

**Social analysis of selected projects -
Issues Note & Case Studies**

Large-Scale Land Acquisition for Agricultural Production

Mozambique

Rachel Waterhouse

Gil Lauriciano

Simon Norfolk

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ACRONYMS

CEPAGRI	Centre for the Promotion of Agriculture (Centro de Promoção da Agricultura)
CPI	Centre for Investment Promotion (Centro de Promoção de Investimentos)
DNTF	National Directorate of Land & Forestry (Direcção Nacional de Terras e Florestas)
DPA	Provincial Directorate of Agriculture (Direcção Provincial da Agricultura)
DUAT	Right of Use and Benefit (Direito de Uso e Aproveitamento)
EIA	Environmental Impact Assessment
EMP	Environmental Management Plan
FRELIMO	Front for the Liberation of Mozambique (Frente de Libertação de Moçambique)
GDP	Gross Domestic Product
GoM	Government of Mozambique
IMF	International Monetary Fund
INE	National Statistic Institute (Instituto Nacional de Estatística)
MICOA	Ministry for Environmental Coordination (Ministério de Coordenação Ambiental)
MINAG	Ministry of Agriculture (Ministério de Agricultura)
MPD	Ministry of Planning & Development (Ministério de Planificação e Desenvolvimento)
PARPA II	2nd Plan of Action for the Reduction of Absolute Poverty (Plano de Acção para a Redução da Pobreza Absoluta)
PEDSA	Strategic Plan for Agricultural Development (Plano Estratégico de Desenvolvimento do Sector Agrário)
RENAMO	National Resistance Army of Mozambique (Resistência Nacional de Moçambique)
SAP	Structural Adjustment Programme
SPGC	Provincial Services of Geography & Cadastre (Serviços Provinciais de Geografia e Cadastro)

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1 Introduction

With the prospect of a long term rise in global commodity prices, growing interest in bio-fuels and an apparently reinvigorated role for agriculture in the national economy, Mozambique has recently experienced a surge of interest in its land. Acquisition of use rights to large-scale concessions of land for agricultural production, cattle grazing, forestry, tourism and production of bio-fuels have attracted foreign as well as national investors.

Findings of the Inception Report on Large Scale Land Acquisitions in Mozambique¹ showed applications have been made for over 3.5 million hectares of land since 2004. Amongst these requests, those for 1,000ha of land or more account for over 2.5 million hectares.

Higher and more volatile global commodity prices, demand for bio-fuels, population growth and urbanisation are amongst the factors implying that this interest will continue to be important in the future.

Against a back drop of entrenched rural poverty, however, the Government's response to large scale private investment in land has been ambiguous. Based on documentary evidence and field research into a limited selection of projects, this paper briefly sets out the context for large-scale land concessions in Mozambique, experience with the approval process, and social impact of these projects. The authors conclude with some recommendations for Government to strengthen the project assessment and monitoring process in the interest of development gains.

2 Background Information

2.1 Country Background

Key Facts

Mozambique is a country in South Eastern Africa that gained independence in 1964. Mozambique covers a surface area of 799,380 square kilometres. Most of the population live within a 40 kilometre wide coastal strip extending over 2,000 kms. The war resulted in increased pressure on land near major towns of the coastal zones and safe rural areas but there has since been considerable out migration to areas of origin.

Mozambique is still one of the world's poorest countries, ranked 175th out of 179 countries on the UN's Human Development Index in 2008². Over half the population lives in 'absolute poverty' (see above) and over a third of households are highly food insecure³. Government statistics (2004) have suggested that chronic malnutrition affects 41% of under 5s or an alarming 1.3 million children (PARPA II)⁴.

The country is divided into 11 provinces, 128 districts and into 405 smaller administrative units called 'administrative posts'. Agriculture is important for the economy of the country – in 2008 it accounted for 28.6% of GDP. In the rural areas 87 per cent of workers are informal; of these informal-sector workers 90 per cent are in agriculture.

¹ Norfolk, March 2009

² http://hdrstats.undp.org/2008/countries/country_fact_sheets/cty_fs MOZ.html

³ The prevalence of high vulnerability to food insecurity in Mozambique is of 34.8% of households, where 20.3% are classified as highly vulnerable and 14.5% are classified as very highly vulnerable (SETSAN 2007: Food Security Survey; www.setsan.org.mz)

⁴ Government of Mozambique (GoM) 2006: 'Plano de Acção para a Redução da Pobreza Absoluta – PARPA II, 2006 – 2009', final version approved by the Council of Ministers, 02/05/06

2.2 Land in perspective

History of land reform

The history of land occupation, tenure and access has created a bimodal agrarian structure in Mozambique. A large percentage of land is in very large parcels and a large percentage is in quite small peasant parcels, but there are very few parcels of intermediate size.

Since the end of the war, the former 'family sector' agricultural plots have been re-established and new areas of cultivation have been cleared; the mechanism through which land was allocated to rural dwellers was (and remains) dominated by traditional and customary practises. The rules of allocation and inheritance vary from region to region, as do the relative importance of traditional and formal institutions, but they are characterised by the much greater predominance of the 'local' over the 'foreign' and of the 'informal' over the 'formal'.

Over the same period, increasing numbers of applications for private land concessions were once again lodged, permissible under legislation introduced from the late 1980s⁵. Some were aimed at re-establishing the former plantations through a restructuring of the state-entities that took over from the colonial companies, but there was also considerable interest from local companies and individuals in re-establishing old Portuguese settler concessions or occupying newly accessible areas of resource-rich land, particularly in areas that have ready access to transport networks or water for irrigation. Within the framework of an agricultural development programme⁶ and a Poverty Reduction Strategy⁷ that are based upon attracting direct commercial investment into rural areas, this is a process encouraged by government.

What is the relationship between land ownership and power?

The privatisation process has been of benefit to those with political power and government positions. After national Independence in 1975, control of the State was the key means of access to resources. Under Frelimo's initially Marxist-Leninist policies, State power was wielded to ensure a significant redistribution of resources, for instance, through nationalisation of buildings and private companies and the rapid expansion of social services. With economic collapse in the context of civil war, and with introduction of the structural adjustment programme, however, the state was obliged to retract in favour of privatisation. Those with political or executive positions were well placed to benefit from this process.

On-going political and economic liberalisation accompanied the peace negotiations that led to a Peace Agreement and democratic elections in 1994. This process entailed economic benefits for the opposition, as an implicit part of the deal; by the same token creating some community of interests between an emerging economic elite, regardless of political party. The relationship between these elites and local communities is complex; with on-going ties of region and patronage that still hold sway. In terms of acquiring rights over land, these networks of personal influence extending from the élite down to local level are important in terms of who gets access. International stakeholders, representing foreign investment interests, must also mediate and negotiate within the same networks.

Power over land allocation at a local level has remained fairly firmly with traditional authorities. The end of the war and the consequent return of displaced populations in the early 1990s proved the durability of the traditional institutions of land allocation and adjudication: the re-establishment of legitimate and widely accepted land holding patterns (between groups and individuals that had remained in the countryside, those that had returned and those arriving to new areas) occurred under the auspices of customary regimes and rules of the rural populations. The process occurred largely without conflict and required little intervention from formal authorities⁸.

⁵ The 1987 Land Law Regulations to the 1979 Land Law.

⁶ Known as PROAGRI, a sector-wide support programme through which many donor countries channel their support to the Ministry of Agriculture and Rural Development (MADER).

⁷ The Poverty Reduction Strategy and Plan was adopted by the government in 2002. Although heavily based on encouraging growth and investment, the plan has been criticised for its dependence upon a few so-called 'mega-projects' and its lack of a real strategy for growth.

⁸ A huge number of refugees and internally displaced people returned to their areas of origin after the signing of the peace accord in 1992. There was no structured resettlement plan for this return and although resources were made available for transport and registration of the returnees the

The 1995 National Land Policy, still in force, was designed to respond to the newly emergent market economy in post-war Mozambique, and to guide the balance of power in respect to the land rights of the state and its citizens. It thus “assures the rights of the Mozambican people over land and natural resources [and] promotes new investment”, mixing concern with social equity and market principles.

Under this policy, and concerned to encourage private investment but also to protect small-holders and to protect the peace, the Government approved a new national Land Law in 1997. This maintains the basic tenet that land is national property. However, it enshrines the occupancy rights of individuals and ‘local communities’ who have occupied their land for ‘10 years in good faith’, whilst at the same time easing the transaction of land use title deeds (the DUAT).

Also in departure from the previous law, the 1997 Land Law explicitly recognises usufruct rights acquired through the ‘customary norms and practices’ of ‘local communities’. These are rights acquired not through attribution by the State, but through customary practices such as inheritance, marriage and allocation by traditional authorities.

FRELIMO stopped short, however, of giving legal recognition to ‘traditional authorities’. Rather than give legal powers over land to these authorities (many of whom were closely associated with the RENAMO opposition during the war), the 1997 Land Law vests customary land rights in a vaguely defined concept of ‘local community’. This has been a general feature of the decentralisation process in Mozambique, with an official policy of ‘gradualism’ introducing a distinction between the ‘urban’ and ‘rural’; the former, through the municipalities, are permitted to have devolved powers to locally elected representatives, whilst the latter, through Decree 15/2000 (which introduced ‘community representatives’ with a number of duties and some powers over natural resources) are still largely controlled through central and provincial state power. In practice, the weakness of the ‘local community’ concept in legal terms has translated into ineffective safeguards for local community members against the possible negative impact of private investment. This is explained in more detail below.

3 Agribusines basics

Socio-economic context for post-war rural development

In the early post war era, Mozambique experienced rapid economic recovery. According to official data the poverty headcount fell from 69.4% of the population in 1997 to 54.1% by 2003⁹. Government estimates suggest a further decline in poverty to 51.5% of the population by 2008¹⁰; though further evidence is needed to confirm this. Poverty remains higher in rural areas (55.3%) than urban areas (51.5%), although it has fallen more rapidly in the rural areas.

A poverty, social and gender analysis published by the World Bank in 2007¹¹ found that poverty reduction since the end of the war was largely driven by agricultural growth on the basis of improved basic services and expanding area under cultivation. Much of this was linked to a post war ‘return to the land’ after long years of instability and displacement; as well as public investment in rebuilding infrastructure.

What is the contribution of agriculture and what are the major crops in the country?

Mozambique is still essentially an agriculture-based economy; the contribution of agriculture was 28.6% per cent of GDP in 2008.

process largely took care of itself (Tanner, 2002). Millions of people went directly back to their original areas where they still had customary rights over abandoned land and resources. Most conflicts were settled by the same customary authorities who had managed land and natural resource use before the war. Tanner (2002) comments that “it quickly became clear that customary land systems had survived not only post-Independence policies and the disruption of war, but also the decades of colonial administration that preceded them. Moreover they were dealing with that most modern of problems, a huge demographic shift and resettlement crisis provoked by civil war, and at virtually no cost to the State.”

⁹ Figure derived from comparison between data from the First National Poverty Assessment in 1996-97 and the Second National Assessment in 2002-03 (Ministry of Finance and Planning, GoM)

¹⁰ UN Supports Mozambique Government’s Response to Food Crisis - News Releases - News and Events - Home - UN Mozambique - Delivering as One.htm

¹¹ Fox, Louise et al 2008: ‘Beating the Odds: Sustaining Inclusion in Mozambique’s Growing Economy’, The World Bank, Washington DC

More than 75 per cent of the population is employed in the agricultural sector¹². It is estimated that of the total land area of 78.6 million ha, about 46 percent (36 million hectares) are considered suitable for arable use. However, only some 3.4 million ha, or about 10 percent of the arable land, are estimated to be cultivated.

It is estimated that about 90 percent of the area under production in the last few years has been cultivated by the family sector. The remaining 10 percent of the cultivable land is used by other agents: agribusiness firms (particularly sugar, tea and cotton) state/private joint ventures, cooperatives and private individual farmers.

According to the Government's current Five Year Plan (2004 – 09) and also according to the national Action Plan for Absolute Poverty Reduction (PARPA), agricultural development is an important pillar of growth. Again, this growth is to be based on a mixed model of promoting the graduation of small-scale farmers from subsistence to commercial farming, whilst encouraging larger scale private investment.

In terms of large commercial farms, there have been a limited number of success stories, particularly in sugar and tobacco production.

Meanwhile the rural poor also increased their income through diversifying agricultural production and also diversifying their income sources, through off farm or non-agricultural activities. Men have been far more able to achieve this than women, whose subordinate status in society means that their opportunities are limited by labour constraints, lack of education and lack of economic resources.

Agribusiness investment

Interest from large agribusiness ventures has been increasing since early 2007, driven by the search for land suitable for Biofuel production (mainly Portuguese, South African and Asian interests) and for food production, particularly rice (driven largely by East Asian and Indian Ocean interests, including in particular the Chinese, Vietnamese and Mauritians). Some speculative activity is driving the demand, also.

Over the last few years, sugar has boomed, with production growing by about 60 per cent per annum. South African and Mauritian investments of about USD 300 million for the rehabilitation and partial privatisation of four sugar-processing plants in the Maputo and Sofala provinces have enabled the country to become a net exporter. The industry employs about 26 000 workers and is a catalyst for the development of rural areas, especially around Marromeu and Mafambisse.

The main crops of interest are jatropha and sugar cane for biofuel and rice for food. Access to land is through long term leases from the government. The processes, as well as the safeguards for mitigating negative social impacts as part of this, are described in further detail below.

What is the national discourse surrounding these investments?

The national discourse regarding the manifestation of increasing interest in land and the appearance of a number of plans for large scale agricultural investments is located within the more general discourse concerning land use and rights within the country. At an official level, there is interest in attracting private investment with the objective of stimulating more productive use of the land and economic development more broadly. On the other hand, there is political concern to avoid social conflict and ensure buy-in from local communities and protect their ability to produce food for themselves. Unofficially, the latter concerns are in conflict with the personal interests of a certain economic and political elite.

Land is still a critical resource in the livelihoods of most Mozambicans, and particularly the rural poor, who lack access to alternative sources of income or food. Land is critical not only for growing food for home consumption and for the market, but also for access to a range of other resources and activities, such as fuel wood for cooking, medicinal plants, grazing land for livestock, and building materials (cane, wood and thatching).

Inequality is growing. Analysis of rural income data from the '*Trabalho de Inquérito Agrícola - TIA*' (Ministry of Agriculture and National Institute of Statistics), showed that in 2002, the richest quintile of the rural

¹² Smallholder agriculture as a whole employs 63% of men and 92% of women in the labour force and represents more than 80% of agricultural production value, contributing 25% to GDP (Braathen and Palmero, 2001).

population had 61% of the income and the poorest quintile only 3% of total income. Over the period 1996-2002 all groups experienced an overall increase in income, but 73% of the increase went to the richest group (Boughton et al, 2006, cited in Hanlon 2007). MPD officials admit that these trends are continuing.

It is this context of a growing and steadily diversifying economy, but also of growing socio-economic inequalities and stagnation in small-holder agriculture, that forms the backdrop to current policies on and likely social impact of large scale land concessions.

Current agrarian policy lacks clarity and coherence. The Ministry of Agriculture has been deliberating for the last two years on a 'Strategic Plan for Agricultural Development (*Plano Estratégico de Desenvolvimento do Sector Agrário* – PEDSA), but this has yet to be finalised. Meanwhile the Government has not taken a clear stance on the preferred balance and focus of resources, between promoting the development of small-holder agriculture and promoting the development of large-scale rural enterprises.

One exception is the recent Biofuels Policy & Strategy (Resolução 22/2009, Política e Estratégia de Biocombustíveis), where an attempt has been made in policy to offset the potentially negative effects of, for example, large-scale jatropha production on local food security. However, the acceptance and implementation of this policy throughout the lower levels of the administration is lagging behind, leading to local government approval and support for initiatives that are inappropriate.

4 Competition over land rights

The National Constitution guarantees land use rights that are acquired by occupation. This right is re-confirmed in the Land Law of 1997, which protects the existing land rights of individuals and 'local communities'. It recognises the rights of an individual who has occupied a plot of land for 10 years or more 'in good faith' to remain on that land. It also recognises the right of local communities to occupy and use the land they have traditionally occupied and used.

According to the legislation, land occupation and use rights are confirmed in the so-called 'DUAT' (*Direito de Uso e Aproveitamento da Terra* - right to use and benefit from the land)¹³. New investors must apply for a DUAT. However, so long as they meet the conditions laid out in the Land Law, existing occupants (individuals and 'local communities') have a prior 'DUAT', awarded in law, even if they do not hold a written title.

This does not mean that communities have exclusive rights. Under the Land Law, local communities are stakeholders with rights to negotiate the use of the land they occupy. Private investors can also use that land, but they have to negotiate with local communities, as stakeholders. The process for doing this is set out in the Land Law and is known as the *community consultation process*.

In theory, these guarantees should limit the potential for conflict over land and ensure that private investment is mutually beneficial.

In practice the process has proved to be highly problematic. This is reflected in the current pattern of conflicts over land in Mozambique. Post-war conflict over land has generally been between communities (rural small-holders) and private investors, often perceived to be backed by the State. According to reports, the incidence of such conflicts has been growing in number.

The FAO supported project for 'Decentralised legal support and capacity building to promote sustainable development and good governance at local level' has documented many of these conflicts. According to an informal summary of cases reported (2008), the project found that in many cases the conflict was over land occupied by the Portuguese in colonial times, re-occupied by the local population after Independence, and now being taken over by a private investor or company 'with political support or authorization'.

¹³ The acquisition of a DUAT by individuals or collective persons is permitted by article 12(c) of the Land Law (Law 19/1997 of 1st October) and applications to acquire the DUAT are made in terms of article 24 of the accompanying regulations (Decree 66/1998 of 8th December). Those acquiring rights as a result of good faith or customary occupation can register these rights using procedures laid out in the Technical Annex to the Land Law (Ministerial Diploma 29A-2000 of 17 March).

In such cases, the community DUAT based on ‘occupation in good faith’ for 10 years or more is violated in favour of third parties. In the documented cases, either there has been no community consultation; the consultation is full of irregularities, or the terms agreed to during the consultation process have not been respected in practice (for instance, the investor has occupied more land than agreed and, or has occupied areas that were not agreed to). The report suggests ‘an almost systematic lack of regard for the law’ in relation to community rights over land and natural resources.

These findings only serve to reinforce the findings of an earlier FAO study, conducted in 2004, surveying 116 cases of land conflicts. This study looked at the role of the judiciary in resolving conflicts over land and concludes that the judiciary rarely plays a role in relation to the actual cause of conflict and tends to intervene only where the conflict has led to a criminal act such as assault or vandalism. Meanwhile the dispute over land and natural resources rights itself is ‘dealt with’ by government institutions and authorities that do not actually have a judicial mandate. The study argues that, given significant political pressure on lower level state institutions and officials, these people are hardly impartial in dispute resolution:

“The data suggests very clearly that conflicts are predominantly between local interests – communities, individuals and associations – and the investors who are now seeking land and resources for their projects...”

.... In many of the cases studied, the public service and administrations find themselves in a political context that entails pressure from above to ensure that they follow a certain path. In this context, they are compelled to respond to various demands from higher authorities that have their own agendas and concerns, without taking the locally relevant judicial issues into account”.

In the case studies for this paper, we have focused on large scale commercial investment and its impact; rather than seeking out land conflicts per se. As documented below however, whether or not there is an explicit conflict with the community, in the community perception there is often a strong association between the private sector investor and the government officials; undoubtedly linked to the fact that government officials will be the ones to introduce the investors at local level and are generally perceived to be ‘on the investors’ side’.

5 Procedure for large-scale land concessions, in theory ...

In order to acquire a DUAT, private investors have to follow a number of procedures. *Inter alia*, these include engaging in a community consultation process and the submission of a development plan (*plano de exploração*) to the government authorities. Government authorities need to assess and approve the development plan and to confirm that due procedure has been followed before a DUAT is granted. The competent authorities for this depend on the size of the land area requested and on the investment sector involved.

The documentary requirements for a valid application are detailed in Article 24 of the Land Law Regulations. Amongst others, these include documentary evidence of meetings involving representatives of the District Administration, the SPGC and members of the local community for the community consultation process. At least one document [*acta da consulta*] should be submitted, signed by at least 3 representatives of the local community, the District Administrator and the SPGC, confirming and recording the terms of the local community’s agreement to concede the requested land.

Private investors also have to provide a development plan (*plano de exploração*) for the land¹⁴. If these requirements are fulfilled successfully, the applicant is eligible for provisional authorisation of the land right, valid for a maximum of 5 years for Mozambican citizens and 2 years for foreigners. Within the following year, the land must then be properly surveyed and demarcated. If the approved development plans are completed in the relevant period of time, provisional authorisation for the land right can become a definitive authorisation and a title issued¹⁵. In theory, failure to comply with these criteria should mean that the title is revoked. In practice, this is not obvious, whether due to lack of political will or sheer capacity constraints of the Government to follow up in timely fashion.

¹⁴ Article 19 [Land Law]

¹⁵ Article 26 [Land Law]

Alongside the land application process, under the Investment Law would be private investors have to submit a project proposal. The stated Government objectives for encouraging private investment can be derived from the Investment Law and its Regulation. These include:

- The development of infrastructure, and national productive and entrepreneurial capacity;
- Employment generation;
- Improvements in technology and productivity levels;
- Increased volumes and diversification of exports;
- Import substitution; and,
- Contribution to improvements in the Balance of Payments and fiscal revenue.¹⁶

Private sector requests for large scale land acquisition are assessed by the Government in relation to these objectives.

Until 2007, the land application process and the approval process for private investment projects were ostensibly separate. As a consequence of the surge in expressions of interest for large tracts of land, however, the government has tightened the link between these two procedures¹⁷. From 2007, investment and land requests had to be submitted together to the Council of Ministers, with the two processes being launched simultaneously.¹⁸ In addition, the Provincial Governor had to submit an evaluation of both the land request and investment project¹⁹.

In late 2008, the Council of Ministers further approved Resolution 70/2008 of 30th December, setting out additional criteria for evaluating investment projects which require ‘extensive land areas’ (defined as greater than 10,000ha). Again in the light of a surge of interest in the land, and concerns around speculative land applications, the Resolution seeks to tighten procedures. It sets out six areas regarding such investment that require information, including; investment, land, environment, socio-economic aspects and information expected from the development plan.

In terms of the socio-economic information now required this includes:

- Demographic information related to existing population in the region
- Resettlement programme of affected populations
- Social infrastructure to be provided by the project
- Impact on food production
- Involvement of local producers (e.g. provision of technical assistance, inputs and means of production).

6 ...and in practice

A brief review of investment projects involving large scale land concessions reveals that since 2004 a total of 404 applications for areas of 1,000 hectares or larger have been lodged, covering a total area of 2,543,339 hectares. By December 2008 the Government had accorded provisional use rights to over 70% of those applications, although these represent less than 50% of the total requested area.

Approved requests include a number of applications for over 10,000ha, approved by the Council of Ministers. Further enquiry for this report, however, suggests that - as yet –some of these projects have had little impact on the ground.

¹⁶Article 7 of the Investment Law

¹⁷‘Best Practices in Project Review’, Locke 2009

¹⁸Circular no. 009/DNTE/07 of October 16, 2007, on the basis of the “necessity and urgency to impose common procedures in relation to some subjects relating to the processing (*tramitação*) of steps to obtain DUATs, with the objective of greater institutional efficiency and due synchronisation with the Law and Regulation (of the Land Law)”.

¹⁹‘Best Practices in Project Review’, Locke, 2009

In practice, certain investors apparently have a tendency to publicise their projects in the media before even acquiring full authorisation, but creating the perception that something significant is already happening on the ground. Whether or not by design, this may have the effect of pressurising the Government to approve the project, or of impressing potential financial backers. In some cases, it would also seem that the local government authorities themselves are keen to publicise such projects, either for political gain or as a way of pressurising the central authorities in Maputo.

The projects visited for this research are amongst those that have received the most recent public attention, due to the scale of proposed investment and benefits.

7 Social impact

The analysis presented below is derived from the case studies of the following:

1. Morefuels – a concession of 30,000ha of land for sugar plantation and the installation of an ethanol factory in Gaza province
2. ABC – a project to produce ethanol from sugar cane, requesting a total of 20,000 Ha for this purpose in Manica province
3. Greenleaves – a plan to develop a 26,000 Ha Eucalyptus plantation in Sanga District of Niassa Province

Conclusions about the social impact are presented in four tables covering job creation, displacement, technology transfer and conflict.

7.1 Job creation, social responsibility and food security

Context

Unemployment has been high in the rural areas of Mozambique and migration to urban areas or abroad to the RSA are common features throughout the country. The urbanization rate is high. Providing access to extensive areas for agricultural investment is seen as a means of creating jobs in the rural areas, but is in tension with existing livelihood systems based on extensive land use practices. Some argue that increased agricultural production through expanding the cultivated area has probably neared its limit in terms of potential to bring about poverty reduction for small scale farmers.

Positive	Negative
Government concerns to encourage private investment whilst also protecting community land rights and local people's capacity to grow their own food are reflected in the current legislation and formal procedures for large-scale private investment in the land.	The legal and procedural measures for balancing the interests of investors and local communities are not backed up by a cohesive agricultural development strategy, nor by robust mechanisms and capacity for the assessment, monitoring or holding to account of large-scale investment projects.

Positive	Negative
	<p>Social impacts are barely considered.</p> <p>Example: In the ABC case, available documentation provides no indication that the likely impact of this project on people's livelihoods was considered – other than its expected impact on employment. Another aspect apparently not considered is the influx of migrant workers likely to ensue if the project ever reaches its intended capacity of 2,650 jobs in this sparsely populated rural area whose major town barely has that many residents. Migrants would likely come in from neighbouring Zimbabwe (as has already started to happen) and neighbouring provinces of Mozambique.</p>
<p>Investors create full-time and seasonal jobs</p>	<p>Local people agree that fallow and forest areas can be used, in return for expected jobs and economic development which may not transpire to the extent which they envisaged.</p> <p>Example: In the ABC case, one of the first activities of the project was to clear 1,000ha of forest for plantation, yet the promised jobs have barely transpired. At present, only 35 - 40 people are employed, plus some 30 or so seasonal workers, of whom just one is a woman.</p>
<p>Investors see social benefits as coming from the stimulation of local economies and creation of social infrastructure.</p> <p>Example: Company staff at ABC believe they've had a positive social impact since they buy food locally for their workers.</p> <p>Example: Through their plans to create 2,650 local jobs, provide professional training and technical assistance for agricultural production and through the provision of social infrastructure, the ABC project claims to want to help to reduce entrenched poverty in the area.</p>	<p>Investors do not consider that they have formal obligations regarding social impact.</p> <p>Example: ABC staff stated that the company has no formal social obligations and warned that any government attempt to impose this would scare investors away.</p>

Positive	Negative
<p>Investors create wage labour opportunities, reducing pressure on local natural resources.</p>	<p>Loss of access to areas of natural resource abundance has a negative impact on livelihoods and food security, not adequately compensated for by the creation of wage opportunities.</p> <p>Example: In the ABC case, with much of the forest gone, local people now have to travel long distances to fetch wood for construction or fuel; and there is no more access to game meat – those who don't happen to keep goats have more or less lost out on meat in their diet. The forest also harboured a small lake and ponds, which have now been drained by the project, thus reducing access to fresh water fish.</p> <p>Example: In the Greenleaves case, farmers found they were not able to leave their fields fallow, either because there was now no alternative land nearby to open new fields or because the project would consider these fields abandoned and therefore available for tree plantation.</p> <p>Example: the local practice of slash and burn to fertilise the soil became problematic in the Greenleaves case, as farmers were accused of putting the plantation at risk and found themselves being fined for farming in their traditional way</p>
<p>Mandatory consultations with local communities form part of the land application process.</p>	<p>Consultation is performed in a perfunctory manner, with little in the way of informed or serious negotiation between the parties.</p> <p>Example: In the Morefuels case, the community concerns with knowing the exact boundaries of the proposed land concession and ensuring that they would still have adequate grazing land for their cattle and be compensated in any cases where they would lose their existing fields were noted, but were not adequately addressed.</p> <p>Communities are not empowered to enter into the consultations on an equal footing.</p> <p>Example: Morefuels - community members received no documentation on the project prior to or after the consultation process and the only information they had to go on for any 'negotiations' was simply what they were told at the time by Morefuels representatives and the district officials. Nor did the communities have any legal or technical support.</p> <p>Example: ABC - women interviewed said that they had not been directly involved in the consultation and had only heard about the project second hand, from the men. No formal documentation was submitted to the community, before or since the consultation.</p>

Positive	Negative
<p>Consultations provide opportunities for local communities to negotiate benefits from direct payments in exchange for land access.</p> <p>Example: In the Greenleaves case, a land tax to be applied would be paid to the local community via a newly created association, Xadila Xateu. How this will work and what percentage of the land tax will go to Xadila Xateu is yet to be clarified, however.</p>	<p>Commitments made during consultation meetings with the community have often not been followed through.</p> <p>Example: Morefuels in Gaza Province promised to create cattle reserves and even to build a University – none of which showed any sign of transpiring by the time of the field work. There is also evidence that Morefuels did not comply with the area agreed to with the local communities, but encroached on to more fertile lands that the communities had not wished to concede.</p> <p>Example: In the ABC project in Dombe, the minutes of the community consultation meeting record that the community would only accept the project if no one was displaced from their farmland. The same minutes, however, also record that ‘a few families’ would be relocated. By the time of the field visit, no households had yet been moved; yet the company had commissioned a study on resettlement options (see case studies for details).</p>

7.2 Conflicts

Context:	
<p>Conflicts occur over various issues, but most often in respect to access to water, grazing land, forest resources and access.</p>	
Nature of conflict	Reasons
<p>Conflicts over access to water</p>	<p>Investors and locals are competing users of water in unequal relationship to one another.</p> <p>Example: ABC has not installed its own water sources or pumps and instead sends enormous tanks to fetch water from the village pumps, on a daily basis. Not only does this mean that women spend long hours queuing for water whilst they wait for the tankers to fill, but the water level tends to drop rapidly leaving the local people without enough water. Furthermore, the manual pumps can barely withstand this level of usage and often break down. Yet, again according to the locals, ABC does not take responsibility to mend them and simply moves its tankers on to the next pump.</p>
<p>Conflicts over roads and access routes</p>	<p>Example: Apparently when the ABC project began, its vehicles used the only existing gravel road (terra batida) linking the village settlements to Dombe town and to the main national highway. Use of heavy vehicles soon destroyed the road. Instead of</p>

Nature of conflict	Reasons
	repairing the road, however, locals claim, ABC now opened its own roads that it classifies as 'private' and not open to use by local people.
Conflict over land access	<p>Local people find that land is suddenly unavailable for expansion and that distances increase in the search for suitable alternative land.</p> <p>Example: In the Greenleaves case, already the plantation has reduced the area readily available for cultivation near to people's home. Several people interviewed said they had managed to find alternative plots of land for their fields, but that these are much more distant from home and could take hours to get there.</p>
Conflicts within communities	<p>The weakness of the consultation process and the ambiguities surrounding community representation and composition leave some groups marginalised from the processes.</p> <p>Example: In the Greenleaves case, the more marginal communities, such as the 'Machangane's place', have little access to services and only limited access to the market economy. Whilst the town and major villages trade in manufactured products, poultry, maize, beans and potatoes; in these peripheral villages the main trade is in charcoal and firewood, fruits and traditional drinks. The project, not surprisingly, has a differential impact on these communities.</p> <p>Example: In the Morefuels case, the interests of the itinerant charcoal-makers were ignored during the consultation process.</p>

7.3 Technology transfer

<p>Context</p> <p>Agriculture has very low efficiency and low yields in Mozambique.</p>

Positive	Negative
<p>Companies are considering various approaches to transfer technology to local producers.</p>	<p>Approaches to technology transfer are targeted towards local elites and may not have positive impacts on the poorer producers, exacerbating inequalities within the area.</p> <p>Example: Morefuels plan to set up an Association for out-growing of sugar cane, whereby the community would hold the DUAT, Morefuels would provide credit for irrigation and inputs and out-growers would commit to planting 80% sugar cane and 20% food crops on the designated lands. Morefuels estimates that US\$50,000 investment (i.e. credit) would be needed for each 10ha plot.</p>

Positive	Negative
	Therefore, they are clearly not targeting small-scale local producers.
Investors are creating jobs and transferring skills.	Jobs will go to the economically active, able bodies, probably mainly men; being those people who in case are more likely to have access to alternative income when natural resources come under threat. Those households with little prospect of employment and no alternative access to resources such as fuel wood, fresh fish and so are likely to be worst affected, suggesting that if projects are 'successful' in the long term, they are nonetheless likely to increase socio-economic inequality in the area.

7.4 Displacement and compensation

Negotiation of agreements and monitoring implementation

A key concern of rural communities is to safeguard their land for cattle grazing, or to ensure continued access to water sources. Negotiations lead to agreements, which ought then to be monitored. In the Morefuels case a committee meets regularly to monitor the progress with resettlement, approve the plans for new housing and area of plots to be given in compensation for lost farm lands. It is not clear that this functions. Generally, the mechanisms and institutions with responsibility for monitoring agreements are weak.

Calculating compensation

Although the Annex to the Land Law is clear in describing 'community lands' including fallow land, woodland, grazing land and space for expansion; in practice state authorities as well as private investors tend to only recognise 'occupation' as including physically occupied land. In none of the consultation processes reviewed was there any mention of, or compensation for, loss of access to natural resources other than explicitly farmland or grazing land.

Multiple uses of the forest including, for wood fuel, charcoal, and many wild plants may also not be considered for compensation. Given that the poorest households often rely most heavily on these resources, it may be that they are the most exposed to negative impacts of large scale projects. In the Morefuels case, for example, no consideration was given to interests of the charcoal burners who were not invited to participate in any of the consultation meetings.

8 Conclusions

Secondary and primary research indicates that the current community consultation process is highly inadequate, for either community members themselves or the GoM to make a realistic assessment of the likely impact of the proposed project on local livelihoods or on broader socio-economic impact. Nor can it be seen as an informed negotiation process between community and investors.

The 'consultation' generally seems to amount to a meeting between the investors and 'the community', in the presence of local government officials, at which the investor explains what the project aims and objectives are and how much land they want to occupy. Community representatives, in turn, voice any concerns they have about losing access to land and meanwhile have an opportunity to put forward their views and requests. Apart from compensation for loss of access to land, requests generally include asking for employment opportunities, basic social service facilities such as a health centre or school, and 'good relations' with the investor. At best, this consultation can result in negotiations over compensation payments and minimum social benefits that the investor promises to provide.

The process has many shortfalls. Amongst others:

- there is no mechanism to verify the legitimacy of local leaders consulted nor to check that they represent community interests generally – whether through democratic process or otherwise – and this is particularly the case where there has been no prior community land delimitation process nor any community level legal entity established to manage the land right or on-going relationships with the Investors;
- there is no mechanism to ensure that community representatives consulted will feed back the information to the rest of the community or even that the same ‘representatives’ will be consulted at any subsequent community meetings;
- even if the community representatives were to be democratically elected and accountable, the consultation process does not provide them with the means to assess likely impact of the project on local livelihoods and well being. Other than the words of the investor themselves, no technical information is made available for the community to evaluate whether or not the intended jobs and other benefits promised are realistic;
- there no legal or technical assistance readily available to assist communities in their assessment or negotiation with investors.

This is risky. According to a CPI source:

“Some investors really take advantage of the social issues, promising many unrealistic things such as wells, schools and so on, that they will not be able to provide... whilst the business plan itself is non-existent”.

Yet the local community representatives are not in a position to judge whether either the promise of schools and other benefits or the business plan itself is realistic.

Officially, national investors have five years and foreign investors have two years from the time of obtaining the provisional DUAT to start up their investment project. This phased process opens up further scope for the would-be investor to acquire land use rights on the basis of speculative plans rather than concrete achievements or evidence that they are likely to produce actual results and benefits.

From the GoM perspective, at least until 2008 potential investors had not been asked to provide adequate information that would enable analysis of the likely socio-economic impact of the project on local communities.

The new procedures approved by the Council of Ministers in 2008 provide a significant improvement and the investor is now requested to provide a series of demographic and socio-economic information. With an adequate policy framework and technical guidelines, this information could be used to assess likely social impact of a project and this could count towards its approval, revision or dismissal.

At present, however, GoM officials do not seem to have adequate policy or technical guidelines to help them evaluate impact on local livelihoods and well-being nor to weigh this up against the expected economic impact. Nor do they seem to see this as their role; political pressure to show rapid progress in development through investment in rural areas means that most GoM officials are more inclined towards facilitating the land application and negotiating processes that appear to them as merely bureaucratic hurdles. The documentation recorded in the archives (*tombo*) of the National Directorate of Land and Forestry further suggests that there is limited evaluation of the likely social or economic impact and that in most cases to date large scale land requests have been reviewed with limited professional input.

9 Recommendations

Although the projects reviewed in the field cannot be held as representative, there are nonetheless worrying signs with regard to the likely wider social impact of large scale land concessions. An immediate one is that, if concessions are made and land is demarcated or cleared – but significant economic development for the area does not ensue – local communities will be condemned to losing access to the best lands (once again), curtailing their livelihood options whilst failing to present alternative livelihoods through employment and trade. Thus the first and critical concern of Government should be to reinforce financial and economic feasibility assessment of investment proposals.

Furthermore, the Government should also ensure that a socio-economic impact study is carried out ahead of project approval. This could be combined with environmental impact assessment, to ensure that

environmental and social impact assessments are carried out. This study should not only identify the number of people likely to lose direct access to their land, and in need of compensation for alternative fields; but should extend to a wider analysis of existing livelihoods, likely project impact and the impact that land concessions are likely to have on diverse livelihoods that include access to and use of water, forest, access routes and so on. The assessment should review whether or not the project likely to compromise or enhance local livelihoods including food security? It should include a stakeholder analysis looking at the likely impact on livelihoods of different groups in the community: women and men, farmers and pastoralists, wood cutters, craftsmen, etc ...

In particular, analysis of women's activities and interests should be included. Whilst women are generally responsible for water, fuel and food for domestic consumption, our findings suggest that they are rarely consulted and their specific needs are not considered in the consultation process. On the other hand, women seem least likely to benefit from new economic opportunities such as formal employment.

This process ideally ought to be guided by clear government policy on the intended socio-economic benefits of large scale land investments – e.g. through greater clarity in the Agriculture sector development strategy that has been in the pipeline for the last two years.

To date, however, the draft strategy is largely focused on commodity production targets and seems to revive a more interventionist role for the state in promoting achievement of targets (such as distribution of seeds and tractors to capable farmers in priority areas). There is little if any socio-economic analysis informing the strategy (or at least this is not made explicit); for instance the 'private sector' is treated as homogenous with no differentiation of government strategies to respond to the needs and interests of large scale commercial farmers compared to small scale subsistence farmers.

The task would also be easier if the GoM were to develop clear policy guidelines for assessing the likely socio-economic impact of large scale investment in the land, in terms of establishing minimum standards as well as ideal outcomes from this type of investment. At present, there is little guidance for government technicians to go by in assessing the socio-economic data required by the Council of Ministers. The guidelines could also include minimum standards for compensation e.g. certain rights that must be ensured (for example the principle that any loss of access to land for farming, grazing, other livelihood activities such as cane cutting or access routes... should be compensated or replaced to a fixed minimum standard...)

Committees set up to evaluate large scale land allocations should include relevant expertise able to make a social impact assessment from the information available.

Currently it seems that when investors are encouraged to ensure a positive 'social impact' for local communities, this is taken to mean that they should provide some social infrastructure such as schools or health centres. However this may not be appropriate or realistic, given that capital costs are useless without funds for recurrent expenditure and this depends on different Ministries. In future, at the least there should be a clear set of guarantees and procedures established in relation to social service provision. At present, promises are made by investors – such as provision of schools and health posts - but the relevant authority – Ministries of Health or Education – are not even involved. Procedures should be established such that Investors cannot make such promises without approval by the relevant government authorities.

As a final consideration, the community consultation process needs to be reviewed and revised; in its current form it is highly inadequate. Part of the problem, as noted above, is lack of a clear legal definition of the 'local community' in terms of how this entity should be represented and by whom. This needs legal clarification.

Even with a clear legal structure for representation, local communities also need technical information and support as well as legal counsel, if the consultation process is to be meaningful.

10 Case Studies

10.1 MoreFuels, Gaza Province

Application process

The Morefuels project is located in Massingir District of Gaza Province, Southern Mozambique, on the border with South Africa. The project was officially launched on 10th October 2007 when the Mozambican Government approved the concession of 30,000ha of land for sugar plantation and the installation of an ethanol factory. With a planned investment of US\$120 million, Morefuels share-holder company aims to produce 120 million litres of ethanol per year, create 7,000 new jobs and rake in an annual profit of US\$ 40,000 by 2012.

According to company sources, conception of the project dates back to 2005, when one of the shareholders, a mining company with existing interests in Mozambique, began to look around for new investment opportunities:

“From our existing operations we had already noticed that local farmers respond well to a guaranteed market for their produce... by 2005 we further identified the emerging and rapidly growing interest in bio-fuels – our idea was to develop sugar cane production for bio-fuels, but also to invest in small-holder production of agricultural produce and services” (Interview with company shareholder 07.09).

With this idea in mind, they identified Massingir as a suitable area due to land availability, good basic infrastructure and transport links in reasonable proximity to a port, and good availability of water from the Elephants’ River and Massingir Dam.

Massingir is an extensive district of some 5,878 km² and a population of 28,470 giving a population density of just 4,8 inhabitants per km². According to government figures (2005) some 95% of the population are self-employed or small scale farmers, mainly engaged in cereal crops or cattle-keeping. There is a high percentage of female headed-households, due to a long history of principally male labour migration to mines and plantations in neighbouring South Africa. There is very little formal sector employment available within the district itself, other than a few posts in the civil service and, recently, some new jobs in tourism with creation of the Limpopo National Park (which straddles Mozambique, South Africa and Zimbabwe) and five local game reserves.

The Elephants River running down from South Africa to join the Limpopo River, and the reservoir at Massingir Dam also feature in the local economy; providing a livelihood to some 1500 fishermen around the reservoir. The most populous villages are clustered along the river banks where people make use of water for agriculture and for their cattle. Firewood and charcoal are gleaned from the local woodlands.

According to the local authorities, they were first approached by potential investors in 2003. The same officials say that they studied the Morefuels proposal and concluded that it would bring considerable benefits to the district:

“When they presented the project to us we had a vast area of land that was just being destroyed by charcoal burners. So the District Authorities gave a positive response and allocated that land to the project” (interview with district official 07.09).

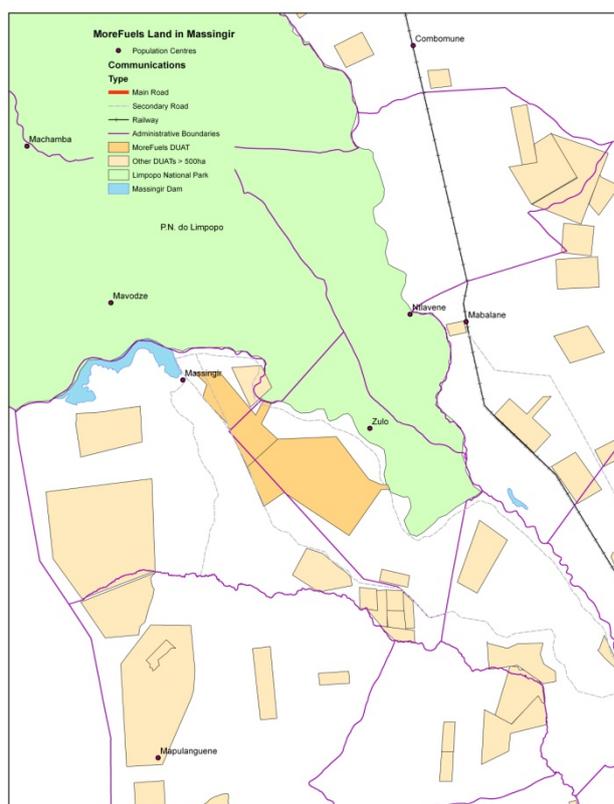
The 30,000ha allocated extend for some 30 kilometres across the district.

According to the same officials, once they had given the go-ahead a process was followed to ‘inform’ local communities about the land concession, via their respective traditional leaders. Traditional leaders from the various villages likely to be affected were called to a series of meetings with the district authorities and the investors, who explained the project to them. These leaders in turn went back to inform and ‘mobilise’ their communities in favour of the project.

At present there are 5 villages directly affected by the project and situated on the banks of Elephants’ River. All of these were established as ‘communal villages’ under FRELIMO’s early Marxist-Leninist policies after Independence in 1975.

According to interviews with local stakeholders, three main factors are said to have swayed local inhabitants in favour of the project:

Map 1 - MoreFuels DUAT in Massingir, Gaza Province



1. the promise of new jobs;
2. promises that Morefuels would provide water sources, schools and hospitals;
3. the fact that the requested land was lived on only by the charcoal burners, a small group of people not indigenous to the area and marginalised from the rest of the community.

Meanwhile, however, community members expressed concern with wanting to know the exact boundaries of the proposed land concession and ensuring that they would still have adequate grazing land for their cattle and be compensated in any cases where they would lose their existing fields.

Community members received no documentation on the project prior to or after the consultation process and the only information they had to go on for any ‘negotiations’ was simply what they were told at the time by Morefuels representatives and the district officials. Nor did the communities have any legal or technical support.

The “quality” of the negotiations can be gleaned from a few excerpts from Minutes of the meeting, officially recorded in the national archives. According to Minutes of one consultation meeting:

“The participants [in the consultation] gave their opinions on the land occupation request, notably through the following interventions:

Mr XXX: “Firstly I’d like to say thanks for inviting me to speak and I would like to know where the proposed area begins and ends so that we can decide as we have our cattle to pasture; but in any case I would like to say that jobs would be good for our community, for us and our children”.

Mr YYY: “The area asked for is really exaggerated but we also have to see the concerns of the communities to say that the investment is welcome... “

Mr WWW: “I say welcome to the project and we would like to know what conditions will we have because we’ll be left without land for our fields. If there was a way to reduce the area requested because we don’t have any other land for farming”.

Ms ZZZ: *"I welcome the jobs for our community because in fact there is no employment here and our sons face terrible problems, they go to South Africa unofficially and look for jobs but perhaps with Morefuels things will change"*.

It was agreed that: the project can take place but when the lands are demarcated the project must move back from areas that the community says they should move back from to avoid land conflicts with the communities. They will indicate the existing infrastructure and assets (example: house, tank, warehouse, fruit trees etc)."

Subsequent resistance from some communities meant that the government and the company were forced to be more concrete on the offers being made to the communities. Minutes from a consultation meeting organized with these communities in January 2007 (Tihovene, Chinhangane and Banga) indicate that an agreement was reached; the company would not only secure and fence enough land for grazing, but also committed themselves to opening 3 wells, building two cattle treatment tanks, providing waterholes, building a polytechnic, a secondary school and a Agronomy University, providing a rural hospital and 5,000 houses for the villagers in the first five years of the project. They said contracting of up to 8,000 workers would begin from January 2007.

Official files for the land application process include a "Technical Evaluation" from the District Directorate of Agriculture, which states that:

"Morefuels should recompense the good will shown by the communities to share the reserved area with the investor for multiple use, in the form of providing visible social benefits. The investment is welcome".

The District Administrator also gave his opinion as "No objection". The central government requested an environmental impact assessment, but not a social impact study. According to Morefuels themselves:

"If we want to export to Europe we will need to do a much more detailed environmental and social impact assessment study".

Nhantumbo & Salomão (forthcoming) have conducted an independent report on the consultation process. They note that during the process, the Condzwane community were apparently informed that the district land registry services would go to their area for the purpose of demarcating the region with the residents, but that this had not happened.

*"On the agreed date we went there to wait for them from 9:00 am and when at midday they had not turned up we gave up. When the greater number of us had already left, they appeared and found only one person present. They took him by car to the place indicated by [Morefuels] as being the limit of their area. He did not agree with what he was being shown, but being on his own, he was not able to prevent the boundary markers being put in place according to the indications made by [Morefuels] and to the disadvantage of the population."*²⁰

As Nhantumbo & Salomão also point out, community opinions and concerns are generally ignored by project proponents and misrepresented in the minutes of the consultations:

"When some members of the population of Chinhangane drew attention to the limits of the area ceded to the project, the representatives of [Morefuels] said that those were not the ones because they had already identified them when the area was surveyed from the air. At that stage we wanted to know how it was that they could have identified the area and its limits without consulting us, knowing that it belonged to us. We thought that they would take our position into account following our complaints, but we have seen that that this is not the case, since they have put in a trail from where they believe to be the true limit of their land into our land. The area which [Morefuels] is currently occupying is where we cut wood for construction of our houses. For this very reason and as a means of compensation we asked that they should build us conventional houses and also dig irrigation trenches, as well as put in sources of water. Up to now we have had no reply to these demands and nobody from that undertaking has been willing to make a promise to do so".

In July 2007 the President of Mozambique requested additional information on the project proponents in terms of their legal identity and business experience. CEPAGRI submitted a technical evaluation in August 2007, raising a number of questions around technical feasibility of the project and its projected yields. Nonetheless, the CPI advanced with the investment project application, which was approved simultaneously with the land use title (DUAT). The investment contract covers the first 15 years of the project and provides a wide range of fiscal benefits to the company.

²⁰ It is worth noting here that boundary markers should not be placed at the stage of a community consultation. In fact, these markers ought to be placed only at the time of demarcation, which comes subsequent to the award of the provisional DUAT.

Compensation and safeguards

As noted above, a key concern stated by local communities was to safe guard their land for cattle grazing. In response, Morefuels committed itself to ensure protected areas for cattle and, as further compensation and incentives, to provide infra-structure for the cattle such as dip-tanks as well as social infrastructure for the communities.

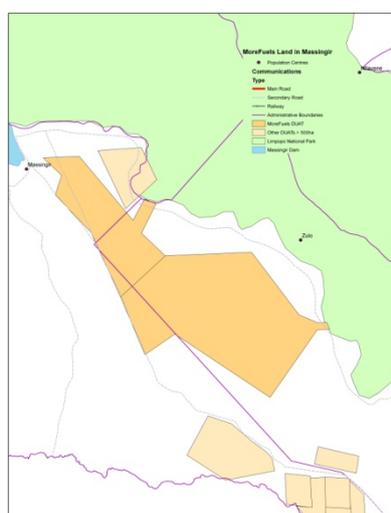
Interviews with community members in Massingir revealed that people feel confident that these commitments are recorded in memorandums and contracts and will eventually be respected. On the other hand, however, the same people said they had never seen any of these written agreements but had simply been informed about them by central and provincial level government officials.

Another concern of community members expressed in the consultation process was that the land requested by Morefuels would overlap with the resettlement area intended for people being moved out of Limpopo National Park (extending over 60% of the area of the district) and that this would cause local land conflicts. On an official level, the issue was resolved in July 2007 when a technical team confirmed that the planned areas did not overlap.

Some controversy remains, however, since Morefuels in practice did not stick to the originally agreed area but encroached onto fertile lands around Massingir's district capital and certain villages. Representatives of six of those villages (Zulu, Banga, Tihovene, Chinhangane, Condzwane and Cubo) clearly stated their annoyance with this encroachment by ProCana. They emphasised that what the population agreed to was ceding of a part of the land that was not in use, whilst retaining other areas for its own activities:

"Members of [Morefuels] arrived at the village and met with our leader, together with some other members of our community. They were told that they ([Morefuels] representatives) were asking for some land for their activities. Some members of our community were chosen to indicate an area where they could work and what the limits of that area were. These days, [Morefuels] pays no attention to the established limits and is in the process of opening up trails which pass close to our houses and which destroy cultivated fields with a variety of crops. We have nothing against [Morefuels] establishing itself in our district, on the contrary, we want them to help us to rise up out of the poverty by which we are affected. However, we demand that [Morefuels] remain within the limits of the areas that were ceded to them."

Map 2 - MoreFuels encroachment



In later negotiations involving the Limpopo National Park authorities, other Government officials and community representatives, Morefuels now agreed that it would:

- Maintain a distance of 5 km between villages settlements and project lands
- Ensure compensation for any small-holdings lost to the project
- Safeguard the areas reserved for resettlement from the Park
- Help develop new areas for pasturage

- Construct an irrigation system to compensate for the reduced cultivation area available to local communities
- Compensate for loss of fruit trees.

To monitor implementation of these plans and resolve eventual conflicts, the provincial government set up a Resettlement Committee, chaired by the Governor of Gaza Province and including district authorities, the Limpopo Park authorities, community leaders from affected communities and Morefuels. According to informants, the Committee meets regularly to monitor the progress with resettlement, approve the plans for new housing and area of plots to be given in compensation for lost farm lands.

According to one Morefuels company shareholder:

“Our investment contract documents the commitments made to the community. The communities themselves actually asked for very little, except employment opportunities. It’s a very poor area with mainly elderly people and children whilst the active adults go to work in South Africa... it was our own idea to help them with their cattle”.

Meanwhile, he said, the company has used ariel photography to determine which plots of land are actually affected by the project and therefore who is entitled to compensation:

“Over 200 people came to us claiming compensation but the photographs showed 72 definable plots. We will allow the people to harvest their crops before we take over those plots – or that is, we’ll give them 120 days notice”.

The same source claimed that Morefuels together with the national park is studying options to create a 20,000ha cattle reserve for the local community; and will also provide an abattoir. They further plan to set up an Association for out-growing of sugar cane, whereby the community would hold the DUAT, Morefuels would provide credit for irrigation and inputs and out-growers would commit to planting 80% sugar cane and 20% food crops on the designated lands.

Morefuels estimates that US\$50,000 investment (i.e. credit) would be needed for each 10 Ha plot. Therefore, they are clearly not targeting small-scale local producers.

Multiple uses of the forest including for wood fuel, charcoal, and many wild plants were not considered for compensation. Given that the poorest households often rely most heavily on these resources, it may be that they are the most exposed to negative impacts of the project.

In particular, right from the beginning of the project proposal no consideration was given to interests of the charcoal burners who were not invited to participate in any of the consultation meetings. It is difficult to estimate the size of this group of people, who in the main are not natives to Massingir. Following the end of civil war between FRELIMO and the opposition RENAMO fighters, an uncertain number of demobilised soldiers mainly from RENAMO settled in Massingir where, having no property rights, they took up hunting, wood cutting and charcoal burning in the forest. There was no census or survey to try and determine how many such people were living in the forest and nor was any compensation considered for these people and their dependents.

Project impact

Although the Morefuels project was launched almost 2 years ago, to date there has been little activity on the ground. According to a company spokesperson, “the project hasn’t started yet” and there is no guarantee at present that the project will go ahead as planned. Having dealt with other questions such as resettlement and relationships with the Limpopo Park, the current stumbling block, he said, is water supply. Morefuels would like to take water directly from the Reservoir at Massingir dam, rather than draw off water further upstream; but they are now in competition with another company that wants running water to produce hydro-electricity. The two companies are still negotiating.

Nonetheless, field research showed that some work is underway. The company has cleared some 800ha of land for future sugar plantation. Meanwhile, in partnership with a local farmers’ association that holds the title (DUAT) to 250ha of land, Morefuels is using 125ha for cane seed production whilst, in return, supporting the association to grow food crops on the other 125ha.

Other than this, the company has built a hangar to store its machinery and begun construction of some 300 houses intended for workers. It currently employs 70 people, including machine operators and drivers.

It terms of fulfilling its social commitments, the company has opened one water well and built one dip tank for cattle.

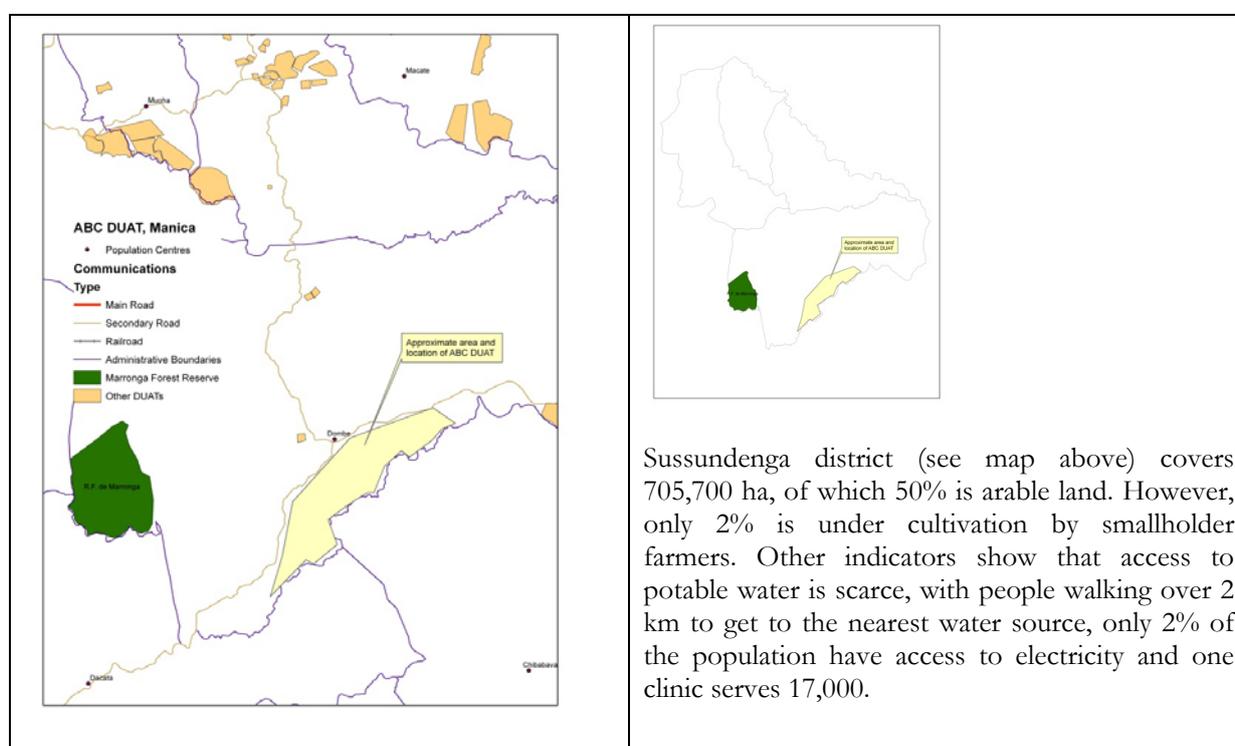
10.2 ABC, Manica Province

Application process

ABC is a private limited company with its head office registered in Beira city, central Mozambique. Its stated aim is to produce ethanol from sugar cane, for export to European and North American markets and it requested a total 20,000 Ha for this purpose. According to the project proposal ABC aimed to produce 213 million litres of ethanol per year by 2010 and 82500 MW of electrical energy by 2012, for a planned investment of US\$280 million.

Following a Directive from the National Land Department (16.10.07) that projects requiring more than 1,000 Ha of land should submit their land request and investment proposals simultaneously, both aspects of the ABC application were brought before the Council of Ministers in mid-2008. ABC was granted a provisional land title for 18,000 Ha of land in Dombe locality, Sussundenga District, Manica Province, central Mozambique and its bio-fuels project was approved.

Map 3 - ABC DUAT, Dombe, Manica Province



According to the project directors, Dombe was selected thanks to its fertile lands, ready availability of water and plenty of sunshine as ideal conditions for sugar cane production.

They also argue that the opportunity for positive social impact was a criterion. Through their plans to create 2,650 local jobs, provide professional training and technical assistance for agricultural production and through the provision of social infrastructure, they argued, the project will help to reduce entrenched poverty in the area.

Dombe is in some respects typical to many isolated rural localities in the Mozambican interior. Its sparse and scattered population depends mainly on small-scale agriculture and livestock production, as well as the use of natural resources such as timber and game meat, for survival. Beyond a few posts in the civil service there is very little in the way of formal sector employment or even casual on-farm labour on commercial farms.

Local history has been strongly influenced by the 16 civil war that devastated Mozambique until a Peace Accord in 1992. Dombe locality was the scene of violent conflicts and Dombe town itself eventually became the 'regional headquarters' of Renamo fighters in the later stages of the war. Local infrastructure and commerce were ruined and many people fled over the border to Zimbabwe, whilst others took shelter in camps for displaced people. Post war, peace has brought the return of relative prosperity through renewed agricultural production and trade; though the majority of local residents still live below the national poverty line.

Migration is another key feature of the local demographic and economic context. Historically, many local people would migrate to the provincial capitals of Chimoio (Manica) or Beira (Sofala Province), or to work on the tea and sugar plantations in neighbouring Zimbabwe (the border is some 30km away). Since the collapse of the Zimbabwean economy, there is now a trend for Zimbabweans to seek better living conditions over the border in Mozambique. Given the porous borders and long history of migration, however, many Mozambican families in Dombe have strong family ties to Zimbabwe and vice versa.

The local economy depends mainly on cassava, maize and millet production and goat-keeping; and upon trade with buyers from the urban markets of Maputo and Beira. Before ABC arrived and cleared the forest, wood was also an important source of income.

The ABC land application process relies heavily on the idea that the bio-fuels project will bring economic development to the area and this was the key argument used in convincing local communities to agree to the land concession.

As according to the process laid out in the Mozambican Land Law, the ABC land application involved a 'community consultation' process with local people in Dombe locality likely to be affected by the investment. The application was for a total of 20,000 Ha but this land is not contiguous. It was requested simultaneously in 5,000 Ha plots; apparently due to intervening roads and villages that are not included within the requested area. According to the file notes, the nearest villages to the project have 2,200 and 3,000 inhabitants respectively whilst there are only a few dispersed houses within the land area required.

Field research revealed that, if fully implemented, the ABC project will affect 10 dispersed settlements of which 7 are in Manica Province and 3 are in neighbouring Sofala Province, even though Sofala is not mentioned in the national files for this project.

The project file held at the DNTF national archives in Maputo includes Minutes of the Community Consultation and Technical Evaluations ("*parecer*") from the District Administrator, the Provincial Directorate of Agriculture and the Governor of Manica Province. In line with the Investment Law, it also includes a *parecer* from CEPAGRI and from the Ministry of Environment Coordination.

Minutes have been recorded for three 'Community Consultation' meetings, in three of the affected villages. There is no record of any meeting in the other villages. According to the Land Law regulations, Minutes of the Consultation should be signed by the participants including representatives of the Investor, Government Authorities and local population. In this case, however, only one of the 3 Minutes has been signed by government officials (from the district administration) as well as community members (11 people). The other two are signed only by a person representing the company. Contrary to normal procedure, they not signed by community members; although field research confirms that they did participate in the meetings.

According to the file, during the Community Consultation local people accepted the idea of the project, but stated that they wanted to continue farming along the banks of the Muzuaze River. For their part, the ABC representatives promised to bring employment and social infrastructure, that they would not displace anyone from their land and that they would 'respect' the local communities.

This account is backed up by local people interviewed in Dombe. Focus Group Interviews were held separately with women and men in two villages, namely Gudza and Pambadzisa, in Manica Province, located at 6 and 10 kilometres from the project area respectively. Villagers lived dispersed and houses within the village are found some 1 – 2 kilometres apart.

According to the men interviewed, in 2007 'the authorities' came to inform local people about the ABC project. They explained the project objectives, how much land was required and what impact the project is expected to have. They pointed out the expected employment opportunities for local people, training

opportunities in sugar cane production and the benefit of a guaranteed market through the company and that the company would also build schools, health posts and so on. The men confirmed that, for their part, they said they did not want to be moved from their lands or lose access to their fields; but given the benefits of the project they could agree to concede use of the forest:

“we gave up the forest since no-one was living there”.

Women interviewed said that they had not been directly involved in the consultation and had only heard about the project second hand, from the men.

No formal documentation was submitted to the community, before or since the consultation. The minutes of the meeting are vague. They cite the opinion of the Provincial Governor, who refers to the fact that the project will create 4,000 permanent jobs and will refrain from relocating people.

As noted above, a review of the project files at national level reveals that a number of Government institutions provided a technical evaluation of this project, before it was approved. According to documents made available, however, these are cursory evaluations that generally consist of just 2 or 3 paragraphs. There is no evidence of a rigorous social impact study.

The Provincial Department of Agriculture (DPA) submitted a favourable opinion on the project on the grounds that, according to them: there was no prior claim on the land; that local communities did not contest the application for land and both the provincial agricultural services and environment departments had approved the application.

An environmental impact assessment was carried out and the Ministry of Environment Coordination (MICOA) approved the document and recommended that mitigating measures should be ensured to guard against potential negative impacts of sugar cane production such as the chemical contamination of soil, water or air.

CEPAGRI provided a more thorough response on technical feasibility of the project and some background research on the stakeholders, all of whom appeared to be bone fide.

Available documentation provides no indication that local people's access to other resources than land, including the forest, water, or access routes, were duly considered; nor the likely impact of this project on people's livelihoods – other than its expected impact on employment.

Another aspect that does not seem to have been given any proper consideration is the influx of migrant workers likely to ensue if the project ever reaches its intended capacity of 2,650 jobs.

Compensation and safeguards

Despite the fragility of the community consultation process, a clear demand from community members was that they did not want to lose their existing farm lands and particularly they wished to continue farming along the fertile river banks. These rights do not seem to have been threatened by the project so far; although there are doubts about the future, as noted below.

According to project documents and interviews in the field, no community has been displaced by the ABC project and only one case was mentioned where someone had to move house; but apparently they were fully compensated with a new house built by the company. Meanwhile, according to company sources, the project has allowed a space of 500 – 1000 metres between the river and the sugar plantation to allow people to continue with their farming; and the project does not expect to move anyone beyond more than 200 – 400 metres. However, ABC recently contracted a local company to carry out a study on resettlement. This apparent contradiction has been evident since the consultation process with the community; the minutes of this meeting mention that “there are a few small-scale farming families within the project area which will be relocated outside the project area”, whilst the same minutes also record that the communities would only accept the project if the company undertook *not* to move people residing within the project area.

So far, the major impact in terms of access to resources has been the loss of the forest. As noted above, during the community consultation local people agreed that the forest area could be used – in return for expected jobs and economic development. One of the first activities of the project was to clear 1,000 Ha of forest for plantation; yet the promised jobs have barely transpired.

Apparently, no safe-guards have been put in place to protect local people's access to fuel wood, timber, game meat, potable water or access routes for transport and trade. These issues are discussed in more detail below. According to the company, they are intending to adopt a production approach that aims at minimizing negative impacts on the forest resources and on the environment. The forest area earmarked for the production of the feedstock is now considered marginal, since it was previously exploited under the simple license regime of the forestry legislation (which meant that the area had no long term management plan and is now classified as 'alienable'; that is, land use change is permitted). Additionally, the company states that it has adopted a 'pivot' plantation approach, in which the cane will be planted within circles and the interface between the circles will become patches of protected indigenous forest, stimulating natural regeneration. Where compatible, say the company, game may also be introduced.

Project impact

Given that the ABC project was only approved in mid 2008 it is still early to say what the long term impact may be. In terms of short term local impact, however, there are already indications of growing disappointment and concern.

According to company sources, project implementation is now some 3 years behind schedule – officially due to financial set backs linked to the global economic crisis. Thus they only expect to be fully operational by 2013. Meanwhile, they have cleared 1,100 Ha of land in Dombe and planted sugar cane with seedlings imported from South Africa. At present, only 35 - 40 people are employed, plus some 30 or so seasonal workers, of whom just one is a woman.

Company staff believe they've had a positive social impact since they buy food locally for their workers. They argued, though, that the company has no formal social obligations and warned that any government attempt to impose this would scare investors away.

According to local men interviewed in Dombe, the project "got off to a strong start" and contracted many workers – although neither they nor the company itself could give a clear idea of numbers. However, this employment turned out to be short lived: probably because some of it was for casual labour anyway; but also because the project soon ran into problems. On the one hand, expected investment dried up alongside the global economic and financial crisis; on the other hand, internal disagreements seem to have played a role. For reasons not clearly explained, the company directorate was almost completely changed some months ago, such that the current project managers are new and not able to give the full history of the project.

Meanwhile the local population is disappointed with the lack of jobs but also beginning to wonder if they have sacrificed for nothing. With much of the forest gone, they now have to travel long distances to fetch wood for construction or fuel; and there is no more access to game meat – those who don't happen to keep goats have more or less lost out on meat in their diet. The forest also harboured a small lake and ponds, which have now been drained by the project; thus reducing access to fresh water fish.

Women are particularly affected by growing problems with access to water; which in local custom is women's duty to provide. According to local people, the Lucite River water is turbid and the river infested with crocodiles and hippopotamus meaning it is hardly used for domestic purposes. Alternatively, whenever they need water they use manual pumps that local government has provided at village water points – usually installed in school grounds.

According to the local people, ABC has not installed its own water sources or pumps and instead sends enormous tanks to fetch water from the village pumps, on a daily basis. Not only does this mean that women spend long hours queuing for water whilst they wait for the tankers to fill; but the water level tends to drop rapidly leaving the local people without enough water. Furthermore, the manual pumps can barely withstand this level of usage and often break down. Yet, again according to the locals, ABC does not take responsibility to mend them and simply moves its tankers on to the next pump.

Another problem has to do with roads and access routes. Apparently when the project began its vehicles used the only existing road (*terra batida*) linking the village settlements to Dombe town and to the main national highway. Use of heavy vehicles soon destroyed the road. Instead of repairing the road, however, locals claim, ABC now opened its own roads that is classifies as 'private' and not open to use by local people.

Amidst these problems, people are all the more upset since the promised jobs have not materialised. Furthermore, whilst few local people are employed, there were some complaints that the company prefers to hire Zimbabwean immigrants partly because they speak English and partly because they take lower pay. These perceptions could be misleading, however, given the close ties existing between households on both sides of the nearby border.

Implications

Of the agricultural and bio-fuels projects documented at national level and reviewed for this study, ABC is one of the few that has really got off the ground. Given that it followed the standard application procedure for large scale investments in land, detailed study of this case could be highly useful in understanding and seeking to address the many challenges in promoting positive social impact from this type of investment.

A review of project documentation and brief visit to the field were enough to reveal many shortfalls in the process, which have compromised positive outcomes for the local community and may threaten their well being in future. This could have much wider implications, if the same pattern repeats itself over time with other projects that are still getting off the ground.

10.3 New Trees, Niassa Province (in reality “Green Resources”)

The investment project

Greenleaves is a joint venture company partially owned by the Mozambique-based FineForests Foundation (FFF) and with majority shareholding from the Norwegian-owned Treetops Company. Treetops operates in Uganda, Sudan and Tanzania and opened a subsidiary in Mozambique in 2005, with the promise to invest two billion dollars in forestry plantations and industrial processing in Eráti, Ribáuè, Mecuburi e Murrupula Districts of Nampula Province. Feasibility studies for this are still underway.

Greenleaves was established in 2007 and its plan is to develop a 26,000 Ha Eucalyptus plantation in Sanga District of Niassa Province; starting with initial activities in Unango Administrative Post – visited for this study. The stated aim is reforestation of denuded areas, protection against climate change and development of industrial forestry products including sawn timber and utility poles.

The socio-economic context for investment in Sanga District

Sanga District is located 64 kilometres from the Niassa Provincial capital of Lichinga, bordering on Lichinga to the South, Lago District to the East and Mavago to the West. Sanga’s northern border is along the frontier with neighbouring Tanzania. Like much of the rest of the Province, Sanga is found on one of the most extensive highlands in Mozambique, enjoying fertile soils and a temperate climate that augur well for productivity.

During the guerrilla war against Portuguese colonial rule, the Liberation Front of Mozambique – FRELIMO, found much support amongst the local population of Niassa. To counter popular support, the colonial government forced people to live in large village settlements that were tightly controlled by the army. When Frelimo came to power at national Independence in 1975, the new authorities attempted to transform the colonial village settlements into communal villages organised along socialist lines.

At the time, Niassa Province - the largest of Mozambique’s 11 provinces covering some 129,005 square kilometres – had a population of less than 500,000 inhabitants and was considered the poorest province; despite its potential for agriculture, mining and tourism. Under Frelimo’s new, socialist regime, Niassa became a focus for its grand ambitions of rapid development. In the early 1980s, Niassa alongside Cabo Delgado Province was singled out as the site for a huge, state-run agricultural development scheme, the ‘400,000 Ha’ project, supported by various East European Countries and by North Korea. The scheme incorporated different entities, including the ‘Agricultural Company of Unango (Empresa Agrícola de Unango) at Unango Administrative Post in Sanga District.

Like other state-run agricultural enterprises of the 1980s, however, the project soon failed under the combined problems of poor economic management and the impact of civil war. The Unango Company finally closed when Renamo rebel fighters attacked the town and some of its managers were killed whilst

others managed to flee. Yet, despite its closure, land use planning under the 400,000 Ha project has had a notable influence on the way that forestry concessions are being demarcated today.

Given its low population density, the post-Independence Government meanwhile also saw Niassa as an outlet for resolving other problems. It was here that it set up 're-education camps', where 'inconvenient' people from political opponents, to criminals, to people accused of collaboration with the colonial regime were sent to live in virtual isolation. In 1983, Frelimo carried out its so-called 'Operation Production', whereby mainly unemployed and therefore 'unproductive' youth from the cities were rounded up and exiled to Niassa, where they were supposed to help develop the Province.

Sanga District, particularly Unango Administrative Post, received amongst the highest number of people sent for 're-education' or exiled from the city through Operation Production. Known as 'Machanganes' (a southern tribe) by the local population, this group today still forms a marginal, non-Islamic minority. Again according to locals, the large settlement where many of them live with their families 'has no name', and is known only as 'the Machanganes' place over there'.

Sanga District itself covers 13,469 square kilometres and has a population of 56,165 inhabitants including 27,378 men and 28,787 women; giving a population density of 5 per Km². The dependency ratio is 1:1 whilst 49% of the District population is under 18 (UNDP District Profile 2005).

Sanga has a mainly rural population (urbanisation is only 6%), who largely depends on subsistence agriculture using manual tools. The main products are maize, soya, potato, cassava and groundnut. Artisanal fishing, carpentry and crafts provide a complementary income for some households. State employment provides an alternative livelihood for a select few.

In common with much of Niassa, Sanga enjoys moist and fertile soils that, combined with regular rainfall, provides for potentially high productivity. Market access is limited, however, by poor communications, with only one tarred road that links Unango to the provincial capital of Lichinga. A second, un-tarred road, links Unango to the Administrative Post of Macaloge 51km away; Macaloge being the most productive area of the District. Sanga has limited access to the mobile phone network. There is no electricity, since the local generator stopped working over 5 years ago. The main sources of power, therefore, are charcoal and firewood from the local forest – which people also transport for sale in town.

Access to drinking water is problematic. During the dry season, the scattering of existing wells and boreholes tend to dry up, obliging people to turn to unsafe sources of water such as lakes, streams and ditches.

Some parts of the District face serious problems of soil erosion and deforestation, taking the forest – which is also a source of building material and wood for carpentry and craftwork – further away from people's homes; with the forest now receding to some 10-15 km away from towns and villages. Several factors contribute to erosion and deforestation; including the local practice of 'itinerant agriculture', whereby farmers work a plot for some 3-5 seasons and then move on to clear a new space in the forest where they believe the soil will be more fertile.

The majority of Sanga's population (some 90%) is Muslim, excepting a small Christian minority including the 'Machanganes'. Authority is mainly exercised by the State, represented by the District Administration who head the local government. Traditional authorities and religious leaders, however - recognised and legitimated by the state under Decree 15/2000 - are also influential in local decision-making. The main ethnic group is the Yao or Ajaua; a matrilineal group where the maternal side of the family is most influential and inheritance passes from maternal uncle to nephews. Yao is the mostly widely spoken language, followed by Ngoni and Swahili.

Land acquisition for the project

To understand how Greenleaves came to acquire land in Sanga District it is useful to have some background regarding FineForests Foundation. The FFF came into being in 2002, emerging out of the Swedish funded FineForests Programme, created to promote agriculture and forestry development in Niassa Province. The initial objective of FineForests was to facilitate private investment in forestry and agriculture whilst protecting community rights and promoting mutual benefit for communities and the private sector (Gunderson et al 2008).

Since its inception, FineForests has had a close relationship with the Government of Niassa. According to sources in Lichinga, in 2000 the Government of Mozambique (GoM) submitted a request to the Swedish International Development Agency (SIDA), asking them to support the management of 1,400 Ha of pine forests planted around Lichinga during colonial times. Initially, it was thought that the forest could be productively managed through support to small-scale processing – but a feasibility study completed in 2001 determined this was not economically viable. The study recommended large scale investment in forestry.

Following these events, in January 2002 the then Governor of Niassa Province addressed a formal letter to the (Swedish funded) FineForests programme, suggesting that they should re-configure themselves as a private Foundation and take on the management of Niassa's forests. According to legal requirements in Mozambique, a Foundation must have fixed assets. Apparently, the Governor proposed that the forest around Lichinga could be included in the assets of the new Foundation. On paper, then, FineForests Foundation as registered in 2005 is a private, non-profit making organisation that aims to promote and facilitate private sector investment in Niassa. Given its history, above, however, the precise identity of the FineForests Foundation is ambiguous in the eyes of many local people and according to interviewees in Niassa, many see it as one and the same as the Government.

In August 2002, the Provincial Directorate of Agriculture agreed to a request from FFF to expand to new areas for forestry development. FFF claimed it had the capacity to develop 210,000 Ha of forest.

In accordance with its original objective of supporting private investment designed to be of mutual benefit to investors and local communities, and in agreement with the Provincial Directorate of Agriculture, in 2004/05 the FFF set about a process of community land delimitation in Niassa. The rationale was:

“...to secure delimitation certificates for local communities that would then provide a written legal basis for later negotiations with would-be private investors” (Gunderson et al).

In other words, even though the land law says that local communities have an automatic right to use the land they occupy (i.e. a pre-existing Land Use Title Deed - DUAT), in practice it has proved hard to defend this right unless community land is clearly delimited. A further benefit of carrying out community land delimitation in advance was supposed to be that this would help educate local communities about their land rights and better prepare them to negotiate with future investors.

According to Gunderson et al, however, these good intentions did not bring the planned results, as the actual process of land delimitation, investment and consultation was flawed. The first problem was that the process didn't follow the definition of 'local community' laid out in the Technical Annex of the Land Law. The definition in the Technical Annex is based on a community of residence. In the FFF sponsored process, however, local community was apparently defined as including the whole area under (informal) authority of the traditional leader, namely the Regulo or Sultan. Problematically, these areas turned out to be vast, as the table showing land delimited in 2004/05 clearly indicates. One consequence of defining community lands in this way was that, although the traditional leader was consulted, village level communities had little knowledge of, or information about the process.

A further complication has been the confusion of identity between the Government, and FFF. In the understanding of most people interviewed in for the field, if they knew about the land delimitation at all, they thought it had been carried out by Government.

Table 1 - Communities covered by the 2004/05 land delimitation process

Community	District	Total Area Ha	Population	Villages
Ntamila	Muembe	598. 263	35. 849	32
Chiuaula	Lichinga	332. 156	46. 965	33
Chipango	Sanga e Lichinga	36. 822	14. 177	13
Bagarila	Sanga	12. 011	9. 796	9
Licole	Sanga	37. 870	17. 808	16
Kalange	Sanga	26. 227	5. 564	10
Matola	Majune	480. 974	18. 536	29
Revia	Majune	459. 202	2. 024	9
				1 .983. 525

Source: Gunderson et al 2008

In the event, although delimitation was carried out the provincial authorities never issued land delimitation certificates to the communities. One argument they used was that the delimited areas were too big to be considered local communities. Therefore, the legal basis for community negotiations with new investors was not properly established, as had been planned. Moreover, the next step wherein private investors should hold a community consultation at village level, to negotiate the terms on which communities would cede a part of their land, was never undertaken.

Instead, in the case of the Greenleaves investment in Sanga, according to provincial authorities it is FineForests Foundation that now holds the DUAT.

The Greenleaves project in Sanga, begun in 2007, officially aims at ‘reforestation’ of deforested areas, combating climate change and at the same time developing industrial forestry products such as sawn timber and utility poles.

The project includes an area of 4,800 Ha, and TreeTops is the majority shareholder with 80% of shares. This 4,800 Ha is amongst a total 46,000 Ha that FFF contributed to the joint venture with TreeTops via its DUAT. The local communities do not hold a community land delimitation certificate or a written DUAT. Instead, it is merely foreseen that local communities should benefit from the land tax to be applied – via a newly created association, *Xadila Xateu*. How this will work and what percentage of the land tax will go to Xadila Xateu is yet to be clarified.

At present, Greenleaves has begun its forestry plantation on an area of 1,000 Ha in Unango Administrative Post, around Unango town; whilst work to begin planting another 1,000 Ha at Lucimbese Post south of the district on the border with Lichinga District is still underway with the opening of access roads and plots for tree planting.

According to project documentation, Greenleaves will seek carbon certification under the clean development mechanism (CDM) methodology for areas that are eligible, as well as for areas where deforestation is avoided. The trees are mainly pine (66%) and eucalyptus (32%), as well as *afzelia quanzensis*.

In terms of projected area, the project now includes to three of the four Administrative Posts in Sanga; but plantation has only begun at Unango – which is therefore the site for this social impact study.

Compensation and safeguards

According to project documents, Greenleaves is intended to undertake reforestation, suggesting the project should redevelop degraded areas and should not affect the land which local communities use for farming. Apparently, however, these conditions were not negotiated with communities through the proper process foreseen in the Technical Annex of the Land Law.

Some 7500 live in the area around Unango affected by the forestry plantation; namely in the villages of Maiala, Cavago, Malulu and Muchenga. According to the testimony of local Regulos (traditional leaders), however, they were not included in the land acquisition process and everything was negotiated with a certain Regulo Chipango who lives in Lichinga. This account tallies with the land delimitation process overseen by FFF and described above. In fact, prior to new administrative divisions introduced in the

1980s, Sanga was considered part of the Regulado ²¹ of Lichinga and it's on this basis that the Regulo Chipango was consulted regarding Unango lands.

Local sources say the project commenced in 2007, but until the end of that year all they had heard was that a major investment was coming to benefit the Sanga population.

As soon as Greenleaves began to occupy land, there was discontent amongst local people. The first shock happened when technical teams started to arrive and people realised they were taking over the former lands of Unango Agricultural Company, the state company that closed during the war, in the mid-1980s. Since then, local communities have reoccupied abandoned company lands which the state run company had, in any case, taken over from local communities. Contrary to stated aims of the project, then, initial plantation did not consist of reforestation; but tree plantation on former farmland.

In November 2007, Greenleaves began planting Eucalyptus and some farmers began to see their fields surrounded by the plantation. Two points of conflict quickly emerged:

- the local practice of slash and burn to fertilise the soil became problematic, as farmers were accused of putting the plantation at risk and found themselves being fined for farming in their traditional way;
- farmers found they were not able to leave their fields fallow, either because there was now no alternative land nearby to open new fields or because the project would consider these fields abandoned and therefore available for tree plantation.

These two issues are still contentious, and will probably be hard to resolve as they express two different approaches to resource use.

Nonetheless, local protests led to a new round of negotiations, this time between local people and the company and including the District authorities. Interviewees in Unango said a series of meetings was held, culminating in August in a meeting with all the Regulos in areas affected by the land concessions within and beyond Sanga. Based on promises that the project would bring schools, water sources, health posts and an alternative, shorter, road linking Unango to Lichinga, as well as employment for local people, the traditional and religious leaders representing the local communities eventually accepted the land concession.

Through these meetings, Greenleaves agreed not to occupy existing farmland and not to displace anyone involuntarily. People who, of their own free will, agreed to move their fields to another area outside the project land concession would get support from Greenleaves in the form of agricultural inputs and assistance to clear the new land by tractor. It would be up to the farmers themselves, however, to identify new areas for their fields.

Whilst compensation for lost farmland was not initially planned, the main benefit of the project for local people was meant to be employment opportunities. Indeed, Greenleaves currently employs 280 people (including 56 women), most of whom live locally.

Without this option, the benefits of full time employment on the project are limited. One man who took employment and left his wife to work alone on their farm, for instance, found that their overall well-being didn't increase – what he earned would barely compensate for lost labour (Gunderson et al).

On-going tension around private investment in the land is still evident in Sanga. According to local sources, in December 2009 the local population took up knives to threaten staff from '*Misanga*', another private company with a land concession in Sanga.

Project impact

The Yao or Ajuaus live in close-knit matrilinear communities where ties between households tend to be strong and extensive. There is little openness to 'outsiders'. These are the dominant groups in Sanga. Meanwhile the outskirts of Unango are home to marginalised groups either the families of people who were sent for 're-education' or exiled to Niassa through Operation Production – known as the

²¹ Area under the authority of the Regulo. The Regulos were appointed by colonial authorities in a system that was based on co-opting or replacing traditional land chiefs and employing them to carry out land administration and taxation on behalf of the state.

Machanganes; or families of former liberation fighters from the anti-colonial war who came to Niassa to fight, and never left. These groups are generally settled at some kilometres away from the main town, and thus further away from available basic services such as the health post, school or madrassa, water supply and decent roads.

These more marginal communities, such as the 'Machanganes's place', have little access to services and only limited access to the market economy. Whilst the town and major villages trade in manufactured products, poultry, maize, beans and potatoes; in these peripheral villages the main trade is in charcoal and firewood, fruits and traditional drinks.

The project, not surprisingly, has a differential impact on these communities.

The main expected benefits from Greenleaves for the local communities is the offer of employment and related local economic development. As noted above, the project already employs some 280 workers with the prospect of employing more in the near future. Most of the jobs are for labour on the plantation. The monthly salary is fixed at 1,700 Mt (USD 1.00 = 30 Mt). The work is intensive but contracts are short term and don't include any benefits other than the salary. Each worker receives seven crates per day containing between 40 – 70 seedlings for planting. In the case of weeding, the target is 2,5 Ha/day. According to workers interviewed, anyone who doesn't complete their tasks faces a 50% cut in their wages for the day.

Plantation workers interviewed for the study noted that employment on the project also brought challenges. The work is highly intensive, 6 days per week; meaning they have little time or energy to continue farming their own plots. Alternatively, those who can afford it use part of their wage to take on hired labour, contracting other local people – clearly those amongst the poorest – to work on their farms. The going rate is 300 – 500 Mt per hectare cultivated.

Given that the majority of the local population is Muslim, some people complain the project regulations of long working hours from Monday through to Saturday are discriminatory; since workers are unable to go to prayer on a Friday, the Muslim day of prayer. This has created a feeling of discrimination against Muslims who, if they do take employment there, must sacrifice part of their religious practice.

The study found that family members of civil servants or of the regulo or sultan have privileged access to employment. This advantaged is reinforced by the fact that, if someone finds employment on the project, these households are more able to bring in additional hired labour to help with the work on their own, subsistence farms. The study further found that, so far, employment opportunities have been largely limited to dominant social groups from town and the major settlements.

Yet the project is having a wider economic impact in the District. Apart from using local labour, according to the District Services for Economic Activities in Sanga, Greenleaves has brought in some 40 staff of its own including engineers, mechanics, agricultural technicians and machine operators. The company also has a social responsibility side to its activities, supporting sports through provision of balls and other equipment, cultural activities, and awareness raising on the danger of bush fires.

Greenleaves has increased urbanisation in Sanga. Warehouses and other buildings abandoned during the war have been renovated and rented out. A market has sprung up selling a little of everything and there is even a newly opened guest house. Beyond the town, these early indications of economic development are having wider impact.

Muchenga village is located some 6 km from Unanga town. Of an estimated population (according to locals) of some 1200 inhabitants, only six people from Muchenga have found work at Greenleaves; and at first sight the project seems to have had little impact on the village. The houses in Muchenga are made of wood and straw and the goods for sale outside them are charcoal, firewood and craftwork such as baskets and hoe handles. A small group of craftsmen told how barter trade used to dominate in the village till very recently. Few had access to cash, unless they made the trip to Lichinga to sell their wares.

Yet, Greenleaves has made a notable change to cash circulation in the area. According to local authorities, prior to the project the only local shop sold just basic goods such as flour, oil, matches and soap; but today is selling bicycles, mattresses, tables, chairs and cell phones. The difference is that, with cash in the area, people can now sell their wares. Muchenga has become a small trading centre for charcoal. At the 'Machanges' village' 12 kilometres away, every other house has a distiller outside for making traditional

drinks. In both cases, the locals say, 'now we can sell'. With cash in the economy, more people are able to pay for school books for their children, or can pay the 50Mt for their children to participate in initiation rites.

Implications

Despite good intentions at the outset, land acquisition in Sanga has been troubled by the initial flawed process of land delimitation and the 'community consultation' process that did not define local communities according to the Land Law technical annex and did not carry out the consultation procedure at local level as intended. A further problem is the gap between stated aims of the Greenleaves project – reforestation – and land occupation in practice, which includes former farmlands. This may be problem of flawed implementation rather than any deliberate design by company shareholders. Yet, the example reinforces the need to strengthen legal and practical mechanisms to ensure the legally binding character of agreements made in consultation between private investors, and legally constituted entities representing the private land rights of local communities.

Ostensibly, the Greenleaves investment is contributing to the emergence of a cash economy and local economic development in Sanga. Yet there are grounds for caution. Part of the money that is now newly available is acquired through loans, that traders are willing to give against the fact of someone having a salary. Yet salaries are low and contracts are short term and unstable. Gunderson et al already noted a potential problem of unpaid debts.

Of more serious concern is the potential longer term threat to local livelihoods. Already the plantation has reduced the area readily available for cultivation near to people's home. Several people interviewed said they had managed to find alternative plots of land for their fields, but that these are much more distant from home and could take hours to get there. This increasing problem of distance – as the plantation takes up more of the previous land used for farming near to the town or villages – is likely to impact on food security in the future; especially for vulnerable groups less able to move production further away (such as elder people or smaller households with a labour shortage). Project workers interviewed said their salary was not enough to compensate for what they produced on their own subsistence farms and, in general, the household had to ensure continued own production of food, to supplement employment.

Annexure

Resolution 70/2008 of 30th December

PDF version of original Portuguese text of the Resolution is attached separately.

The following is a partial, unofficial translation:

Part A relates to general information required regarding the proponents:

1. *Name*
2. *Nationality & Place of registration*
3. *Principal Activity*
4. *Other Activities*
5. *Experience in the area*
6. *Sources of complementary information*
 - a) *Website*
 - b) *Balance Sheet*
 - c) *Bank References*
 - d) *Other*
7. *Curriculum Vitae of Managers*
8. *Other relevant information*

Part B deals with investment information:

- A) *Proof of availability of financial resources necessary for execution of the project*
- B) *Proof of capacity, entrepreneurial and/or technical capacity of the proponents*
- C) *Positive profitability and cash flow proposed in the project document*
- D) *Employment Impact*
 - i. *Employment of nationals*
 - ii. *Employment of foreigners*
- E) *Political, economic, financial, environmental or other implications*
- F) *Adherence to laws and the political economy and national strategies*
- G) *Existing Infrastructures*
 - i. *Roads*
 - ii. *Bridges*
 - iii. *Railway Lines*
 - iv. *Schools*
 - v. *Health Posts*

Part C relates to land:

- A) *Sketch Map, with incorporation into a land use plan or map of land use/agricultural zoning*
- B) *Nature and extent of project*
- C) *Minutes of Community Consultation process*
- D) *Formal opinion of the District Administrator*
- E) *Formal opinion of the Provincial Governor*
- F) *Development Plan and Technical Opinions*
- G) *Terms of partnership agreement between holders of the rights to use and benefit of land, acquired through occupation, and the investor*
- H) *Formal opinion of Minister of Agriculture for projects to be submitted to the Council of Ministers*

Part D requires the submission of a formal opinion of the Ministry for Environmental Coordination, in terms of Law 20/97 and respective regulations, regarding environmental viability of the project.

Part E requires applicants to detail the expected socio-economic aspects:

- a) *Demographic information related to existing population in the region*
- b) *Resettlement programme of affected populations*
- c) *social infrastructure to be provided by the project*

- i. Education;*
 - ii. Health*
 - iii. Roads*
 - iv. Electricity*
 - v. Water*
 - vi. Other*
- d) Impact on food production*
- e) Involvement of local producers*
- i. Technical assistance*
 - ii. Provision of inputs*
 - iii. Provision of means of production*
 - iv. Market access*

Part F requires the submission of more detailed information regarding the development plan:

A. Technical information

- 1. Principal activity*
- 2. Complementary activities*
- 3. Incorporation of the area in terms of agricultural zoning*
- 4. Proposed area (ha)*
- 5. Soil characteristics*
 - a) Arenosos*
 - b) Argilosos*
- 6. Crops*
- 7. Water resources*
 - a) Nearest capture source*
 - b) Distance from source to agricultural activities*
 - c) Annual water requirements*
- 8. Irrigation Technologies*
 - a) Canal*
 - b) Aspersión*
 - e) Drip*
- 9. 10 year production plan – agricultural*
 - a) Planted area (ha)*
 - b) Production (tonne/ ha) – by crop*
 - c) Total production (tonne)*
- 10. 10 year production plan – industrial*
 - a) Raw material consumption (tonne)*
 - b) Total production (tonne/ litres) - per product*

B. Investment & Finance

- 1. Total value of investment (US\$) - per year*
 - a) Agricultural activities*
 - b) Industrial activities*
 - c) Infrastructure or other improvements (indicate nature)*
- 2. Sources of finance (US\$)*
 - a) Own capital*
 - b) Loans*
 - c) Other (specify)*
- 3. Proof of availability of finances*

C. Market

- 1. Target markets for final products, in % separating agricultural and industrial production*
 - a) Internal*
 - b) Regional*
 - c) International*
- 2. Expected prices (US\$/ unit)*
 - a) Internal*
 - b) Regional*

c) International

D. 10 year Business Plan

- 1. Expected receipts*
- 2. Total costs, including depreciation*
- 3. Gross profits*
- 4. Internal rate of return*
- 5. Sensitivity analysis (indicate variable used)*