

Mozambique

Land-based Investments, Inclusive Business and Food Security

Kei Otsuki

Key points

- Large-scale land-based investments are common practice in Mozambique.
- In practice, such investments often negatively impact on community and women's rights in general, but more specifically on land rights, local livelihoods, and food security.
- Field and desk research revealed that appropriate implementation of important guidelines was lacking including those related to the Voluntary Guidelines on the Responsible Governance of Tenure of Land, Fisheries and Forests in the Context of National Food Security (VGGTs) and the principle of Free, Prior and Informed Consent (FPIC), including the right not to consent. Compliance with these guidelines would be a great step towards addressing and minimizing negative impacts.
- Communication and consultations with communities in general is weak and should improve considerably.
- Stakeholder roles and responsibilities, including government and corporate accountabilities, promises made to communities and liabilities in case of non-compliance, should be spelled out in business proposals and contractual arrangements.
- International development communities and governments should facilitate follow-up and experience-sharing among affected communities to ensure the ability of investment projects to contribute to local development that is based on equitable and sustainable land governance.

Background

There is growing recognition that large land-based investments in developing countries can impact local and predominantly poor communities in complex ways. For inclusive and sustainable socioeconomic development, investments are vital as they bring much-needed infrastructure and economic opportunities. At the same time, investments that involve acquisitions of land often have negative impacts on community and women's land rights, local livelihoods and food security, which further deprive the most vulnerable groups in particular. The investments in a certain rural area may result in conflicts with investors and host governments and even conflicts between and within communities as well as the extreme socioeconomic deprivation of communities.

During the last decade, Mozambique has been contending with the impacts of various land-based investments. In 2014, ActionAid-Mozambique, in collaboration with ActionAid-Netherlands and the International Development Studies Group within Utrecht University's Department of Human Geography and Spatial Planning initiated a research project tasked with looking into the impacts of land-based investments in this southern African nation. Our main objective was to explore ways to minimize the negative impacts of land-based investments, to improve investor-community interactions and to find pathways to achieve gender equality and food security. Our research was conducted in two rural districts in Mozambique which featured large-scale land based investments: Massingir and Maganja da Costa.

This Policy Brief outlines key findings from this research project titled *Bridging the Gaps between Policy and Practice on Land Governance, Inclusive Business and Food Security in Mozambique*. The project, funded by the Netherlands Organization for Scientific Research (NWO) Applied Research Fund (2014-2016), is also part of the Food & Business Knowledge Platform. The findings feed into other research



activities and research uptake promoted by the Netherlands Academy on Land Governance for Equitable and Sustainable Development (LANDac) and others. This is the first brief in a series of four policy briefs that have been prepared for research uptake and knowledge dissemination.

Mozambique: investment in policy and practice

After gaining independence from Portugal in 1975, Mozambique as a socialist country experienced a prolonged civil war until 1992. Although the country later abandoned socialism, it continued to institutionalize socialist land laws (in 1997 and 1998) and regulations that defined the nation's land as *public* and owned by the government. The majority of the country's population is comprised of small-scale and subsistence farmers, and the land laws are meant to protect their land.

According to Mozambique's land laws, the productive use of land is guaranteed under the *Direito de Uso e Aproveitamento da Terra*, DUAT (Right of Use and Benefit of Land). Investors who wish to acquire community-land DUAT must consult and agree with community members on the terms of the transfer of the DUAT. These compulsory consultation processes are meant to facilitate dialogue and potential prior consent for

investment activities as well as to address and find ways to minimize potential impacts.

Since the mid-2000s, the country has actively promoted its neoliberal policies and attracted foreign direct investments. As a result, consultation needs heightened significantly. However, in reference to the principle of Free, Prior, Informed Consent (FPIC), consent building has been seldom satisfactory in practice. FPIC is an internationally recognized policy principle increasingly used to protect the rights of communities to be informed and to be able to freely negotiate with large-scale investors. The practice of FPIC in general involves the promotion of community-wide participation, including those by vulnerable groups in planning, implementation and management of investment projects when they are introduced by private businesses and local governments.

The research project specifically looked into how this policy principle unfolded in practice. The research team interacted with 15 communities that have been experiencing the impacts of large-scale land investments over the last decade in the districts of Massingir in Gaza Province and Maganja da Costa in Zambezia Province. The following local partners of ActionAid-Mozambique facilitated the interactions: *Plataforma Distrital de Massingir* (Platform of Massingir District), *Associação Rural de Ajuda Mútua* (Rural Association for Mutual Assistance, ORAM, Gaza Province) and *Liga dos Direitos da Criança* (Child Rights League, LDC, Maganja da Costa). These districts were chosen as a result of the significant impacts since the mid-2000s of a series of land-based investment projects. As such, research here may reveal the nature and extent of impacts and potential alternatives for inclusive business models and sustainable land governance.

Research questions

- How do large-scale rural investments impact on local communities and women in particular, especially in relation to women's livelihoods and food security?
- What policy principles and investment models can be most inclusive, gender sensitive and pro-poor, as well as environmentally sustainable?
- Can locally-rooted private sector development provide livelihood alternatives for sustainable and inclusive development and food security? If so, how?

Massingir District: Conservation, Tourism and Sugarcane Plantations

Investment impacts

Massingir District, located in the semi-arid flatland in southwest Mozambique, has been exposed to increased pressures related to land over the past decade. The major investor in the district is the Limpopo National Park (LNP) instituted in 2001 as a part of the Great Limpopo Transfrontier



Park (GLTFP). The GLTFP is a project of South Africa's Peach Park Foundation. Massingir has given one fourth of its territory to LNP through a process which was funded by the German Development Bank and which partly followed a typical 'fortress conservation' model that forcibly expelled local communities for safari tourism and wildlife conservation; the resettlement of local communities began in 2008. More recently, new private game reserves owned by South African investors have started to expand around the LNP, affecting communities beyond park boundaries.

Some communities from the LNP were resettled to the central area of the district where resident communities were facing land loss due to the expansion of sugarcane plantations owned first by a company called ProCana and then by Massingir Agro-Industrial (MAI), the successor to the former. The sugarcane companies acquired land concessions along Elephant River from which irrigation water is being pumped. As a result, land pressure in the already populated area has increased.

Local communities were consulted in all cases. Approached by investors and local government officials, community leaders made agreements about compensation and benefit-sharing such as new infrastructure, housing, or employment opportunities. However, to date not many of the socio-economic benefits promised by the investors have materialized. At the same time, the increased pressure placed on land and land users has triggered land disputes and conflicts. These involve not only conflicts between investors and local communities, but also conflicts between resettled communities, neighbouring communities and other actors such as farmer associations who acquired nearby land concessions long time ago.

Potential inclusivity and alternatives

Resettled communities are in the most problematic situations since they have not received new land for farming or grazing; without land, these communities are unable to conduct agricultural activities. In addition, the promised houses and other infrastructure are of poor quality, and little follow-up has been conducted either by the government or by the investors. This means that even though consultations and consent-building took place and infrastructure was provided as a part



of the agreement, realization of the agreed conditions was not actively fulfilled.

Having changed owners twice as a result of business failures the sugarcane plantations have remained at the initial experimental stage and so have generated few job opportunities. Moreover, information in relation to the companies' consultation processes has revealed that community-wide participation did not take place; only the community leader and a few members close to the leader signed the contracts without clearly understanding the conditions. Community member complaints have been officially filed but have not been taken up by the company or the local government.

At the same time, other communities, especially those affected by private game reserves around the LNP, have been negotiating so that investors at least provide them with better infrastructure such as schools and water tanks; these communities also have proposed co-management of the reserves and tourist facilities. These communities have young and active leaders and promote active participation of women in decision-making processes.

Our research project has facilitated inter-community exchange between communities with more negotiation experience and those without. This exchange has stimulated communities to organize into associations and community councils and to elect community committees to engage with investors. Our research has shown that it is important to nurture learning processes between local communities not only to identify and address the impacts, but to explore sustainable alternatives.

Maganja da Costa District: Irrigation Infrastructure Rehabilitation for Rice Production

Investment impacts

Maganja da Costa District, situated in northeastern Mozambique, is characterized by highlands and lowlands. The lowland area predominantly known as Nante is the location of two investment projects related to the construction and rehabilitation of irrigation infrastructure for rice production;



one irrigation scheme in the area called Etambo was once funded by Japan International Cooperation Agency (JICA) in collaboration with Vietnamese research institutions. Farmers in the adjacent irrigation area of Munda Munda, following the success of Etambo, now participate in the irrigation scheme funded by the Dutch Facility for Infrastructure Development (ORIO) of the Netherlands Enterprise Agency (RVO).

Together, these investments were slated to benefit over 5,000 small-scale producers as well as link the Etambo and Munda Munda irrigation infrastructures to a larger flood control scheme. Every December, Nante is susceptible to rainy season floods. In fact, the flood of 2015 was particularly intense as it displaced hundreds of people and destroyed farms and infrastructure. The existing dikes and irrigation infrastructure were severely affected. Producers who lost their yields, especially in Munda Munda, are eagerly awaiting the rehabilitation efforts to take place.

Delays have been a major hindrance for the ORIO investment. ORIO is a co-funding scheme that relies on the Mozambican government to provide half of the construction and rehabilitation costs. It took nearly eight years for the government to process this arrangement and for the Dutch counterpart to contract a so-called management unit – a team comprised of three private entities responsible for project execution and management.

The communities, consulted about the project nearly eight years prior, were mobilized and expecting the project to finally break ground. At the same time, communities were attempting to legalize their DUAT on the irrigated land to ensure the fair allocation of land plots. However, as the government insisted on keeping full control over the irrigated land their applications were denied. During the wait, however, uncertainty grew and little communication took place. The communities were growing impatient when the floods hit.

Potential inclusivity and alternatives

Rice farmers face obstacles in the commercialization of their rice since they lack access to the roads and bridges that lead to nearby processing factories. In addition, technical assistance needed to improve production capacity or control harvest losses is also necessary but unavailable. Associations and cooperatives have been in place, and are indeed quite vocal in consultations about the specific needs of rice producers. However, the capacity of local associations and cooperatives to effectively negotiate with the government and investors is quite limited. For example, financial and logistical limitations prevent these organizations from pursuing DUAT applications. At the same time, associations and cooperatives are now more aware of their communication, training and planning needs. On the investor side, the impacts of recurrent floods have instilled government agencies and investors with an urgent need to place local irrigation schemes within the context of the wider Zambezi River Basin system so that the viability and



risks of infrastructural investments can be properly assessed. It would be a definite blow to local producers if the new rehabilitation efforts are destroyed after only a few years.

Having explored the progress and plans of ORIO and its management unit, our research project advised associations to prepare the demands for capacity development to be communicated with investors and the government and to outline strategies for follow-up on any official consultations.

General observations

On land-based investments and governance

Across all investment patterns observed in Massingir and Maganja da Costa, projects have generated a wide range of impacts. These include:

- Displacement and resettlement
- New negotiations of land user rights
- Community demands for co-management of projects with investors

As all land is owned by the state in Mozambique, government at all levels has an important role to play. Yet, the government seems to be reluctant to help communities fully access project benefits by facilitating further negotiations between communities and investment projects.

In addition, while women are quite vocal in community meetings, they are usually excluded from important decision-making processes that characterize large-scale and land-based investments.

On inclusive business

In both districts and in each investment case, consultations following the official legal framework have taken place between local communities, investors and local government agencies. These consultations have largely led communities to consent to the investment projects, as conditions given to them initially, in the form of compensation or benefit-sharing, seemed to be attractive. Local communities naturally expected these benefits to emerge and so began to shape their own development agenda around them.

By incorporating community members into their respective value chains, businesses can meet community needs as well as business needs. However, the investors under study have not fully included them in their business models nor have they fully included them in managing the projects. The lack of organizational capacity in communities also hinders the possibilities to implement inclusive business models.

This lack of capacity also compromises a community's ability to unify demands for follow-up communications that should take place between donors, investors, government agencies and community members. Moreover, multiple communities affected by the same investment tend to be in conflict with each other. It is up to civil society advocacy organizations such as ActionAid to mediate between these multiple communities and actors.

On food security

The most acute food insecurity is experienced by the resettled communities in Massingir District who lost their farmland. The communities affected by floods in Maganja da Costa District also have difficulty with staying fully food secure.

Investors do not overlook the issue of food security entirely. For example, we found that the sugar company in Massingir introduced food production to its sugarcane concession areas. However, 'food' in this case is a vegetable introduced from South Africa which is not typically consumed in Massingir. Such a case demonstrates a lack of awareness of which crops are in local demand as well as a lack of community participation in decision-making over which crops to be grown.

Recommendations

1. Widely accepted frameworks and consultation processes such as those related to the VGGTs, FPIC, including the right not to consent, and others (such as those used for resettlement and agribusiness investment, etc.) need to be duly guaranteed.
2. Consultation processes are compromised if local leaders do not share information with all community members. For improved consultation processes, community-wide participation mechanisms must be in place.
3. Customary practices that marginalize women such as male and local elite capture need to be transformed into gender equitable practices.
4. Women and other marginalized groups must be encouraged and should participate in investment project decision-making processes.
5. Prior to project implementation, follow-up and redress mechanisms should be planned to address any conflicts that may emerge after investment projects get underway.
6. Capacity development should clearly aim at enabling each community to better organize and empower itself

to claim rights to food, land and active participation and engagement in local development processes.

7. Effective capacity development can include community, association, and cooperative exchanges. Exchanges and reflections on experiences will assist communities with obtaining understanding and a coherent voice in negotiations.
8. Stakeholder roles and responsibilities, including government and corporate accountabilities, promises made to communities and liabilities in case of non-compliance, should be spelled out in business proposals and contractual arrangements.
9. International development community and governments should facilitate follow-up and experience-sharing among affected communities to ensure the ability of investment projects to contribute to local development that is based on equitable and sustainable land governance.

Research and outputs

About

This Policy Brief is one in a series of four based on the research project *Bridging the Gaps between Policy and Practice on Land Governance, Inclusive Business and Food Security in Mozambique*. It outlines key findings from the project. The research was funded by the WOTRO Food & Business Applied Research Fund of the Netherlands Organization for Scientific Research (NWO). The project ran between 2014 and 2016.

Contact

Project leader

Amade Suca: amade.suca@actionaid.org

Research team

Dakcha Acha: dakcha.acha@actionaid.org

Danny Wijnhoud: danny.wijnhoud@actionaid.org

Kei Otsuki: k.otsuki@uu.nl

Outputs

1. Acha, D., Wijnhoud J.D., and Otsuki, K. (2015). What will the future bring? Community voices on rice farming and other livelihood opportunities in the face of flood risks in Maganja da Costa District, Mozambique. Paper presented at the LANDac International Conference on Land Governance for Equitable and Sustainable Development, 9-10 July, 2015, Utrecht, the Netherlands.
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The views expressed in this Policy Brief are those of the research team and do not necessarily represent the views of, nor should they be attributed to, the Dutch Ministry of Foreign Affairs or LANDac.

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More information about LANDac and our activities is available on our website: www.landgovernance.org.

Contact

LANDac is based at International Development Studies, Utrecht University

Address

LANDac, attn. Gemma Betsema
Utrecht University / Faculty of Geosciences
Human Geography & Planning (SGPL) /
International Development Studies
PO Box 80 115
NL-3508 TC UTRECHT
The Netherlands

landac.geo@uu.nl
www.landgovernance.org