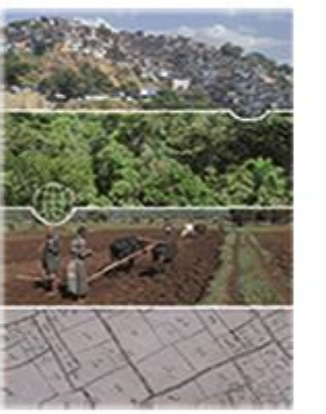




# Scaling up Responsible Land Governance

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## Immobilized land market caused by lack of secure property rights: case of the cerrado Piauiense

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### Introduction

This article shows the case of the cerrado region where because of lack of clear property rights the land market is completely immobilized.

It started with the land occupation of Piauí's cerrado region and the creation of its land market in the seventies by the State Development Agency (CONDEPI), that sold with symbolic prices very large properties for cattle and fruit production. The small land owners that occupied previously the region based on common rights were sometimes dispossessed.

At the end of the 90's the use of the cerrado for the production of grains (specially rice and soya beans) created a very intensive move of large enterprises to the region, that registered its rights at the notaries overlapping the common rights, increasing the conflicts.

The state created the Agrarian court to solve this problem, but it was only able to block the titles of these areas that were overlapping the areas small land owners.

So to conclude despite the regulation, the land governance has always been fragile, making land useful for speculative purposes rather than social one, thus being privately held.

### Results

Agricultural expansion that has occurred in Piauí has caused a series of conflicts that culminated in the need to create an Agrarian Judicial Court in 2012 specialized in solving the land disputes in the portion of the state that was included in the territory of MATOPIBA. This court has acted vigorously to prevent land grabbing and other fraudulent ways of land acquisition in the municipalities under its jurisdiction in order to give greater legal certainty to property rights and possession. Since its foundation this court blocked about 6 million hectare in the region, causing a complete halt in land trading.

Land markets study, based on secondary data as from table 1, shows that the Cerrado land prices has had the largest increase after 2010. Even when compared with good agriculture land it is much higher. But these are expectations around the value of land, because only in Bom Jesus area only 23 properties and 19,058.52 have exchanged hands in this period as local data obtained at the notaries showed. The institutional constraints associated with land have a very significant role in market dynamics and trading in land prices.

The legal uncertainty gives rise to conflict, when judicialized, cause legal restrictions as enrollment locks, pledge, mortgage, etc., causing losses and decrease in dynamics of the land market.

The two major types of institutional constraints most commonly found in Brazil are: the uncertainty in property rights in the Brazilian case is the lack of a register and the problems associated with the real estate registry offices that do not proffer citizens the certainty about the property Earth.

The market inflexibility in the region has affected the entire production chain that suffers, for 03 years, with the decrease of business purchase and sale of land, new investments that would enable the increased acreage and crop, implements sale and inputs for agriculture, among others.

### Methodology

The aim was to analyze the land markets dynamics. This land market research was done in the next steps: preliminary research, to organize and systematize information about the municipality.

The second step provides for the search of a cadaster of sellers and buyers of land at the local notaries. The third step was of interviews with: a) buyers to obtain the selling price; b) important stakeholders (the judge of Agrarian court, the Meyer, the real state brokers and others).

### Conclusion

When property rights are not well defined, there is a reflection on the land market, causing the immobilization of the activities inherent in the marketing of properties and other activities related to it.

The historical process defined the kind of land occupation in the region, as not having reliable land records and the lack of a land cadaster, caused conflicts when the land use started to grow.

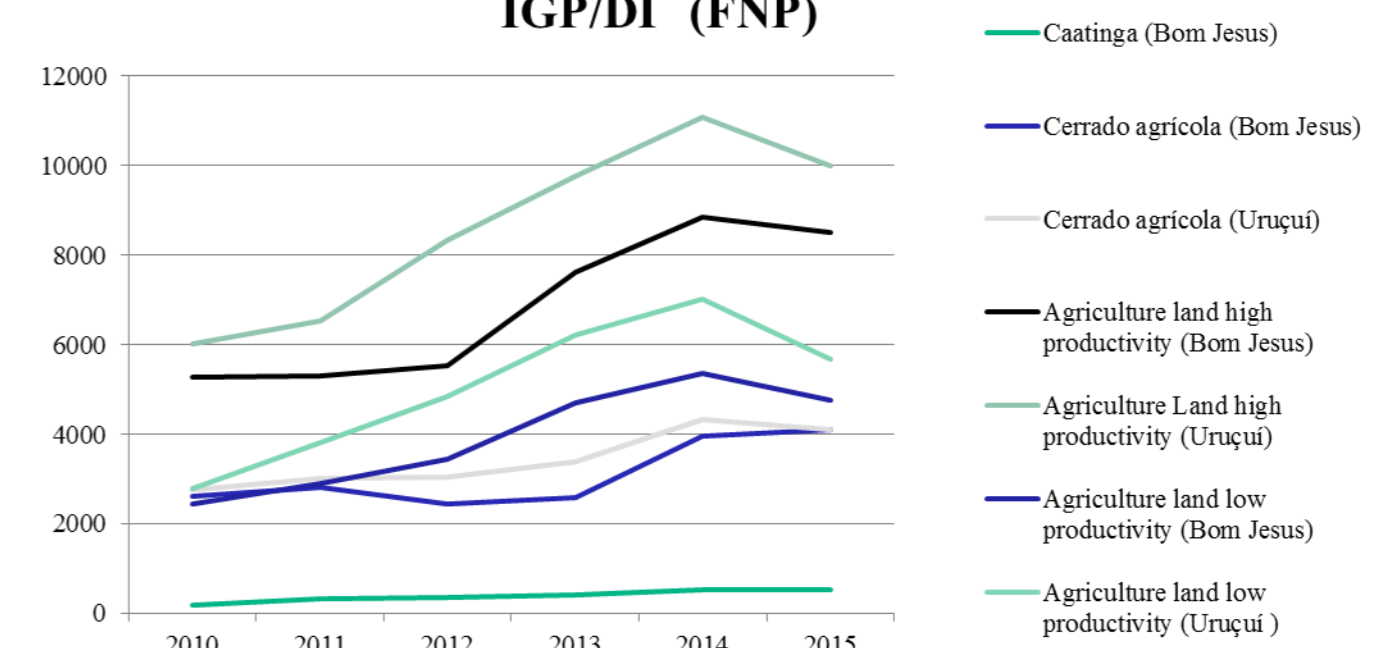
The acknowledgement of the conflicts origins lead to the creation of the Agrarian Court of

Bom Jesus. It can propose solutions for the improvement of the property rights in the region. But, despite these positive changes, the land market is still locked (no transactions).

It is also important to note the mismatch between the secondary data on land prices and the data obtained in the field. One explanation is that the secondary data reflects the expectations on land prices no real transactions, since in the field no formal transactions were detected. Another explanation is that transactions could be occurring in such an informal way that it couldn't be detected. We support the first explanation.



Land Prices Piauí - Cerrado - R\$/ha from 2015  
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