Despite repeated failures, Agriculture Minister Pacheco still wants big plantations

No new plantation has succeeded since independence, neither state nor private. But it has not stopped Frelimo leaders since Samora Machel from dreaming of giant mechanised farms funded by hundreds of millions of dollars from abroad. The latest is José Pacheco, Minister of Agriculture and Food Security and a member of the Frelimo Political Commission, who is offering 150,000 hectares of irrigation projects which need $2.5 bn in investment.

At the 8-9 June Tete Infrastructure Forum a list of huge projects was tabled, with dams, highways, railways and electricity lines. Pacheco tabled projects on five rivers, costing $14,000 to $28,000 per hectare.

<table>
<thead>
<tr>
<th>River basin</th>
<th>Hectares</th>
<th>Investment $ mn</th>
<th>Rate of Return</th>
<th>Cost/hectare</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lúrio</td>
<td>30,000</td>
<td>$ 631 mn</td>
<td>10.19%</td>
<td>$ 21,060</td>
</tr>
<tr>
<td>Zambezi</td>
<td>75,000</td>
<td>$ 1,053 mn</td>
<td>9%</td>
<td>$ 14,040</td>
</tr>
<tr>
<td>Buzi</td>
<td>15,000</td>
<td>$ 421 mn</td>
<td>10.47%</td>
<td>$ 28,020</td>
</tr>
<tr>
<td>Limpopo</td>
<td>15,000</td>
<td>$ 211 mn</td>
<td>10.12%</td>
<td>$ 14,040</td>
</tr>
<tr>
<td>Maputo</td>
<td>15,000</td>
<td>$ 211 mn</td>
<td>10.12%</td>
<td>$ 14,040</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>150,000</strong></td>
<td><strong>$ 2,527 mn</strong></td>
<td></td>
<td><strong>$ 16,847</strong></td>
</tr>
</tbody>
</table>

Table from Zitamar, 12 June 2017

Zitamar (12 June) points out that this is above the $12,000 per hectare that the World Bank sees as the normal cost. The World Bank notes that small scale irrigation is much cheaper, $4500 per hectare, and notes that Mozambique has the potential for 94,000 ha of small scale irrigation and 99,000 ha of large scale irrigation (only two-thirds of Pacheco’s proposal).
The World Bank report concludes that “the irrigation technology with the greatest potential in the drylands is community-based small-scale irrigation”. It continues: “Although there is considerable scope for developing new large-scale irrigation schemes in the drylands, the economic, institutional, and technical conditions remain demanding.”


**Comment:** It is important to stress that not one new plantation or large irrigation scheme has succeeded since independence - neither state nor private. Each time I say this, people point to projects they are sure will succeed, but so far none has. Pacheco promises 10% or more rates of return, as have so many of the failed large schemes.

From the colonial era and early post-independence period Mozambique has inherited several large irrigation schemes, including Chokwé on the Limpopo, Nguri in Cabo Delgado, and Munda-Munda and Intabo in Zambézia, which have never been made to work effectively and profitably. Yet small scale irrigation is already in use in various parts of the country, and could be expanded. It is not easy, and would require technical support and funding from government. But it would have much more chance of success.

In 2002, Agriculture Minister Helder Mutea told me that he was sure foreign investors would fly in and agree on plantation investments in just a couple of days, and this would end poverty. It did not happen, but 15 years later, Agriculture Minister José Pacheco is saying the same thing. It is time to admit this is not going to happen, and instead look to small scale domestic farming investment backed by the government.  "jh"

**Portucel: trading land for jobs did not work**

The largest foreign investment plantation in Mozambique is benefitting few local people, according to a study released last month and a civil society statement in May. Peasants gave up land on the promise of jobs, but in practice there are few jobs; 75% of local people say their lives are no better.

Portucel seemed to have the potential to be successful because it is a partnership 80% owned by Navigator, a major Portuguese pulp and paper company, and 20% owned by the World Bank's International Finance Corporation. Navigator produces paper largely from eucalyptus trees, and in 2009-11 was granted 356,000 hectares in Manica (183,000 ha) and Zambézia (173,000 ha) on which to plant eucalyptus. If all in one piece, it would be an area 60 km by 60 km, and is triple the size of Navigator's plantations in Portugal.

Portucel follows a "mosaic" model in which it intends to plant two-thirds of its land and allow local people to remain on the other third - thus avoiding resettlement. Families are allowed to keep 2.9 ha, but in some cases the 12 metre high eucalyptus trees come right up the edge of the farm.

Five civil society organisations which serve with government and Portucel on an advisory committee issued a statement in May demanding "the Government and Portucel Mozambique redesign their policies and ways of acting as a way of achieving inclusive and more sustainable development. The Government must take corrective measures and play its role to promote the welfare of the people."

The new study is by Natacha Bruna of the Rural Observatory (Observatório do Meio Rural, OMR) and she interviewed people in two districts of Zambézia. Local people told her they were not properly consulted, as required by the Mozambican land law, before Portucel was given land; 80%
of those surveyed said they had not known about the consultations. Some people said they were pressured by government and local leaders to agree, and a government representative admitted to Bruna that there was some resistance in the community to giving up land and that local leaders were used as “facilitators” to persuade the communities.

The main reason that local people supported the project was they thought they were being promised permanent jobs in exchange for giving up land. Instead, Portucel has only created 251 permanent jobs, of which 15 are for foreigners; only 9% of families that gave up land gained permanent jobs. There have been 3000 seasonal or short term jobs, paying 127 Meticais (about $2) per day, but most of those are in the early planting period.

The reduced land area of individual farms has led to both a drop in food production and a reduction in the area left fallow between crops, according to Bruna. Another report, by Centro Terra Viva, says that the original proposal was the trees would only be planted on marginal land, but in practice good fertile farmland has been used in some places.

Navigator says it will invest $2.3 bn on the project. Of this $40 mn is to go for "social development" - $1600 for each of the 25,000 families in the project area, or $112 per hectare. The local complaint is that this support for inputs and local roads has mainly gone to traditional leaders and the already better off, increasing local class divisions. Support for somewhat larger "emergent farmers" has led to an increase in production of two cash crops, soya for chicken feed and feijão boer (pigeon pea) exported for dal.

The Rural Observatory study is highly critical of government. “No mechanism has been established by the government for the monitoring, evaluation and certification of the level of implementation of the sustainability plan presented by the company,” which is therefore free to do what it wants to maximise its own profit. Instead of monitoring the relationship of the company to the community, local government officials look to Portucel to finance and support public sector activities, from office material to the education and health sector.

Portucel has half of all the forestry plantations in Mozambique. The other two big forestry plantation groups are held by Green Resources (Norway), which has scaled back and reorganized, and the South Africa government owned Safcol, which owns Ifloma, which is not currently in operation, South Africa Public Enterprises Minister Lynne Brown said on 8 March.


**With state support, Zimbabwe family farmers produce 2.2 million tonnes of maize**

State support and good rains have led to a huge jump in maize production in Zimbabwe; 2.2 million tonnes of maize is expected to be marketed this year. This is a huge surplus, compared to demand of 1.5 mn t; in March all grain imports were banned. Of this production, more than half, 1.3 mn t, comes from land reform farmers.

This is a huge increase in production, even compared to previous good rainfall years, and the difference appears to be government support. The two previous years suffered very severe El Nino droughts, so it is not reasonable to compare to them. In the table on the next page we compare to 2011, a normal rainfall year which we used in our book *Zimbabwe Takes Back its Land*. In 2011,
Maize production was 1.4 mn t, just meeting local demand. Communal land farmers had maize yields of 680 kg/ha, so are similar to Mozambique’s peasant farmers, and their 2017 production is expected to be 23% up on 2011. But the big gains have been from the family commercial farmers. The "A1" farmers, typically with 6 ha, increased production 46% on 2011, while the larger "A2" farmers, typically with 10-30 ha, increased production 126% - more than double 2011.

A key reason for the big jump was the "Command Agriculture" programme, aimed at supporting more productive family commercial farmers. Any farmer could sign up for the programme, organised through Agritex, the agricultural extension service. Government would provide on credit a package of inputs, including seed, fertilizer, and, if farmers needed, ploughing. For each hectare prepared, the farmer had to agree to sell 5 tonnes of maize to the Grain Marketing Board (GMB) at the agreed price of $390 per tonne, which would more than cover the cost of the inputs (which are deducted from the sales). Other production could be sold to the GMB or private traders.

Figures are all preliminary as the marketing period is not yet over. Estimates are that government spent more than $300 mn, of which at least $90 mn was for imported fertiliser, and more than 20,000 farmers were assisted. In the 2000 land reform, former white farms were split up, either into about 40 smaller farms with 6 arable hectares (A1 farmers), or into 5 larger farms with 50 ha or more of arable land (A2 farmers). The small A1 farmers have had some support from the Presidential Input scheme and the guaranteed market provided by the GMB, and have been able to slowly pull themselves up by their own bootstraps and become commercial. But the A2 farmers have lacked cash and credit and have been unable to invest in their larger areas, and they benefitted most from the new Command Agriculture scheme. The threshold of 5t/ha was important, because many farmers do not reach that level. But with correct use of fertiliser and seeds and proper weeding, many farmers reach 8-11 t/ha and thus felt confident to sign up to expand their area.

Command Agriculture is voluntary, but those who do sign up are monitored by the army, and there have already been convictions and jailings of people who improperly took inputs and then simply sold them.

**Comment: risk sharing**

In central Mozambique now, the price paid to producers of maize ranges from $75 to $150 per tonne, according to the Ministry of Agriculture and Food Security weekly market report. That is so low as to be unprofitable. A year ago, the producer price was double that - $150-$360 per tonne, enough to make maize commercially profitable. In Mozambique the family commercial farmer carries all the risk and so maize is not a commercial crop - the producer price is just too variable. In Zimbabwe government shares the risk, helping family farmers to produce a national maize surplus.

The starting point in Zimbabwe is the Grain Marketing Board (GMB) which guarantees to buy maize, this year at $390 per tonne. Input costs are $150-$200 per tonne, for fertilizer, seed,
weeding, ploughing, etc. Thus the farmer knows it is worth planting maize. By setting the price in advance, the GMB is accepting the risk. Over the past decade, import parity price has varied between $200 and $400 per tonne; this past season was also a good rainfall year in South Africa and the producer price of maize there is the lowest in years. So the GMB is paying significantly above the import parity price, and is selling maize at $242 per tonne to the millers of maize meal, to match import prices and keep the price of maize meal low - effectively a subsidy of $148 per tonne.

So the choice is clear - government has stimulated a huge maize surplus produced by family commercial farmers, but it has carried the risk and the cost this year could be $200-300 mn. In Mozambique where peasants carry the risk, they do not produce maize commercially and only sell a bit of surplus in good years. But Mozambique can import cheap maize from South Africa. This is a political choice - Zimbabwe wants to be self sufficient in food and support its peasant farmers, but Mozambique does not.

The other part of the package for Zimbabwe was fertilizer and other inputs supplied on credit. Again, the government carries some of the risk, for example if there had been a third drought year. But this year, farmers will earn more than enough to pay their debts.

So we know how to promote family farming: a guaranteed market at a reasonable price with inputs on credit and government sharing the risk with the peasants.  

Other agriculture news

Sugar profits due to protection. Sugar is the only Mozambican crop which is protected, by special permission of the IMF because all sugar is produced by large transnational corporations. Because of that, Tongaat Hulett increased its profits in Mozambique from $2 mn in 2015 to $24 mn in 2016. To protect the sugar companies, the minimum price of imported raw sugar (which competes with local production) was more than doubled in November 2015, from $385 per tonne to $806. (Zitamar 5 June)

Tea production could stop without support from government to modernise factories and replant tea estates. In Gurué tea plantations have fallen from 40,000 hectares in the 1980s to 5,444 ha now, and they are not profitable, according to Valdemiro Varinde, president of the Zambézia tea producers. Tea producers want the government to inject $25 mn. (Zitamar 3 July) Some tea estates have been converted to other crops, including macadamia nuts.

This newsletter can be cited as "Mozambique News Reports & Clippings". If you need to cite it for academic purposes, treat it as a blog. The normal citation format would be:  "Mozambique News Reports & Clippings, number XXX", DATE, bit.ly/mozamb, accessed XXX.

Election study collaboration: We have detailed election data from 1999 through 2014 and are inviting scholars to use this data collaboratively. http://bit.ly/MozElecData

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Special report on four poverty surveys: bit.ly/MozPoverty
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NOTE OF EXPLANATION:
One mailing list is used to distribute two publications, both edited by Joseph Hanlon. This is my own sporadic "News reports & clippings", which is entirely my own responsibility. This list is also used to distribute the Mozambique Political Process Bulletin, published by CIP and AWEPA, but those organisations are not linked to "News reports & clippings" Joseph Hanlon

Mozambique media websites, Portuguese:
Notícias: www.jornalnoticias.co.mz
O País: www.opais.co.mz
@Verdade: http://www.verdade.co.mz
Diario de Moçambique (Beira): http://www.diariodemocambique.co.mz
Carlos Serra Diário de um sociologo: http://oficinadesociologia.blogspot.com

Mozambique media websites, English:
Club of Mozambique: http://clubofmozambique.com/
Rhula weekly newsletter: http://www.rhula.net/news-announcements.html
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