Brazilian cooperation and investment in Africa: the case of ProSavana in Mozambique

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Original publication; Brazilian Cooperation and Investments in Africa. The Case of ProSavana in Mozambique.

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Introduction

Over the last decade, international development cooperation and the investments that accompany it have experienced deep and rapid changes. This transformation reflects the new correlation of forces in the international system, in transition to a multi-polar configuration. South-South cooperation has expanded its role, and countries like Brazil, China and India have deployed new cooperation and investment mechanisms. This is the case of the initiatives launched by the BRICS (Brazil, Russia, India, China and South Africa) and the India-Brazil-South Africa Dialogue Forum (IBSA).

In Brazil, the place of international cooperation and investments as a constituent part of the country’s new foreign policy guidelines is increasingly subjected to debate. Most cooperation projects developed today by Brazil concentrate in Latin America and Africa. Greater emphasis has been given to countries in Sub-Saharan Africa. In 2010, Africa was the destination of almost 60% of disbursements by the Agência Brasileira de Cooperação (ABC, the Brazilian Cooperation Agency) that coordinates the country’s international assistance projects. An Africa Group was created under the coordination of the President’s Chief of Staff, aiming to coordinate government actions on the continent. For the first time, the ABC assigned a coordinator abroad in Mozambique, signaling the importance that Brazilian development cooperation is gaining in Africa, especially with initiatives of the magnitude of ProSavana.

This study analyzes the motivations and practices of Brazilian cooperation and investment in Africa. It takes as a reference the partnership between Brazil and Japan with the Mozambican government in the ProSavana Cooperation Program.1

The study argues that key features of the ProSavana Program, which in practice lead to the implementation of an agricultural production system based on the monoculture of commodities, are inspired by the agro-export model dominant today in the Brazilian region of Cerrado. This correspondence, in turn, reflects the influence of Brazilian firms’ investment and trade interest in shaping this country’s international investment and cooperation programs. From this perspective, the design of Brazil’s investment and cooperation in Africa appears to be strongly compromised around a production model that is likely to deliver poor results in terms of local and regional development.

1The research supporting this study is the result of a broader set of actions developed by social organizations and movements in Mozambique and Brazil working together to support the struggles for justice, rights and food security and sovereignty in both countries. The study was conducted by FASE in regular consultation and partnership with the União Nacional de Camponeses – UNAC (National Union of Peasants) and the Associação Rural de Ajuda Mutua – ORAM (Rural Mutual Aid Association), organizations that represent peasants in Mozambique. UNAC was founded in April 1987 for the purpose of representing peasants and their organizations to ensure social, economic and cultural rights through the strengthening of peasant organizations and participation in the definition of public policies and development strategies in order to ensure food sovereignty. ORAM, created in 1992, is an organization with a strong associative reference character in issues of land and natural resources, promoting the rights and interests of peasants and contributing to associative and community development, in order to ensure ownership and sustainable use of land resources by rural communities, strengthening them so that they can be principal actors in the rural movement, with the ability to promote community development strategies and ownership and sustainable use of land and natural resources. Over its 51 years of operation in Brazilian society, FASE has worked together with social movements that fight for land, environmental justice, and food security and sovereignty, both at the national level and in the various regions where it has local operations: Pará, Mato Grosso, Pernambuco, Bahia, Espírito Santo and Rio de Janeiro.
1 Brazilian cooperation and foreign investment policy in Africa

Brazilian cooperation and investments in Africa take place through different ways, involving both the federal government and private companies, whether in the form of technical assistance, direct investment or government loans. Cooperation is channeled through contributions to multilateral institutions and through trilateral, bilateral and regional agreements, covering primarily the technical, financial and humanitarian areas.

As cooperation activities between Brazil and Africa increase, the volume of investment and trade in goods and services also increases. The trade flow between Brazil and the African countries grew from US$ 4.3 billion in 2002 to US$ 27.6 billion in 2011. The data reveal disparities in terms of volumes between resources mobilized by cooperation, on one hand, and on the other the investments that generally support the internationalization of Brazilian companies and make economic gains possible for the multinationals associated with them. The presence of Brazilian companies, both private and state enterprises, is growing on the continent. Through the Banco Nacional de Desenvolvimento Econômico e Social (BNDES, National Economic and Social Development Bank), the Brazilian government also finances a number of engineering works that facilitate the signing of contracts for works of the most diverse modalities.

At the same time, investment funds seek to attract financial resources to make the growing Brazilian investments in Africa feasible. The Getúlio Vargas Foundation intends to attract resources on the order of US$ 1 billion for the development of agricultural projects. The fund is coordinated by DWS Investments, a manager belonging to Deutsche Bank. In addition, in June 2012, BTG Pactual, the largest investment bank in Brazil, also announced its intention to raise US$ 1 billion and create a global investment fund for Africa, focused on areas such as infrastructure, energy and agriculture. In the case of Mozambique, a fund designed to attract US$ 2 billion for the agribusiness sector, whose details will be provided below, was launched in July 2012.

Emerging countries such as China and India have been seeking to expand their cooperation and investments on the African continent. For these countries, Africa’s potential to export energy and food is the main reason for this approximation. Brazil, on the contrary, does not depend on these imports. In addition to the search for political space and influence in the international system, the strategic importance given in recent years to the expansion of Brazilian companies in other countries standout as a factor in the country’s foreign policy guidelines.

Exploring for oil and minerals on that continent, as well as participating with its engineering companies in infrastructure works, are activities that have already been developed by Brazil in Africa for some years now. The Brazilian government, however, sees great potential for the expansion of Brazilian companies in various sectors there. According to an analysis of the

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2 “Brasil compete com China e Índia para investir na África” (Brazil competes with China and India to invest in Africa), O Estado de S. Paulo newspaper - 7/27/2012.
3 In a recent statement, BNDES president Luciano Coutinho highlighted some of the sectors whose presence in Africa is expected to be encouraged by the bank. For Coutinho, Brazilian integration with Africa provides opportunities not only for large, but also for medium-sized companies, particularly in areas like sugar and ethanol, telecommunications, energy, renewable energy, petrochemicals, steel, the automotive industry, capitalgoods, retail,
Instituto de Pesquisa Econômica Aplicada (IPEA, Institute of Applied Economics Research), investments of the Brazilian private sector in Africa began in the 1980s, through Brazilian companies established on that continent. “Although they are present throughout the continent, Brazilian company operations are concentrated primarily in the infrastructure, energy and mining sectors in Sub-Saharan Africa” (IPEA, 2011). The main Brazilian firms investing in Africa, in terms of investment and sales volume, are Andrade Gutierrez, Camargo Corrêa, Odebrecht, Petrobras, Queiroz Galvão, Vale and Marcopolo. Villas Bôas (2011) identified 22 countries in which there are Brazilian companies, also highlighting the mining and civil construction sectors as the most consolidated.

Some of these companies have invested heavily in Mozambique. In 2004, Vale obtained exploration rights for the reserves of two coal mines in Moatize, in the Zambezi River basin. The mine was opened in July 2007 with investments of US$ 1.7 billion. It is the second largest open-pit coal mine in the world and the largest mining project outside Brazil. The total Vale investment in Moatize should reach US$ 8.5 billion, corresponding to more than half the country’s GDP. Vale is also engaged in prospecting and exploitation at the Evate phosphate mine in the Nampula province, and in the construction of the railway line between Moatize and the Port of Nacala, on the Indian Ocean. Odebrecht also participates in the Moatize mine in infrastructure (mining, highway, and house) construction works, and is responsible for the construction of the international airport of Nacala. In turn, Camargo Corrêa has investment in Mozambique in the areas of cement production and construction of a hydroelectric power plant. Guarani (owned by Tereos and Petrobras Biocombustíveis) has a sugar production plant in Mozambique, Companhia de Sena, with an annual milling capacity of 1.2 million and is planning to install a new plant to produce ethanol in partnership with Petróleos de Moçambique (Petromoc).

In the area of state enterprise investments, Eletrobras is one of the large companies operating in Mozambique. As part of its internationalization initiatives, the company will participate in installation of two transmission lines, each close to 1.5 thousand kilometers. The state-owned energy companies of Mozambique (EDM), France (EDF) and South Africa will be partners of Eletrobras in the transmission line project.

BNDES provides key support for these international investments. Through BNDES, Brazil finances its exports to African countries. In the case of Angola, loans are granted for importation of Brazilian goods and services for infrastructure works, with oil receivables as guarantees. Disbursements to Angola in 2012 are forecast to total $600 million USD. This model should soon begin to be copied in Ghana and Mozambique as well. For this, new transportation, banking services and pharmaceuticals. BNDES, “Seminário no BNDES destaca oportunidades de investimento e cooperação no continente africano” (BNDES seminar highlights opportunities for investments and cooperation on the African continent). 5/7/12.

4 Installation and operation of the Vale mine in Moatize forced the resettlement of more than 1,300 families. Because their legal rights were ignored, protests by these families are constant. According to Ação Acadêmica para o Desenvolvimento das Comunidades Rurais (ADECRU, Academic Action for the Development of Rural Communities), they claim indemnification and fair compensation for the loss of their main source of income, related to the manufacture of baked tiles, and immediate provision of alternative areas and sources of income generation. During the public consultation and participation process, Vale committed to indemnifying and compensating each person involved in this activity with an amount equal to $3,000 to $4,000 USD, but they only received $2,000.
guarantee options for some projects using receivables related to coal are being studied. From BNDES’ perspective, the experience in Angola demonstrates that after the infrastructure other opportunities to finance projects in productive sectors may appear. Angola would be willing to use part of the funds from the new line of credit to foster productive sectors, including agriculture, that depend on the use of manpower and machinery.

BNDES is participating with Odebrecht in the construction of the airport of Nacala. Between $120 and $150 million USD should be financed by the bank for purchase of Brazilian goods and services for the airport. It is expected that the installation of a free zone and a port in Nacala will also be financed. In 2012, disbursements to Brazilian companies for projects in African countries (Angola and Mozambique) totaled US$ 681.9 million, an amount 46% higher than in 2011.

Luciene Machado, superintendent for the BNDES export area, estimates that the bank portfolio of projects in Mozambique, including construction of a dam by Andrade Gutierrez, should be around $500 million USD. There are other projects being considered that are not included, such as a power generation plant in the north of Mozambique, on which Camargo Corrêa is working. For this project, the bank has been trying to build a first operation with coal receivables as a guarantee. The idea is that part of the royalties paid by Vale to the Mozambique government for exploiting coal will be placed in an account to serve as a guarantee for the loans offered for projects.

In April 2013, BNDES created a new division that will take care of matters related to Africa, Latin America and the Caribbean. The purpose is to increase financing to Brazilian companies that export goods and services to the countries of these two regions. The creation of the new division is taking place after BNDES president Luciano Coutinho stated that the bank had abandoned the policy of creating “national champions,” which encouraged the formation of large Brazilian companies for the purpose of competing in the international market.

In addition to the agreements already mentioned, Brazil and Mozambique signed six new cooperation agreements in 2011, according to the Agência Brasileira de Cooperação, in the following areas: “Modernization of Mozambican Social Security”; “Legal Training of Teachers and Magistrates”; “Implementation of a Human Milk Bank and Lactation Center in Mozambique”; “Support for Implementation of a TeleHealth Center, a Library and a Mozambican Distance Education Program in Women’s, Children’s and Adolescent’s Health”; “Methodology Training and Transfer for the More Food Africa Program in Mozambique”; and “Implementation of Community Seed Banks and Training for recovery, multiplication, storage and use of traditional seeds, also called “crioula,” in areas of family farming.”

5Francisco Góes. “Brasil quer replicar, com outros países da África, modelo de comércio com Angola” (Brazil wants to replicate its trade model with Angola in other African countries). Valor Econômico newspaper, 5/2/12.
6 Ibid.
2 The ProSavana development project

In 2009, the United Nations Food and Agricultural Organization and the World Bank published the “Wakening the Giant” study (World Bank and FAO, 2009). According to the document, the savannah region that extends from Senegal to South Africa, called the Guinea Savannah, which covers 25 countries, has farming potential of 400 million hectares, of which only 10% is currently used. The cases of the Brazilian savannah and the northeast of Thailand were used as references to assess the potential for taking advantage of similar areas of the African Savannah in Mozambique, Nigeria and Zambia. The products chosen for comparison (cassava, cotton, corn, rice, soybeans and sugar) were those considered most important for agricultural production in the corresponding regions of Thailand and Brazil.

The most recent data of the National Institute of Statistics of Mozambique (INE) indicates that: “Currently, 70% of the population of Mozambique lives in rural areas and the majority depends on subsistence farming. Although there have been noteworthy efforts to solve the problem, agricultural productivity is extremely low, and this, combined with high vulnerability to climatic shocks means that much of the population suffers from chronic food insecurity and the yield of agricultural products is low and unpredictable.” In 2010, the most populous provinces were Nampula and Zambezia, in the North of Mozambique, both with more than 4 million people, making up 40% of the country’s total population. The percentage of the rural population in the two provinces is from 70 to 80%, above the country’s average.

It is in this context that the governments of Mozambique, Brazil and Japan announced a joint initiative that would beagle to take advantage of the knowledge acquired from the Japanese-Brazilian Cooperation Program for Agricultural Development of the Savannah (Prodecer), developed in the mid-1980s. It should be emphasized, however, that the socioeconomic situation of the Brazilian Savannah region is significantly different from that of the African Savanna-nah, and that, therefore, new models of sustainable agricultural development, specific for each of the covered regions, will be necessary. The official bodies involved in this initiative further emphasize that, in these new models, factors such as human security, food security, rural poverty reduction and nature conservation need to be considered.

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Launched in 2009, ProSavana is a triangular cooperation program between the governments of Mozambique, represented by the Ministry of Agriculture, Brazil, by the ABC and Embrapa, and Japan, by the JICA. It is currently the largest cooperation initiative in the history of the Japan-Brazil Partnership Program (JBPP) launched in 2000. Its structure comprises the execution of technical cooperation projects that, as described in the official documents, contribute to the agricultural development of the northern region of Mozambique known as the Nacala Corridor. “Its focus will be rural and regional agricultural development in a competitive way and with socio-environmental responsibility, promoting food security in Mozambique and the establishment of a market-guided productive system” (JICA, 2011).

The program is inspired by the experience acquired through the Brazilian agricultural and livestock development programs carried out in partnership with the International Cooperation Agency of Japan (JICA), mainly the experience and results of Prodecer and the Directed Settlement Programs in the Federal District (PAD-DF), developed beginning in 1973 (Embrapa, 2011). Like Prodecer, ProSavana has a 20-year horizon. The initial preparatory study, already developed within the scope of the program, defined its breakdown into three basic components. The first component is aimed at improving of the research and technology transfer capacity for agricultural development, the second to prepare a comprehensive plan of agricultural development, and the third, to implement pilot (both subsistence and commercial) production projects.
Component 1: Improvement of research and technology transfer capacity

The first component, ProSavana-PI, has the improvement of the research capacity of the Agricultural Research Institute of Mozambique (IIAM) and tropical agriculture technology transfer as its main objective. Other activities present in this component aim to establish appropriate agricultural models for the region and carry out studies to support preparation of the Master Plan. For this reason, ProSavana-PI was the first of the components of the program to be put into practice. It started in 2011 and it is planned to last five years. Its specific objectives are to (Embrapa, 2011): 1) Strengthen the operational and dissemination technology of the central zones in Nampula and Lichinga; 2) Assess the socio-economic conditions and develop methods and criteria to evaluate the socio-environmental impacts of the use of new technology; 3) Identify and assess the conditions of natural resources for the practice of agriculture in the Nacala Corridor and make technology available for their sustainable use; 4) Develop and make available efficient technological solutions for agricultural cultivation and animal production; and 5) Develop and validate, in conjunction with the farming communities, agricultural technology in selected demonstration units.

ProSavana-PI, begun in May 2011, will have the support of Japanese and Brazilian tropical agriculture research institutions, through Embrapa, to qualify the research and development activities of the Agricultural Research Institute of Mozambique (IIAM). JICA and ABC will work together to coordinate the activities. US$ 14.68 million will be spent over this period, of which US$ 6.19 million (42.1%) will be financed by the Brazilian Cooperation Agency (ABC); US$ 6.43 million (43.8%) by Embrapa in equivalent technical hours; US$ 2.07 million (14.1%) by the Mozambique government in equivalent technical hours and other cost expenses. (Embrapa, 2011)

The studies designed to prepare the Master Plan were initiated in March 2012 and its final version should be completed in October 2013. It covers close to 14 million hectares where 4.3 million people lived in 2011. The Plan involves 19 provinces located in three districts. A zoning of the classes of agricultural practices was initially made, aiming to identify possible production arrangements and scales of production in each district. For this, five stages were established: 1) Environmental zoning, subdividing the districts into classes of environmental vulnerability; 2) Socio-economic zoning, taking indicators such as rural population, transportation infrastructure, cultivated areas and literate population into account; 3) Socio-environmental vulnerability, dividing the districts into four distinct classes; 4) Mapping of soil use and cover; 5) Scales of production, describing areas suitable for large-scale commercial production, medium-scale commercial and family production and small-scale production.

Based on these references, the region covered by the program was subdivided into six distinct zones, establishing one for each of the different development strategies, as follows.

Component 2: The Master Plan

The intermediate version of the ProSavana Master Plan, of March 2013, defined the concept of clusters for agricultural development as follows:

10 Monapo, Meconta, Muecate, Mogovolas, Nampula, Murrupula, Mecuburi, Ribauê, Lalaua, and Malema (Nampula Province); Lichinga, N’Gauma, Mandimba, Cuamba, Sanga, Majune, and Mecanhelas (Niassa Province); Gurue and Alto Molocue (Zambezia Province).
Clusters are strategic approaches to accelerate development in the interior of a particular territory. The central axis of development of these strategies is the idea of one or more value chains with synergistic potential and in the context appropriate for the territory, in order to channel efforts toward its achievement in a shorter time than would be the case in the absence of integrated activities and specifications. All producers, companies and institutions tied to the central value chain, such as input suppliers, suppliers of machinery and specialized infrastructure or competing entities, represent the constituent elements of clusters. They involve sales channels, consumers, producers of complementary goods and companies in related sectors. They can also include government institutions, universities, training and commercial centers. (ProSavana, 2013).

Production clusters are the base for political, social, and especially economic development in the different zones of the Nacala Corridor. Each of them will cover a variety of agricultural suppliers, industries and service companies, ranging from foreign corporations and domestic producers to small Mozambican farmers, working (in principle) together and in synergy with their components. These clusters, in addition to internal synergies, should also generate synergy between each other.

According to the intermediate version of the Master Plan (ProSavana, 2013), clusters were recommended for areas identified as extremely vulnerable from the social or environmental point of view, which will allow family production of basic foods, making feasible the involvement of a large number of farmers who will produce high value-added food, such as vegetables and poultry.

### Proposed Agricultural Clusters

<table>
<thead>
<tr>
<th>Cluster</th>
<th>Main production category</th>
<th>Initial location suggested</th>
<th>Possible components</th>
</tr>
</thead>
<tbody>
<tr>
<td>Integrated Grain</td>
<td>Commercial</td>
<td>Zone VI: Maquite, expandable to Zone V: N'Gauza</td>
<td>Soybeans, corn, sunflowers, elephant grass and poultry farming</td>
</tr>
<tr>
<td>Family Food Production</td>
<td>Family</td>
<td>Zona III: Malema</td>
<td>Corn, cassava, cotton, vegetables and peanuts</td>
</tr>
<tr>
<td>Grains</td>
<td>Medium and large-scale commercial</td>
<td>Zone V: Lioma Plain (Lioma Administrative Station, Gurue)</td>
<td>Soybeans, corn, cotton and poultry farming</td>
</tr>
<tr>
<td>Cashew</td>
<td>Medium-scale commercial and family</td>
<td>Zones I and II: Monapo, Magovola, Moconta, Mueca</td>
<td>Cashew nuts, corn, beans, cassava, peanuts, sesame, vegetables and eucalyptus</td>
</tr>
<tr>
<td>Integrated food and grain</td>
<td>All categories</td>
<td>Zona III: Ribaué</td>
<td>Soybeans, corn, cotton, seeds, vegetables and poultry farming</td>
</tr>
<tr>
<td>Tea</td>
<td>Medium-scale commercial and family</td>
<td>Zona IV: Gurue</td>
<td>Tea</td>
</tr>
<tr>
<td>Agricultural Infrastructure</td>
<td>Non-agricultural activities</td>
<td>Zona V: Cuamba</td>
<td>Infrastructure, logistics, inputs and services</td>
</tr>
</tbody>
</table>

Source: ProSavana-PD

Thirty-two projects make up the Master Plan. They are divided into two categories according to the characteristics of their activities and the expected products: Platform Projects and Pioneer Models. For both, the selection criteria for those considered priorities take into account their importance for reaching development goals planned for each zone in the initial phase of ProSavana (2014-2020). In the case of the Pioneer Projects, those that depend on the participation of private investors are also considered priorities.
Platform Projects aim to create an appropriate environment to drive agricultural and agribusiness production, also promoting private investment. These projects are primarily those to be implemented along the entire zone. They also include some commodity production projects that aim to promote specialized value chains in a particular area. Details on the characteristics of this project, including the role of Embrapa, will be specified further on. In turn, clusters’ development is to be indicated and lead by a set of pioneer models, implemented and developed by the private sector. Even if initially implemented in a particular zone, pioneer projects can expand to other zones. These projects are considered experiences to be absorbed and reproduced.

The Fund for the ProSavana Development Initiative (PDIF) was launched in September 2012, with initial capital of $750,000 USD to finance the first stage of private business activities. The origin of resources is the Mozambique Ministry of Agriculture, with funds from the Food Support (Kennedy Round), granted by the Japanese government. A call for submission of proposals was made in September and October of the same year. Fourteen proposals were submitted by agribusiness companies, five of which were selected between October and November 2012. Since then, these companies have been developing corn, soybean, bean and sun-flower cultivation, as well as seed propagation, involving family farmers through integration contracts, as described in the following table.

<table>
<thead>
<tr>
<th>Company</th>
<th>District</th>
<th>Products</th>
<th>Value (1,000 MT)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lozane Farms</td>
<td>Alto Molocue</td>
<td>Seeds (soybean and corn), soybeans, vegetables</td>
<td>2,500</td>
</tr>
<tr>
<td>Ikuru</td>
<td>MonapoMogovolas</td>
<td>Sunflowers in Monapo and peanuts in Mogovolas</td>
<td>2,860</td>
</tr>
<tr>
<td>Oruwera</td>
<td>MurrupulaMogovolas</td>
<td>Corn, peanut and sunflower seeds</td>
<td>2,800</td>
</tr>
<tr>
<td>Matharia</td>
<td>Ribae</td>
<td>Soybeans and tomatoes</td>
<td>1,640</td>
</tr>
<tr>
<td>Santos Agricola</td>
<td>Meanta</td>
<td>Tomatoes, onions, garlic, cabbage and carrots</td>
<td>1,680</td>
</tr>
</tbody>
</table>

The Master Plan also defines the so-called Quick Impact Projects (QIPs) as priorities. The QIPs are defined as those that will produce visible results in the short-term, with improvements in productivity and an increase in income for the beneficiaries. The set of eligibility criteria for the projects is shown in the table below. These projects are expected to attract donors to finance the projects proposed in the Master Plan for the Nacala Corridor. In addition, they will be used to begin the preparatory activities for the establishment of clusters in the planned locations.
In contrast to the private sector projects, the quick impact projects to be developed by the private sector will be autonomous in terms of formulation and implementation, which will be made according to the business plan of each company. However, since the majority of these projects hope to access the ProSavana financial scheme in order to cover the initial investment costs, the ProSavana executive body should coordinate the formulation of activities of these projects together with the agribusiness companies and the government bodies, to ensure compliance with the financing access requirements.

### Quick Impact Projects – Public Sector

<table>
<thead>
<tr>
<th>Project Name</th>
<th>Location</th>
<th>Zone</th>
</tr>
</thead>
<tbody>
<tr>
<td>Registration (DUAIs) of land for medium and small farms</td>
<td>- Meplacha and Macoropa, in Cuamba - Chimbombila, Lichinga District - Nintulo, Guru District - Luelele, Mandimba District</td>
<td>V</td>
</tr>
<tr>
<td>Road improvement for commercialization</td>
<td>- Districts of Guru and Ngauma</td>
<td>V</td>
</tr>
<tr>
<td>Promotion of quality seed production at the regional level</td>
<td>- IIAM center in the northeast of Nampula - Properties of the main seed producers</td>
<td>V, III, VI</td>
</tr>
<tr>
<td>Promotion of vegetable production irrigated with small pumps</td>
<td>- i) Monapo, ii) Meconata, iii) Ribaue or Malema and iv) Mandimba</td>
<td>I/I/II/III/V</td>
</tr>
<tr>
<td>Replanting of cashew trees</td>
<td>- Meconata, Monapo, Muecate, Nampula</td>
<td>I/II</td>
</tr>
<tr>
<td>Planning of reservation of areas for medium and large-scale investments</td>
<td>- Iapala, Ribaue District</td>
<td>III</td>
</tr>
<tr>
<td>Model project for family food production</td>
<td>- Malema District</td>
<td>III</td>
</tr>
<tr>
<td>Development of the special agricultural economic zone</td>
<td>- Cuamba District</td>
<td>V</td>
</tr>
</tbody>
</table>

Source: ProSavana-PD

The host regions and beneficiary groups with potential to execute the Quick Impact Projects will be identified in accord with the development strategies of the zones and clusters, as well as through a number of consultations with representatives of the district and provincial governments.
The investments by agribusiness companies, already underway or planned, are also considered candidates for these projects. Through interviews with representatives of agribusiness companies or re-view of proposals already submitted in October 2012, as previously mentioned, several projects were identified with potential to obtain results in the short term. These projects can be started in the near future, depending on the availability of resources to finance them.

### Quick Impact Projects – Private Sector

<table>
<thead>
<tr>
<th>Private Sector Projects</th>
<th>Location</th>
<th>Zone</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Expansion of the poultry sector</td>
<td>Lichinga</td>
<td>VI</td>
</tr>
<tr>
<td>2 Production of soybeans under contract</td>
<td>Lichinga</td>
<td>VI</td>
</tr>
<tr>
<td>3 Cassava processing plant and production of cassava and other crops under contracts with family farmers</td>
<td>Lioma (or in the districts of Malema, Cuamba or Gurue)</td>
<td>III/V</td>
</tr>
<tr>
<td>4 Production of soybeans under contract</td>
<td>Lioma, Gurue District</td>
<td>V</td>
</tr>
<tr>
<td>5 Production of seeds under contract</td>
<td>Ribaue District, Mecubri District</td>
<td>III, I</td>
</tr>
<tr>
<td>6 Project to revitalize the tea industry: promotion of tea production under contract</td>
<td>Guré District</td>
<td>IV</td>
</tr>
<tr>
<td>7 Promotion of production of various crops under contracts with family farmers</td>
<td>Meconga District (Namialo), Ribaue District (lapala)</td>
<td>I, III</td>
</tr>
<tr>
<td>8 Construction of an industry for production of poultry feed and flour</td>
<td>Cuamba District</td>
<td>V</td>
</tr>
</tbody>
</table>

Source: ProSavana-PD

According to the intermediary report of the Master Plan (ProSavana, 2013), deeper considerations with respect to the social and environmental impacts of the QIPs will be presented only in the final version of the Master Plan. The 16 projects proposed have still not had their beneficiaries, location, or magnitude carefully defined. For this reason, it is not possible to measure their impact at the current stage. Further on, the report indicates that 6 of the 16 projects require complete environmental impact studies or simplified impact reports before being developed.

The report uses Project 6 (“Planning of the reservation of areas for medium and large-scale investments”) as an example, whose scope covers only research, delimitation and planning of the target area. Expropriation or involuntary resettlement actions if needed are not included in the project. However, it emphasizes that more detailed planning may indicate the need for such actions.

The expression “available lands” found in this project does not necessarily mean that these are free lands over which no one claims usage or occupation rights. The term means only that these lands may potentially be more readily available for investment projects than others. The existence of local people rights to access to land, forest, water and other natural resources is not ignored. In addition, it have been reported that this QIP exhibits overlaps and other errors in the official DUAT registration, due to insufficient coordination between government institutions. The report also highlights the fact that QIPs that plan to use the integrated
production model will need to adopt fair criteria for family farmers who are the supposed beneficiaries, in addition to a mutual guarantee in case of non-compliance with the contract.

Also according to the report, six of the 16 projects present the potential risk that implementation may result in the need for involuntary resettlement. In spite of the uncertainties, the final version of the Master Plan should present reference terms for execution of these resettlement actions, to be followed both by public institutions and private companies. These terms, as found in the report itself, should be in accordance with Mozambican legislation. This clearly requires to:

• Ensure the participation of people or families involved in the involuntary resettlement process, recognizing and legitimizing organizations and leadership;

• Prepare a resettlement plan with the understanding that the main objective is to improve the living conditions of the affected people;

• Ensure effective compensation for losses relative to the current living situation of those affected;

Ensure assistance during the displacement and resettlement process in the selected locations, and

• Ensure, at least, maintenance of current living standards (income, production, access to services), and seek to improve these standards.

Component 3: Improving Agricultural Extension

This third component aims to establish an inclusive agricultural development model for the various scales of production, supporting farmers and their organizations and also promoting an increase in production by offering agricultural extension services. It also has the objective of demonstrating and disseminating business models with high social benefits led by companies and groups of farmers.

Embrapa is involved, through the so-called Embrapa-ABC Mozambique Program, in some work fronts that, according to the company, should “strengthen the agricultural and livestock sector of that African nation, by adapting Brazilian technology to the specific conditions of the country, institutional development of the Agricultural Research Institute of Mozambique (IIAM) and the training of its technical staff.” (Embrapa, undated). The program is composed, in addition to ProSavana-PI, of two other projects that cover the main agricultural areas of that country.

The first one is the Project of Technical Cooperation to Support the Platform for Agricultural Research and Technological Innovation in Mozambique (PIAIT). This is a trilateral cooperation project between Brazil, the United States and Mozambique. Its coordinating agencies are the ABC and the United State Agency for International Development (USAID) and its executors are Embrapa and the Ministry of Agriculture of Mozambique. It has the objective of strengthening the agricultural and livestock research system in Mozambique through the following instruments:

1. Institutional strengthening of the IIAM;

2. Strengthening of the seed production system of the country;
3. Establishment of a territorial management system for agriculture;

4. Establishment of a communication and information system for transferring technology;

5. Establishment of a management, follow-up, monitoring and evaluation system for agricultural and livestock research.

In turn, Embrapa states the results expected from this project as follows:

- A revised Agriculture and Livestock Research Strategic Plan.
- Preparation and validation of Central Zone Master Plans.
- Establishment of policy guidelines for seed production and sale with strengthening of the sector.
- Revitalized physical and equipment infrastructure.
- Trained human resources for the IIAM sectors.
- Provision of technical support for preparation, editing and implementation of operating manuals, norms and standards for the seed sector.
- Analysis and mapping of natural resource potential for agricultural production with indication of the most appropriate areas for annual and perennial crops and breeding operations.

The second project of the Embrapa-ABC Mozambique Program is the Project of Technical Support for the Programs of Nutrition and Food Security of Mozambique (or ProAlimentos), with the participation of Brazil, the United States and Mozambique. It aims to strengthen the technical capacity in regions of Mozambique for production of vegetables. The expected results are:

- Recommendations of technology, products and processes to be transferred to the IIAM.
- Strengthening of vegetable production systems.
- Establishment of post-harvest and agricultural food system capacity.
- Training and qualification of Mozambican extension technicians and researchers.
- Strengthening of the IIAM.

For this, IIAM professionals and rural extension professionals working in the Provisional Agricultural Directorates of Maputo and Gaza will be trained, as well as families of small agricultural producers in the Moamba and Boane regions.

**ProSavana and Brazilian Agribusiness Interests**

The land in Mozambique belongs to the State. However, it can be used under a concession regime that is open to foreigners. Concessions are given for 50 years, renewable for another 50, upon payment of an annual tax of 37.50 meticais ($1.20 USD) per hectare. This and other factors have been attracting the interest of Brazilian agribusiness. Carlos Ernesto Augustin, president of the *Associação Mato-Grossense dos Produtores de Algodão* (AMPA) (Mato Grosso
Cotton Producers’ Association) states this loud and clear: “Mozambique is a kind of Mato Grosso in the middle of Africa, with free land, without so many environmental restrictions and cheaper shipping costs to China. Today, in addition to the land in Mato Grosso being very expensive, it is impossible to obtain a license to clear and clean an area.” In turn, Francisco Basílio, head of Embrapa’s Department of International Relations adds: “In this region, half the area is inhabited by small farmers, but the other half is uninhabited, as was the case in the West of Bahia and in Mato Grosso in the 1980s.”

Development of the ProSavana project has thus been watched closely by representatives of the business community involved in agribusiness. Various activities were promoted in Brazil, Japan and Mozambique to present the program. An example is the seminar Agribusiness in Mozambique: International Brazil-Japan Cooperation and Investment Opportunities, held in São Paulo in April 2011, attended by prominent representation of agribusiness association (Chichava et. al, 2013).

Following these events, more than one hundred Brazilian farmers, most from the state of Mato Grosso, visited Mozambique. In 2010, Senator Kátia Abreu, as president of the CNA, also visited the country. According to Mozambique’s authorities, there are still no guaranteed investments. However, Brazilian investors have already begun partnerships with Mozambicans and Portuguese, as is the case with Agromoz, which recently began activities designed to grow soybeans, cotton, and corn in Gurié, a district in Zambezia province.

In September 2011 the first group of 40 farmers would leave Mato Grosso for Mozambique, organized by the Associação Mato-Grossense dos Produtores de Algodão (AMPA). The mission would result from an invitation by Mozambique Minister of Agriculture José Pacheco who stated: “Brazilian farmers have accumulated experience that will be very welcome. We want to repeat in Mozambique what they did in the Cerrado region 30 years ago. The major condition for the farmers is to be willing to invest in Mozambican land. It is necessary to employ 90% Mozambican labor.”

In April 2012, a group of business people and government representatives visited Nampula and Niassa and had discussions in Maputo. The total number of participants was 55: 19 from Japan, 16 from Brazil and 20 from Mozambique. They represented eight large-scale trading companies and one Japanese engineering company, a plant in Brazil, as well as the public sector and rural landowners in Brazil. In 2012, SLC, a Brazilian company with one of the largest areas of grain planting in Brazil, announced that it also intended to plant soybeans in Mozambique, beginning production on a commercial scale with the 2015/2016 harvest. However, in February 2013, the company announced that it had given up its plans to expand


12 Minister Marco Farani of the Brazilian Agency of Cooperation (ABC) and Wagner Rossi, former Minister of Agriculture, among others, were present at the seminar. One of the lectures, titled Internationalization of Brazilian Agribusiness, was given by Senator Kátia Abreu, president of Brazilian Confederation of Agriculture and Livestock and by the president of the Superior Agribusiness Council (COSAG) an arm of the Federation of Industries of the State of São Paulo (FIESP) focused on agribusiness. Representatives of the Mozambique government, the Japan International Cooperation Agency (JICA) and the World Bank also spoke, as well as businesspeople from Brazil and Japan (from Mitsubishi Co.).

beyond the country’s borders, believing there was still much growth potential to be exploited in Brazil.\(^{14}\)

**Mozambican peasants response**

Through a statement released in October 2012, the National Union of Peasants (UNAC) expressed its strong concerns about the basis of the ProSavana and the absence of a transparent and participative process in formulation of the program, which excludes peasant organizations and others, representatives of Mozambican civil society. With regard to the presence of Brazilian agribusiness, it states: “We condemn the mass arrival of Brazilian farmers dedicated to agribusiness, making Mozambican peasants their employees and transforming them into rural workers.”\(^{15}\)

The UNAC expressed several concerns on the overall program’s impact:

- Involuntary resettlement and expropriation of peasant land to make room for monoculture mega-projects;
- Demand for millions of hectares of land, when reality shows the unavailability of these areas, today used by peasants applying shifting cultivation techniques;
- The emergence of landless communities in Mozambique as a result of land expropriation and resettlement processes;
- The impoverishment of rural communities and the reduction of survival alternatives;
- Pollution of water resources as a result of the use of pesticides and chemical fertilizers, as well as soil impoverishment.
- Ecological imbalance resulting from deforesting of extensive forested areas to make way for agribusiness projects.

To examine the foundations of these concerns, it is worth to examine the outcome of the closely similar experience of industrial monoculture, currently developing in Brazil.

## 3 The agricultural model of the Brazilian Cerrado

Beginning in the 1970s, the state put into practice various development programs, based on the intensive use of technology and capital and on low land prices, favorable to mechanization. Before long, the Cerrado region gained great importance in Brazilian agricultural production. These projects had the West of Minas Gerais as a radiating pole, spreading gradually, until today, to other states included in the biome area (Ribeiro, 2002). Among these, the Cerrado


Development Program (Polocentro) and the Prodecer are considered the most important programs in the region.

The creation of Embrapa in 1973 also stands out. Its objective was to create and spread technology, aiming to increase productivity in the agricultural sector, increasing exportable surpluses (Oliveira, 2000). In 1975, Embrapa Soja (Embrapa Soybeans) and Embrapa Cerrados (Embrapa Cerrados) were created, contributing right away to the development of seeds adapted to tropical climate, and thus making the expansion of production into the midwestern, northern and northeastern regions feasible. Based on the concept of growth poles, Polocentro (created in 1975) selected 12 Cerrado areas in the states of Minas Gerais, Goiás, Mato Grosso and Mato Grosso do Sul with some infrastructure and good agricultural potential. These areas received funding for investments to improve infrastructure, while farmers willing to grow crops there could participate in an extremely generous program of subsidized credit, with 25% of the funds destined for agricultural and livestock research, technical assistance, storage, transportation and rural electrification. In this way, the program turned three million hectares of the Cerrado region into cropland, pastures and reforested areas over five years, producing the greatest impact on agriculture in this biome (Fleury, 2007).

Next to technological development, agricultural credit was a key factor. Government credit lines were tied to the purchase of modern inputs. The state provided incentives and subsidies and, thus, created demand for products of the agroindustrial complex. During this period, larger farms were considered more appropriate for modernization than the small estates and, consequently, received credit privileges (Oliveira, 2000). Benefiting these sectors, state action to capitalize the region also brought changes in land and production structure, based on the specialization in some agricultural products, with an emphasis on grains and on intensive livestock production. It also produced important changes in labor relationships, as temporary labor became predominant.

Although Polocentro had determined that 60% of the area exploited should be for crops, there was a clear tendency toward livestock production, little crop diversification and concentration on soybean production. On the other hand, there was no increase in labor, in spite of the large expansion of area. On the contrary, there was a decrease in the ratio between working personnel and planted area. From the land structure point of view, there was a reduction of small estates, leading to acceleration of the decline of the small rural farmer. The introduction of crops like soybeans, coffee and wheat, and the construction of infrastructure raised the price of land. In this sense, these programs reinforced the structural conditions of unequal distribution of land and income in the regions where they were applied, offering no alternatives to treat the problem of rural un-employment and migration in its very origin (Oliveira, 2000).

By 1979, Polocentro began to be deactivated and some authors state that this fact was related to the acceleration of business between the Brazilian and Japanese governments to implement Prodecer.

The Prodecer Program

Among the various Cerrado crop and livestock development programs, Prodecer is probably the one that most contributed to the institutionalization of a high technology agricultural model of production. It was financed with Japanese capital and technical cooperation, and also had a strong business orientation.
Strongly dependent on imports of agricultural products, Japan imports around 90% of its demand for soybeans, used basically to feed animals raised in confinement. At the beginning of the 1970s, during a prolonged drought, the government of the United States, the largest global producer and exporter of soybeans, decided to impose an embargo on exports of the product, favoring the supply of its domestic market and causing not only scarcity, but also a sharp increase in the international price of soybeans. The Japanese government decided then to invest in the expansion of the global supply of soybeans, which would contribute to price stability in the international market. The Japanese strategy is simple and already occurred in Brazil with other products as well, such as aluminum in the northern region. Through credit availability, the Japanese stimulated the expansion of supply of key products in the global market, inducing a fall in international prices.

In the case of Prodecer, the attraction of foreign investment to improve the balance of payments was the primary interest of the Brazilian government. In this same sense, Brazil was interested in expanding its production and export of grains, and in the consequent entry of foreign exchange. To make grain production feasible, not only Japanese capital was necessary, but also technical cooperation aimed at overcoming technological restrictions that until then had made the large-scale grain production characteristic of the region today unfeasible. Thus, the purpose of the program was to establish production areas that could supply the international market, as a way to regulate the supply of products and, consequently, force down their prices, with special emphasis on soybeans.

The program was developed with the participation of public and private capital from both countries. As Inocêncio (2010) shows, Brazil had already implemented, in addition to Polocentro, the Programa de Assentamento Dirigido do Alto Paranaíba (PADAP) (Program of Guided Settlement of Alto Paranaíba) and the Programa de Crédito Integrado do Cerrado (PCI) (Cerrado Program of Integrated Credit). It had, therefore, a basic infrastructure that would reduce the cost of investments directed primarily toward soil preparation. The production shipment system was the responsibility of the Brazilian government, mainly at the state level. There was also an improvement of the national intermodal network over subsequent years, through Japanese financing. But at the start, all the money was invested with the purpose of increasing grain production, particularly soybeans, but also including sorghum and corn.

In 1978, a Japanese holding company named the Japan-Brazil Agricultural Development Cooperation (JADECO), based in Tokyo, was founded. In October of that same year, a Brazilian holding company named Companhia Brasileira de Participação Agroindustrial (BRASAGRO) (Brazilian Agribusiness Participation Company) was established, headquartered in Belo Horizonte, MG. In turn, the Companhia de Promoção Agrícola (CAMPO) (Agricultural Promotion Company) was founded as the company to coordinate implementation of the program in November 1978, with 49% of its investment from JADECO and 51% from BRASAGRO.¹⁶

Thus structured, Prodecer ensured the direct presence of the Japanese government in several levels of the program, such as selection of areas, concession of credit, monitoring of production activities and performance evaluation. As in prior programs, this one also used supervised credit to selected tenant farmers to make up the agricultural centers established by those responsible for the program. Prodecer acted in selection of areas for installation of

projects; in the selection of tenant farmers, generally from the southern and southeastern regions of the country; in the organization of production (types of crops and technologies used); in the organization of producers, by means of incentives to create cooperatives (generally tied to other, larger cooperatives like the former Cotia); in the organization of sales; and in advising the federal and state governments on construction of required infrastructure, such as transportation, energy and communication. (Oliveira, 2000).

With regard to the priority established for experienced farmers in the southeastern and southern regions of the country, Ribeiro (2005) observes: “The Cerrado tenant farmer is not a migrating Northeasterner or a small farmer or landless peasant from the South, but a farmer selected for his entrepreneurial ability and potential to apply the entire technological package that has already been developed for agricultural exploitation of this region” (Riberio, 2005).

The Prodecer program was developed in three distinct stages. The first (Prodecer I) started in 1980, through colonization projects and mixed public-private capital companies in the municipalities of Coromandel, Irai de Minas and Paracatu, in the state of Minas Gerais, covering an area of 70 thousand hectares. The second phase is subdivided into two stages, pilot and expansion stages, implemented in Minas Gerais, Goiás, Mato Grosso, Mato Grosso do Sul and Bahia starting in 1985, on more than 200 thousand hectares. Prodecer III, begun in 1993, was developed in the states of Maranhão and Tocantins, occupying 40 thousand hectares in each of the projects.

All these public programs and policies turned Brazil into one of the largest producers of grain and meat in the world. In the case of soybeans, the growing participation of production in the Cerrado region, under these programs, can be seen in total Brazilian production.

Prodecer’s activities lacked transparency and participation. Marked by the military dictatorship in place during almost the entire period during which it was negotiated, Prodecer had no consultation with the social sectors on its continuation or its strategies. On the Japanese side, the broader objective of strengthening the international supply of soybeans was achieved. In

<table>
<thead>
<tr>
<th>Year</th>
<th>Production (1,000 tons)</th>
<th>Participation of the Cerrado (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Brazil</td>
<td>Cerrado</td>
</tr>
<tr>
<td>1970</td>
<td>1,509</td>
<td>20</td>
</tr>
<tr>
<td>1975</td>
<td>9,893</td>
<td>434</td>
</tr>
<tr>
<td>1980</td>
<td>15,156</td>
<td>2,200</td>
</tr>
<tr>
<td>1985</td>
<td>18,278</td>
<td>6,630</td>
</tr>
<tr>
<td>1990</td>
<td>19,850</td>
<td>6,677</td>
</tr>
<tr>
<td>1995</td>
<td>25,934</td>
<td>12,586</td>
</tr>
<tr>
<td>2000</td>
<td>31,644</td>
<td>15,670</td>
</tr>
<tr>
<td>2012</td>
<td>82,628</td>
<td>52,038</td>
</tr>
</tbody>
</table>

Source: Bickel, 2004
addition, the program was a tool for technical cooperation that gave the Japanese partners scientific knowledge of savannahs. On the Brazilian side, it was a source of foreign exchange for domestic investment in a promising area for agribusiness (Oliveira, 2000).

International cooperation programs with Japan: an overview

Soybeans and other grains were not the only commodities that experienced supply crises and sharp price increases in the international market. The two global oil crises, in 1973 and 1978, also resulted in problems for Japan, a large consumer of inputs whose production requires large amounts of energy. And, through JICA, Japan would invest in the expansion of production of other commodities in Brazil in the same way it did in the case of Prodecer, ensuring reductions in international prices of these products and, at the same time, supply for its industries. Highlighted among these projects are those for pulp, steel and aluminum, as described by JICA itself (2009):

**Cellulose Nipo-Brasileira (Japan-Brazil Pulp, CENIBRA).** At the beginning of the 1960s, Japan saw its demand for paper grow and confronted the problem of instability in supply of the raw material. Attention was then turned to Brazilian eucalyptus as a possible source of stable and long-term supply. So Companhia Vale do Rio Doce (the current Vale) and several Japanese companies launched a joint project to create Cellulose Nipo-Brasileira S.A. (CENIBRA) in 1973. The pulp produced by the company is white, high quality and low cost, with high international competitiveness.

**ALBRAS and ALUNORTE: Aluminum from the Amazon.** In 1967, a large deposit of bauxite was discovered upstream on the Amazon River, and Japanese cooperation was requested to promote its exploitation, processing and exportation. For Japan, this met its interest in ensuring a stable supply of raw material and in diversifying sources of supply. Thus, also jointly with Vale, Alumínio Brasileiro S.A. (ALBRAS), an aluminum refining company, and Aluminado Norte do Brasil S.A. (ALUNORTE), an aluminum producing company, were created. Currently, 10% of the aluminum imported by Japan comes from ALBRAS. In addition, a port was constructed near the two companies, the Port of Vila do Conde, which allows the anchoring of 40 thousand ton ships and had reimbursable financing cooperation (ODA loan) from Japan for its construction. In 2010, Vale sold its part of the business to the Norwegian Norsk Hydro.

**USIMINAS.** The industrialization plan of the Kubitschek administration provided for construction of national steel mills to double steel production in five years and, consequently, technical and financial cooperation from Japan was requested. For that country, expectations included the expansion of the Japanese steel industry abroad, including an increase in exports, as well as the strengthening of relations with Brazil, and it ended up resulting in the Japanese-Brazilian Usinas Siderúrgicas de Minas Gerais S.A. (USIMINAS), opened in 1962 with cooperation in the areas of finance, technology and equipment.

**JICA.** Well before the end of Prodecer, cooperation activities between Brazil and Japan had entered a new stage, aiming to expand these activities into other countries. Founded in 1974, JICA is the Japanese government agency responsible for Official Development Assistance (ODA) that operates today in more than 150 countries. The agency is currently responsible for three forms of international assistance. The first one is technical cooperation, consisting in sending experts, donating equipment and offering training in Japan. Joint research projects
between the scientific institutions of partner countries are also developed. The second consists in ODA loans, at attractive interest rates. Japan has engaged in financial cooperation with Brazil since 1981. Projects in the areas of port infrastructure, transportation, irrigation, electrification water and sewage, etc. have already been carried out under JICA coverage. Finally, there is non-reimbursable financial cooperation in various areas, such as the environment, agriculture, infrastructure and health.

In conjunction with the Brazilian government, JICA has defined the following areas for cooperation purposes: (JICA, 2011)

1. The Environment. JICA reports that it has been active in: (1) measures to combat climate change through conservation of ecosystems and sustainable use of natural resources (conservation of the Amazon Forest, production of biofuels, etc.); (2) combating urban environmental problems, such as air pollution caused by traffic congestion and water pollution.

2. Social Development. According to the agency itself, JICA has been engaging in cooperation aiming to reduce inequality through agricultural development initiatives in the Cerrado and Caatinga (semi-arid) regions and to improve safety and health in urban centers.

3. Promotion of Triangular Cooperation. JICA also states that it promotes triangular cooperation through resources and know-how that Brazil and Japan hold to provide assistance to other developing countries. Brazil and Japan have engaged in this cooperation since 1985, particularly for the development of institutional capacity in Latin America, Africa and, more recently, Asia as well. The two countries launched the Programa de Treinamento para Terceiros Países (TCTP) (Training Program for Third Countries) that year, to be carried out, primarily, in South American countries, Portuguese-speaking African countries and East Timor, with the costs divided between Japan and Brazil (ABC and JICA, 2010).

Japan-Brazil Partnership Program (JBPP). In 2000, the two countries signed the Programa de Parceria Brasil-Japão (PPJB) (Japan-Brazil Partnership Program), to stimulate triangular cooperation, with special attention on Latin America and the Portuguese-speaking African countries, prioritizing areas such as climate change, infectious diseases, food security, and public safety, among others. The projects to be developed are agreed to annually by its Planning Committee, made up of ABC and JICA representatives. The first country to host these projects was Angola in 2007. The Programa para o Fortalecimento do Sistema de Saúde de Angola (Program to Strengthen the Health System of Angola, ProFORSA) and the Programa de Formação Profissional na Área de Construção Civil de Angola (Professional Training Program in the Area of Angolan Civil Construction, ProMOCC) are currently under way in that country.

Sugarcane ethanol. This program is aimed at contributing to the consolidation of techniques to extract ethanol from non-edible parts of sugarcane, such as the bagasse or dry leaves. The involved research centers are the Federal Universities of Rio de Janeiro and Santa Catarina, and the Biomass Research Center of the National Institute of Advanced Industrial Science and Technology of Japan.

Drought-resistant transgenic soybeans. Soybeans have a special place in the studies to obtain drought-resistant varieties, especially because it is the main grain grown in the country, with an expected 2012/2013 harvest of more than 80 million tons (CONAB, 2012). The research began in 1990, on the initiative of Embrapa Soja, of Londrina, Paraná, which began to work with conventional varieties, but soon turned to transgenic, a technique that gained strength at the end of that decade. The studies took a decisive turn beginning in 2003, with a
partnership between the Brazilian institution and Japan International Research Center for Agricultural Sciences (JIRCAS), a research company linked to the Japanese government. At the end of the 1990s, the Japanese patented the gene called Dreb (Dehydration-Responsive Element-Binding protein), which codes a protein and activates the natural defenses of a plant against water loss. Bahia and Mato Grosso do Sul, in addition to the states of the southern region, should be among the targets of growers of this more drought-resistant soybean that should be available to farmers around 2016. In its efforts to internationalize these studies, Embrapa Soja agreed to a project with JICA in 2010. The objective is to test the Dreb gene and others that might give the plant resistance to drought and heat. Brazil is also participating in a second phase of soybean DNA sequence, in which researchers are trying to identify the function of each gene in the development of the grain.\(^\text{17}\)

The Dreb gene is not only being tested for soybeans in Brazil. At the end of 2007, cotton, sugarcane, corn and beans were also included in the partnership with JIRCAS. In the case of beans, which are very important in the nutritional diet of Brazilians and of which the country is the largest global producer (a 3.3 million ton harvest is forecast for the 2012/2013 cycle), there are three other genes that are being analyzed to check the level of resistance to a water deficit. Regions such as the south of Bahia, the north of Minas Gerais, Goiás, São Paulo and Mato Grosso would be among those destined for a drought-resistant variety of beans.

4 The agribusiness production chain

Agricultural production in the form of large areas of monoculture, as in the case of soybeans and corn, does not only attract the presence of large farmers. Large multinational companies dedicated to production of machinery, equipment and agricultural inputs are present in the production chain of these crops. They take the largest share of the income generated by agricultural production. The main companies in the soybean production chain are four large multinationals that sell grain purchased from farmers: Bunge, Cargill, ADM (U.S. companies) and Dreyfus (French). Together, they buy close to two-thirds of the soybeans produced in Brazil. In 2010, Bunge, Cargill and ADM were responsible for almost 60% of Brazilian soybean exports. The domestic companies in the sector have a lower share, with Amaggi, Coamo and Caramuru standing out. The share of the four multinationals in biodiesel production based on soybean oil is growing. Bunge and Cargill are the two largest producers. They are present in all soybean exporting countries, and will certainly be the main beneficiaries of expansion of production into new areas. The United States, Brazil and Argentina account for 90% of global soybean exports.

Only two companies, Somar and Tecbio, work with Brazilian technology in supplying biodiesel production industrial plants. Two other domestic companies work in association with foreign firms that provide the technology: Tecnial, with the U.S. company, CIW, and Dedini, with the French Desmet Balestra. Conneman (U.S.) and Lurgi (German) and BDI (Austrian) also stand out. The main manufacturers of agricultural machinery are the U.S. John Deere and the Italian Case New-Holland. In January 2012, the U.S. multinational AGCO announced purchase of 60% of the shares of Brazilian Santal Equipamentos, a manufacturer of harvesters and

implements for the sugar-ethanol industry. AGCO is the leader in the Brazilian tractor market, with a share of more than 50%. In South America, the company billed approximately R$ 3.2 billion.

Soybean planting is responsible for close to 45% of the amount of agrochemicals in Brazil, and sugarcane is responsible for approximately 10% of the total. The Brazilian chemical fertilizer industry underwent significant process of consolidation in recent years, where small regional companies were acquired, lost market share or left the market. The three largest companies in the agrochemical and fertilizer segment are also foreign: Bunge Fertilizantes (U.S.), Bayer and BASF (German). Control of the fertilizer segment was taken over by a private oligopoly composed of three multinationals: Hydro/Yara (Norwegian), Bunge/Fosfértil (Dutch) and Cargill/Mosaic (U.S.). Together, these companies control 90% of the market. Among the ten largest, only two (Heringer and Ultrafértil) are Brazilian.

The six largest agrochemical production companies – BASF, Bayer, Dow, Dupont, Monsanto and Syngenta – control 66% of the global market today. And in Brazil, the ten largest companies were responsible for 75% of domestic sales of agrochemicals during the 2011/2012 harvest.

The participation of multinationals in supplying seeds is also growing. In the case of soybeans, the U.S companies, Monsanto and Dupont, the Swiss Syngenta and the German BASF control the market. Embrapa maintains partnerships with Monsanto and BASF. Syngenta dedicated US$ 100 million to development of four transgenic sugarcane mills for the Brazilian market in 2010. The Monsanto investments were also at this level. On the other hand, Embrapa divided a research budget of R$ 4 million between five crops (sugarcane, soybeans, corn, cotton and eucalyptus) over three years. The first Brazilian variety of transgenic sugarcane, launched in 2011 by Embrapa, is under analysis. The government, fearing that multinational companies will monopolize the market for sugarcane seeds, intends to increase Embrapa’s budget, in order to expand research in this area.

5 Assessing the social impact of ProSavana: conflict and risks

An assessment of the impacts of the ProSavana is necessarily limited, to the extent that is an ongoing project. However, it is possible to identify a series areas of conflict, failures, and discernible risks from its design features and the way it has been so far been implemented.

Access to land

A first, salient point is that the Nacala Corridor is a territory of peasants and not, as stated in the current version of the Master Plan, a sparsely populated region with free land, readily available to be occupied by ‘modern’ agriculture. A similar discourse was adopted in the 1980’s with regard to the Brazilian Cerrado when Prodecer was established. In reality, the Cerrado today is an ocean of large-scale monocultures, poisoned by toxic agro-chemicals and focused on exportation. Consequently, it is now (indeed) almost uninhabited. But previously, it was a land of traditional populations, peasants, indigenous people and maroon communities. The Niassa province is considered by the technical studies contracted by the three governments as having low population density and, therefore, available for establishment of extensive
monocultures, such as soybeans and corn for animal feed. However, the peasants who live there state that the province is completely inhabited, except for the mountains, and that the peasant population is concentrated in the area destined for large agricultural, forestry and mining investments. Nampula and Zambezia are among the most populous provinces of the country. The peasants claim that from the center of the Nacala Corridor to Nampula, there are no continuous areas of more than ten hectares that are not occupied.

The loss of and expulsion from their lands and the announced resettlement are real and imminent risks for the peasants. The right to access to land is a public one in Mozambique, as referred to in the Constitution of the Republic (Article 109). This is complemented by the Law of Mozambican Land Law No. 19/97 (Article 3), which establishes that land is the property of the state and cannot be sold or, in any other way disposed of, mortgaged or pledged. Despite the clarity of these legal provisions that protect the rights of communities to land possession and use, practice shows the ineffectiveness of their application. Such rights have been systematically violated over the last 15 years, with the resulting conflicts over land usually involving private investors and local communities. In spite of the statements of government representatives declaring that ProSavana will not propose changes to the Land Law, the entry of huge private investments, under a decade-long concession regime and practically free of charge, in a territory where land is public and few communities have recorded documentation poses tremendous risks for the peasants. This threat is confirmed by the precedent of the Tete province, where communities were expelled from their lands for exploitation of the coal mine acquired by Vale, in spite of the fact that they had the appropriate documentation.

In addition to the Land Law, legislation on the use of transgenic seeds may undergo alterations, designed to facilitate the entry of multinational companies into the sector. Actions in this sense are underway through the Nova Aliança para a Segurança Alimentar e Nutricional em África (New Alliance for Food and Nutrition Security in Africa), an initiative of the eight most developed economies which Mozambique joined, translated to the domestic level by a national policy called the Plano Nacional de Investimento do Setor Agrário - PNISA (National Agricultural Sector Investment Plan), launched in April 2013.

Facing uncertainty about land issues, doubts and fears about resettlement and compensation are the rule in the communities. The exodus to the cities is a great risk that points to the worsening of food insecurity in the country and reduction of the quality of life of the displaced peasants.

A study conducted by ORAM states that “in terms of security of land ownership, the great majority of the rural population does not have its DUATs [use rights] formally recorded. Sixty-one percent of the land area in Nampula province that will be affected by the ProSavana Program is not registered. Officially, it is known by all the parties responsible for implementing the program that this does not mean that this amount of land will be available to be assigned to new applicants. On the contrary, it represents a great risk of land ownership insecurity for the majority of the local population.” This risk obviously increases in a country where “close to 70% of its 23 million inhabitants reside in rural areas and around 76% of the economically active population is dedicated primarily to agriculture, livestock raising, fishing and hunting (…) In general, the local communities are open and want to receive investments. However, there is also great fear at the local level that the communities will be transferred from their lands to other areas due to lack of formalization of their DUATs, to make room for Brazilian and Japanese farming entrepreneurs. The examples of the resettlements made in the context of
the coal mining industry were frequently mentioned by those we interviewed to demonstrate this concern.”

Consultation

The peasants are not being consulted during preparation of the ProSavana Project. Throughout the Nacala Corridor, peasants maintain their family, peasant and community-based food production systems. They develop their lifestyles, culture and traditions. Their history and social, cultural and economic experiences are completely ignored in the studies and documents contracted by the governments. In these documents, the approximately 4.5 million peasants in the involved areas are invisible. Their lifestyles, rights, needs and proposals are not considered. The current version of the Master Plan makes a technical diagnosis as if the Nacala Corridor was an area to be occupied based on external plans, to be subsequently communicated to the peasants.

The peasants and the organizations that represent them have precise and concrete demands and proposals aimed at strengthening their production systems: credit, market access for commercialization of their production, a guarantee that their production will be purchased at a fair price, facilities for storage of production, access to electrical power, technical assistance to strengthen their production, and access to education and schooling. This entails the support to entities created by the communities themselves, such as associations of small farmers, and to work in partnership with them, to support the legalization of lands in favor of the peasants. These and many other proposals are included in the National Plan of Support for Family Agriculture defended by the peasants for more than two decades.

Consultation should be a process where the peasant populations are considered protagonists, people with rights and, therefore, the main beneficiaries of a development program. Consequently, these populations and their organizations should be listened to in the development of any proposal, which should include the experiences and proposals of the populations as a premise. For this reason, Brazilian social organizations and movements have proposed a fourth axis, for social participation and peasant consultation, to be included in the ProSavana Project. The timetable, plan and methodology should be adapted to this new axis. They also propose the contracting of a second study, with the same status as the document produced by GV Agro, to be conducted for the purpose of consulting the peasants and making their lifestyles, production systems, demands and proposals related to their food cultures and the strengthening of their food security and sovereignty visible.

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18 Sustentabilidade e Coexistência Pacífica no Uso e Aproveitamento da Terra em Moçambique – Os Contornos do ProSavana (Sustainability and Peaceful Coexistence in the Use and Exploitation of Land in Mozambique – An Outline of ProSavana), ORAM, August 2012, Maputo.

Who chooses what? Technical assistance, environment, and agency

The current version of the Master Plan cuts the territory of the Nacala Corridor into areas destined for extensive monocultures under the responsibility of large companies and other areas where integration of small producers and companies is planned. It aims to change the current regime of shifting cultivation production to fixed agriculture, transforming small producers into average-size producers and integrating them into the business chain. The third component of ProSavana, aimed to providing technical assistance to small producers, is seen by the ABC as the path that will balance the needs of family agriculture with the business interests. However, for this to occur, a prior evaluation of the experiences of technical assistance provided to family agriculture in Brazil would be necessary.

One of the frequently-noted problems is that this type of technical assistance focuses on products and not on production systems. This approach fails to contribute to family- and peasant-based production. The vertically-integrated production model meets the interests of the integrating company and not those of the peasants, who bear the infrastructure costs and the occasional losses from lost harvests and falling prices. In the case of Brazil, for chicken production for example, the contract that integrated companies signed prohibits them from selling their production to other companies. They do not know what their net gain will be and are forced to use the feed and veterinarian products supplied by the company. In addition, they have no guarantee of price or acceptance of surplus production.

The case of corn production causes immense concern since it is the principal food in Mozambique. There is a risk that ProSavana may end up favouring a corn production system destined to animal feed, in rotation with soybeans. Corn for animal feed is not the corn the Mozambican peasants know and produce. It deals with transgenic varieties designed for animal feed that do not taste good, as we were told by family farmers in the Lucas do Rio Verde region.

The environmental issue is treated from a merely conservationist point of view. The current version of the Master Plan lists the conservation units and other areas protected by law, based on the fact that, in principle, it is desirable to avoid implementing any project within or in the proximity of parks nationally designated as protected. There is no mention of the impacts of deforestation for the formation of cultivation areas, reduction of water availability, pollution of the rivers, health problems caused by the use of toxic agrochemicals, emission of greenhouse gases or other characteristics of monoculture. The perspective of environmental justice is beyond the horizon of the current studies. The organizations and movements that represent the peasants of the region fear that water and other natural resources will be privatized.

The Master Plan mentions as one of its activities the “stimulation of farmer leaders to promote formation of producer associations and cooperatives”. It seems to repeat the principle of Prodecer of working with farmers selected by their entrepreneurial ability and potential to implement the program package. In the case of Prodecer, they were selected in the South region and received technical assistance, financing at subsidized interest rates and other benefits. Who will be “selected” in the case of Mozambique and what will happen to the others?

The question of agency, of who are the destinataries and main beneficiaries of the ProSavanna Project is then in dispute. ProSavana tends to respond to a mosaic of interests of business and large corporations. The current version of the Master Plan makes it clear that ProSavana integrates the interests of various groups, where the public sector and cooperation agencies will
participate in the more structuring initiatives, while the private sector will participate in the economic-commercial activities. As documented throughout this text, Brazilian agribusiness companies have a strong interest in expanding their business in the lands of the Nacala Corridor. The interests of these foreign companies are considered along with those of the Mozambican agribusiness political elite. An example is Intelec Holdings that is active in the production of soybeans, a company in which the president of Mozambique is a shareholder, a fact formally announced in September 2012. The merger of several companies gave rise to Agromoz, with shareholders being Américo Amorim, of Portugal, Pinesso (one of the largest soybean producers in Brazil) and Intelec Holdings.

The structuring interests became evident with the launch in Mozambique of the Nova Aliança para a Segurança Alimentar e Nutricional em África, within the PNISA. At the forefront this initiative are the World Bank, the World Food Program, the Japanese Agency for International Cooperation (JICA), the United States Agency for International Development and multinational corporations such as Cargill, Itochu, Syngenta, Monsanto, Yara, African Cashew Initiative, Competitive African Cotton Initiative, Corvuns International, AGCO, Nippon Biodiesel Fuel, Vodafone, SAMB Miller, etc. The Nova Aliança is to make modifications in the legal-judicial framework, in the sense of making the acquisition of land by agribusiness multinationals more flexible and introducing changes into the national fertilizer and seed policy. Thus, the Nova Aliança creates optimal conditions for implementation of the agricultural model proposed by ProSavana.

Concluding remarks

The narrative constructed around Brazil’s South-South cooperation and investment policies, states that it should be motivated by solidarity, horizontality, the exchange and sharing of knowledge aiming at self-reliance. The ProSavana Project demonstrates, however, that cooperation cannot be disassociated from investments designed to internationalize Brazilian companies and trade promotion initiatives:

“All the large countries have international trade agencies. We are going to create an international trade agency for Africa and Latin America. It is a cooperation agency, but it is also a trade agency. It is an agency to make investments feasible. In short, it is an agency with a quite large scope.”

President Dilma Roussef, May 2013, in Addis Ababa, Ethiopia.20

This text has sought to demonstrate the relation between the development model implemented at the national level, the hegemonic forces represented by it and their influence on the profile of the Brazilian cooperation and investment initiatives. It is from this perspective that we assert that the ProSavana Project shows that the internal contradictions and conflicts of Brazil are being exported through its cooperation and foreign investment policies.

The definition of national interest that is supposed to guide Brazil’s international presence is of course not without conflict. Brazilian organizations and movements that practice and defend

family and peasant agriculture strongly oppose these international cooperation and investment policies. ProSavana is an emblematic case in this dispute. It reflects the domestic contradictions between Brazil’s large scale agricultural production system (based on extensive monocultures, concentration of land ownership, use of toxic agrochemicals, low employment of labor and focus on exportation), and family, peasant and agro ecologically-based food production systems.

Through its historical struggles, the rural social movements in Brazil have won the right to support their family and peasant production systems, for example through programs to sell their production in institutional markets. This has been done primarily through the Programa de Aquisição de Alimentos da Agricultura Familiar - PAA (Program to Purchase Family Agriculture Food) and the Programa Nacional de Alimentação Escolar - PNAE (National School Meal Program). The exchange of this type of successful experiences in Brazil and its translation and adaptation to an African PAA are a valuable alternative to be included in the current cooperation projects.

The key question is thus how are cooperation policies shaped and in response to whose needs. What interests dominated the decision-making process in Mozambique, those of the peasants or those of the Government? Who was heard and consulted in Brazil on the process of determining the interests and viewpoints of Brazil on what to do with respect to ProSavana? For example, GV Agro, chosen to prepare the Master Plan, responds to the interests of a sector of Brazilian society that is in open opposition to the interests of Brazilian family and peasant agriculture.

Brazilian cooperation needs to be discussed more openly with society. Foreign policy needs to become public policy. The growing importance of Brazilian cooperation is part of the profound changes the international system is undergoing. The presence of Brazil in Africa is one of the most important dimensions of the new Brazilian foreign policy inaugurated in 2003. For this reason, the government created the so-called Africa Group, coordinated by the Civil House. However, so far the stated priority given to Africa has not been accompanied by effective coordination of actions, which results in decentralized initiatives coming from the most diverse state, private and business actors, with large corporations having a strong advantage.

Brazil does not have guidelines or principles discussed by society and approved in the relevant instances related to its cooperation policies. The truth is that Brazilian society lacks a broad discussion of the strategic path to be chosen for its foreign operations as a whole, especially in Africa. Will Brazil adopt the path of the imperialist current whose central stage today is Africa, competing for space with the traditional powers and the so-called emerging countries to see who will most exploit the natural resources of the continent? Or will it be a path of genuine cooperation and investment aiming at human development in the continent by means of empowering its peoples and strengthening their rights? If it is true that Brazilian foreign policy responds to a national development project, Brazil should debate its own development project.

As much of its foreign policy, Brazilian cooperation and investment policies have been decided in a private way, without mechanisms that actually consider and the conflicting interests existing in Brazilian society. The case of ProSavana reveals the urgency of democratizing the decision making process of Brazilian foreign policy, in order to include in its cooperation and investment policies appropriate mechanisms of social control and consultation to the populations affected by Brazilian initiatives. Only this way will Brazil’s international
cooperation and investment be truly guided by the strengthening of human rights, social and environmental justice, and food security and sovereignty.

References


