



**ANNUAL
CONFERENCE ON LAND
AND POVERTY**

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

SIMON NORFOLK
Director, Terra Firma, Mozambique
simon@terrafirma.co.mz

JOSEPH HANLON
Visiting senior fellow, Department of International Development, London School of
Economics, UK; and Honorary research fellow, School of Environment & Development,
University of Manchester, UK
joseph.francis.hanlon@gmail.com

**Paper prepared for presentation at the
“ANNUAL WORLD BANK CONFERENCE ON LAND AND POVERTY”
The World Bank - Washington DC, April 23-26, 2012**

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Confrontation Between Peasant Producers and Investors in Northern Zambézia, Mozambique, in the Context of Profit Pressures on European Investors

By Simon Norfolk and Joseph Hanlon

The paper is presented as part of the thematic area of

“Large scale land-related investment: Lessons from experience in agriculture & other sectors”.

Abstract

Foreign agricultural investors are clashing with local peasants in Mozambique, in a confrontation over agricultural and development models. Foreign investors looking at a apparently vacant land promise high (often inflated) profits to investors and local partners. Some hope to capitalise on carbon credits or produce biofuels, and claim to be green investments. All promise jobs, schools, and local development. Local backers support the outside investors and their plantations with terms like "progress" and "modernisation". The alternative is upgrading existing land holders to become small scale commercial farmers, potentially creating more jobs and moving faster to reduce poverty. Northern Zambézia province has seen two different choices. One large company withdrew rather than fight local peasants and take over land being used to grow food. But two other investors chose to push ahead, and have come into conflict with local peasant communities.

Keywords agriculture, GSFF, Hoyo, investment, smallholder, land, land grab, land use. Mozambique, Quifel, SAPPI, Zambezia

Foreign investors have expressed a particular interest in large agriculture and forestry projects in the Mozambique. But there has been increasing competition and conflict over the last few years between investors, speculators and local smallholder producers. Three projects in Zambézia province will be used to illustrate the issues.

Mozambique remains one of the poorest countries in the world. Various estimates suggest that 12 million hectares (ha) to 19 million ha are potentially available for agriculture, forestry, and cattle, but that only 5.6 million ha is actually being used for crops and cattle. Mozambique has 3.8 mn small farm families, who farm 5.4 mn ha – just 1.4 ha per family, and 42% of farms do not produce enough food to feed the family. This reflects the very low use of technology; of small farms, only 5% use irrigation, 4% use chemical fertilizer, 3% use pesticides, and 2% can obtain credit (Instituto Nacional de Estatística, 2011). The small farm size is due to the low use of mechanical tillage. Nearly all farmers use only a hoe; only 2% of farmers use tractors. Only 11% use animal traction, and most

are in the south, even though the most productive land is in the north, due to endemic trypanosomiasis disease in cattle in the north and the lack of veterinary services there (Cunguara & Hanlon, 2012). The lack of modern inputs also led to the continued use of shifting cultivation, with substantial amounts of fallow land which was often classified as unused.

The large amount of officially unused land led to two diametrically opposite approaches, not just in Mozambique but elsewhere in the Global South. One called for support for small farmers to increase land use and productivity. The other called for foreign plantation investment to make the technological leap (Rabah, Deininger & Selod, 2012). In Mozambique the policy of the international agencies was to reduce support – and the role of the government – for farming, and to leave agricultural development to the private sector. As there was no private interest in the peasant sector, that led to emphasis on encouraging foreign investment in the late 1990s and early 2000s. Mozambique promoted investment, and talked of millions of hectares being available. And there was significant investment in certain areas. Sugar jumped from 30,000 ha in 2000 to 180,000 ha by 2006, for production of both sugar itself, but also ethanol for biofuel. Between 2004 and 2010 Mozambique granted concessions to foreign companies of close to 1 million ha, 73% for forest and 13% for agrofuels and sugar. Another 1.5 mn ha was granted to Mozambicans. Several large projects ran into problems, with investors – including Nordic churches – coming into conflict with peasants and local communities. Many of the investors claimed green credentials and often hoped to claim carbon credits, but it has proved difficult to be both green and profitable. Agrofuels have proved problematic. The 30,000 ha Procana ethanol project collapsed, while Sun Biofuels, which hope to produce diesel and aviation fuel from jatropha, went bankrupt. Some land concessions were purely speculative with the investor hoping to sell the land concession or inflate the company's stock market value (Hanlon 2011a).

Land in Mozambique is owned by the state but individuals and communities have permanent occupation rights. Land can only be leased to investors if local communities agree or local people accept that the land is not used. Land is leased for 50 years, renewable for another 50 years, but investors must present a detailed project proposal and carry it out quickly – within two years for foreign investors and five years for Mozambicans. Concessions of under 1,000 ha are made by the provincial governor and between 1,000 and 10,000 ha by the Minister of Agriculture. Over 10,000 ha, the concession is made by the Council of Ministers. Responding to reports of problems over previous concessions and a problem of land not being used, the government stopped all land concessions over 1,000 ha in late 2009. Concessions were only resumed in late 2011.

The law has a very broad interpretation of "use" including forests used for firewood and plants, and land reserved for community expansion. There have, however, been widespread criticisms of the consultations with communities. Two problems have arisen. In some cases only a small group

agreed, sometimes in exchange for a payment. And promises made by investors, particularly of future jobs, have often not been written down nor carried out. The result has been conflict.

Foreign investors in Zambézia

Zambézia province in central Mozambique is potentially one of the most productive and has attracted significant interest from investors. It is also the poorest province in the country and has a relatively large and dispersed population. It was seriously affected by the war of destabilisation 1981-92, which led to destruction of infrastructure and substantial population movements. There have been three controversial investment projects in the north of the province – forestry projects by SAPPI and the Global Solidarity Forest Fund, and a soya project by Quifel. We look at each in detail.

SAPPI backs out

SAPPI (originally South African Pulp and Paper Industries) had planned a 150,000 ha Eucalyptus plantation in Zambézia province, starting in 2008 in Gurué, Alto Molócuè, and Gile districts; half was to be an out-grower scheme and half a SAPPI-run plantation. Public affairs officer Elijah Masondo wrote that "at the Sappi Board meeting held in May 2010, the decision was taken that the risks relating to food security, socio economic stability and environmental impacts are too complex and great for the project to proceed." He continued: "two of the three Districts (Gurué and Alto Molócuè) that we have targeted for our plantation development are high potential areas for agriculture. As a result of this they are densely populated, and the current land use clearly shows that they are important areas, both at a local and national level, for food production. To achieve the required tree growth rates to make a plantation development feasible and cost effective, the plantations require similar climatic and soil conditions; as a result any plantation development (own operations and out-grower) would be in direct conflict with agriculture." The third district is less utilised and less populated because soils are poor, which also means the soils "are less suited to optimum tree growth". (Masondo, 2011)

So SAPPI recognised that growing trees profitably requires good soils, and decided not to fight with the present occupants for the good land. But the other two investors, facing a similar choice, decided to go ahead.

Nordic churches

The Global Solidarity Forest Fund (GSFF) was founded by Nordic churches¹ to develop "forest-based investments with high potential returns and a strong ethical, environmental and socio-economical profile, including community development". They were later joined by one of the world's largest pension funds, Stichting Pensioenfonds ABP, a pension fund for teachers and Dutch government employees, which has now become the majority owner. It acts in partnership with Diversified International Timber Holdings (DITH), a US fund believed to be owned by Harvard University. In 2008 GSFF said it aimed to have 400,000 ha of forest in Mozambique in four projects and stressed the additional potential for "ecosystem services such as carbon sequestration, biodiversity and conservation." GSFF controls four projects in northern Mozambique. Chikweti Forests of Niassa is the farthest advanced of the four projects, with 28,970 ha which was supposed to be a mix of protected native forest with new pine and eucalyptus (fast growing non-native species) planted in marginal areas. Chikweti has run into serious conflicts with communities, including burning of Chikweti trees, which were so serious that it made the front page of a major Dutch newspaper. (Witteman 2011) An investigation by the National Directorate of Lands and Forests (DNTF, Direcção Nacional de Terras e Florestas) found that Chikweti was occupying another 32,000 ha illegally. In the Maniamba administrative post, "Chikweti invaded the land of local people", planting on productive farmland as well as local pastures. When challenged, it promised compensation, "but failed to honour their promise." The DNTF study also found that Chikweti was clearing dense native forest to plant new trees, in violation of its agreement. DNTF found that "community consultations are often intentionally falsified." The four companies were originally created as a joint project with Swedish and Mozambican churches, and the Anglican Bishop of Niassa, Mark van Koevening, was chair of the four GSFF companies in Mozambique. But he resigned in protest in 2010. In 2011, GSFF dismissed its entire management in both Sweden and Mozambique, and appointed a new management. (Hanlon, 2011a)

GSFF's northern Zambézia project is Tectona Forests of Zambézia² which is intended for a number of teak plantations. Initially it had 1,007 ha and the project could not go ahead until the management changes; on October 6, 2011 it was given a further 19,540 ha, in one of the first concessions after the end of the freeze by the Council of Ministers. It is too early to say if Tectona and a new management can avoid the problems of Chikweti, and produce "high" returns while still being "ethical" and "environmental."

Hoyo Hoyo

¹ Diocese of Västerås, Lutheran Church of Sweden, and the Norwegian Lutheran Church Endowment (Opplysningsvesenets fond, OVF).

² Owned GSFF 59%, DITH 30%, Diocese of Niassa 10%, and Silvestria Utveckling 1%.

The most explicit confrontation between small and large scale farming is the Hoyo Hoyo project on 10,000 ha in Lioma, Zambézia province, for soy production. This is a rich area and is a maize surplus zone that exports to neighbouring Malawi. Lioma was a colonial settlement area (*colonato*) which became a state farm after independence and then was abandoned in the 1980s during the destabilisation war. After the war, peasants and former state farm workers returned and began to clear the thick bush. This was a significant investment from the farmers and their families. The occupation, clearing and preparation of these areas all took place with the full knowledge and encouragement of the local authorities.

In 2003 CLUSA (Cooperative League of the USA) introduced soybeans and promoted farmer associations. The project was highly successful with more than 5,000 producers across Gurué district, organised in 112 associations. The market is entirely local chicken producers, and thus was part of a domestic food value chain which is allowing local chicken to replace imported frozen chicken. The success of the local farmers reached the national press, with *Notícias* reporting in April of 2010 that the impacts were immediately noticeable in this generally impoverished area. The article quoted Evaristo Charama, a farmer who had managed to bring 5 ha into cultivation under soy since starting in 2007:

"With my first harvest I bought a radio, from the proceeds of the second I improved my house with bricks and covered it with zinc sheets. In the second harvest, I was able to produce and sell eight bags of one hundred kilograms each, and also bought a motorcycle; this year, I'll open a bank account to start my savings" (*Notícias*, 30/04/10)

In September 2010 the Bill & Melinda Gates Foundation began backing the program. But in December 2009, in its last concession before the freeze, the Council of Ministers awarded 10,000 ha of the old state farm to a Portuguese company, Quifel, for project Hoyo Hoyo to plant soy, as well as sunflower for biodiesel. The land given to Quifel included 490 ha occupied by 244 farmers, who assumed they had a right to be there as they had occupied the land for more than 10 years, as set out in the land law. The project quickly ran into conflict with local communities. Nothing happened for the first year, then at the last minute, in December 2010 shortly before the planting deadline for soy, Quifel ploughed 500 ha. Local people complained that Quifel only ploughed land which had already been cleared by them, including land which had already been planted and which was outside the allocated area. As one observer put it "the land is already like butter, it's easy to plough". Given that Quifel only had one tractor, it is not surprising that they chose to target these areas. Had they aimed to clear and plough the virgin land which had been allocated to them, they would have achieved far less. In the end, only 100 ha were planted by the project. (Hanlon, 2011b) For the 2011/12 season, only a small amount of land was cleared and planted.

Technically Quifel should now lose the land concession, on two grounds. First, the land law requires that the land be demarcated within one year. At the time of the award, the cadastral services are only required to produce a sketch map indicating the general boundaries of area. In law it then falls to the concessionaire to undertake a detailed survey, which must be done within one year. The extent and location of the concession has been at the root of much of the conflict and continues to create uncertainty. By December 2010, Quifel should have completed this process; at that time, the then Provincial Director of Agriculture in Zambézia stated that he had given the company a deadline of 12 days within which to demarcate their area. A year later, in December 2011, the Head of the Cadastral Services in the province stated that it had still not been done and that the company was requesting government assistance to complete the process. Second, a foreign investor is required to carry out a substantial part of any approved project within two years. This, too, had not happened.

The original application from Quifel was for 20,000 ha, but the Council of Ministers in December 2009 only granted half of that. Project proposals are officially secret, which makes it hard for civil society or media to know if they are being carried out. But the original proposal said that the project would reach full production on 20,000 ha by the fourth year of operations, by which time it would have invested over USD17 million in the clearing of land and the rehabilitation of related infrastructure. This includes commitments for the construction of a school, a health post, wells and extension of the electricity grid by the 2nd year of operation. It promised that by the 3rd year it would create 600 permanent jobs and between 400 to 500 seasonal jobs. None of these commitments have been met.

Lack of finance may be a problem. According to a review of the proposal done by the Commercial Agriculture Unit of the Mozambican Ministry of Agriculture (Centro de Promoção da Agricultura - CEPAGRI) the financing for Hoyo Hoyo was to come from approximately USD6 million social capital and USD11 million in loans. Quifel's attempt to attract investors for Project Hoyo Hoyo, issued in November 2009, said "The Company, through its subsidiaries and affiliates, has the concession rights over two locations in Mozambique totalling 30,000 hectares." At this point, Quifel had no land in Mozambique; it was awarded the 10,000 ha for the Hoyo Hoyo project, the following month, but no additional land concessions were even under consideration. The 2009 invitation to invest said "The Project looks extremely appealing with projected returns of 41 per cent per annum and a multiple of 5 times the money invested over a five-year period." An initial report on this claim was published on an Open University³ website on Mozambique. Lawyers acting for the company which sent out the invitation to invest for Quifel, demanded that the information be suppressed on grounds of confidentiality, and the Open University agreed. But the author, with legal

³ One of the authors had been a Senior Lecturer at the Open University, Milton Keynes, UK and at the time was a Visiting Senior Research Fellow at the Open University.

support from his union, the National Union of Journalists, challenged the demand and it was withdrawn. Thus this information can be published in this paper and anywhere else except the Open University. But the attempt to prevent one of the current authors from presenting material which raises questions about Project Hoyo Hoyo suggests nervousness about Quifel's land and profit claims. It also draws attention to the lack of progress and investment to date. Although Quifel claimed that the social (own) capital of the project would be close to US\$6 million, the company registration record in Mozambique (*Boletim da Republica*, n° 17, III Série, 4° Supl. de 29 de Abril de 2008) gives the registered social capital of Quifel Energy Moçambique, Limitada as 100,000 meticaís, currently USD4,000.

Contested power

The ongoing Hoyo Hoyo struggle illustrates two central issues about land in Mozambique. The first is developmental. On one side are proponents of rapid modernisation and foreign investment, who argue that large foreign plantations (such as the proposed Hoyo Hoyo) will be more productive and profitable, both for the country and for a developing elite, and will also create jobs and reduce poverty. On the other side is a group which wants to protect the rights of the present occupants, but which also argues that the CLUSA-Gates project has shown that small commercial farmers can be as productive as plantations, while creating more livelihoods and doing more to reduce poverty. The first group is sometimes criticised for mixing national- and self-interest, while the second group is sometimes criticised for defending backward peasants and opposing modernisation. Each side has its proponents at local, provincial and national level, and the fight is carried out both in public and in private.

The second issue raised by Hoyo Hoyo is that the way the concession was awarded and is not being enforced illustrates both shortcomings in the implementation of the Land Law and how these shortcomings are manipulated by the two sides in the conflict between small commercial farmers and large foreign investors.

The land law has a number of safeguards designed to prevent the award of concessions that might lead to a loss of access to land, or that could prejudice local livelihoods. One of the key legal mechanisms is that of formal local consultations, designed to enable local stakeholders to review the ambit of the proposal and decide on whether they support the concession award. Investigations carried out by one of the authors in December 2010 revealed a number of significant problems in the consultation process for Quifel.

First, there is the question of representation. There were only two public consultations, in Ruace and Lioma meetings were held on the same day. The population potentially affected by the concession certainly numbers well over 15,000, but only 450 people attended the two meetings. So given the magnitude of the investment and the area involved, the consultations were far from sufficient in terms of coverage and quality. There is no evidence that the participants were given any time to consider the proposals among themselves, or to confer with neighbouring communities. No documents were presented at the meetings. In fact, the only copy of the company proposal that could be located in 2010 was held in the files of the cadastral services in Quelimane, some 500km away.

Second, the consultations appear to have been heavily dominated by those that probably expected to gain the most from the arrival of a new commercial enterprise to the area – the electricians, tractor drivers, carpenters and stone masons, unemployed since the demise of the old state farm (Unidade de Desenvolvimento da Região de Lioma - UDARLI), were the ones who formally signed off on the minutes of the consultations; there are no signs that soy-producing local farmers were present.

Third, there is the lack of rigour involved in capturing agreements made during these consultations and the absence of any follow-up. Interviewees in Ruace confirmed in 2010 that the company had introduced itself to the community with verbal promises of providing a school, hospital, clean water supplies, employment opportunities and alternative agricultural areas for those who would be displaced. One person present told us:

“Many of us were in fact happy because of what the company promised. The consultation was done with members of the government present; they know what the company has promised us. But now they are just telling lies to the government, saying that they have created a thousand jobs; if they have employed 15 people as labourers that would be a lot!”

But the minutes of the consultation contain only general statements of welcome and gratitude for the company’s commitment to “the fight against absolute poverty”⁴, plus vague references to a hospital, school, wells and mills for grinding maize. No specifics are included regarding the number or location of these facilities or the employment opportunities to be created.

But the biggest betrayal, according to local people, related to their land. The initial Quifel proposal posited an out-grower scheme whereby the occupants of the Hoyo Hoyo concession would be provided with nearby alternative land, suitably prepared, as well as technical assistance and access to seeds and fertilizer. In August 2008, a representative of the company wrote to the local District Administration, promising that the project would re-settle farmers on a 1km strip to either side of the

⁴ This is the clarion call of the current government and an almost obligatory exaltation in public meetings and government documents.

access road leading from the nearest population centre and that each of the associations would have areas of land equal to those they were occupying. But by December 2010 there had obviously been a change of heart. The then Provincial Director of Agriculture appeared to confirm this, stating that Quifel wanted to certify their soya seeds as organic and “don’t want peasants to sow their own seeds in their land”, Whatever the motivating factor, one year after the concession had been awarded, over 240 poor farmers had lost access to 500 ha of land without any suitable alternatives having been made.

Development is political

The Hoyo Hoyo project also reveals a further facet of current land governance trends in Mozambique, which is the growing tension between local and central authorities and between those who support foreign investment and those who promote more local development. Far from ignoring the plight of the soy farmers affected by Hoyo Hoyo, the local district administration has been sympathetic and even intervened to support them. The District Administration was also very happy with CLUSA’s work; the Permanent Secretary confessed to being jealous of the income levels of some of the soy farmers and felt the model merited replication in other districts.

This is in stark contrast to the actions of some provincial and central authorities, who from the first protected the company from challenges to the concession award, and attacked CLUSA for acting in bad faith. Before the land concession, the head of the Provincial Cadastral Services wrote to the Provincial Governor November 2008:

“The government of the province, recognising the great potential of arable land that the province possesses, cannot be satisfied with the small efforts of some NGOs that seek to achieve their economic interests by making illicit income from our natural resources in the name of peasants, promoting excessive occupation and circumventing, to some extent, the fulfilment of tax obligations”

One of the associations complaining about their planned displacement by Hoyo Hoyo, and in response the head of the Minister of Agriculture’s office wrote to the Prime Minister in September 2009⁵:

“The challenge was interpreted as being from a small group of peasants supported by CLUSA in order to impede the progress of local communities. CLUSA is an American NGO

⁵ Letter on file in the SPGC (Serviço Provincial de Geografia e Cadastro; Provincial Mapping and Land Registry Service) in Quelimane.

that has been operating in the area for over three years and is seen by the District Government as overstepping their competencies, meddling with vested interests among the peasants and assisting them to make propaganda”

The Council of Ministers went ahead and awarded the concession in December 2009. In doing so, they appeared to ignore a change to the regulatory framework which it had introduced a year earlier. For land concessions of over 10,000 ha, the proponent was required to submit the terms of a partnership between themselves and the existing holders of land use rights, and second, a formal opinion from the Ministry of the Environment was required. In the case of Quifel, neither of these requirements had been fulfilled. No partnership existed with the local producers and associations, and according to the 2009 report of the Direcção Nacional de Avaliação do Impacto Ambiental, no evaluation of the Hoyo Hoyo project was ever undertaken.

The Permanent Secretary in the Gúruè District Administration told the author that once they realised that the company was not going to respect the terms and conditions of the agreement, the local authorities had encouraged the farmers to seed their existing land, so they didn't have to pass through a hunger gap before getting new plots. In 2011, Quifel wrote to the Provincial Governor to formally complain that the most local official, the Chefe do Posto, was backing local peasants against the company. The governor sent a team to investigate. On 25 November 2011, the Gúruè District Administrator wrote to the Provincial Governor, noting that the Governor's team had found Quifel in breach of its agreement, both in terms of jobs and of providing alternative land, and requesting an urgent intervention to stop the continued violation of agreements by Quifel.

Quifel has also been criticised for its land deal in Sierra Leone. (Oakland Institute 2011) But in Mozambique, it may feel it has some political clout. It also owns LeYa which in turn owns two of the most important publishers in Mozambique, Texto Editores and Ndjira, which publish books by local politicians, such as the recent memoirs of former President Joaquim Chissano. At the time the land was granted, Quifel had at least indirect links to Bonifácio Gruveta, then the most powerful Frelimo figure in Zambézia – an independence war hero and later provincial military commander and provincial governor.⁶

⁶ Gruveta died 28 September 2011. The Hoyo Hoyo concession is to Quifel Energy Moçambique, Lda, incorporated 8 April 2008 by Quifel Energia SA and Rui Manuel da Rosa Laurentino. But there is a second company, Quifel Natural Resources Moçambique, Lda, initially owned by Quifel Natural Resources SA (QNR) and Rui Manuel da Rosa Laurentino (CEO of QNR); the Quifel Holdings website says QNR operates Hoyo Hoyo. But on 11 December 2009, 11 days before the land grant, QNR Moçambique took in a new partner, Lioma Agricultura e Projectos de Gestao, Lda, making it Quifel 79.5%, Lioma 20%, and Laurentino 0.5%. Lioma, in turn, was 40% owned by Armando Jeque, who had been a partner in Bonar Fisheries Holdings, Lda of Bonifácio Gruveta Massamba. Bonar had an IFC loan for kapenta fishing in the lake behind the Cahora Bassa dam.

A different value chain

These case studies and other Mozambican examples demonstrate a different kind of "value chain":

- European investors are under pressure to make exaggerated claims. The failed Procana sugar programme, which had been granted 30,000 ha in Massingir, Maputo province, claimed it could produce four times as much ethanol per hectare as any other sugar producer in Mozambique. It raised \$13 mn from investors and hoped to borrow most of the rest of the \$500 million investment. (Hanlon 2011c) Project Hoyo Hoyo suggested a 41% annual return. GSFF promised a "high" rate of return while still being green. These are going to be very hard to meet.
- Exaggerated claims to investors push companies to violate environment and community rights, as has happened with Project Hoyo Hoyo and GSFF, and local conflicts are created. SAPPI withdrew precisely because it did not want to go down that road.
- Investors push national actors to bypass legislation and agreed procedures, and in turn to put pressure on local actors to allow land concessions without proper consultations;
- Tensions are created which can have a political impact. Local government authorities feel marginalised from decision-making processes while having to deal with local conflicts that have arisen. Responding to two masters, local officials often act badly, for example by characterising local people who are evicted from their land as opposition party supporters (which often turns them into actual opposition supporters) or claiming that highly respected international NGOs are "making illicit income" and "impeding progress".
- All of which creates hostility to foreign investment.

Small domestic versus large foreign

Foreign investment in plantations in northern Zambézia, and Mozambique in general, are situated in a larger debate within Mozambique on the relative merits of very large farms versus small and medium-size commercial farms. The CLUSA and Gates project in Lioma showed that small holders could produce soy at a level similar to that of large scale commercial farmers, while creating more jobs and linking into a local value chain. Smallholders are competitive to large farms for oilseeds and small grains in particular, and can be as productive for maize. (Hanlon, Manjengwa & Smart 2012) Out-grower schemes for tobacco and sugar also show high productivity levels in Mozambique. For timber, the position is different – timber plantations create relatively fewer jobs

than agricultural uses of the land, and may only be justified if they are linked to processing, such as pulp and paper making.

Government has been divided on the issue, with key people holding the view that agricultural development will only take place through foreign investment and with imported technology, and thus supporting large plantations, especially timber, sugar, and biofuels. This was also backed by a surprising coherence of ideologies – Frelimo in the socialist era 1975-82 backed large state farms while in the 1995-2005 period the international community backed large foreign investment farms, and these were often the same farms as had been state farms before. The Quifel investment is in a former state farm.

On the other hand, the failure over 30 years of the large farm model and the success of small holder tobacco (Hanlon & Smart 2008) has given strength to a growing group looking at development of smaller commercial farming – 5 ha and up – probably backed by contract farming, guaranteed markets, and other forms of risk sharing. The appointment of José Pacheco as Minister of Agriculture in October 2010 marked an important change. He is a Frelimo heavyweight, a member of the Frelimo Political Commission and a former Minister of Interior. But he is also a trained agricultural manager, was once manager of the Lioma state farm, has been deputy minister of agriculture, and always wanted this post. One of his first actions was the Strategic Agriculture Plan 2011-2020 (PEDSA) approved by the Council of Ministers on 3 May 2011, which set out major shifts in policy. Donors and foreign investors received hardly a mention, and the stress is on domestic investment and the development of small and medium commercial farmers, making them more productive and competitive. The Strategy gives a much more interventionist role to government, with a big expansion of rural extension, agronomic research, domestic seed production, input supply and local production of fertiliser. Value chains and contract farming are highlighted. (República de Moçambique, 2011)

This comes at a time when there is substantial rethinking caused by Mozambique's failure to reduce poverty and a realisation that production of agrofuels, food, and many export farm crops would create more livelihoods and do more to reduce poverty if they were done by smaller commercial farmers rather than large plantations. Resistance by communities and national NGOs to two controversial forestry investment projects in northern Zambézia province, one of which was withdrawn and the other forced to replace its management, and to other plantations in Mozambique is also shifting the balance – partly caused by the failure of investors to keep extravagant promises about the number of jobs which would be created.

The debate about large versus small and foreign versus domestic investment will continue, and clearly both will continue. But the Zambézia experience points to a change in the balance.

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