover their loan. The tribunal became a regulatory system to recover from debt and a place where the plaintiff would win systematically the case. Gradually, the legal route for debt recovery was being used increasingly, both for different types of debt and for older debts. The store-owners had led the way; now others were making use of the path that had been opened. As a result the Native Commissioner Court played an important role in managing the transition between commercial and non-commercial debt.