

# Mozambican elite in a Chinese rice ‘friendship’: an ethnographic study of the Xai-Xai irrigation scheme

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February 2015

- This paper was produced as part of the China and Brazil in Africa Agriculture (CBAA) Project work stream

# China and Brazil in African Agriculture

## Working Paper Series

<http://www.future-agricultures.org/research/cbaa/8031-china-brazil-paper-series>

This Working Paper series emerges from the China and Brazil in African Agriculture (CBAA) programme of the Future Agricultures Consortium. This is supported by the UK Economic and Social Research Council's 'Rising Powers and Interdependent Futures' programme ([www.risingpowers.net](http://www.risingpowers.net)). We expect 24 papers to be published during 2015, each linked to short videos presented by the lead authors.

The CBAA team is based in Brazil (University of Brasilia and Universidade Federal do ABC), China (China Agricultural University, Beijing), Ethiopia (Ethiopian Agricultural Research Institute, Addis Ababa), Ghana (University of Ghana at Legon), Mozambique (Instituto de Estudos Sociais e Económicos, Maputo), Zimbabwe (Research and Development Trust, Harare), the UK (the Institute of Development Studies, the International Institute for Environment and Development and the Overseas Development Institute).

The team includes 25 researchers coming from a range of disciplines including development studies, economics, international relations, political science, social anthropology and sociology, but all with a commitment to cross-disciplinary working. Most papers are thus the result of collaborative research, involving people from different countries and from different backgrounds. The papers are the preliminary results of this dialogue, debate, sharing and learning.

As Working Papers they are not final products, but each has been discussed in project workshops and reviewed by other team members. At this stage, we are keen to share the results so far in order to gain feedback, and also because there is massive interest in the role of Brazil and China in Africa. Much of the commentary on such engagements are inaccurate and misleading, or presented in broad-brush generalities. Our project aimed to get behind these simplistic representations and find out what was really happening on the ground, and how this is being shaped by wider political and policy processes.

The papers fall broadly into two groups, with many overlaps. The first is a set of papers looking at the political economy context in Brazil and China. We argue that historical experiences in agriculture and poverty programmes, combine with domestic political economy dynamics, involving different political, commercial and diplomatic interests, to shape development cooperation engagements in Africa. How such narratives of agriculture and development – about for example food security, appropriate technology, policy models and so on - travel to and from Africa is important in our analysis.

The second, larger set of papers focuses on case studies of development cooperation. They take a broadly-defined 'ethnographic' stance, looking at how such engagements unfold in detail, while setting this in an understanding of the wider political economy in the particular African settings. There are, for example, major contrasts between how Brazilian and Chinese engagements unfold in Ethiopia, Ghana, Mozambique and Zimbabwe, dependant on historical experiences with economic reform, agricultural sector restructuring, aid commitments, as well as national political priorities and stances. These contrasts come out strikingly when reading across the papers.

The cases also highlight the diversity of engagements grouped under 'development cooperation' in agriculture. Some focus on state-facilitated commercial investments; others are more akin to 'aid projects', but often with a business element; some focus on building platforms for developing capacity through a range of training centres and programmes; while others are 'below-the-radar' investments in agriculture by diaspora networks in Africa. The blurring of boundaries is a common theme, as is the complex relationships between state and business interests in new configurations.

This Working Paper series is one step in our research effort and collective analysis. Work is continuing, deepening and extending the cases, but also drawing out comparative and synthetic insights from the rich material presented in this series.

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## Introduction

In April 2007, following the Forum on China-Africa Cooperation (FOCAC)'s promises to boost the African agricultural sector, the Mozambican and the Chinese governments through the Provinces of Gaza and Hubei respectively set up an agreement for the establishment of a Chinese 'friendship' rice farm at the Lower Limpopo scheme (also known as Xai-Xai irrigation scheme), located at the capital of Gaza, Xai-Xai. The project started the same year and was implemented by Hubei Lianfeng Mozambique Co Lda (HLMO Co Lda), a state owned company from Hubei. At the beginning of the project, sources from Mozambican Investment Centre (CPI) evaluated the project at US\$1.2 million (Chichava 2014a; 2014b; Chichava et al. 2013). Among the main objectives of this partnership was agricultural technology transfer from the Chinese to the Mozambican farmers in order to increase their productivity from the current 1.5-2t/ha of rice to 8-10t/ha (Bambo 2014a). Equally, the Chinese company had the ambition to produce rice so that Mozambique would become a self-sufficient rice producer.

In order to benefit from this technology transfer, the Mozambican government asked local farmers to organise themselves within an association. The organisation was called *Associação dos Agricultores e Regantes do Bloco de Ponela para o Desenvolvimento Agro-Pecuário e Mecanização Agrícola de Xai-Xai* (ARPONE). The association intended to develop agriculture and livestock. However, it appeared that the main people who created the association and started to work alongside the Chinese company were mostly Frelimo members, the party ruling the country since its independence in 1975. In the same way, some high-up employees of *Regadio do Baixo Limpopo* (RBL), the public company in charge of the irrigation scheme, joined ARPONE and started to produce rice. It is important to stress that high state officials are usually linked to Frelimo.

Meanwhile, because of financial and material difficulties and after almost three years of activity, Wanbao Africa Agriculture Development Limited (WAADL), another Chinese company with private capital funding, replaced HLMO Co Lda in 2011. As an example of the difficulties of HLMO Co Lda over that period, the Chinese company, which had received 300ha for exploration, did not manage to use more than a tenth of the land allotted to it. WAADL received a 50 year land concession of 20,000ha, also to produce rice and support local farmers.

However, the land concession to WAADL also raises concerns about the displacement of local farmers while the local political elite (Frelimo party members) benefit from the arrangement. These aspects raise concerns among local farmers who are not Frelimo members, who feel marginalised. The concession also receives criticism from local civil society organisations (CSOs), in particular the *Forúm das Organizações Não Governamentais de Gaza* (FONGA), which claims that the project is not benefiting the local population.

The main purpose of this paper, which focuses on the example of ARPONE association farmers in Xai-Xai, is to show how the Mozambican political elite – usually linked to Frelimo – are using their positions within the party or the state to take advantage of the Chinese project. First, the paper will discuss the WAADL rice 'friendship farm'; second, the paper will discuss ARPONE; third, the paper will argue that Frelimo members, through ARPONE, use the China-Mozambique project of agricultural technology transfer under WAADL for personal benefit, which obstructs local agricultural development and hurts the image of the Chinese company. This paper is a result of fieldwork done in Xai-Xai over the period 2012-2014 with ARPONE and FONGA members as well as with RBL and WAADL employees.

## ***From HLMO to WAADL: An analysis of a Chinese agricultural business model***

As mentioned, WAADL replaced the former HLMO Co Lda in 2011. The company was struggling with many difficulties, in particular financial and material. For example, in 2010 HLMO Co Lda was only using 30ha of its concession of 300 ha, and though the governments of Gaza and Hubei provinces promised to improve the situation, invest more money and train local farmers, this never happened until the arrival of WAADL (*Notícias* 2010).

WAADL plans to invest US\$289m in Xai-Xai over a period of 3-5 years starting from 2012, mainly to grow rice, although some crops like maize are also being grown on a small scale (Wanbao Grain & Oil undated). WAADL is also expanding its activities to Chokwe irrigation scheme, the most important in Gaza. Here, the company received a concession of 6,000ha where it will produce rice in collaboration with local farmers; 2,000 of those hectares will be used for the company's own production for a period of 20 years with the potential of renewal, while the remaining 4,000 will be used by local farmers with the support of the Chinese company through a technology transfer and contract farming model.

To develop its activities, WAADL received a loan from the Fund for Cooperation between China and the Portuguese-speaking countries, a fund created by the China Development Bank (CDB) and the Macao Industrial and Commercial Development Fund (*Ponto Final*, 7 November 2013; China Development Bank 2013a). It must be underlined that this project is the first to benefit from the Fund. Equally, CDB is financing the project, and at the end of 2013 claimed to have disbursed US\$20m for the project (China Development Bank 2013b).

As of 2014, WAADL is only using 7,000ha of this 20,000ha concession, particularly because of lack of money to develop its activities as the company continues to wait for more loans from Chinese banks. According to WAADL, the delay by the banks in lending money was due to the fact that they were reformulating their policies

because of the recurrent floods in Xai-Xai (interview with Chinese manager, Xai-Xai, 17 November 2014). In fact, Wanbao suffered from floods in 2012 and 2013 with heavy losses. Apart from rice, the company also experimented with maize production. It is also expected by the local government that WAADL will cultivate wheat in the near future. At the time of this research, WAADL was working with two different groups through a contract farming programme: (i) Chinese farmers organised in four subcontracted teams: two teams from Hubei employing 50 Chinese workers and working in an area of approximately 1,300ha, and the other two from Heilongjiang provinces hiring 110 Chinese workers and dividing an area of 6,000ha; and (ii) local farmers trained in Chinese agricultural technology. The Chinese technology transfer consists of free training for the farmers within an area of 1ha over one agricultural rice campaign. If the farmer proves to have learned how to use the Chinese technology, he is moved to another area of 3ha or 4ha where it is expected that he will produce rice and sell it to the company through an agreement established between the two parties. The first group of 23 local farmers was trained in 2012, while the second group of 40 farmers was trained in 2013. After the training, the farmers must pay 50 percent of the total production costs before the Chinese company begins to give them any agricultural assistance. The contract also states that farmers will pay the remaining 50 percent to WAADL after the harvest, with the Chinese company buying rice from them and deducting the service costs from their income. The contract states that the rice must be sold only to WAADL at the price of MT10 per kilo, which is equivalent to US\$0.30.

Regarding the subcontracted Chinese farmers, WAADL is only responsible for providing agricultural and infrastructural equipment. For the agricultural equipment

the Chinese companies must pay back the costs to WAADL in a period of 3-5 years at an interest rate of 20-30 percent. WAADL is also renting its infrastructure in order to house the Chinese farmers and workers. Similar to the local farmers, the subcontracted Chinese farmers must produce and sell rice to WAADL at a fixed price: RMB2/kg, also equivalent to US\$0.30. The following table summarises mutual obligations of WAADL and the local farmers.

WAADL arranged with the government to support local farmers, in particular the ARPONE farmers. In the case of an agreement between ARPONE and WAADL, the rights and obligations of the two parties are almost the same as the relationship between WAADL and the local subcontracted farmers. However, there are some important differences. For example, subcontracted local farmers work within the WAADL concession area, and the WAADL staff have the obligation to train them in Chinese rice production technology for free. ARPONE farmers work in an independent concession attributed by RBL and must pay to be trained in Chinese agricultural technology. The situation becomes more similar when subcontracted farmers move to their 3-4ha area, because they must pay to get WAADL support, which is exactly the demand of WAADL toward ARPONE farmers when the two parties have an agreement. For both groups of local farmers, 50 percent of the total production costs must be paid before the Chinese company starts to give agricultural assistance, while the remaining part is paid after the harvest, with the Chinese company buying rice from the farmers and deducting the services costs from their income. In the case of an agreement between WAADL and ARPONE, the latter must only produce and sell rice to the Chinese company at a fixed price of RMB2/kg, equivalent to US\$0.30, the same obligation asked of the local and Chinese subcontracted farmers.

**Table 1. Mutual obligations of WAADL and local farmers**

<b>WAADL</b>	<b>Local farmers (subcontracted)</b>
Providing technical training to the local producers and monitoring all field activities	Not trespassing on the plot
Land preparation	Requesting and negotiating funding for the operation of their portion to pay all operating costs
Supplying agricultural inputs (seeds, fertilisers and herbicides)	Paying 50% of costs prior to commencement of operations
Training in seed pre-germination and in launching seeds without use of fertilisers	Complying with the technical guidelines submitted to them
Supplying water for irrigation to the parcels within the Wanbao project area	Being a frequent producer in the parcel
Harvesting and weighing the production in the presence of the producer	Primarily responsible for achieving the minimum yield of 6t/ha
Ensuring rice transportation from the farm to the company	Drying out the rice to 13% moisture
Providing conditions to dry rice of the farmers	Selling the production to Wanbao
Buying all farmer production and, within an agreement with the farmer, leaving an amount for their own consumption	Paying the credit

Source: RBL and WAADL (2013a; 2013b)

The arrival of WAADL investment is happening at the same moment when the support of the Chinese government has become noticeable. Apart from the establishment of the Chinese Agricultural Demonstration Centre (ATDC), the Chinese government has given Mozambique China Exim Bank loans to rehabilitate and develop important agricultural infrastructure in regions considered critical to boosting the agricultural sector. These regions are Chokwe, in Gaza province (southern Mozambique); Zambezi valley, in Zambézia province (central Mozambique); and Nguri and Chipembe, in Cabo Delgado province (northern Mozambique). Take, for example, the 2010 US\$50m concessional loan from China Exim Bank, which targeted several agricultural projects. The first US\$30m, placed under the management of the *Gabinete do Plano de Desenvolvimento da Região do Zambeze (GPZ)*, was used to build three agro-processing factories (cotton, rice and maize) in the provinces of Manica, Zambézia and Tete, respectively (MINAG 2010). The remaining US\$20m was used to import agricultural equipment from China. The loan also aimed to help improve local farmers' production, with the intention of fuelling factories. In 2012, Mozambique signed another long-term credit line from China Exim Bank of US\$60m to develop an agricultural project in Chokwe. The project, called Chokwe Agro Process Complex, aims to develop several projects, in particular rice process factories, cattle breeding and processing factories, and a conservation unit (Chichava 2014a).

Apart from WAADL investment, other Chinese companies have been investing heavily in the Mozambican agricultural sector. The most important company after WAADL is Lianhe Africa Agriculture Development Co, which is also producing rice and cotton within an area of 600ha in Sofala province, central Mozambique. Lianhe uses a contract farming model, or in other words, the same agricultural business model used by WAADL, meaning the company provides seeds, fertilisers and agricultural machinery for farmers. According to one Chinese manager of Lianhe Africa Agriculture Development Co the contract system used there is a result of an adaptation of a 'Chinese household contract system'<sup>1</sup>. The costs of these services are deducted from the final yield when the company buys grains after harvest (Xinhua News Agency 2014b).

Lastly, China-Africa Cotton Moçambique Ltd (CACM) is another major Chinese company investing in the Mozambican agricultural sector. CACM plans to invest US\$20m in cotton growing and processing in the provinces of Manica, Sofala and Inhambane. CACM is the result of an association between Chipata Cotton Company Moçambique and China-Africa Cotton Development Ltd. This company also purchased the Companhia Nacional de Algodão (CNA), a former French cotton production company, in 2010. In 2011 CACM inaugurated its cotton-processing factory in Beira, the capital of Sofala province. China-Africa Cotton Development Ltd is also operating in other African countries, namely Zambia, Malawi, Zimbabwe and Tanzania (Chichava 2014a). Like the Wanbao and Lianhe companies, CACM is also using a contract farming model.

## The capture of the Chinese project by Frelimo elite

ARPONE was constituted in 2008 with the main objective to develop agriculture and livestock. Among the 15 names appearing on the official bulletin (Boletim da República 2012), six of them are Frelimo high-ranking officials. The following table gives an idea of that.

To this list can be added other Frelimo personalities whose name don't appear in the official bulletin, but who are also ARPONE members. Henrique Chissano, brother of the former Mozambican President, Joaquim Chissano; Ernesto Macuácuá, current Frelimo Secretary in Conhane, one of the Xai-Xai localities; Domingos Chambal, former Gaza Prison Warden; Cláudio de Oliveira and Francisco Nhachengo, who are both current Councilmen at the Xai-Xai municipality responsible for infrastructure affairs and agricultural and transport affairs respectively; Alves Zitha, former Frelimo Provincial Head (2010-2012); Francisco Mualane, current Permanent Secretary of the Gaza government; and various RBL engineers or agricultural experts who are supposed to be the link between local farmers and the Chinese company.

These personalities are the only ones who are able to pay to get access to Chinese technical assistance, either because they easily get access to credit, because they can use state resources to cultivate their plots, or because they can use their political and state influence to persuade the Chinese company to give them agricultural assistance.

This is one of the main situations that has led ARPONE farmers without any connections with the Frelimo party or the state to distrust local authorities and accuse them of using the project for their own benefit and of doing little to help politically unconnected farmers. One farmer said:

... I am very critical of the government's land concessions. It is not right to see our leaders allocating land to themselves because they have an obligation to ensure people's livelihoods. For example, the [provincial] governor is obliged to resolve our problems, the administrator [of the district] also should resolve our problems, the *primeiro-secretário* [head of the party] idem, the *secretária-permanente* [third provincial government figure] idem. We can only go to the government when we have complaints about our financial partners. It's up to them to resolve this. How can they monitor themselves if they have no impartiality? (Interview with ARPONE farmer, Maputo, 3 August 2012).

Equally, according to the Chinese company this is one of the reasons for technology transfer failure. Because Frelimo members and state officials' farmers are not fully committed to the agricultural technology transfer, the harvesters are not going to the field every day. In the

Table 2. Frelimo ARPONE member founders	
Name	Position occupied within the party/State
José Tsambe	Current Vice Minister of State Administration; former Provincial Secretary at Gaza
Gervásio Nhongo	Current Xai-Xai Councilman, responsible for health
Regina Mwome	Gaza Province First Lady (wife of the current Gaza Governor)
Lucília Manjate	Former President of Social of Provincial Commission affairs. Current Provincial Director of the Provincial Office of Prevention and Fight against Drugs
Elias Muchave	Former member of Electoral Provincial Commission during the one party state (elected in 1986); current Xai-Xai Councilman
Teodósio Manjate	Former Frelimo Provincial Head (current ARPONE President)

Source: compiled by author from various sources

case of one politically connected ARPONE farmer, a Chinese manager claimed that instead of using the money received from the bank for agricultural purposes, his patron was only spending it on international trips (interview with Chinese manager, Xai-Xai, 6 June 2014).

The same view is shared by a *Notícias* journalist based in Xai-Xai who has been following the development of the Chinese project since the times of HLMO Co Lda and is one of its most fervent supporters. The *Notícias* journalist asserts that ARPONE farmers failed because they are not really farmers; they are only interested in ostentation, not with work (interview with *Notícias* journalist, Xai-Xai, 7 June 2014).

Yet the involvement of state politicians in the agricultural projects is not the only reason for ARPONE farmers' failures to benefit from these collaborative efforts. For instance, accessing bank loans, which have high interest rates, and recurrent floods remain serious handicaps. In 2013, for example, floods caused US\$13m of losses at the Xai-Xai irrigation scheme (Chichava 2014c). It is important to substantiate that because of consecutive floods and delay in disbursement of bank credit, in the second semester of 2014, WAADL was facing financial difficulties slowing down its activities. The reluctance of the Chinese banks was in part due of the floods.

## Narratives from WAADL 'friendship' farm

Bureaucrats, politicians and public press close to the government believe the Chinese technology transfer project has changed the attitude of local farmers towards agriculture. According to the RBL head manager, the farmers are now taking the agricultural activities seriously

and working hard to become commercial farmers and fully use their plots (Bambo 2013). Equally, Mozambican politicians and those with government links consider WAADL to be a 'serious' investor, in the sense that the company will fulfil its promises to make Mozambique a self-sufficient rice producer. For this reason, the government-related officials, including the National Director at the Ministry of Agriculture, have pushed the company to expand its operations into poultry, wheat and cotton production (MINAG) (*Notícias* 2013). The project has strong support from the Mozambican government and it was visited several times by President Armando Guebuza and Premier Minister Alberto Vaquina. The latter even participated in the opening ceremony of the WAADL harvest campaign in May 2014 (Bambo 2014b). In short, the Chinese company received permission to extend its activities to Chokwe district because of the self-interest of government officials.

The weekly *Domingo* and the daily *Notícias*, which are considered to be close to the government, also share this positive view towards the expansion of WAADL activities in Xai-Xai and into Chokwe. In fact, those two newspapers are intensely covering the project, in particular after the criticisms of local CSOs.

According to *Notícias*, for example, the Chinese – who, thanks to their work culture, work day and night – are transforming a once dusty land into a productive one (Gemo 2013).

In addition, *Domingo* praises the Chinese for tidiness, which is also considered as changing the Xai-Xai irrigation scheme:

Hundreds of Chinese almost populated Xai-Xai downtown and in their characteristic style when it comes to manual labour they are working sun-to-sun and are

transforming those lands, which for years served only as a pasture area and for multiplication of frogs and other species that thrive in marsh habitat. (Sixpence 2014)

These newspapers further argue that the WAADL project reduced rice production costs and increased productivity. According to *Notícias*, quoting Mozambican officials' thanks to the WAADL project, now it is only necessary to use 35kg of rice seed per hectare instead of 120kg (Gemo 2013) and the rice production costs have dropped from MT50,000/ha (≈US\$1,600) to MT32,000/ha (≈US\$1,000). According to the same newspaper, thanks to the Chinese company, the rice production per hectare has tripled (Bambo 2014a).

The project is also highlighted by some Chinese press, in particular *China Daily* (2014) and Xinhua News Agency (2014a; 2014b).

Just to give an idea, referring to the Wanbao project, *China Daily* states that the company has achieved huge success in managing to reach a production level of 8t/ha, which is four or five times the yield of the local farmers on similar plots. The article reports that it is because of its acclaimed successes that the Mozambican government gave the Wanbao project a concession of 20,000ha in 2012 (Wang and Mood 2014). Xinhua News Agency asserts that thanks to WAADL, the productivity per hectare of the local farmers increased four times, helping to 'tackle the food deficit in Mozambique' (Xinhua News Agency 2014a).

The praises towards WAADL projected by the Mozambican public press led to strong critical reactions from FONGA, a CSO platform in Gaza that is among the strongest critics of the project. According to FONGA, the government used the public press (*Notícias*, *Rádio Moçambique* and *Mozambique Television*) to denigrate the actions of FONGA and to manipulate public opinion. The organisation alleged that nothing reported by the press regarding improvement of productivity or production costs reduction was true (Anastácio Matavel, personal communication, 2014).

This was not the first time that FONGA criticised the Chinese project. The first criticisms from FONGA dated from the end of 2012 when the independent daily *Canal de Moçambique*, quoting FONGA, claimed that the Wanbao project was displacing more than 80,000 small farmers at the *Baixo Limpopo* to put their project in place (an improbably large figure that they later reduced to a still unsubstantiated 38,000) (FONGA 2013a; Nhacuahe 2012)<sup>2</sup>. Besides allegations of forced resettlement of the local population, another concern was related to water management in the Limpopo River. According to FONGA, the project's high-level requirements for water usage are likely to contribute to drought in Limpopo River. FONGA also pointed out that the Chinese company was draining salt water from the Limpopo River, causing the death of some cattle (FONGA 2013a; Nhacuahe 2012).

The levels of criticism towards the Wanbao project from FONBA reached their nadir in August 2013, after violent demonstrations by the local population accusing

WAADL, acting with approval of the local government officials, of stealing their land. A FONGA 'open letter' to the Mozambican president Armando Guebuza followed these demonstrations. The letter asked him to rethink the project by considering the suffering of deprived local farmers (FONGA 2013b).

In this 'open letter', FONGA further accused WAADL of other violations: transferring agricultural technology to the local farmers, but only selling services at unaffordable prices; not respecting local labour law; paying salaries below the local minimum wage; terminating contracts unilaterally without any reason; and obliging workers to work extra hours without pay.

Moreover, the letter accused WAADL of having destroyed the plots of local farmers to establish its project. In addition, FONGA claimed WAADL took away the products farmers had reserved from these plots for their personal consumption (FONGA 2013b).

The last action against the Chinese project from FONGA was the organisation of demonstrations by the supposed land deprived farmers on 21 May 2014 in the streets of Xai-Xai city. This action was done in collaboration with other CSOs like *Justiça Ambiental* (JA), *Liga dos Direitos Humanos* (Human Rights League, LDH) and the *União Nacional dos Camponeses* (National Peasants Union, UNAC) (Saúte 2014). Even if the demonstrations of 21 May 2014 didn't have a major impact, this shows that the situation may become explosive in the near future.

Apart from FONGA, *Justiça Ambiental*, based in the capital Maputo, is another CSO criticising the project. JA emphasises the negative attitudes of WAADL toward local farmers by supporting FONGA's claims that WAADL had destroyed local farmers' plots and stolen the products retrieved there. According to JA, this negative WAADL behaviour was encouraged by local government interested only in preserving its own interests:

The disturbing and disgusting thing in this situation is the fact that everything is happening under the knowledge and clear patronage of both provincial and central governments, because although they are constantly informed, by the victims as well as by civil society, about what has been happening in that area of the country, the government has done nothing to safeguard the rights of these families, and even avoids receiving them because it is less interested in dialogue. By the way, this practice and behaviour of our government can be observed all over the country, in particular in places where there are gigantic projects (with majority foreign capital) (*Justiça Ambiental* 2013).

It is worth noting that Mozambican CSOs' claims about Wanbao are also receiving international coverage, where the project is accused of stealing land from local farmers

with the compliance of the Mozambican authorities (Assarson 2014; Anesi and Fama 2013).

Regarding claims of local farmers and CSOs accusing the company of land deprivation, WAADL says that before their arrival the land conceded to them by government was not in use and there was no agricultural infrastructure present; or in some cases, as of Chokwe, it was underutilised. Regarding Chokwe, WAADL claimed that their goal is to radically change this situation by teaching the locals how to do agriculture and how to turn this underused land into a productive one, and in doing so transform Mozambique into an important rice producer and exporter and improve local lives (interview with Chinese manager, Xai-Xai, 6 June 2014).

According to RBL, FONGA's claims are nonsense, made without any evidence and are against development. RBL accuses FONGA of criticising the project without knowing its contours and doing nothing to approach the government in order to become better informed about the project (interview with RBL head manager, Xai-Xai, 6 June 2014).

FONGA is also criticised by the *Notícias* journalist who, as previously said, has been one of the main followers of the project since its first steps. According to this journalist, Matavele, the head of FONGA, is criticising and manipulating local farmers to be against the project without sufficient proof of corruption and/or mismanagement. Moreover, he never went to the irrigation scheme to see with his own eyes what was happening on the ground (interview with *Notícias* journalist, Xai-Xai, 7 June 2014).

To WAADL, as to Mozambican bureaucrats, it is important to inculcate a new mentality towards Mozambican farmers. They must be taught that to become rich they have to work hard and to change their attitude towards agricultural work. They must learn that agricultural work needs to be done in the field every day – even on weekends, because plants don't have weekends! According to WAADL managers, Mozambican land is very fertile and good for agriculture; the only thing that is needed to develop agriculture is tidiness and a serious work ethic (interview with Chinese manager, Xai-Xai, 6 June 2014).

For local farmers it is still too early to say what will happen, since they are at their initial stage of work with WAADL. Thus far, neither ARPONE farmers nor the first group of local subcontracted farmers trained in 2012 have achieved good results in their agricultural harvests. This is essentially due to lack of financial resources and available bank loans.

It is worth noting that Chinese companies have been using contract farming arrangements with considerable success in other African countries such as Zimbabwe, which is still not the case in Mozambique. The reason for success of contract farming arrangements in Zimbabwe lies in the fact that Chinese companies like Tian Ze Tobacco, for example, provide to their farmers not only

seed, fertiliser and chemicals, but also working capital to pay wages and other immediate and short-term needs related to the agricultural activities. However, even in the Zimbabwean case there are some risks for local farmers<sup>3</sup>. Contrary to the Zimbabwean case, in Mozambique, local farmers must go to the banks to have working capital and most of the time it is not easy to get loans from the local banks.

For example, the Mozambican farmers trained in the 2013 group did not move into the area of 3-4ha, essentially because they received bank credit to develop their activities out of the rice production season. Yet they were obliged to continue to work in the same plot of 1ha where previously they had received training. The floods that devastated the Xai-Xai irrigation scheme in 2012 and 2013, and WAADL's incapacity to harvest the rice of all farmers at the right time in the 2013/14 campaign because some part its equipment, which must be imported from China, was out of service, prevented the farmers from moving to the new plot of land (interview with WAADL employer, 12 June 2014).

Difficulty in getting access to bank loans for agricultural activities is also one of the reasons blamed for the failure of ARPONE. In this sense, one can be sceptical about the future of the local subcontracted farmers.

## Conclusion

At the moment when Chinese investment in the Mozambican agricultural sector is becoming more significant, it is pertinent to see what is going on on the ground. Through the case of HLMO Co Lda first and of WAADL later, this paper showed how local politicians and bureaucrats are using their positions within the state and the party for their own benefit and how these practices block agricultural development, since most of them are not fulltime farmers. The paper further showed how this situation is negatively viewed by local CSOs, mainly by FONGA, which sees this as one of the reasons why local authorities do not support local people who have been deprived of their own land by the Chinese project. The Chinese company also thinks that this is the reason for the local farmers' poor results. Last but not least, the paper described the WAADL agricultural business model under implementation at Xai-Xai irrigation scheme as well as the challenges that it is facing. In fact, the WAADL investment, as described by Chinese authorities from Hubei and by CDB, ranks among the most important in Africa (China Development Bank 2013b). The project faces many challenges such as helping local farmers to be successful through contract farm arrangements. This would certainly make local CSOs and local farmers reconsider their negative attitudes toward the project. Yet the realities on the ground are quite different, since local farmers don't have the financial resources to develop their agricultural activities. Equally, the emphasis on contract farming doesn't mean in itself that local farmers will be the main beneficiaries. If the selection process for land plots continues to be unfair by benefiting mainly those who are close to the government or to RBL and the Chinese company, local



farmers will continue to not have agency in this project. In the same way, it is too early to say if this investment will revive the Mozambican agricultural sector, and rice production in particular.

## End Notes

- 1 In China, contract farming arrangements have been used with the strong support of the state and considerable success since the 1990s. See Prowse and Thirion (2012).
- 2 Wrongly, *A Verdade*, another prominent independent newspaper, quoting the head of FONGA said that the deprivation of 80,000 farmers was happening in Chokwe district (Macanandze 2012).
- 3 Even if the contract farming programme with Tian Ze Tobacco is considered as one of the most successful, there are reports of some Zimbabwean farmers who committed suicide because they couldn't pay their debts to the Chinese company (see Zimbabwean 2014).

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This **Working Paper** was written by **Sérgio Chichava** for the **Future Agricultures Consortium**. The FAC Working Paper series publishes work in progress by FAC members. All papers are technical research papers which have been peer reviewed, and are available in open access format. The series editor is **Paul Cox**. Further information about this series of Working Papers at: [www.future-agricultures.org](http://www.future-agricultures.org)

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FAC appreciates the support of the UK Economic and Social Research Council and UK Department for International Development (DFID)



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