Community-investor partnerships: lessons from Pro Parcerias in Mozambique

Mathieu Boche, Christopher Tanner, Ward Anseeuw, Ercilio Zimba

“ANNUAL WORLD BANK CONFERENCE ON LAND AND POVERTY”
The World Bank - Washington DC, April 8-11, 2013
<table>
<thead>
<tr>
<th>Province</th>
<th>Number of projects</th>
<th>Area concerned (ha)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cabo Delgado</td>
<td>9</td>
<td>58129</td>
</tr>
<tr>
<td>Gaza</td>
<td>20</td>
<td>156356</td>
</tr>
<tr>
<td>Inhambane</td>
<td>14</td>
<td>108034</td>
</tr>
<tr>
<td>Manica</td>
<td>16</td>
<td>73790</td>
</tr>
<tr>
<td>Maputo</td>
<td>21</td>
<td>74873</td>
</tr>
<tr>
<td>Nampula</td>
<td>7</td>
<td>64930</td>
</tr>
<tr>
<td>Niassa</td>
<td>2</td>
<td>9439</td>
</tr>
<tr>
<td>Sofala</td>
<td>17</td>
<td>152048</td>
</tr>
<tr>
<td>Tete</td>
<td>1</td>
<td>36000</td>
</tr>
<tr>
<td>Zambezia</td>
<td>17</td>
<td>190742</td>
</tr>
<tr>
<td>TOTAL</td>
<td>124</td>
<td>924341</td>
</tr>
</tbody>
</table>

Authors’ calculation based on CPI and CEPAGRI data on large scale agricultural projects approved between 2007 and 2011
Mozambique: A legal framework conceived for partnerships

- **Features of the National Land Policy (NPL)**
  - Land belongs to the State
  - State allocates land use and benefit rights (DUAT) in 3 situations
    1. Occupation according to customary norms and practices by local communities
    2. Occupation in “good faith” for at least 10 years
    3. Formal request to the State by a domestic or foreign investor

  “Safeguard the diverse rights of the Mozambican people over the land and other natural resources, while promoting new investment and the sustainable and equitable use of these resources” (Serra 2012)

- **Definition of local communities**
  - integrated land and resource system through which any group of households uses their surrounding territory
  - Collective entity which is the DUAT holder

- **Delimitation of the local communities**
  “local communities, once recognized and registered, can enter into contracts with investors who are interested in using their land” (Technical Annex paragraph 25)
Community consultation, negotiations and compensations

- **Community consultation** ("Acta")
  - Often poorly carried out, “cosmetic veneer of participation” (Tanner et al 2009)

- **Negotiations/Compensations**
  - Doesn’t reflect the real value of loss of livelihood
  - Asymmetry of bargaining power
  - No implementation of promises (Baleira and Tanner 2009)

- **Aspects of agency problem**
  - Interests and objectives of the two parties are not completely aligned
  - Technically and economically unfeasable for the local community («principal ») to monitor the investor’s work («agent »)
  - Local community members and investors have different attitudes to risk

Until now, the majority of Community-Investor relationships didn’t result in «fair and inclusive» partnerships
Features of Pro-Parcerias

Implementation

- National Directorate for Promoting Rural Development
- Funding: Netherlands, IFAD and GoM (technical support from FAO)
- From 2009 to 2012/2013
- Objectives: to have 5 pilot projects of community-investor partnerships and develop guidelines

Basic approach

- Identify delimited communities with unused land
- Find investors:
  - Portfolio of investment opportunities
  - Partnering with AgDevCo - MOU Signed (2-3 pilot cases)
  - Open tendering processes (Newspapers etc)
  - Pre-selection with Investment Promotion Centre (CPI)
- Contracts with service providers:
  - Mediation and facilitation
  - Following the process to draw lessons for future guidelines
THE ROLE OF DELIMITATION AND CONSULTATIONS IN THE MANAGEMENT OF RELATIONS BETWEEN INVESTOR AND COMMUNITY

COMMUNITY AGRICULTURAL PROJECT

SCHOOL

NEGOTIATE TO FORM A PARTNERSHIP

ECO-TURISM PROJECT

PASTURE/GRAZING

JOINT VENTURE COMMUNITY-INVESTOR

FOREST

TAXES

COMMUNITY-INVETOR
Key elements of Pro-Parcerias

Prevent from possible hidden objectives of the agent

⇒ Mozambican land tenure system (Community delimitation, DUAT)
  o Legal security during the negotiation
  o Reduce risk of dispossession

⇒ Incentive strategy for investors
  o Reduction of transaction cost for establishing agricultural investment
  o Reduction of risk of conflict

⇒ Strategic partnership with iTC, AgDevCo
  o Identify communities willing to enter in such partnership
  o Screening of investors motivation and quality
Key elements of Pro-Parcerias

Reduce the uncertainty inherent to such partnerships

⇒ “Agricultural potential assessment”
  o Detailed land use plan and potentialities
  o Elaboration of type of partnership (outgrower scheme, joint venture, cooperative, marketing contracts, etc)

⇒ Multi-stakeholder approach
  o Reduce institutional uncertainty
  o Allow the creation of a structure supporting the community during and after the negotiation
Key elements of Pro-Parcerias

Reduce the degree of asymmetry of information and power

⇒ Contracting of « brokers » (NGOs and philantropic donor fund)
  - Benefit from previous experience
  - Empower the communities
  - Provide legal support
  - Mediate the partnership

⇒ Institutions in charge of reducing the asymmetry
  - Rely on the Natural Resource Management Committee
  - Establish another group with local institutions, community leaders and district technical team
Key elements of Pro-Parcerias

Deal with the complexity of the relationship

⇒ Integration within a broader rural development plan
  o Linked with other institutions (CPI, CEPAGRI, DNTF, etc.)
  o Fits into objectives 2 and 5 of Rural Development Strategy (RDS)

⇒ Challenging criteria
  o Going beyond the land delimitation
  o Difficulty to make the institutions working together
Conclusion

• The legal framework makes these partnerships possible but we need to go beyond.

• Innovative strategy that request time, consistent and skilled support.

• Challenges
  ✓ Valuating the resources the community involve in the partnership.
  ✓ High institutional complexity.
  ✓ Difficulty to involve private investors in such framework.
  ✓ No effective partnership implemented at this stage despite work started in 12 communities.

• Temporality
  ✓ Move from a project framework to strategic principles for a policy.
Thank you
Muito obrigado
Khanimambo