



Implication of Increasing Land Value on Land Tenure Security: Experiences from Kalangala Oil Palm Growers Trust, Uganda



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Abstract

Kalangala District of Uganda is the home of commercial oil palm growing under a public private and producer partnership business model, commonly known as the PPPP model. The Government of Uganda under a tripartite arrangement between a private company; Oil Palm Uganda Limited (OPUL), Kalangala Oil Palm Growers Trust (KOPGT) an implementing agency and the farmers undertook to jointly support and fund the implementation of oil palm growing on a commercial scale targeting a total of 10,000 hectares of arable land in the District of Kalangala. The private company, OPUL, was availed land (6,500 ha) on a 98 years lease basis while the smallholder farmers were supported by the Government through credit facilities, agricultural extension, infrastructure and an oil palm fresh fruit bunches (FFB) marketing policy framework. Predominantly, the smallholder farmers are tenant on land over which they may or may not have secure tenure rights. The total holding for the smallholder oil palm growers is 4,700 hectares of individual plantations.

Major milestones and achievements have been registered to date in Kalangala due to the initiative of oil palm growing. OPUL have established a 6,500 ha plantation, on the main Island of Bugala, while the 1,770 smallholder farmers have individually contributed land and established 4,300 ha of oil palm plantations. The Government of Uganda on the other hand has extended agricultural credit to the farmers worth USD 11.5 million in the last 9 years. Already USD 1.5 million has been paid back by the small holder farmers to Government through KOPGT.

Out of the 1,770 farmers, 700 of them are already harvesting oil palm fruits from their mature trees and on average the farmers earn collectively USD 0.2 million per month. The oil palm farmers livelihoods have taken a better turn compared to where they were before oil palm growing was introduced to Kalangala.

Kalangala is an Islands District in Lake Victoria, on the Uganda side. Lake Victoria is a shared lake between three East African states of Kenya Uganda and Tanzania. The District is comprised of 84 Islands, among which on 62 of them are inhabited with a total population of slightly over 70,000 inhabitants. The main commercial activities of the Islands are mainly: Fishing, Lumbering, Agriculture, Livestock and lately tourism for their livelihood. The predominant cash crop is now oil palm straddling three islands of Bugala, Bunyama and Bubembe.

Keywords: Land tenure security, land value, oil palm growing

Introduction

Kalangala District of Uganda is the home of commercial oil palm growing under a public private and producer partnership business model, commonly known as the PPPP model. The Government of Uganda under a tripartite arrangement between a private company; Oil Palm Uganda Limited (OPUL), Kalangala Oil Palm Growers Trust (KOPGT) an implementing agency and the farmers undertook to jointly support and fund the implementation of oil palm growing on a commercial scale targeting a total of 10,000 hectares of arable land in the District of Kalangala. The private company, OPUL, was availed land (6,500 ha) on a 98 years lease basis while the smallholder farmers were supported by the Government through credit facilities, agricultural extension, infrastructure and an oil palm fresh fruit bunches (FFB) marketing policy framework. Predominantly, the smallholder farmers are tenant on land over which they may or may not have secure tenure rights. The total holding for the smallholder oil palm growers is 4,700 hectares of individual plantations.

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OPUL have also established 2 palm oil mills on Bugala Island for processing the fruits. The total milling capacity is 40 tons per hour. Each Palm Oil Mill has a capacity of 20 tons of fruits per hour. The crude palm oil yield of the fruits in Kalangala is 21% which compares well with the good standards around the world. In addition, while there is a lot of debate and controversy surrounding it, the oil palm is known to be the most traded and consumed vegetable oil in the world. It also contributes to household incomes in a number of developing economies such Malaysia, Indonesia, Costa Rica, Brazil, Nigeria, Ghana, Cameroon and Uganda.

The land tenure system in Kalangala was inherited from the British; the former colonial masters in Uganda. The predominant land tenure system in Kalangala is known as *Mailo*, literally meaning 'square mile.' Historically in this part of Uganda (since the 1800), the land belonged to the traditional ruler, the *Kabaka*, literally a King who had powers to allocate land as he pleased. During the colonial days, the British helped the King of Buganda to survey and partition land in parcels of square miles. The Kabaka would then allocate the land to his Chiefs as to manage as custodians on behalf of the people. The ordinary people of the concerned areas would then request the Chiefs to be allocated land for use for their livelihood, including agriculture, forestry,

grazing, communal projects, cultural sites, religious activities and other social development endeavors.

Some ordinary people were also rewarded by the Kabaka with large pieces of Mailo land for executing extra-ordinary accomplishments, say during tribal or colonial wars and social-cultural endeavors. Following the abolition of traditional rulers and Kings in the 1960's, most of the Chiefs assumed full and perpetual ownership of the land under their custody, just as the ordinary Mailo owners did, since they possessed the legal documentation – the Titles. In the year 1998 the law in Uganda was amended such that tenants on the land were bona-fide occupants on the Mailo land with security of tenure to use but not to own. Many of the Chiefs and other Mailo land owners contested this law while the tenants saw the law as an olive branch in the land tenure security perspective. Many of the oil palm plantations are resident on the Mailo land over the larger part of Kalangala District.

The introduction of oil palm growing in Kalangala district has resulted into a number of positive impacts as well as changes in land value and tenure. For instance the three islands where oil palm is being grown have become a market economy and land has gained higher value than ever before thus becoming tradable between farmers and owners. An acre of land in Kalangala that used to cost about USD 30.0 in the year 2000 now costs about USD 1,000.0.

Many smallholder farmers who are tenants on Mailo land would like to trade off their legal user rights into owner rights through straight buy off from the Mailo owners of the land parcels they are using for oil palm growing. 564 oil palm farmers have indicated to KOPGT that they would like support to be able to engage in negotiations with Mailo land owners to buy off ownership rights. A few have gone it single handedly and succeeded.

The Commercial Banks are willing to extend credit to the oil palm farmers on a more stable owner/user LTS. Three commercial Banks have approached KOPGT prospecting to extend credit to the oil palm farmers on a more equitable LTS arrangement. Uganda Development Bank, Stanbic Bank and Finance Trust Bank have all prospected.

The Mailo Land owners are wary of the new land law as they see it as robbing them of the true worth of their land in terms of ownership and use. They are reluctant to sort any of their land disputes in the courts of law. A few court cases related to land conflicts are near stalemates that may never be solved in court for lack of conclusive evidence in terms of user rights and ownership rights. A number of Mailo land owners are absentee owners.

The smallholder farmers are looking more unto KOPGT to arbitrate on the Owner/User disputes rather than the Courts of law. 18 known cases have been arbitrated by KOPGT amongst two willing land owners and the tenant oil palm farmers. This is a sign of confidence that the majority of farmers and even land owners have in KOPGT.

Some of the cultural institutions that used to play arbitration roles on land matters are now not allowed by law to carry out such roles. There is therefore need for alternative arbitration methods in order to ensure land tenure security.

This paper therefore sets out to initially highlight the efforts that the government of Uganda, OPUL and KOPGT have put in place through the oil palm development initiative in order to improve the livelihoods of the people of Kalangala. Secondly, the paper highlights the challenges and implications of the development initiative on the land Tenure Security (LTS) of the beneficiary smallholder farmers.

Oil Palm Growing in Kalangala District

Kalangala is an Islands District in Lake Victoria, on the Uganda side. Lake Victoria is a shared lake between three East African states of Kenya Uganda and Tanzania. The District is comprised of 84 Islands, among which on 62 of them are inhabited with a total population of slightly over 70,000 inhabitants. The main commercial activities of the Islands are mainly: Fishing, Lumbering, Agriculture, Livestock and lately tourism for their livelihood. The predominant cash crop is now oil palm straddling three islands of Bugala, Bunyama and Bubembe.

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Land Tenure challenges in oil palm growing in Kalangala:

The land tenure system in Kalangala was inherited from the British; the former colonial masters in Uganda. The predominant land tenure system in Kalangala is known as ***Mailo***, literally meaning 'square mile.' Historically in this part of Uganda (since the 1800), the land belonged to the traditional ruler, the ***Kabaka***, literally a King who had powers to allocate land as he pleased. During the colonial days, the British helped the King of Buganda to survey and partition land

in parcels of square miles. The Kabaka would then allocate the land to his Chiefs as to manage as custodians on behalf of the people. The ordinary people of the concerned areas would then request the Chiefs to be allocated land for use for their livelihood, including agriculture, forestry, grazing, communal projects, cultural sites, religious activities and other social development endeavors.

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Chiefs assumed full and perpetual ownership of the land under their custody, just as the ordinary **Mailo** owners did, since they possessed the legal documentation – the Titles. In the year 1998 the law in Uganda was amended such that tenants on the land were bona-fide occupants on the **Mailo** land with security of tenure to use but not to own. Many of the Chiefs and other **Mailo** land owners contested this law while the tenants saw the law as an olive branch in the land tenure security perspective.

Many of the oil palm plantations are resident on the Mailo land over the larger part of Kalangala District.

Implications of the increasing Land value on LTS:

1. The three islands where oil palm is being grown have become a market economy and land has gained higher value than ever before thus becoming tradable between farmers and owners. An acre of land in Kalangala costs USD 1,000.0 today up from a mere USD 30.0 in the year 2000.
2. Many smallholder farmers who are tenants on Mailo land would like to trade off their legal user rights into owner rights through straight buy off from the Mailo owners of the land parcels they are using for oil palm growing. 564 oil palm farmers have indicated to KOPGT that they would like support to be able to engage in negotiations with Mailo land owners to buy off ownership rights. A few have gone it single handedly and succeeded.
3. The Commercial Banks are willing to extend credit to the oil palm farmers on a more stable owner/user LTS. Three commercial Banks have approached KOPGT prospecting to extend credit to the oil palm farmers on a more equitable LTS arrangement. Uganda Development Bank, Stanbic Bank and Finance Trust Bank have all prospected.
4. The Mailo Land owners are wary of the new land law as they see it as robbing them of the true worth of their land in terms of ownership and use. They are reluctant to sort any of their land disputes in the courts of law. A few court cases related to land conflicts are near stalemates that may never be solved in court for lack of conclusive evidence in terms of user rights and or ownership rights. A number of Mailo land owners are absentee owners.
5. The smallholder farmers are looking more unto KOPGT to arbitrate on the Owner/User disputes rather than the Courts of law. 18 known cases have been arbitrated by KOPGT amongst two willing land owners and the tenant oil palm farmers. This is a sign of confidence that the majority of farmers and even land owners have in KOPGT.

6. Some of the cultural institutions that used to play arbitration roles on land matters are now not allowed by law to carry out such roles. There is therefore need for alternative arbitration methods in order to ensure LTS.
7. Most of the impact to date of oil palm development on island economy has been in terms of the influx of around 2,000 workers to work on the nucleus estate and out growers' land; the cash advances to smallholders for work associated with crop establishment and maintenance; and developments in local businesses as a result of the improved road network and ferry linkages with the mainland. The larger impact of a steady stream of monthly income flowing to the now 800 smallholder and out grower farmers with a total mature plantation of 2,100 ha and earning on average 600 million Uganda shillings or US\$ 180,000.0 per month. The non-oil palm growing community are however not satisfied as they tend to feel left out of an enterprise meant for the entire community and not a chosen few of the people, given that the hitherto lucrative fishing business is quickly being affected by declining fish stocks in Lake Victoria.

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