CONFRONTATION BETWEEN PEASANT PRODUCERS AND INVESTORS IN NORTHERN ZAMBÉZIA, MOZAMBIQUE, IN THE CONTEXT OF PROFIT PRESSURES ON EUROPEAN INVESTORS

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Competition and conflict

• Investors, speculators and local smallholder producers
• Large and foreign vs. small and national
• Three projects in Zambézia province used to illustrate the issues
12 mn to 19 mn ha are potentially available for agriculture, forestry, and cattle
Only 5.6 million ha is actually being used for crops and cattle
3.8 mn small farm families, who farm 5.4 mn ha – just 1.4 ha per family
42% of farms do not produce enough food to feed the family.
Very low use of technology
  – 5% use irrigation
  – 4% use chemical fertilizer
  – 3% use pesticides
  – 2% can obtain credit
Small farm size results from low use of mechanical tillage:
  – nearly all farmers use only a hoe
  – 2% of farmers use tractors
  – 11% use animal traction
Context

• Policy of the international agencies was to reduce support – and the role of the government – for farming, and to leave agricultural development to the private sector
• No private interest in the peasant sector, so emphasis on encouraging foreign investment in the late 1990s and early 2000s
• Significant investment in certain areas - sugar jumped from 30,000 ha in 2000 to 180,000 ha by 2006
• From 2004 to 2010 Mozambique granted concessions to foreign companies of close to 1 million ha, 73% for forest and 13% for agrofuels and sugar.
• Another 1.5 mn ha was granted to Mozambicans
Foreign investors in Zambézia

- Central Mozambique - potentially one of the most productive areas
- Poorest province in the country - relatively large and dispersed population
- 3 controversial investment projects in the north of the province – forestry projects by SAPPI and the Global Solidarity Forest Fund, and a soy project by Quifel
SAPPI withdraws

• 150,000 ha Eucalyptus plantation planned in 2008 (plantation + outgrower) but withdrawn in 2010

• Public affairs officer Elijah Masondo:
  – “...decision was taken that the risks relating to food security, socio economic stability and environmental impacts are too complex and great for the project to proceed"
  – "two of the...Districts...are densely populated, and the current land use clearly shows that they are important areas, both at a local and national level, for food production. To achieve the required tree growth rates to make a plantation development feasible and cost effective, the plantations require similar climatic and soil conditions; as a result any plantation development (own operations and out-grower) would be in direct conflict with agriculture."
  – The third district is less utilised and less populated because soils are poor, which also means the soils "are less suited to optimum tree growth".
Global Solidarity Forest Fund (GSFF) runs into problems

- To develop "forest-based investments with high potential returns and a strong ethical, environmental and socio-economical profile, including community development”
- 400,000 ha of forest (4 projects)
- Stressed the additional potential for “ecosystem services such as carbon sequestration, biodiversity and conservation”
- Chikweti Forests of Niassa - farthest advanced: 28,970 ha (mix of protected native forest with new pine and eucalyptus planted in marginal areas)
- Tectona Forests of Zambézia – awarded 19,540 ha in 2011. Planting teak trees – dispersed land areas across several districts
Chikweti & conflict

- Serious conflicts with communities
  - Planting on farmland/pastures
  - Clearing of dense native forests
- Chair resigns, management sacked
- Changes brought through local contestation, investor concern, government intervention
Quifel (Hoyo Hoyo)

• History of the area:
  – State farm after independence
  – Abandoned in the 1980s during the destabilisation war
  – Peasants and former state farm workers returned and cleared land
  – 2003 CLUSA introduced soybeans and promoted farmer associations
  – 2010 BMGF support
Success of the smallholders

• Highly successful - 5,000 producers across Gurué district, organised in 112 associations
• Market entirely local chicken producers: domestic food value chain, allowing local chicken to replace imported frozen chicken
• Yields went from 500kg/ha to > 1,400kg/ha
• At approx. USD 0.50/kg (2010), farmers with 3-4 ha were earning >USD 2,500
The award to Quifel

- Dec 2009 - 10,000 ha to a Portuguese company, Quifel: soy + sunflower for biodiesel (had asked for 20,000 ha)
  - Full production on 20,000 ha by Yr4
  - > USD 17 million in the clearing of land and the rehabilitation of related infrastructure
  - Commitments for the construction of a school, a health post, wells and extension of the electricity grid by Yr2
  - 600 permanent jobs and between 400 to 500 seasonal jobs by Yr3
Reality

• 490 ha occupied by 244 farmers, most displaced
• 100 ha planted 2010/11, <200 ha in 2011/12
• None of the commitments on investment, infrastructure or jobs have materialised
Finance?

• Nov 2009 - Invitation to invest:
  – "The Company, through its subsidiaries and affiliates, has the concession rights over two locations in Mozambique totalling 30,000 hectares."
  – "The Project looks extremely appealing with projected returns of 41 per cent per annum and a multiple of 5 times the money invested over a five-year period."

• At this point, Quifel had no land in Mozambique
## Safeguards in the land law: Failure where?

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<th>Community consultations</th>
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<td>- 15,000 potentially affected, only 450 people attended two meetings held on same day</td>
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<tr>
<td>- No documents, no maps, no written proposals</td>
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<td>Promises captured in an ‘acta’ but</td>
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<tr>
<td>• No specifics</td>
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<td>• Not part of the eventual contractual agreement of the lease</td>
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<tr>
<th>Obligation to demarcate the area within 1 year</th>
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<td>- Not done to date</td>
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<th>Obligation to make use of the land</th>
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<td>- No more than 200 ha to date</td>
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Lesson: “a different kind of value chain”

• European investors are under pressure to make exaggerated claims that are difficult to meet
  – Procana (30,000 ha) claimed it could produce four times as much ethanol per hectare as any other sugar producer
  – Hoyo Hoyo suggested a 41% annual return
  – GSFF promised a "high" rate of return while still being green

• Exaggerated claims to investors push companies to violate environment and community rights and local conflicts are created

• Investors push national actors to bypass legislation and agreed procedures, and in turn to put pressure on local actors to allow land concessions without proper consultations

• Tensions are created which can have a political impact

• All of which creates hostility to foreign investment
Small & national vs. large & foreign

- CLUSA and Gates project in Lioma showed
  - small holders could produce soy at a level similar to that of large scale commercial farmers
  - creating more jobs and linking into a local value chain
- “Structural change” is not precluded in a model that supports the growth of small scale commercial farming
To an economist, real life is a special case

• “Courage and complexity” in regulation
• Both are present in Mozambique, but:
  – Contestation between models
  – different institutions, sometimes in tension (CPI & CEPAGRI)
  – And then there are the politicians...
• We need to demand accountability and transparency regarding the allocation of our land resources, and this is ultimately our responsibility