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**The Next Scramble for Africa? A Critical Analysis of the Implications of
Foreign Investment in Sub-Saharan African Land: A Study of
Mozambique**

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A minor dissertation submitted in *partial fulfillment* of the requirements for the award of the
degree of MscSc in International Relations

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University of Cape Town

2012

COMPULSORY DECLARATION

This work has not been previously submitted in whole, or in part, for the award of any degree.
It is my own work. Each significant contribution to, and quotation in, this dissertation from the
work, or works, of other people has been attributed, and has been cited and referenced.

Signature:

Signed by candidate

 Date: 21 November 2012

Abstract

Issues surrounding external involvement in African resources have plagued the continent since the periods of colonial domination. These have been exacerbated by contrasting views of ownership and control over natural resources, especially land. The current increase in foreign interest has reignited the debate regarding these issues. This study critically analyses the recent trend of increased foreign investment in Sub-Saharan African land through the exploration of the historical evolution of land ownership structures and foreign intervention in Mozambican land. By addressing both the theoretical and contemporary literature on the politics surrounding land ownership, this study seeks to provide an outline of the various perspectives on the issue of investment that are then applied to the Mozambican case. The contrasting perspectives of neo-colonialism and neo-liberalism provide the lens through which the wider investment environment and issues in the case study are explored. The predominant matters involve the questions surrounding control over land as a resource, the implications of this foreign investment for the development and social transformation of the Mozambican state and the wider African context. Other important issues include power relations, food security concerns and the impact on local communities. Ultimately, the Mozambican case presents a most applicable example of the influences of such foreign investment in an African state by its rich colonial history, dynamic evolution of land ownership structures and current attraction of foreign investment. The findings of the case study expose the disconnection between the benefits for the local communities claimed by the foreign investors and the actual results.

Compulsory Declaration

This work has not been previously submitted, in whole or in part, for the award of any degree. It is my own work. Each significant contributor to, and quotation in, this dissertation from the work, of other people has been attributed, and has properly cited and referenced.

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Dedication

This thesis is dedicated to my Dad, who, as a farmer, has taught me so much about the value and potential of land in the African continent. His dedication to the sustainable development of our farm and its people is what inspired me to undertake this project. I hope that research of this nature will explore the use of Africa's most precious resource in the development of the continent.

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List of Acronyms

FAO	Food and Agricultural Organization
FDI	Foreign Direct Investment
FIAN	FoodFirst Information and Action Network
Frelimo	Liberation Front of Mozambique OR Frente de Libertação de Moçambique
GRAIN	Genetic Resources Action International
IFI	International Financial Institutions
IIED	International Institute for Environment and Development
IFAD	International Fund for Agricultural Development
IMF	International Monetary Fund
MFA	Movimento das Forças Armadas
NGO	Non-governmental Organization
RAI	Principles for Responsible Agricultural Investment
RENAMO	Mozambican National Resistance OR Resistência Nacional Moçambicana
USAID	United States Agency for International Development

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Chapter 1: Introduction

1.1. Background

This investigation into the politics surrounding foreign investment in sub-Saharan African agricultural land takes place in a most dynamic context. This involves greatly varied land ownership structures, the effects of colonization on these institutions and the recent surge of foreign investment in this arable land, post the 2008 food and financial crises. These elements have complicated the investment environment in the region with the outcomes being largely shaped by each unique situation. Mozambique, as a sub-Saharan African state, presents itself as a melting pot of dynamic factors shaping its investment context. The state, which has been victim to colonization, liberation, civil war and peace, is currently facing a great deal of foreign investment interest in its natural resources. The combination of these factors has influenced the structure and pace of these investments. In light of the current 'land rush' and contrasting theoretical perspectives, this leads to a unique development in the continued and unresolved land question in the Sub Saharan region.

It has been noted that Africa's land questions are 'a critical factor in defining contemporary social transformation and in shaping the continent's development trajectory' (Moyo, 2007:2). Ownership and control over land across the continent is playing an important role in the socio-economic development of African states. Taking into account the wealth of natural resources found on the continent there is no doubt of the extent of foreign interest in the region shaping the changes and developments in ownership and land use across the board.

In the Mozambican context, contemporary restructuring of land ownership through foreign investment has predominantly been for the development of large scale farming for the production of food and biofuels. The current environment is structured as bimodal agrarian policy framework, in which the increases in output of the minimal amount of large farms aids increases in national productivity (Moyo, 2007: 6). This has resulted in the reliance of the agricultural industry on a small number of people which, in turn, has allowed this privileged few

to steer the public policy in their favour. Such ownership structures, with a concentration of power in the hands of a few, have been evident in most African states since previous eras of colonization. Yet in the current context of most states, with efforts of socio-economic development and redistribution, existing power relations and land ownership structures are being questioned greatly in terms of distribution of benefits for the original owners of the land.

The argument against small elite groups controlling the use of large areas of arable land forms a substantial part of the critique of the current 'land rush' with the increased foreign interest in arable African land across the African continent. By taking into account the complexities of the environment in which these investments have taken place in Mozambique, it seems that exploring the nuances of each situation will expose a layered phenomenon, influenced largely by the specific context where investments are taking place.

In the Mozambican case a vital element of land ownership issues has been the evolution of land ownership structures in the country's post-independence constitution. These changes in ownership have shaped the way in which land ownership transfers and investments have taken place and will play an instrumental role in shaping the case study explored as an example of investment. These developments in land ownership, that have taken place since independence, seem to take into account the rights of locals and original owners of land with a great deal of control in ownership being placed with the state. This role of the state is most evident in that

...under the Mozambique's 1990 Constitution, radical title to all land is held by the state, but the use rights of individuals and groups are recognised. Although freehold rights cannot be bought and sold, the state can issue land concessions to private individuals and developers of a leasehold basis (Toulmin & Quan, 2000: 223).

The Land Act, which was introduced in 1997, has been perceived as a relatively simple procedure for registering communal rights and solving complex conflicts in a cost-effective manner. The reason behind this is that control has been devolved to local communities acknowledging the decision making abilities of the locals (Toulmin & Quan, 2000: 222). The recognition of local authority could be perceived as a positive means of reconciling ownership of land to rightful owners, yet, the contemporary trends in ownership and investment seem to

have overridden a great deal of legislations such as these. The applicability of the Land Law increases the unique nature of the Mozambican case in the context of the current 'land rush'. This legislation brings into question the pertinence of local policy structures in the context of increased foreign interest in African land. The case study explored will question the integration of these systems as the influence of these changed land ownership patterns, as a result of the land rush, will be an important element of this research.

The exploration of the theoretical, historical and contemporary perspectives on the current Mozambican situation take place in the context of the described 'land rush'. This is noted as a combination of unique elements including uncontrolled financial speculation, new demands on agricultural commodities from the agro fuels sector and increases in food demands (Daniel & Mittal, 2009: 18). These factors of investment have sparked much controversial attention owing to the rate of land deals, the accusations of dispossession of land from locals as well as the important economic and social implications for the affected communities as a result of changes in land ownership.

Most criticism against these investments has been aligned with a radical approach with assumptions of neo-colonialism and imperialism. Conversely, those advocating the investments have stressed the potential 'win-win' benefits of such foreign involvement in African agriculture and the potential economic returns of such deals for the affected communities. The notion that these investments should be viewed as 'land grabbing' has been criticized by many for not acknowledging the numerous positive implications that lie within these investments. A major part of this argument being that despite the concentrated nature and pace of the current acquisitions, these could arguably constitute the latest phase of an on-going process of neo-liberal restructuring that has profoundly reshaped African social landscapes since the 1980s (Ferguson, 2006).

However, this debate is not isolated to one over the benefits of neo-liberal restructuring for developing states, and the threats of neo-colonialism that theorists such as Kwame Nkrumah advocate in which, 'foreign capital is used for the exploitation rather than the development of the less developed parts of the world' (Nkrumah, 1965: x). Taking into account the many

elements associated with the current investment patterns, the debate can be regarded as a construction of many other theoretical perspectives that explore the many layers of this investment phenomenon. In conjunction with Nkrumah's work, these views range from John Galtung's writings on imperialism and David Harvey's work on the impact of neo-liberalism on developing states in terms of accumulation by dispossession, along with the work of authors such as Sam Moyo, Mahmood Mamdani and Henry Bernstein on the restructuring of land ownership in Africa. It is these perspectives that form the basic perspectives on which to explore the current examples of investment in Sub-Saharan African land, as well as contextualize the contemporary literature on the land rush trends in Africa.

Taking these contesting perceptions and the various implications of the investments into account, this study seeks to focus on the primary issues being debated in the Mozambican context. The important issues to be explored in this study are the disputes surrounding loss of sovereignty, and the debates of customary tenure and contemporary implications on land ownership. These issues have shaped the debate surrounding colonial influences on land ownership and its effects on development in Africa for centuries. The scale and scope of these investments have led to the assumption that this new surge in investment can be perceived as another wave in the effected countries' colonial history. Therefore, this study seeks to highlight the trends in both the literature and contemporary examples that illustrate what nature of the changes in land ownership in this particular context are and therefore, make assumptions of what the implications of these investments may be.

Although these trends have been noted across sub-Saharan African countries, for this study, Mozambique will be used as a dynamic example of the recent trends in investment. This is owing to its colonial history, the unique measures of land redistribution that have been taken since the country's independence and the attractiveness of its natural resources and vast areas of perceived idle land to investors. This study will therefore hone in on a particular example of investment in Mozambique as an embodiment of the general trends in literature pertaining to land reform and land investment in the contemporary African context.

1.2. Research Focus

The analysis will predominantly take on a historical approach to analysing investment in Mozambique. This study intends to investigate the colonial influences on land ownership in Mozambique along with the evolution of land ownership structures post the period of colonial rule in the country and what influence these may have had on contemporary foreign investment. Against this background an analysis of a current example of foreign investment will be conducted that explores the effects of colonial and current land ownership structures, on the negotiations between the different parties involved, and possibly formulate assumptions on what the influence that these previous regime have had on the case study at hand.

The study will be structured by firstly providing context in the form of a theoretical background that explores the theoretical approaches to the debate surrounding land issues and foreign investment. This is followed by an exploration of customary land ownership structures in Africa in a colonial and contemporary context. This theoretical background and perspectives of land ownership will then be applied to the current trends of land investment in sub-Saharan Africa in the context of new demands on biofuel and food. The situation in Mozambique and the country's historical path shaping the nature of the current investment is explored as an embodiment of such trends. Several important elements shape the research focus, namely the colonial influence on Mozambique and its resources, the specific nature and evolution of land ownership structures and how or why these factors have been integrated in the current context.

The case study then aims to serve as a means of depicting how the theoretical assumptions in conjunction with more contemporary studies and assumptions are being played out in a particular context, especially the role and influences that previous colonial regimes and post-colonial influences have had on particular context.

1.3. Research Aims and Objectives

The overall aim of this study is to investigate how the dominant trends in land investment in the greater sub-Saharan African context, in terms of foreign interest in African natural resources and its effect on existing land ownership structures, have played out in the Mozambican context. The research issues could be treated in historical terms in a way that colonial and post-independence powers have attempted to resolve the land question and, most notably, how these current foreign investments are shaping these issues.

1.4. Value of this Research

Foreign investment in African land is becoming a hugely important issue shaping economic and social development in a large amount of sub-Saharan African countries. To explore the way in which these transactions are taking place and the major influences that are shaping them is vital to analyse the value of this kind and scale of investment. There are two very concrete sides to the argument, between those who advocate the investment as vital for development of these African countries and conversely, the argument that the nature of these interactions stems back to a previous era of subordination and dispossession. These arguments have created a most dynamic debate between economic development and distribution of wealth which are both notable issues of development the African states are currently facing.

It is important to note that the economic and material foundations on which most African states rest is primary resources extraction and export activities in agriculture, oil, mining and other natural resources (Moyo, 2007: 6). This reliance infers that investment in land with productive capabilities will be hugely important for countries' development trajectories. This also means that whoever gains control over the land acquires a degree of control over the economic development of the area in general. With scarcity in natural resources becoming more of a pressing issue worldwide, external investment in these areas will only continue to intensify as the issue of who has control over resources grows.

With the rising food and fuel prices, this investment in agricultural land is becoming more important to the geopolitical landscape of the region. Along with the issue of resource scarcity are also major changes in global investment trends that have shifted attention to emerging markets. The way in which this external investment is being conducted through its influence on existing control of land as a resource and symbol of power is noted for numerous factors. Important factors include how traditional methods of ownership will be incorporated into modern ownership system, what benefits are available to those involved in the negotiation process, especially taking into account the power structures influencing these processes, and the role that this trend will play in greater economic development of the region.

This study is aimed at exploring the trends in investment that continue to create a vibrant debate between the rather neo-colonialist approach and the approaches advocating neo-liberal economic development. It has been claimed by some that that this FDI 'in agriculture will create opportunity for "sustained" and "broad-based development" through enhancing technology transfer, increasing domestic availability of food supply and creating employment opportunities' (Shete, 2011: 1), whilst others have criticized it as "land grabbing", "bio-colonialism" and "agro-colonialism". These terms display the complexity of these investments, raising the question of if a 'win-win' situation is possible as a result of such investment or if this trend is a display of dominance and exploitation over weaker states by more developed nations.

Although each state currently under the influence of these increases in investment has its own unique land ownership structures and colonial influence, this study seeks to illustrate a particular example of an evolution of land ownership structures with the various influences that may lead to some assumptions of the current trend in foreign investment and land ownership structures general. Where in this context Mozambique, and its land ownership structures, lie will dominate this argument.

1.5. Chapter Structure

The chapters of this thesis are structured in a manner that the general theoretical background is provided, followed by the contemporary perspectives of the situation. These views aid in contextualizing the Mozambican case study later on in the study. Chapter one provides the background of the study along with the research aims, objectives and focus of the study. Chapter two expands on the theoretical perspectives of neo-colonialism and neo-liberalism with their contrasting views on foreign involvement in African states and includes a theoretical discussion on land ownership issues in the African context. Chapter three provides an outline of the current investment situation as a result of the 2008 food and fuel crisis as well as exploring contrasting perspectives on the current investment situation. Chapters four and five focus specifically on the Mozambican case. Chapter four is a historical exploration of the colonial influences on the control of Mozambican land and chapter five explores a current example of land investment. Chapter six poses as a conclusion in rounding up these different perspectives with the implications and indicators of the case study. The chapters therefore build on each other in providing perspectives and context for the Mozambican case study which serves as an embodiment of the viewpoints explored.

Chapter 2: Theoretical Background

2.1 Introduction

The theoretical debate of this study will involve the neo-colonial critique of foreign intervention in developing states against the neo-liberal perspectives that support it. As land ownership in the sub-Saharan African context is integral to the study, establishing the trends in the literature on African land ownership is important in constructing the background for both the dynamic contemporary setting and the Mozambican case study. The theoretical perspectives of neo-colonialism and neo-liberalism display vastly different ideas on socio-economic development of African states and provide the context for exploring the evolution of land ownership structures in Mozambique in terms of colonial influences and contemporary changes. These theoretical perspectives form a vital basis on which to frame the substantial yet widely contrasted body of literature on issues of land ownership in Africa. This literature focuses specifically on the intrinsic value of land in the African context and influence of colonialism in shaping the socio-economic development of African states. It provides a thorough and varied context for both the contemporary investment environment and the particular examples of investment in Mozambican land explored.

2.2. Neo-colonial vs. Neo-liberal views on land ownership

For this study, the contrasting perspectives regarding different forms of land ownership can be reduced to a debate which has shaped foreign involvement in the African continent for centuries. This is notably that of the neo-liberal perspectives on economic development and the arguments based in neo-colonial theory, which argue that external interest in African states leads to the overruling of local interests and exploitation of local resources. Exploring these two perspectives provides the theoretical debate on which to base the views on the complex nature of land ownership structures as well as contextualise the contemporary perspectives on foreign interest in African land.

The role of different perspectives in shaping development in African states over time is most evident. It is argued by many that neo-liberal restructurings, enforced by external actors have dominated African's policy making processes and markets. Sam Moyo (2008: 3) notes that this is as a result of pressure from external financial and development aid institutions along with economic liberalization and increased foreign access to land and natural resources. Such pressure is evident in the current global economy but in looking back to colonial eras of foreign interest in land, external pressure for integration into a global system or empire was most evident. Neo-colonial perspectives, which are largely against this imposition of such capitalist structures, remain applicable for both previous eras of colonial domination and the current period and serve as a base contesting these aims of assimilation into the world order. Neo-colonial perspectives can be regarded as a combination of neo-Marxism, anti-imperialism and anti-colonial sentiments and provide a dynamic base on which criticisms against neo-liberal development of the African continent can rest. In exploring the theory, the linkages between land ownership issues, power relations and development become evident.

2.2.1. Neo-colonial perspectives on land ownership

The great deal of writing on neo-colonialism is based on the work of Kwame Nkrumah, a former Ghanaian president, who led the criticism by newly independent African countries against the imperialist influence by more powerful states, after World War II. Nkrumah makes the assumption in *Neo-Colonialism: the Last Stage of Imperialism* (1965) that the

...result of neo-colonialism is that foreign capital is used for the exploitation rather than for the development of the less developed parts of the world. Investment under neo-colonialism increases rather than decreases the gap between the rich and the poor countries of the world' (Nkrumah, 1965: x).

An issue that Nkrumah (1965:26) often refers to is the disparities in power relations between large powerful businesses and weaker African states. He poses the question of 'how can some of our smaller States hope to bargain successfully with powerful foreign combines, some of which control financial empires worth more than the State's total revenue?'. He also

emphasizes that the 'smaller the State and the more formidable the foreign interests, the less likely are the conditions of economic independence to be met' (Ibid).

These assumptions, in conjunction with the writing of other Neo-Marxists on imperialism, provide a most suitable context for a critique of the investment issues explored in this study. Nkrumah (1965: x) explains that he would not advocate excluding 'the capital of the developed world from operating in less developed countries', but rather prevent the financial power of the developed countries from being used in such a way that it only worsens the situation of poorer countries. He acknowledges the primacy of agriculture for the development of Africa in reference to the fact that agricultural development is 'an effective method of increasing economic potential [...] so long as industrialized agriculture employed men free to come and go' (Nkrumah, 1965: 8). This value of land and agriculture, in both resource and socio-economic terms, is still vital in Africa for the development of the continent's rural areas and economies as a whole.

Nkrumah refers to the disparities in power relations between large powerful businesses and weaker African states. He poses the question of 'how can some of our smaller States hope to bargain successfully with powerful foreign combines, some of which control financial empires worth more than the State's total revenue?' (1965:26). He also emphasizes that the 'smaller the State and the more formidable the foreign interests, the less likely are the conditions of economic independence to be met' (Ibid). In the context and of when this text was published, Nkrumah was essentially advocating Pan-African unification as a means of countering the dominance by external states in a post-colonial era. However, this perspective may still be applicable in the current context. The thinking behind these writings has a great many linkages to the current situation in terms of foreign investment in land, and the disparities in divisions of power, allocations of benefits and the value and potential of African land.

Apart from Nkrumah, Johan Galtung provides a suitable overarching description of imperialism as the dominant relations that nations in the centre establish a relationship with nations of the peripheral nations. Galtung (1971: 81) describes this relationship with the imperial nation

...basing itself on a bridgehead which the centre in the Centre nation establishes in the centre of the Periphery nations, for the joint benefit of both. It should not be confused with other ways in which on collectivity can dominate another in the sense of exercising power over it.

This perspective on imperialism ties in with the ideas of neo-colonialism in the context of this study in that it involves an exchange of sorts between two states that can be regarded as domination of one state over the other. This also forms part of David Harvey's work on underdevelopment in peripheral nations in which he cites this unequal relationship between these groups of countries as instrumental in shaping development.

Henry Bernstein adds to this issue of development by honing in on the agrarian nature of the land question in the neo-colonial framework. This is most applicable taking into account the importance of agriculture for development in the African context. Bernstein draws on a number of Marxist approaches to distinguish three aspects of this classic agrarian issue. He cites this as firstly concerning the role of various agrarian classes in struggles for democracy and socialism, secondly concerning the transformation of social relations of production and development and lastly how 'such transformations contribute, or otherwise, to the accumulation of capital resources on a classic transition towards the capitalist mode of production. (Bernstein, 2005 *in* Moyo, 2008: 7). Bernstein therefore pins the changes, which have taken place in the nature of land ownership, distribution and use, on theoretical debates and traditions. These have also been in conflict for political and economic dominance.

Bernstein argues that land reform has often been embraced by various political conjunctures which he describes as 'bourgeois modernisers and nationalists', 'socialists and communists', and 'agrarian populists' (Bernstein, 2001). Although these groups shared antipathy with certain groups, they put their weight against predatory land property in support of the local ownership. Bernstein (2001) also refers to the 'post-independence process as a "moment of developmentalism", within various possible development paths which could be taken by different economics in their transition to capitalism' (Moyo, 2008:9). He thereby acknowledges

the possibilities of different development trajectories as options for African states' post-colonial support for the local customary ownership have been favoured.

David Harvey's theory on accumulation by dispossession is most applicable in addition to the above neo-colonial theories. This theory sought to emphasize the permanent nature of primitive accumulation under capitalism, as more than just a one-off event which established the historical conditions for 'expanded reproduction' (Moyo & Yeros, 2011: 4). This is largely the argument that the neo-liberal restructurings that took place in the African context were mostly detrimental to the countries under the sub-ordination of external powers. In the current context Moyo and Yeros (2011) describe this process as a 'geopolitical escalation of an on-going process of primitive accumulation' (Moyo & Yeros, 2011: 1). It is more than obvious how these different perspectives sit in contrast to one another, yet the neo-liberal views seem to have perpetuated the development of land as a resource in the African context since decolonization. The neo-liberal perspectives of development therefore serves as vital in exploring its approach to issues of land ownership and land use, especially taking into account the overarching economic policies currently shaping land investment.

2.2.2. Neo-liberal perspectives on land ownership and land use

Neo-liberal economic policy has been a dominant means of integration of African states into the world markets throughout the various periods of foreign intervention. However, the involvement in economic policies and control over land is more evident in post-colonial periods. Moyo (2008: 9) notes that the neo-liberal economic policies that were implemented during the 1980s and 1990s to liberalize markets, most notably land and agrarian markets, were 'embraced by national bourgeoisies, which co-opted organised working class politics, but failed to effect an agrarian transition, while provoking various land questions'. These neo-liberal adjustments, although aimed at economic development, had negative implications for land ownership structures by exacerbating the existing inequalities in distribution of land between white settlers and the natives, and supporting the agrarian capitalist farmer against the peasantry (Moyo, 2008: 23). Dione *et al* (2004: 11) also pin the neo-liberal land policy

formulation as perpetuating strategies across countries in the African context which they claim treated land as 'a market commodity rather than a public good'. Such an approach is in line with the neo-colonial critiques of the neo-liberal tendencies of dispossession for capitalist consumption purposes with these trends being evident in the current context of increased investment in arable land.

Neo-liberal assumptions are seen as the guiding principles of these private and state investments as they are based on the primacy of the workings of the market with the focus on profit-making. Neo-liberal thinking and policies have played a large role in shaping development in Africa, and it is along these lines that the World Bank, who continues to play a vital role in facilitating such investment in arable land, has shaped its involvement in the continent. This, and other institutions advocating this interest, has stressed the potential benefits of investments for developing the host countries. The World Bank, although it is often criticized for being reductionist and short sighted in their 'one-size-fits-all' approach, has shaped economic reform in most of Africa. The outlook of the World Bank and its various investment subsidiaries, maintain that

...any investment public or private in lower income countries and rural areas that can close this gap is desirable in principle [...] when investments seem to hold promise of raising productivity and welfare and are consistent with existing strategies for economic development and poverty reduction' (World Bank, 2010: 1).

This attitude is becoming increasingly important in the current context as the World Bank's involvement in facilitating foreign investment in large scale areas of land increases substantially. The promises offered in these deals facilitated by the World Bank often include increased foreign currency reserves and availability of agricultural commodities thus increases in national income and employment opportunities (Shete, 2011: 18). Investors seem to perceive their role not as one of dispossession, but rather aiding empowerment. The deals that have been processed have been facilitated by such neo-liberal policy and land tenure changes, as well as the solid position that local and foreign capitalists have obtained (Moyo & Yeros, 2011: 24-25). These ideals serve as the justifications made by investors of potential benefits of

these investments and therefore continue to perpetuate investments of this nature. However, it seems these often occur with little regard for the implications on existing systems of ownership and distribution of land resources as the focus of such investment facilitation remain outward looking and profit driven. Taking this into account, it is most obvious the large contradiction that stands between these two perspectives, almost to the extent of neo-colonialism being based on a critique of the make-up of neo-liberal theory. This theoretical debate will form the basis of the perspectives to follow in the exploration of land investments and the case study at hand.

In conjunction with these theoretical perspectives, the perceptions and issues surrounding land ownership structures that in themselves have played a vital role in African development are explored. The many different perspectives provide the adequate background for the contemporary arguments of the current investments to be conveyed.

2.3. Land Ownership Structures in Sub-Saharan Africa

2.3.1. Land as a Resource

The dominant role of natural resources in shaping the development trajectory in Sub-Saharan African states has been evident since the colonial era. This is owed to the vast deposits of natural resources across the region and has been acknowledged by a number of scholars for its role in shaping socio-economic development in the area. However, these natural resources have become a source of exploitation by external forces and have contributed to the failure of most African states to move beyond a primary economy in their economic development. This has resulted in the questions regarding the reliance on the productive capabilities of African land.

The dependence on external actors has been noted by a number of theorists who have cited land, the access to it and its productive potential as instrumental for economic development, poverty alleviation and food security. Dione *et al* (2004: 8) cite land as critical in poverty

reduction in African states as rural inhabitants value it over industrial and service sectors that don't provide alternative opportunities for survival. Ramirez (2002: 4) regards access to land as constituting the building blocks for enhancing and sustaining food security with land rights as a vital element of social capital, 'giving people the foundation on which to assert self-determination within their society, culture, agro-ecosystem and economic context'. Therefore land, as a vital tool of development, has largely been shaped by the nature of the practices taking place on it. Owing to the most consistent form of land use across the African continent being agriculture, the structure of agriculture as a land use practice is noted to be vital in shaping the issue of land as a resource and its development potential.

The African land question has also been framed by a number of scholars as an *agrarian* question owing to agriculture being the dominant form of land use. Sam Moyo characterises the African agrarian question as an 'aborted agrarian transition' of low productivity and food insecurity with labour exploitation and unequal terms of trade (2008: 16). Moyo expresses that the land question rests largely in the issues of unequal land distributions as a result of land alienation. This has been founded in tributary social formations or colonial practice, therefore 'leading to the classic problems of landlessness and captive agrarian labour' (Ibid). Despite these problems that characterise the agricultural climate in most African countries, owing to the various structural and historical conditions hindering socio-economic development across the board, agricultural practices are still regarded as the backbone of many African economies. It is noted that the 'wealth from minerals and oil continues to be appropriated by elites, and as promises of industrialisation and job creation fade, the role of land and water in securing African livelihoods is unlikely to diminish (Derman *et al*, 2007: 1). Thus, although land and its productive potential are recognised as a vital asset for development, the resource is awash with controversy over ownership and control. This has transcended the period of colonial domination in African states with the increased number of stakeholders and greater value placed on the resource. This controversy is noted to be exacerbated by the intrinsic value and cultural associations of land by local inhabitants in most African rural settings.

In their exploration of conflicts over land and water in Africa, Derman *et al* (2007: 2) site land as lying at the centre of 'theories of conflict and scarcity due to its assumed growing scarcity'. Despite the assumptions of African states possessing vast resources of unutilised land, these issues of scarcity are most evident in the current context and have only been exacerbated with foreign interest in access to this hugely valued resource. The authors refer to this issue in their acknowledgement of the close association of land and identity across the African context in which

...land and natural resources are not merely assets, sources of income, and commodities but represent repositories of ancestral spirits, sites for sacred rituals, and historical landmarks that tie the individual to particular locations and landscapes (Derman *et al* 2007: 7)

Recognising these associations with the land further complicates issues of ownership of land as a resource which holds such intrinsic attachments for the local population. In the instance of investment explored in this study, which involves combining external laws and structures with those of the local area, this customary attachment will prove problematic to the investment. The complexities of land ownership in the African context have been noted to vary from one state to the next, but it is fair to acknowledge that the attachment to land, beyond its asset value, perpetuates the differences in ownership structures between states. Most scholars seem to agree that land remains an essential resource for African development, in terms of the current economic reliance that exists on this resource as well as the attachment between rural communities that often transcends ownership.

In examining the broader spectrum of land ownership issues in the African context, a great deal of literature begins with the premise of these attachments to land. This is noted to be largely as a result of traditional or customary ownership of land. In the more modern context this is also likely to be more intense owing to the dispossession of land in the previous colonial era. This deprivation is likely to have led to an even stronger attachment by locals in these circumstances of domination of a system over their own. On the whole, the association of land as a resource is vital in shaping the land question. These perspectives on the dominant role of land in Africa for

economic development provide context for the viewpoints on the nature of ownership and customary tenure that are explored. With agriculture remaining the foremost form of land use and the intrinsic value of land still most evident, these also are important in this assessment.

2.3.2. Nature of Ownership and Customary Tenure

When it comes to the ownership of land in the African context, it is accepted by most scholars that it is largely a combination of various forms of tenure; state, communal, customary and individual. Therefore, the need to develop complex policy and analytic models integrating the relationship between these different ownership structures is vital for the issues of land tenure, food security and sustainable development (Dione *et al*, 2004). The authors describe 'tenure' as a social construct defining the relationship between individuals and groups of individuals by which rights and obligations are defined with respect to control and use of land (Ibid). Land tenure is therefore a derivative of the concept of natural resource tenure referring to the terms and conditions under which the resources are held and used (Bruce, 1986; Moyo, 1995; Shivji *et al* 1998). The centrality of land to development and the value of it as a resource have largely complicated these ownership structures and this is noted by most scholars in their dealings with the issues surrounding contested ownership.

Moyo (2008: 28) describes the access to and control over land in Africa, although largely differentiated tending 'towards unequal patterns of land concentration, exclusion from land for basic livelihood requirements or for primary accumulation, and marginalisation in terms of territorial space and local autonomy'. Issues in ownership structures which include divisions along race, class, ethnicity, region and national origin and social standing perpetuate most scholars' perspectives on the complexity of ownership. This inequality is regarded by most scholars as a result of previous eras of colonial dominance, in their work on the impact of land tenure on sustainable development in Africa, Dione *et al* (2004: 9) express that most land-use regulation and planning frameworks were inherited from the colonial era and have been ideological tools for the maintenance of 'unequal distribution of land and inequitable security of tenure'. The authors refer to Moyo's description of the different ways in which colonial

powers distorted customary tenure, namely that the community rights upheld were in conflict with the concepts of individual rights. The definition of customary authorities often overruled households' rights, ritual rights were often confused and proprietary rights and lastly that the identification of the community with the tribe often led to migrants losing access to the land. (Moyo, 1993). Dione *et al* (2004:22) note that the contrived forms of ownership installed by colonial structures were largely at odds with pre-colonial power structures where land ownership and wealth was accrued to those who could attract followers with social relationships. The discrepancies in ownership structures were most probably the largest fault line in the integrating of the two systems.

These colonial structures imposed the forms of ownership and control were largely at odds with existing traditional structures yet managed to overrule these traditional laws and customs of land tenure. Majefe (2003) describes the majority of pre-colonial African rural societies were founded as feudal or semi-feudal systems shaped around lineage based on 'communal' structures of 'political authority and social organization'. From this perspective, access to land was founded on recognised and universal usufruct rights allocated to families of members of given lineage groupings. The foreign rules and concepts that were applied also largely solidified the huge discrepancies in ownership along racial lines, thereby cementing the divisions in ownership between the colonizers and the previous local owners.

Scholars have also explored the current implications of these colonial influences and how they have shaped the current politics of land reform especially in what Moyo (2008: 27) terms as the resurgence of 'long-standing liberation-style politics, based on anti-colonial and anti-imperialist agendas in societies polarised on racial, ethno-regional and ideological lines'. Colonialism is therefore regarded as hugely instrumental in shaping the nature of land ownership in most African states, especially with regard to the distribution of resources.

Moyo's premise of shortages and distribution of resources in the African context can be aligned with Garrett Hardin's (1968) thesis on the Tragedy of the Commons. Hardin argued that tendency for all systems of shared property to lead to systematic over-use and degradation of the resources base, implying the need to enclose common resources, and privatise their

ownership (Toulmin & Quan, 2000: 7). Although this is, largely, a neo-liberal approach to distribution of ownership and control, it provides an interesting perspective to this study owing to the fact that Mozambican land is largely state owned but claimed to be distributed, from an ownership and management perspective, among the community

Hardin cites communal management as an ineffective means of production and distribution of resources. Taking into account the inefficiencies of a great deal of arable African agricultural land, this perspective seems to hold a great deal of relevance in the contemporary investment situation with its attention on the development of agricultural land. This could also be noted in previous eras of colonization and the attention that was placed on African regions for the same reason. Moyo makes reference to the role of international actors in shaping contemporary questions surrounding land ownership in claiming that

...the land question has become internationalised not least because it mirrors the incomplete decolonisation processes in ex-settler colonies but also because global finance capital is increasingly entangled over land, minerals and natural resources in Africa's rich enclaves (Moyo, 2008: 1)

The acknowledgement of the impacts of foreign markets is most applicable in shaping the African land question with most African agrarian land being scouted for productive purposes, throughout the periods of external domination. Taking into account the issues of scarcity, communal ownership and customary land tenure, the involvement of foreign markets does complicate the situation of ownership quite markedly.

Manji (2006: 38) counteracts this perspective by citing that although the agrarian question exists in terms of food insecurity, the exploitation of labour and unequal terms of trade, no land question can be identified with rights to land being guaranteed by the rules of customary tenure. By placing faith in customary tenure rules to uphold the rights to land, Manji's perspective is greatly at odds with the other theorists who have claimed that this system has only further complicated existing rights to land and skewed terms of trade and allocation of resources. This perspective mirrors that of other scholars who have claimed that Africa does

not have a significant land question, except in the former settler colonies, given the widespread land expropriation (Mafeje, 1999).

These largely contrasting perspectives indicate the complexity of the issues of customary tenure and land ownership, especially with regards to which controversial issues were shaping the nature of current land ownership issues today. The mechanisms of ownership and tenure are notably contested, whether the impacts of colonialism are taken into account as the vital factor in shaping ownership issues or not. However, a large part of these ownership issues are the mechanisms of titling or legal ownership structures that are instrumental in shaping the contemporary ownership and tenure. The way in which these different structures were integrated and influenced each other is noted by a number of theorists in their rationale of the land question. There are a number of different perspectives that have been developed in exploring the legal mechanisms of ownership that are most applicable in the Mozambican example of land investments.

2.3.3. Titling of Land and Legal implications

From the premise that colonial influences were most instrumental in shaping land ownership structures, a great deal of the literature focuses on the mechanisms shaping the integration of European and traditional systems of ownership, especially the different legal ownership structures. These are hugely important in determining power relations over land ownership as the law structures implement the changes that overruled the existing structures of ownership. Toulmin and Quan (2000: 9), who describe land as 'a key political, social and cultural asset, conferring great power and authority upon those who control access to this resource', incorporate the influence of legal systems on ownership structures in the African context. The authors point out that legal changes in land tenure should acknowledge the hugely political nature of the debate since the decisions made should regard change the current distribution of power and patronage as locating decision-making power in the hands of traditional leaders often has very different implications than if it were found with an elected body (Ibid).

This duality of statutory and customary law that is noted as the main divide in land ownership reform in the colonial context, as the two very different legal systems had to integrate in ownership allocation. This can also be applied to the contemporary situation of foreign investments with the political nature of integrating legal systems. The trend that perpetuates these the periods of foreign interest in African land ownership is the attempt to integrate the two but also the way in which the European system often overpowered traditional systems of tenure. In the colonial periods, this was largely part of general domination that took place across the board. In the current contemporary context, this speaks rather of the integration of differing law structures that do not necessarily involve an overhauling of the political system, but stand in contrast with the existing traditional systems.

The imposition of law structures of the colonial period, which McAuslan (2000: 82) expands on, involve the process of integrating contrasting systems of land law and titling which he defines as acquisition and destruction. These involve the 'displacement of indigenous law by the received law so facilitating the displacement of indigenous landowners by incoming landowners'. This is then followed by the 'denial of the rules and practices which governed land rights amongst Africans as a form of law' (Ibid). These classifications speak largely to the previous colonial eras which were shaped by an imposition of laws on land ownership, but in the current context these conflicts are also most notable in determining ownership structures with imposed law structure easily dominating existing ones.

Dione *et al* (2004: 4) also make reference to the overriding of laws of customary land tenure in the colonial context which in the case of indirect rule were reformulated in favour of the colonizing power and 'handed back to indigenous populations in forms that created new and artificial class and ethnic divisions'. This historical context that was often a result of acquisition and dispossession has shaped the frameworks through which sustainable livelihoods at individual country level are currently conditioned. It has also influenced the rights and responsibilities related to land and natural resources. Such frameworks have often been cited as creating a disconnection between local communities and their land with the imposed laws granting 'greater priority to the economic rather than the social value of land' (Clover, 2004:

370). This focus on economic value is likely to be in conflict with the noted intrinsic social value of land along with the social structures that infer ownership in traditional laws. Acknowledging these conflicts of interest is not necessarily contesting which system is better suited for harnessing the development potential of agricultural land, than it is instrumental in making note of the conflict of interests that are likely to come about in the integrating of the two systems.

Trends in the literature on the nature of land ownership structures highlight the many stakeholders and influences shaping the current complexities of ownership, power relations and control of resources. The influences of colonialism are hugely important in shaping the attachment to land along with current ownership structures and most theorists make substantial reference to this. It is important to note that current context of land reform can be regarded as a reform in which many countries have to consider the implications of the new legislative changes in land relations, with the new push of investment in rural areas. It is stated that the main thrust of these developments have been to liberalize land tenure and to facilitate the creation of markets in land (Manji, 2006: 1). Liberalization of land tenure is often at odds with customary law in that these introduce changes that do not acknowledge traditional leaders or the local ownership hierarchy that has control over the land. It can be noted that this lack of acknowledgement is most evident in the Mozambican case study.

2.4. Combining theoretical perspectives

The theoretical perspectives explored provide a background and theoretical context for the contemporary literature on land investment trends along with the Mozambican case study. Taking into account the complex nature of land ownership in most African states that have formed, the hugely contrasted standpoints of neo-liberalism and neo-colonialism and the greatly different accounts of what the nature of development trajectories that should be in African states it is evident that the current context of foreign investment in African land will be notably complex.

In turning to the contemporary literature examining the recent trends in investment in arable land, this complexity becomes evident. The nature of this literature on the current investment situation is notably more emotive than the traditional perspectives of land ownership and development issues. These accounts are largely aligned with one particular perspective over another. The involvement of large neo-liberal institutions such as the World Bank and many multinational corporations has also exacerbated the contrast of different perspectives. This is mostly evident by the way in which non-governmental organizations and different movements have taken on the approach of being pro-poor, aligning themselves with dispossessed locals against the capitalist institutions of developed nations. Whilst, on the other hand, the institutions and organizations supporting the involvement of foreign entities in these regions have continued to advocate the development potential of such investments, highlighting both economic and social benefits for the countries and communities involved. Despite the largely contrasting perspectives, these points of views will be used to frame the situations explored in the Mozambican context as a specific embodiment of the different theories and perspectives on land ownership and control.

Chapter 3: Contemporary Land Investment Trends

3.1. Casual Factors of Contemporary Land Acquisitions

The theoretical context of this study has been established in exploring the different approaches in the literature to the land ownership issues. These are likely to be instrumental in shaping the scenarios of foreign investment depicted in the Mozambican example found later in the study. The largely contrasting theoretical perspectives of neo-colonialism and neo-liberalism contextualize and frame these perspectives as well as provide the base from which the current literature on issues of land acquisition will be explored. The examples explored in this study are notably contemporary with the time frame of the investments taking place from the late 2000's onwards. This specific period, termed as the 'food price crisis', along with other global socio-economic factors is noted to have initiated a hike in food prices which was instrumental in the increased interest in African land as an investment opportunity. It is the implications of these events for land ownership structures and the development potential of land that form an integral part in contextualising the situation explored in Mozambique.

It is important to note that the relationship between African states and external actors for the control over resources that is discussed in this literature and evaluated in the Mozambican study is not a new occurrence but rather an evolution in the relationship between owners of land and external interests. The post-2008 food crisis period reflects a marking of the changed power relations in terms of land ownership between these stakeholders. This change could also be seen to initiate the fervent perspectives either supporting or criticising such foreign control over African land that is reflected in the contemporary literature.

The perspectives explored show how the implications of the global economic environment instigated the demand for arable land, how these demands have been met, which players have managed to hold onto power over the land resource and ownership and what the implications for land ownership structures and the development potential of land as a resource that such investments may hold. A trend in this contemporary literature that should be noted is the claim that there exists a shortage in reliable and systematic data making it difficult to quantify the exact scale of recent land acquisitions in a number of cases. Authors of the widely cited

IIED/FAO/IFAD document, *Land grab or development opportunity? International land deals in Africa* question 'whether the information about these international land deals filters through the media seems largely due to contingent circumstances' (Cotula *et al*, 2009: 39). The majority of sources are likely to be secondary and thus greatly dependent on the nature and orientation of their primary sources. Therefore, the credibility of this information plays an important role in the portrayal of such investments and their implications. Despite this issue, the contemporary literature available still provides the necessary background for exploring the effects of the current global economic environment and investment of this nature.

3.1.1. 2008 Food and Fuel Crisis

The 2007-2008 food price crises are noted to be the result of numerous factors that culminated in the spike in commodity and basic food prices. These changes came as a shock as over the past century or so, global food prices had been in long-term decline. This was owed to the expansion of agricultural frontiers and agricultural trade, increasing concentration in the retail sector, as well as innovations in production. The factors contributing to the lowering of prices were, however, shaken by the culmination of events of the late 2000's which led to sharp increases in both commodity and basic food prices worldwide (Cotula *et al*, 2009: 52).

These events involved the culmination of a number of socio-economic and political factors in the global political economy ranging from issues of climate change, population growth, financial speculation and government policies as well as high oil prices and supply shocks (Conceição & Mendoza, 2009). It is these factors that most scholars have cited as instrumental in the initiating the spate of foreign investment in African land for the large scale production of food products, in order to counter the food price hikes. Cotula *et al* (2009: 100) refer to these food security concerns, particularly in investor countries, as key drivers of such government-backed investments. These concerns, along with the expectations of the rate of return in potential investment opportunities, the global demand for non-food agricultural commodities and biofuels are also notable driving forces for these investments.

In exploring the anatomy of the food crisis in terms of what ultimately led to this increase in prices, scholars Conceição and Mendoza (2009: 1171) categorize the factors leading up to the crisis according to the time span of their influence, creating a structured approach to analysing the crisis. The medium to long term factors cited in playing a role in shaping global food security are that of population growth and the subsequent rising and changing patterns of food consumption. These created a noticeable demand for raw materials and commodities along with a growing and evolving demand for food. These demands are also noted to be exacerbated by the trends in biofuel development, seen in many countries' efforts to address issues of climate change by minimizing carbon emissions through the use of agricultural bi-products for fuel.

The authors go on to pinpoint the dominant transmission mechanisms which contributed to the 'global' nature of the crisis, essentially converting the medium to long term scenarios into contributing factors of the price hikes. These mechanisms include the globalized effects of climate change on agricultural productivity, international trade in food or food inputs along with the behaviour of financial investors in the globalized financial and commodity markets which played the vital role in instigating the contagion effect of the crisis (Conceição & Mendoza, 2009: 1160). The short term factors of the situation at the time are noted as a culmination of financial speculation, higher oil prices and the effects of certain government policies relating to commodity use. The authors explain, during this period of the late 2000s, the increased liquidity in international financial markets 'buoyed investments in securities and derivatives linked to commodities markets' (Conceição & Mendoza, 2009: 1169). However, the decline in stock markets and housing values evident at the time of the financial crisis increased the attraction of commodity futures as an asset class, thereby increasing the attention of investors to commodities as an investment option and in turn contributing to the increased prices.

The issues of higher oil prices and government policies are noted to be ramifications of the general economic slowdown, especially owing to the policy choices for input costs. In early

2008, high petroleum prices contributed to increased production costs of agricultural commodities, especially that of fertilizers. This also created subsequent knock-on effects on the cost of production and productivity (Conceição & Mendoza, 2009: 1169). Addressing these issues of increased prices and changes in demands involved specific government policies as to which crops should be produced for what use. This included commodity food production, feedstock or biofuels, the authors see these choices as creating a possible trade-off between food and fuel use (Ibid). This trade-off is exclaimed to not always have been met in the most effective fashion by most states, which worsened the demands on certain commodities, thereby pushing up food prices substantially.

Conceição & Mendoza's explanation of the food price crisis gives a solid overview of the factors that are said to have initiated the increased attention of certain countries to the potential of African states as investment opportunities. Specifically, to counter both the long term factors affecting food prices and availability along with the short term implications of the food crisis. These perspectives have been reiterated by a number of scholars focusing on the implications of these factors for the increased attention of countries on investing in African land resources. The changes in FDI have been noted by the way in which the economically and politically driven motives of food security and secure financial returns have driven the undertaking of investment in this states (Weissleder, 2009:1).

In general, the profiles of the countries most affected by the 2008 crisis and seen to be driving these investments are wealthy, food insecure nations with growing populations. These have been divided into four distinct groups; those with large populations and rapid economic growth, food importing countries with limited land and water resources, industrial countries seeking out commodities for biofuel production and lastly countries involved in domestic speculation in developing countries (Bickel, 2009: 35). Although the nature of these states is notably varied, with each seeking out investments for its own particular gain, the trends in what has driven such countries to this reliance on the resources of other states seem to perpetuate most country profiles. This is largely noted as the need for available land and accessible inputs for production of agricultural goods in attempting to counter the effects of the food price hike.

It is this outsourcing of agricultural production, induced by the food crisis, which changed the nature of FDI experienced by African states. The various factors leading up to these high food prices induced in the late 2000s have been regarded as highly instrumental in contributing to these changed investment patterns. This has been iterated by most contemporary scholars as the source of these investments. Taking into account the situation and the demands of these investors for the land, it then becomes possible to explore what the implications of these investments, in terms of land ownership and control over the land resource have been for the affected states.

3.1.2. Implications for Foreign Investment in Africa

The reliance of African states on external investment and aid is largely persistent. Countless African countries that have come to rely on FDI for economic development since decolonization, still have very entrenched politico-economic relationships with powerful states and private investors. Owing to the skewed nature of power relations in these investments, the nature of the involvement of these states in African nations has often been perceived as neo-colonialist by critics. Although this perspective is application to increased foreign interest in African land, there is also a justifying perspective that the trends in large-scale land acquisitions should be placed within the broader context of expanding economic relations between African countries and the rest of world. These include economic liberalisation, the globalisation of transport and communications along with the increased demands for food, energy and commodities (Cotula, 2009: 25). These factors, especially those induced by the conditions of the 2008 food crisis, have been regarded as instrumental in initiating the latest trends in land investments with increased FDI in agricultural land.

The arguments over the implications of these investments have been hugely varied in the formation of the contemporary perspectives on the matter. Assessing these greatly contrasting perspectives illustrates the playing out of the opposing theories, especially the neo-liberal perspectives on African development against the neo-colonial critique of external involvement

in developing states. This divided contemporary literature provides hugely contrasting accounts of the ramifications of such investments.

It has been claimed by some that this FDI in agriculture will create opportunity for “sustained” and “broad-based development” through enhancing technology transfer, increasing domestic availability of food supply and creating employment opportunities (Shete, 2011: 1). Other scholars have criticized the investments as “land grabbing”, “bio-colonialism” and “agro-colonialism”. Such terms display the complexity of the contrasting perspectives of the investments, but also raise the question of whether a ‘win-win’ situation is plausible in these investment circumstances, this is especially in terms of power relations and allocation of benefits between the different actors of the states, institutions or business bodies involved.

The general implications of such investments are also greatly determined by a number of existing structural factors. These are notably the investment conditions of the African states along with the dominant actors involved in the negotiation and investment processes. These factors have determined who is able to garner the most control over the investment process in the allocation of benefits and resources and have shaped the effects of such land acquisitions on local institutions and affected communities. The structural conditions, in terms of institutional, policy and regulatory frameworks, also indicate the stability of these entities will be evident if ‘a stable macro economy that facilitates decision making, well-defined property rights, an effective judicial and contracting system, and a functioning financial system’ (Ndulu, 2007: 66) is apparent. These general factors are noted to ensure a sound investment climate, yet are not always evident in the African context. It is expressed that these institutional factors and standards are often problematic in the setting of a developing state.

It is noted that the situation for investment in many African countries has shown high transaction costs, barriers to trade, bureaucratic red tape and inefficiencies. *Challenges of African Growth: Opportunities, Constraints and Strategic Directions* (2007), A World Bank publication, explains that investment in Africa is generally perceived as relatively expensive, with one of the highest cost of doing business in the world. This is owing to the costs of infrastructure services that make up a disproportionately large part of production and trade

costs, barriers to trade that raise the cross-border transaction costs, and bureaucratic red tape and inefficiencies, which exacerbate the costs of doing business (Ndulu, 2007: 66). Issues, such as these facing many African economies, have therefore prevented a great deal of direct investment. In addition, the overhanging problems of security and political instability have negatively influenced investors' perceptions of African states. Such conditions imply the particular setting and implications of the land investments in the Mozambican case.

A consistently cited issue in the contemporary literature involves the complexities surrounding land ownership and what implications are held for investment in land. Authors of widely cited publication *The Great Land Grab*, Shepard Daniel and Anuradha Mittal, outline the limitations of land investments. They state that, traditionally, land markets 'have not provided the most effective returns on investment, as land presents a myriad of problems for investors, whether related to access, security, use, or consistency of production' (Daniel & Mittal, 2009: 5). These issues, along with the structural and institutional limitations described in affecting the investment environment, could have prevented investments, which complicate the current case.

GRAIN, a sustainable agriculture non-governmental organization (NGO), reiterates the issues of investing in land in a 2008 report. The complexities of land as an investment opportunity are explained in that land is not a typical investment. It is often fraught with political conflict and does not appreciate overnight with investors needing to raise the productive capacities of the land in order to get a return (GRAIN, 2008:2). These further barriers to investment of this nature also add to the interest in how such land investments rose to such an extent in the period under investigation.

This is furthered by the barriers to growth in most African agricultural systems that are evident across numerous states. These limitations have also been cited in the questioning of if land investments hold possibilities for the betterment of the African agricultural industry. The undercapitalized and uncompetitive nature of this sector has been blamed on centuries of poor policies and institutional failures post-colonization. A World Bank publication titled *Can Africa Claim the 21st Century?* explains that adverse resource endowments have had indirect and

direct effects through their influence on policy, in which 'the lack of a prolonged period of favourable incentives, rural public investments and institutional supports has limited the opportunities for African farmers and agro industrialists' (World Bank, 2000: 170). The publication goes on to clarify that this lack of support and capital has led to the lack of competitiveness of African products in the world market plus the marginalization of African agriculture in world trade (World Bank, 2000: 172). This account and the many other forms of literature tend towards the same assumption, that the investment situation of most African economies, most notably agriculture, has been dire the post-colonial setting. Yet, despite these beliefs, the global environment surrounding food prices still marked the increase of foreign interest in agricultural land which, in turn, reversed a great deal of perceptions regarding the limitations of agro-investments in Africa.

The macro-benefits of these investments and opportunities for economic development and livelihood improvement in areas of investment (Cotula, *et al*, 2009:5) have all been positive outcomes. These have served as reasoning for governments and private investors to enter into these agreements, as well as the local governments to accept these arrangements. Daniel & Mittal, provide an additional explanation to how the circumstances created by the 2008 food crisis led to the benefits of investment in African land. They cite these to be largely altered with the resultant strong performance of soft agricultural commodities over hard commodities, the strong demands from emerging markets and a flattening economic climate in wealthier nations. These factors all resulted in land investments in African states becoming much more attractive options for private investors as they could 'gain direct exposure into soft commodities markets through investment in land, farming, and associated activities' (Daniel & Mittal, 2009: 5). The crises had therefore changed the attitude to investment in land owing to the possible benefits that these foreign soils and their productive capacity held for investors.

Taking the perceptions of the African investment environment into account, in terms of the structural and institutional limitations, it seems plausible to claim that the general implications of the food crisis with the increased interest in arable land as an investment opportunity have

changed the perception of investors towards the potential of investment in African land. Although, the structural issues surrounding investments in terms of the quality of existing institutions and the problems involved in land as a suitable investment remained, it seems most scholars agree that the implications of this investment hold potential growth opportunities for the states in which they take place, although this largely depends on the way in which the investments are conducted.

This fast-evolving context can be regarded as creating opportunities, risks and challenges. These increased investments may bring macro-level benefits in terms of GDP growth and government revenue as well as create opportunities for raising local living standards. This is noted by the way in which investors may bring capital, technology, knowledge and market access to developing land-rich nations yet these investments do still result in 'local people losing access to the resources on which they depend for their food security and livelihoods (Cotula *et al*, 2009: 15). The authors also express that further effects are possible in other areas as local users pushed from the higher-value lands that are encroached upon by foreigners to more marginal lands, thereby putting pressure on these areas. This leads to poorer people being priced out of the land market. Impacts may also be multiplied where land acquisitions are accompanied by accelerated policy reform to attract investment (*Ibid*). These complexities are therefore greatly layered in terms of the area and depth of their effects.

The literature involved in exploring these effects provides the perspectives and accounts of how these investments have taken place include a great deal of criticisms of the investments. These critiques are instrumental in playing out the greatly neo-colonialist critiques of foreign involvement in developing states as they seek to expose the issues of dispossession and exploitation that are likely to be found in these transactions.

3.2. Critiques of Investment and the next 'Scramble for Africa'

Taking into account the factors shaping the investment trends under investigation in an environment previously hindering foreign investment in African states is the complex nature of

the current situation evident. These complexities have allowed numerous critiques on the situation. These critiques provide the evidence of the negative effects of the investments on the local communities and are mostly based on case study evidence of large-scale land dispossession. A great deal of this negative content involves the analysis of examples of investments followed by assumptions of exploitation. It is in this contemporary literature that the terms of 'land grabbing' and 'the next scramble for Africa' have been coined in describing the increased investments in arable land.

It is likely that it is the scope and speed of these investments has initiated these assumptions, by critics, of a modern day land rush taking place in Africa. Daniel & Mittal (2009: 1) outline the term *land grabbing* as the 'purchase or lease of vast tracts of land by wealthier, food-insecure nations and private investors from mostly poor, developing countries in order to produce crops for export'. Although this description applies to the type of investment taking place across the board, the assumptions created by terming such transactions as 'grabbing' insinuate the perception of land being forcibly removed from the rightful owners in a manner similar to a previous period of colonial exploitation.

It is claimed in a number of studies that, on face value, many of these deals are 'simply the reappearance (in a new form) of a phenomenon that has occurred for centuries' (Kugelman *in* Kugelman & Levenstein, 2009:1). This is in reference to the European colonial obsession with global farmland in the 19th and 20th century. The difference lies in the greater scope of current investments,

...the emphasis on staples instead of cash crops and (...) the fact that these deals are concluded on the basis of agreements instead of through the barrel of a gun; and they are spearheaded by more government-led investment than in the past (Kugelman *in* Kugelman & Levenstein, 2009:1).

The perspective that colonialism essentially represents the most classic example of land grabbing holds in this situation. This is through 'its combination of laws and policies paving the way for foreign intervention and local dispossession' (Benjaminsen *et al*, 2011: 2) in primary resources. Therefore, the fact that these are perceived as part of a reinvasion of the African continent, in which resources are being forcibly removed and foreign states are taking control over their weaker counter-parts, alludes to the neo-colonial critique of these investments.

The notion that a colonial-style dispossession is taking place in these land deals is based on the analysis of current land deals, in terms of the actors involved and the extent of the transfers. This has led to the assumptions about the implications for the local communities. Owing to the great amount of private investment deals taking place involving private actors, these transactions have often not fallen under the spotlight of the media or government agencies which often leads to a lack of specific information. This is problematic in that scholars have to rely on secondary or weak sources of information. This has also resulted in assumptions being made about the nature of these interactions. Another issue is the exploitation and unequal distribution of the benefits of investment evident in many cases has not been exposed due to this lack of information. Despite these limitations and the often one-sided approach, the evidence from the contemporary case studies reveals a great deal about the context, the stakeholders and the effects of these so-called 'land grabs'. These examples are still most useful in providing the necessary critiques of the current investments. Yet often the profiles of the examples explored are noted to reveal the issues of unequal distribution of power in these investments.

The "lopsided" nature of the power relationships in "virtually every one" of the deals is emphasized in most studies with foreign investors generally profiled as typically large, wealthy transnational firms or rich governments, while host governments are poor, at war, or embroiled in political conflict (Speildoch & Murphy *in* Kugelman & Levenstein, 2009:5). It is these attributes that are emphasized in the neo-colonial critique of the situation, most notably the great imbalances in these land deals and the fact that the host countries' resources end up

being excavated for use in another state. This is noted as hugely problematic when the host state still requires these resources, which is largely the case in the current land investment scenario. On the whole, this focus on the negative implications of land investment makes up the majority of contemporary studies. In assessing the more balanced accounts of the land investment trends in terms of who is involved in these deals reveals the structure and perceptions and implications of these issues.

3.3. Actors Involved and the role of the Private Sector

An important factor in shaping the implications of these investments is notably which actors are involved in initiating and controlling the investment process. Most contemporary literature cites the countries with the most interest in tracts of arable land are net-importers of food, such as Saudi Arabia, Japan, South Korea, China and India. It is claimed that these states, and many others, perceive such investment as an innovative long-term strategy to feed their people at an appropriate price and with far greater security than heretofore (Weissleder, 2009: 1). The motivation is therefore along the lines of sustaining access to resources. This goal is relatively in line with previous eras of colonial conquests and therefore is likely to fuel critics' assumptions of the negative implications that this state involvement holds.

However, what is evident is that the aims of these states have also become the endeavours of other private actors and institutions, thereby insinuating that the profile of potential investors has been altered to include private companies, individuals and institutions. This variety of actors implies contrasting approaches to investments with various demands for the outcomes of the investments and the resultant land use requirements. These private investors, seeking to exploit this newly perceived prosperous investment opportunity, range from those using direct land acquisition by central government agencies and sovereign wealth funds to 'state-owned enterprises, private sector investors, national policies and government to government deals' (Cotula, 2009: 25). These actors are all likely to have largely different requirements for the return on their investments than that what states are inclined to demand. This is also most

probable with largely profit-driven private investors who are generally inclined to apply great pressure to local institutions in their demands for profit-generating investments.

Although the neo-colonial arguments cited focus on powerful states as responsible for the exploitation of local institutions and resources when they get involved in weaker states. It must be noted that the current global balance of power has placed a great deal of dominance in these private institutions and multi-national corporations over the weaker states. The economic strength that these institutions possess means that they wield more economic power than the governments of the African states they are investing in. This then implies that despite the different nature and orientations of these investors most are stronger than the states in which these vested interests occur, which results in domination over the local institutions.

3.4. Overall Implications of Land Investments

On the whole, it is evident that the contemporary perspectives vary greatly in either the support or critique of the current trends in land investment. There are a number of greatly contrasting perspectives to take into account in the contemporary work of these investments. A view that perpetuates these studies is the differences in land ownership structures and the willingness of governments to hand over land as a result of these varied structures of ownership. These range from state and customary ownership, presidential ownership of the land to legislations that advocate the protection of land rights (German *et al*, 2011). The authors also posit that in many cases what is taking place are not global “land grab” driven initiatives by the private sector, but rather ‘supply-driven process in which governments are playing an active role – often bolstered by an unwavering faith in the role of foreign investment in national economic development’ (German *et al*, 2011: 1). This supports the claim that land reforms have been consistent in Africa for some time and taking into account the flux in ownership it is possible that these new developments ultimately hold some potential in contributing to the changes in land ownership that are taking place

This brings the assumption to light that if an understanding and respect by investors of the existing ownership of the land is evident, that potential for development and poverty alleviation is possible. This, along with the promise to raise productivity and welfare whilst also upholding the goals of economic development and poverty reduction (German *et al*, 2011), holds the possibility of closing the poverty gap through such investments. The World Bank, in its advocating of these deals, has been noted to claim the positive implications are possible with these investments in the more effective access to capital, technology and skills as well as the better generation of employment and productivity. It is also claimed that

...some large investments have managed to achieve broad-based benefits via contract farming, other out grower arrangements, and joint ventures with local communities, by leasing rather than acquiring the land or by formulating innovative schemes for sharing both risks and rewards (World Bank, 2010: 1).

The contexts in which land investments are taking place are greatly varied. The institutional setting available, actors involved and the different scales of deals have made it possible to establish responsible investment in certain cases but still depend on a myriad of other factors which have failed to be implemented in most cases. There have been outlines set out for responsible investment by those supporting land acquisitions yet the execution of these remains questionable.

3.4.1. Requirements for Responsible Investment

In contrast to the perspectives citing the hugely negative implications of these land investments a great deal of the current literature has focused on the mechanisms and policies that are claimed should be put in place to ensure the fairness of these deals in hope of a 'win-win' situation. The current context has initiated the involvement of the IFIs in playing a role in promoting and facilitating these land investments. During this period, the World Bank called for a New Deal on Global Food Policy, which pushed for a vast increase in agricultural production (Daniel & Mittal, 2009: 6). This meant the international organization pushed for an enhanced

role of the private sector in increasing production and therefore increased the level of private investment in underdeveloped African land.

The most notable of these requirements for private investors are those that have been set out in the World Bank's *Principles for Responsible Agricultural Investment (RAI)*. These include the respect for existing land rights, the insurance of transparency, good governance and an enabling environment, with solid consultation and participation of all stakeholders. It is noted that any investment, public or private, in lower income countries and rural areas that closes the gap between lower income and developed countries is desirable in principle. In addition, the advocating of responsible investment, environmental sustainability along with the insurance of food security and social sustainability with equal distribution of benefits is expected in these investments (von Braun & Meinzen-Dick (2009) and Deininger et al (2011) *in* Shete (2011)). It is assumed by the World Bank that, if these ideals are in place, there is a possibility of equal distribution of benefits from the foreign investment in land. The institution shares the assumption of the possibility of equitable, 'win-win' outcomes in which investors engaged in farmland deals respect certain codes of conduct. To achieve these outcomes they have initiated the RAI (World Bank 2010 *in* Nonfodji, 2011: 2).

These principles presented in association with the IIED, FAO and IFAD are produced under the assumptions that such principles hold potential for instilling equity in these land investments. In the document, it states that investment, whether private or public, in lower income countries is important for economic development and poverty reduction. Yet, it is emphasized that this investment should still ensure that the rights of 'existing users of land, water and other resources, that they protect and improve livelihoods at the household and community level, and that they do no harm to the environment' (World Bank, 2010: 1). Such assumptions are generally most applicable the general investment environment especially the example of agro-investment in Mozambique. These benchmarks set by the RAI principles can be used in assessing the implications of these investments.

An important factor of these requirements should be the acknowledgement of the wide range of interested investors, from agro-enterprises in agri-food, biofuels industries, private equity and other financial institutions to government-linked companies including sovereign funds, and individual entrepreneurs (World Bank, 2010: 1). These vastly different actors will have a huge impact in shaping the way in which investments will play out. This is owing to the different demands that would be required from the investment. It could be said that if such factors are accounted for by actors, regardless of their particular aims or requirements of the transaction or resource then the developmental potential of these investments in land could possibly be realized.

The RAI publication also acknowledges the investment challenges of investing in African states. It is noted that countries with well-functioning markets are likely to benefit more from such investment than states which suffer from ill-defined rights, weak structures of governance and the lack of accountability. In exploring the Mozambican context, these issues become most evident. The risks that are repeatedly referred to by those who caution investment in African states include issues ranging from the displacement of local populations, undermining or negating of existing rights to issues of corruption, food insecurity and environmental damage in the project area. The most extreme cases are also noted to include the 'loss of livelihoods or opportunity for land access by the vulnerable, nutritional deprivation, social polarization and political instability' (World Bank, 2010:1)

These issues are reminiscent of previous eras of colonial exploitation and therefore display the need for instruments of monitoring and evaluation of land investments such as the RAI, they also are indicative of the many issues facing the Mozambican post-colonial situation. However, despite the fact the codes of conduct initiated by the World Bank seem to show an acknowledgement of the most problematic factors that would be associated with these investments, various writers have criticized this code of conduct in that it tends 'not just to reinforce but also to extend the current system of industrial agro-food and energy patterns of production and consumption' (Nonfodji, 2011: 2). This remains a consistent criticism of World Bank developmental initiatives in that they claim to provide mechanisms for ensuring equity

whilst subsequently acting within the lines of the demands of the more powerful nations that wield greater economic clout in the institution itself. In the light of the theoretical arguments of the previous chapter, it could be questioned whether the mechanisms of the World Bank, as a neo-liberal institution, hold in the context of this kind of investment in African land. These RAI initiatives are vital in examining the specific case of investment in Mozambican land. In doing so, it is possible to expose the difficulty with which it would be to apply an overarching system of initiating 'win-win' land deals through the World Bank's suggested mechanisms. It also becomes evident that the dynamic of these investments is constantly evolving with each specific context in which they are taking place.

3.4.2. Implications for Land Ownership

The contemporary perspectives explored have displayed the largely contrasting perspectives that form regarding the recent changes in foreign interest in African land yet it seems that the majority of the literature has taken a rather negative stance on the potential of these investments. These have, however, also reflected the need to acknowledge the specificities of each case. The different forms of land ownership, institutional settings and various cultural associations of the land are vital in shaping these deals, yet these have also indicated the difficulty with which an over-arching policy can be applied to the current phenomenon of land investments.

The contemporary setting of these investments has shown that the changes in actors, mechanisms, goals and overarching policies of the different settings hold extensive ramifications for land ownership structures. The most important implications are the forced changes in ownership that are likely to take place when these investments occur. This has proved evident in the examples that have been branded as neo-colonial conquests by critics. A trend that has perpetuated this contemporary literature is that no two cases of investment are wholly similar in terms of existing land ownership structures, the nature of the investments and the possible outcomes and gains from the investment. In order to fully explore these aspects of a certain investment scenario, it would prove vital to explore all facets of the investment

scenario. The individuality of each case has been taken into account in exploring the Mozambican case.

A historical approach is most useful in providing a background of previous foreign involvement in the state in the form of colonial domination and what the ramifications of this was in terms of allocation of land and dispossession. This is vital in order to extract a base for which the strong neo-colonial critique evident in most contemporary literature can be based but also integrate the acknowledgement by neo-liberal institutions, such as the World Bank, of the development potential that these investments hold if implemented correctly. If mechanisms such as the RAI are to support such solid implementation, then it is perceived that the potential of the investment could be realized. Whether this is plausible will be displayed through the exploration of the Mozambique context.

The next section of the study involves an investigation the evolution of land ownership structures in Mozambique. In evaluating the evolution of foreign intervention from a colonial setting, the changes in ownership along with the issues surrounding them will be exposed. The reaction of the state to the issues of land ownership, brought up in the literature, along with how the current context of increased land investment has affected these issues will be explored. This historical exploration of the Mozambican setting seeks to establish an embodiment of the different theories and opinions that have been explored in interpreting the traditional and contemporary perspectives. This will also establish a context for current investments in the country which is explored in the contemporary example of an agro-investment project.

Chapter 4: Mozambican Case Study: Evolution of Land Laws

Through the use of a case study exploring the influence of colonial powers on land ownership over time, the following section of the study seeks to establish how the influence of external forces has shaped land ownership structures in the Mozambican context since it was colonized by the Portuguese. The chapter will take a historical approach to assessing the evolution of foreign involvement in the country with a focus on land ownership issues, specifically exploring how these have been affected by colonization of Mozambique. This historical context, in conjunction with the current example of foreign investment, will aid in contextualizing the evolution of land ownership in the country. This case study is instrumental in playing out the perspectives of the theoretical background and contemporary perspectives on foreign investment in the African context.

4.1. Historical Setting

4.1.1. Colonial History: Influence of Portuguese

The colonial history of Mozambique plays out in a manner similar to the many other African states who were subjected to the subjugation by European states from the initial conquests of the 1600s and 'great land rush' of the 1800s up until the last colonial efforts of the 1970s. Mozambican resources were sought for the development of the Portuguese empire, and the way in which the Portuguese dominated the area makes this most obvious. There are many scholars who have explored the involvement of the Portuguese in Africa and Mozambique in particular. A great deal of this work has been based on the expertise of Malyn Newitt, Professor of History in the Department of Portuguese and Brazilian Studies at King's College (School of Oriental and African Studies, 2012). Newitt's extensive work on the Portuguese domination in Africa and influence on the history and politics of Mozambique provide an in-depth account of the colonial effects on the current context. This Portuguese influence is noted to have shaped the current political situation, the agricultural industry and the developmental potential of Mozambican land. The influence on land is also vital in the shaping of attitudes towards land

ownership and the evolution of the Mozambican land laws. Providing a brief historical overview proves instrumental in assessing the contemporary case study explored later in the chapter.

The Portuguese expansion into Africa is traced back to the fifteenth century, when the need for resources drove Portuguese exploration eastwards, in search of productive land. Newitt explains that this expansion was a by-product of Portugal's poverty, as opposed to its wealth. The state was endowed with poorly yielding agricultural land. This combined with an expanding empire and growing demands drove the nobility in search of resources through armed exploits and maritime expansion (Newitt, 1995: 14). It was perceived, by the Portuguese rulers of the time, that expansive trade patterns would assist with the country's resource shortage and expand the Portuguese span of control.

The initial exploits eastwards proved unsuccessful and it was not until 1497 that Vasco da Gama landed in Mozambique in completing the first Portuguese voyage to India (Newitt, 1995: 15). Once the Portuguese had touched down in Mozambique, the encroachment of Portuguese dominance over existing institutions began to take place. This initial interest by the Portuguese in a foreign state's resources can be perceived as directly in line with the current investments and the seeking of foreign resources. This indicator aligns with the neo-colonial critiques of the contemporary environment yet also highlights the mirrored tendencies between the two periods of foreign dispossession in the African context. This influence that has been present for centuries also alludes to the extent of foreign involvement in Mozambique.

The domination by the Portuguese in the east African region extended gradually into the 1500s as da Gama and other explorers suppressed the rival Muslim traders of the time to occupy and fortify the cities of Kilwa and Sofala as strategic locations. The rationale behind establishing fortresses in these cities was to gain access to gold, establish ports of call and administrative centres with permanent settlements (Newitt, 1995). Mozambique slowly became an integral part of the Portuguese gateway to the East as these settlements became more established and by the 1520s the Portuguese 'were busy weaving themselves into the existing fabric of the coast's commercial life' (Newitt, 1995: 22). Once these settlements had become solidified, the Portuguese domination of Mozambican resources expanded in terms of ownership and

distribution. This expansion continued into the sixteenth century through a series of conquests over the existing chiefdoms of the different regions.

The seventeenth century saw changes which affected the importance of African resources for the Portuguese. At that stage, the distribution of Mozambican resources with the rest of world was still tightly controlled by the colonial authorities in terms of land ownership and production. Changes in the global economy had driven the control of capital and the power of central governments to dominate local centres of power in the colonies. This, in turn, created larger state systems of economic interdependence between the European powers and their various colonised states. Newitt (1995: 79) claims that this played a role in solidifying Portugal as colonial state, by having enclaves of productive land across the globe. It also enhanced the relationship and interaction between the Portuguese settlers and their Mozambican counterparts into the late nineteenth century as these structural factors and economic changes drove more extensive colonial aspirations.

Portugal came under pressure to assert its 'effective occupation of present day Mozambique' from the expansionist ventures of the British Empire, the penetration of eastern Africa by Indian merchant capital and the transformation of other metropolitan colonies. The South African mining revolution and the creation of a major industrial economy in the region also led to changes in the political fabric of the state (Newitt, 1995: 317-318). These factors boosted commercial activity along the coast which led to the development of plantation agriculture and mining in the colony. It could therefore be said that the 'Scramble for Africa' during the late 1800s resulted in the entrenchment of Portuguese influence in the conduct of commerce and industry in Mozambique in addition to restructuring the country's land laws (Newitt, 1995: 333). With the state's growing commercial potential, it seemed necessary for the Portuguese to assert themselves in control over these resources in order to fully reap the benefits of the territory which they had laid claim over.

Modern Mozambique was largely a result of a series of treaties signed between Portugal and Great Britain in 1891. These treaties reflected 'the tension and political realities of the time, but the frontiers which they delineated were not simple arbitrary lines drawn on a map' (Newitt,

1995: 31). The state was instead shaped by the geography and the historical evolution of the people in the different regions (Ibid) and it seems that the value of resources meant more factors were taken into account in the formation of the Mozambican state. This is also reflected in the policies towards the integration of local citizens into the Portuguese state.

The official policy of Portuguese colonizers was largely that Mozambique was not a colony of Portugal but rather a pluri-continental and multi-racial nation of Portugal in which Portuguese national identity and imperialist narrative were reworked to emphasize Portugal as a major power with a colonial empire (Cabecinhas & Feijó, 2010: 31). It was claimed that Mozambique, like other Portuguese colonies, was an extension of the Portuguese state itself. This insinuated the control over Mozambican resources in their contribution to the Portuguese empire as a whole. The entrenchment of Portuguese nationalism and culture implies the disregarding of local institutions and possibly very different goals in terms of a development trajectory to that which existing institutions of chiefdoms may have advocated. This is most evident when it comes to land use and agriculture, especially in terms of the changes in ownership structures and power relations that are incumbent with such changes.

4.1.2. Portuguese Influence on Land Ownership Structures

As it has been stated, the initial Portuguese expansion into Mozambique was driven by the search for resources. Therefore, the control over productive land formed an important part of the domination over local structures that extended into the late nineteenth and early twentieth centuries. These periods of pluri-continental and multi-racial expansion by the Portuguese over their east African colonies meant for a tighter grip over resources and the areas producing them. This control was only exacerbated by the noticeable economic and structural changes in the southern African region of that period which had boosted economic growth of the area. During this period of economic expansion, the production of resources was tightly controlled under the neo-mercantilist regime of Salazar's Estado Novo which lasted from 1933 to 1974. State planning and campaigns for the production of commodities, such as cotton and sugar,

boosted the amount of productive land substantially (Kaarhus *et al*, 2010: 7). However, an implication of this were the changes and control over land ownership structures.

Newitt (1995: 449) explains that Salazar's ministers established a series of laws that gave Portuguese colonies 'colonial positions' in the Portuguese constitution but also granted them a better defined legal structure on which to base their administrations. The governments in the colonies were closely controlled from Lisbon and the centrally planned economies integrated with the Portuguese economy. In Mozambique's case, the *Carta Organica* was written as its first constitution. This was divided into four parts, entitled 'General-Guarantees' which defined the close relations between Portugal and Mozambique, 'The Natives', 'The Political and Administrative System' and 'Economic and Financial Guarantees'. 'The Natives' section of the *Carta Organica* reads as a Bill of Rights and acknowledges the abuses of the previous regime

The state 'guarantees the protection and defence of the natives' and will 'punish in accordance with the law all abuses against the persons and property of the natives'. The 'labour of natives in the service of the State or in that of administrative bodies shall be remunerated' (Ibid)

Such legislations insinuate the protection of local rights and institution, yet the extent to which this was acknowledged remains highly questionable, especially with regards to land rights. In the 1930s the Estado Novo regime decided to consolidate colonization by supporting the migration of Portuguese peasants to Mozambique. Sections of irrigated land were reserved for Portuguese migrants who got free passage to the colony and were entitled to extensive loans and grants to establish *colonatos* or settlements for 'modern' family farming (Newitt, 1995:466). This was the first signs of institutionalised dispossession of land by the colonizing powers with the Portuguese emigrants being granted preference over the local communities and existing land ownership structures and preferences.

Another largely influential factor in land ownership structures were the *prazos* or feudal estates that had been established since the early arrival of the Portuguese in the sixteenth century. These estates were under the rule of great concession companies who had acted like feudal 'seigneurs' who derived their profits from the control of taxation and labour with the

possession of commercial monopolies and the right to lease sub-concession (Newitt: 1995: 459). The name *prazo* translates as 'term' which applies in that the estates were granted by the Portuguese crown for three generations (Axelson, 1960:137). Axelson describes the power relations between the Portuguese owners of these estates and the locals as such:

The lords of all these estates had the same powers as the native chiefs from whom the land had been conquered. They had absolute power of justice, they waged war, they imposed tribute, and often they were guilty of great barbarities (Ibid).

The power of these *prazo* holders extended to some even possessing private armies for their virtually independent fiefdoms. These institutions were slowly done away with, through the integration of Mozambican resources into the world economy and the renewed interest in African territories of the late nineteenth century. This eventually culminated in Salazar putting an end to this corporate feudalism in Mozambique which meant that these old feudal tenures of crown land were replaced with a system of freehold and rent (Newitt, 1995: 333). Despite these adjustments, these veritable kingdoms had shaped Mozambican land ownership structures to such an extent that they would have implications for the structures that were later established.

The mechanisms that were implemented to transform the old slave-trading domains of east Africa, especially the acknowledgement of locals of the colonies in the Portuguese constitution seemed to be progressive steps. However, in reality, the treatment of the local institutions and ownership structures still remained questionable. There was a noticeably large amount of dissatisfaction among Mozambicans regarding these structures which in itself contributed to the desire for change that took place during the period of decolonization and liberation. The importance of land in the region, in its value for both the Portuguese colonizers and the local population played a major role in the decolonization process. This meant the liberation of the country turned out to hold huge implications for the land issues which greatly contributed to the current environment in which investments are taking place.

4.2. Independence and the changes in land ownership

During the decolonisation process which began in the 1960s, these systems and existing land law came under attack by the liberation movements who sought to restructure an independent state. The process in which the liberation of Mozambique occurred along with the imposition of a new state and restricting of land institutions reveals a great deal about the type of structures that remained in the post-colonial Mozambican state.

4.2.1. Decolonization and Independence,

Newitt notes that the decolonization process of Portugal's colonies was slightly delayed in relation to the waves of independence that passed through Sub-Saharan Africa at the time. He provides a coherent account regarding the way in which this transition took place by acknowledging the macro changes and micro adjustments which shaped the decolonization process.

Owing to the perception at the time of Portuguese colonies being instrumental entities of the mother-country, the beginnings of decolonisation in Africa were viewed by Portugal with some scepticism (Newitt, 1995: 517). Before the 1960s, the Portuguese had experienced very few challenges to its African empire. The principle opposition, which began in the 1960s, came from within the Portuguese ruling elite when the presidential elections were contested by General Humerto Delgado who had formed a united front among the opponents of Salazar's regime. His campaign achieved widespread popular support among voters in Mozambique and Angola. This success was an indication to Salazar of the levels of discontent among the Portuguese settlers but also indicated the need to address the issue of an impending war in their African colonies (Newitt, 1995: 519).

Liberation War

Despite this growing external pressure as well as the changes taking place in the macro-political environment surrounding Mozambique, the Portuguese had tried to insulate the colony from

the changes that were taking place elsewhere in Africa. A bureaucratic state was created controlled by a 'security police which made sure that the population, white as well as black, was disintegrated and disorganized within itself' (Newitt, 1995: 520). The liberation movement, Frelimo formed in 1962 as a culmination of nationalist groups. At its first conference, the movement claimed that

...it defined the basic role played by unity in the process of national liberation; it showed that division was the major cause of the weakness of the historical resistance of our people to colonialism (Newitt, 1995: 522)

This uniting of anti-colonial sentiments solidified the movement. However there were still deep divisions over the means to achieve these ambitions. There existed great differences in the ideological standpoints of party members. Some perceived Frelimo as a 'broadly-based movement for national independence' (Newitt, 1995: 523) whilst others were committed to turning it into 'a movement for social revolution' (Ibid). The military operation that ensued between the liberation movement and their Portuguese counterparts was initially dominated by the Portuguese owing to the scale of the Portuguese operation. This exacerbated the increasing issues of ideological and ethnic tensions evident within Frelimo.

The Portuguese instigated key changes in colonial legislation to garner support. The establishment of legal equality, the repeal of the 1954 Native Code, probation of forced labour and forced cotton-growing along with increased social expenditure (Newitt, 1995: 528) were all enacted as means to strengthen Portuguese influence in the region. However, as conflict progressed into the 1970's, Frelimo managed to successfully take hold of the gradually crumbling colonial structures still remaining under the Portuguese rule. This success was also owing to economic and political developments within Portugal itself.

In the early 1970s Portugal changed its policy of financing high spending in the colonies to a tighter economic regime. This shifted the burden of financing the war to Mozambique itself (Clarence-Smith, 1985). Newitt goes on to explain that at the same time Portugal was negotiating for entry to the European Economic Community which depended on the dismantling of structures that had reserved colonial markets exclusively for Portuguese exports.

This, along with the lifting of restrictions on foreign investment, resulted in a sharp decline in trade with the colonial territories, including Mozambique (Newitt, 1995: 532). Marcello Caetano, who had replaced Salazar after his death, initiated these compliances and in 1972 Mozambique formally gained local autonomy in becoming a state as opposed to a province of Portugal (Newitt, 1995: 534). The handover of power to Frelimo took place after a 1974 coup in Portugal by the MFA who called for a political instead of a military solution to solving the decolonisation process. Despite the initial confusion that the April revolution brought, the first negotiations took place between the Portuguese and Frelimo in June 1974. The Lusaka agreement was eventually signed in September, which allowed the rapid and unequivocal transfer of power to Frelimo without prior elections (Newitt, 1995: 539).

Newitt (1995: 540) claims that the Lusaka Accord left many matters unresolved. There were no guarantees regarding the position of the settlers and their property, no decisions made regarding Portuguese assets or compensation and the issues surrounding colonial debt were unresolved. Land ownership structures had also been largely left unaccounted for, and taking into account the largely skewed institutions that had been put in place during the periods of colonization, this was likely to lead to be problematic. This meant the post-independence land ownership structures were going to have to deal with a number of issues reinstating due ownership to 'rightful' land owners.

The colonial setting and process of liberation insinuate a most dynamic setting for the contemporary environment. The second phase in the Mozambique's decolonization history involves the attempts by the newly independent government to institute legislations and structures to right the wrongs of the colonial past. These changes took place in light of the colonial influence and stand in contrast to the mechanisms and policies of the colonial institutions.

4.2.2. Frelimo and Restructuring

The transition to independence transferred power from the controlled imperialist Portuguese power structures to the Frelimo liberation movement. The ideology of the Frelimo was initially

a moderate form of Marxism, which became more pragmatic. This was similar to African nationalist thinkers such as Amílcar Cabral, and the classic identification of neo-colonialism as an economy to be challenged. Its ideology evolved to become a fully Marxist-Leninist Party in 1977 (Newitt, 1995: 542), with its leftish approach shaping Frelimo's aims for the development trajectories of the Mozambican economy. Newitt explains how during the war of liberation, Frelimo focused on the mass mobilization of the Mozambican peasantry and the oppressed class. Acknowledgement of these groups was created through mass membership, the enlisting of traditional leader like chiefs as heads of co-operatives along with disadvantaged groups (Ibid). This acknowledgement of the masses was claimed to be a dominant strategy of the party yet, in assessing the structure of Frelimo's institutions, the treatment of the Mozambican peasantry and rural class becomes questionable.

Frelimo claimed the liberation from the Portuguese rule took place in class terms as a result of the dominance of feudal and capitalist social relations over the largely rural Mozambican population (Newitt, 1995: 546). The extensive rural population in Mozambique meant that Frelimo cited the future of the country lay in building up a 'modern economy based on mechanised farming and a spread of industries' (Newitt, 1995: 547). This primacy placed on developing agriculture was also owing to the economic circumstances of the time. The global economic conditions of the early 1970s had driven the newly independent country into a recession through its effects on commodity prices. This, along with increased urbanization, enhanced the demand for food imports (Raikes, 1984). This pressing need to feed the population initiated a highly centralised state administration and economic development agenda which ended up holding implications for the Frelimo party.

The early years after independence, Mozambique pursued a notably socialist agrarian policy by replacing colonial agriculture with state farming (Bruce, 2007:1). Frelimo creating a National Planning Commission to coordinate the planning of various ministries along with a highly centralised national development plan that identified the sectors of the economy under state control which would prove instrumental for general economic growth (Newitt, 1995: 553). A vital element of the plans for agriculture was the division of the sector into four distinct parts,

namely; family farms, private farms, co-operatives and state farms. These state farms were created from the abandoned estates of the Portuguese which itself lessened the possibilities of these being distributed to peasant families or turned into cooperatives. The farms were either former plantations or 'formed by grouping the smallholdings of the *colonatos* into huge state-managed concerns' (Newitt, 1995: 553). Despite insinuations that the productivity of these state farms was questionable, investment into these farming entities was most prolific. It is estimated that they received over 90 per cent of all agricultural investment during the first five years after independence and in 1982 the state farms had nearly 140,000 ha under cultivation (Ibid).

These agricultural initiatives drew largely on foreign expertise and economies of scale in seeking to develop a class of agricultural labourers (Kaarhus *et al*, 2010: 7). Thus, despite these initiatives' aims to boost the economy, this foreign involvement was still maintaining certain colonial social structures, which were reflected in the lack of accountability to the peasants working the land (Cahen, 1987: 62). This period of state farming was, however, relatively short lived. The system is noted to apply to the environment of decolonization of the 1960s and 70s when new African governments sought to gain control over their land and natural resources by attempting to make it difficult of foreign investors to be directly involved in the production of agricultural goods (UNCTAD, 2009: 105). The system did seem to achieve a kind of consolidation of agricultural land, yet seemed to sow the seeds of unrest amongst the rural population who perceived themselves as the rightful land owners.

The highly structured economic system with this state farming model that had been implemented by Frelimo is noted to be instrumental in shaping the unrest and civil war that ensued in the newly independent state. Although Frelimo had liberated Mozambicans from the Portuguese colonial power, it seems that its hold over power and property added to the discontent which eventually escalated in large-scale civil war. The resistance to the Frelimo government is noted to be as a result of a number of factors, both internal and external. Yet the power structures of the Mozambican politics at the time were the deciding factor.

4.2.3. Civil War and After-effects

The formation of Renamo, the opposition movement during the civil war, should be understood in the context of the Mozambican history. With the prevalence of small, dis-integrated political units, tensions existed between 'the local control of the martilineage over land and resources and the political power wielded by males through war, commerce, slave trading and slave owning (Newitt, 1995: 575). At the time of the newly independent state these social divides were still most evident. Along with the assistance of neighbouring states, the exploitation of this political environment proved relatively simple for an opposition movement to exploit (Ibid). Renamo took advantage of the hostility between Frelimo and various traditional authorities, especially the many families who had lost influence and control over their land by being moved to communal villages. This also included traditional chiefs who had lost influence to party officials or newly instigated People's Tribunals (Newitt, 1995: 571). Renamo's utilization of these conditions resulted in a brutal and highly destructive civil war which shattered Mozambican society, shaping the country's political system, economy and agricultural infrastructure.

Renamo originated as a military movement and initially involved itself in disruptive guerrilla warfare in Mozambique. This was extended in the 1980's the movement moved its base to South Africa where it was given training facilities and resources to become the main instrument of destabilisation to the Frelimo government. Its acts of sabotage extended to social infrastructure and installations of the rural economy (Metz, 1986). Its campaign and membership continued throughout the 1980s despite with the signing of the Nkomati Accord of non-aggression between the South African and Frelimo governments (Newitt, 1995: 565).

This period of unrest saw Frelimo having to reassess its centralised agriculture policies. In addition to the acts of sabotage by Renamo, various natural disasters of droughts and floods harshly affected the rural economy. It was realised that the state farms and cooperatives were not producing enough to support the country's population. The government was desperate to stimulate agriculture but the state ownership of land had left a vacuum in land management and these entities became part of contestations for power (Bruce, 2007: 1). The decline in living standards began to affect all sections of the population but also exacerbated the alienation of

the peasantry 'whose support was so essential to the regime in combating rural guerrilla activity like that of Renamo' (Newitt, 1995: 565). This led to the decentralisation of many farming activities, with greater resources being channelled to private farms and price controls being lifted (Newitt, 1995: 566). These extensive structural adjustment and liberation programme were developed by the World Bank and the IMF (Abrahamsson & Nilsson 1995:111, Sjaastad et al. 2007:34), which meant that Frelimo was also under international pressure to instigate these changes.

Despite these institutional changes the stability of the country was only to worsen before the two sides eventually came to a peace agreement in 1992. The tactics of Renamo were hugely brutal, involving acts of terror, displacement and the targeting of government and economic installations in effort to destroy all popular trust in Frelimo (Newitt, 1995: 570). These acts were regarded with such disgust that Frelimo even refused to hold talks with the movement in 1987 (Newitt, 1995: 572). The factors contributing to the peace negotiations were both external and internal, with demands being made of Frelimo by foreign donors and Mozambican organizations to make constitutional changes ending one-party rule.

The new constitution introduced in November 1990 allowed multi-party elections, freedom of the press and a legal right to strike... thus one of Frelimo's major weaknesses over the previous fifteen years, the fact that it had never been voted into power, would be remedied (Newitt, 1995: 573)

With the help of foreign aid, the peace fire agreement, signed in 1992, created a settlement between the two movements as the country began its attempt at picking itself up from economic and governmental collapse (Newitt, 1995: 574). Now independent and relatively stable, Mozambique undertook to rebuild its economic and state structures that had been so affected by colonization, independence and the civil war. In the constitutional changes that took place, the adjustments to the land ownership structures were vital in guaranteeing the developmental potential of land that had been under the many forms of control over time. It is these new land ownership legislations that have affected contemporary investments and, in

addition to the situation being moulded by the colonial influence, have set the scene for current agro-investments.

4.3 Post-Civil War constitutional change and land

In gaining independence, Frelimo had inherited an economy that is noted by Professor Marc Wuyts to portray three distinct characteristics. The first is the economic integration of Mozambique into the Southern African sub-system. It played the role of a service economy, providing transport services and the supply of migrant labour to the South African mining sector and farms in the neighbouring states. The second was the dominant economic function of the Mozambican economy in the production of primary commodities and development of elementary processing industries for major export (Wuyts, 1985: 182). The third and possibly most important factor was the influence that the settler-based colonialism of Mozambique had for the structure of the labour market with all administration and skilled jobs created to preserve the settler community, thereby emphasizing the racial stratification of the working class. This meant that plantation and settler farm sectors were based on the supply of labour from the peasantry (Ibid), which also led to the bimodal form of agriculture evident in the contemporary state. This make-up of the Mozambican economy changed largely as Frelimo set about instituting its centralized economic policies throughout the late 1970s and 1980s, yet these structures of land ownership perpetuated the socio-economic changes that took place after the civil war.

The constitutional changes that took place after the civil war involved the initiation of a multiparty political system as well as altering the centrally controlled political economy to create a market-oriented one (Shikhani, 2012). These changes held major implications for the institutions of land ownership. This is especially owing to the fact that Mozambique had come out of its civil war without a coherent body of land law. Land and property rights remaining as politically sensitive subjects (Bruce, 2007: 5) meant the installation of a land law would prove vital. The legislations, initiated in the period after the civil war, have perpetuated the current environment and influenced the current context of investment. It is important to note the

socialist influence to the land laws of Frelimo. Taking into account the theoretical and contemporary debates explored in the previous sections of the study, the potential of these legislations in initiating accountability and effectiveness of current land investments should be noted.

4.3.1. Constitutional Changes of early 1990s

The profound social and economic reforms that had taken place in the Mozambican state had huge implications on land law and policy, especially for rural development and the agricultural sector (Vala 2010: 35). The initial model of agricultural development of Frelimo is described as 'socialist, central-planning, modernization model'. The similarity to the models of colonial era planners should be noted, despite Frelimo's aim of turning the local peasantry into a working class (Hanlon, 2002: 4). With the advent of a new constitution in 1990, this policy was to be escalated with the new market economy framework and new demands for reforms which would result in land and natural resources becoming mechanisms for creating wealth (Ibid). The new constitution included the following policy on land:

The Constitution of 1990 maintained the law stating that land was State property and could not be sold, mortgaged, pledged or alienated in any way. However, the land was no longer under the regime of public dominion as was the case with the remaining natural resources (Vala, 2010: 32)

This policy was largely in line with the highly centralized policies that Frelimo had implemented in other sectors of their economic policy and is claimed that this national policy have been structured in order to eradicate the poverty and displacement that was rife in the rural areas as a result of the civil war (Odeny *et al*, 2010: 28). In placing ownership of land with the State, it was hoped that consistency in land rights would follow (Vala, 2010). This was in addition to the attempt at recovering the production of food, the respect of customary rights of the rural population and family-based agriculture (Odeny *et al*, 2010). This land policy was formed with the aims for socio-economic development of its rural areas and taking into account the make-

up of the Mozambican population and economy at the time being predominantly rural, the desire for control over the land resource by the state is largely understandable. This system, that is largely representative of the socialist approach to development, has been noted to perpetuate the previous policies of Frelimo as the 1990's progressed. The 1997 Land Law has been noted by many as one of the most advanced land laws in Africa, the validity of which is questioned in the example in this investigation. Once again, it should be noted that the socialist nature of the laws speaks largely to the initial neo-colonial approach to control over land. However, the highly centralised and controlled nature of the law does beg to question the initial debate regarding customary land ownership and the acknowledgement of customary land structures.

4.3.2. The 1997 Land Law

The 1997 Land Law can be perceived as the most influential legislation shaping current land ownership and land investment in Mozambique. The Land Law was implemented in the late 1990s, owing to the acknowledgment of the potential of agriculture for socio-economic development and the increased land investments taking place across the country. The legislation introduced various innovations in the country's agrarian structure which have provided judicial reform in acknowledging existing rights of the rural population as opposed to the reform of land distribution (Vala, 2010: 32). It is also noted that a historical approach needs to be wielded in order to understand the law. This is taking into account that it involves the mixing of socialist and traditional land economy into a land tenure system that is part of an emerging market economy. This may insinuate the Law should be regarded 'as a bridge rather than a final solution to land policy issues' (Bruce, 2007: 5). The Law is regarded to have four principle objectives, in rationalising and regulating land granting, in legitimizing the grants made, in moderating the process through the provision of criteria and procedures and lastly in reaffirming the rights of peasant landholding communities (Bruce, 2007: 3)

These fundamentals define the ways in which people can gain land use rights. This is either through land that has been traditionally occupied, locals who have the right to land which they

have occupied 'in good faith' for at least 10 years, along with people and companies who have been authorised by the government to use the land (Hanlon, 2002: 8). The Law provides a 'title for use and improvement of the land' or 'direito de uso e aproveitamento da terra' (DUAT). This is for individuals, companies and communities who have gained access to land under the various categories, outside investors are only granted a fifty year title that can be renewed for another fifty year period (Hanlon, 2002: 8). The basics of this law have been well received and have been hailed by many as a suggested model for other African countries seeking to rectify their issues of land ownership.

USAID scholar, John W. Bruce outlines these positive factors of the Land Law. He cites that these are notably the establishment of a new property right in land that is inheritable, transferable and subject to certain restrictions. Land is granted within a standard framework of development conditions and although community and individual rights are recognised, these are only granted from the government (Bruce, 2007: 9). Apart from these benefits, Bruce (2007: v) also acknowledges the fact that such a law should change the incentives of those seeking land and structure a process of change for it to be wholly regarded as modern and appropriate for other African countries. As with most progressive legislations, it seems the issue of implementation is vital in assuring the success or applicability of the Law's recommendations.

The extent of the Law in covering all the bases of ownership and land acquisition are most evident, and it has become an integral part of the Mozambican land and agrarian policy in its objectives of establishing food security and reducing poverty and unemployment (Odeny *et al*, 2010: 28). This is also owing to the primacy that has been placed on the productive capacity of Mozambican land in achieving the desired development for the state. The '*land issue*' has its own important role to play in raising the national product and contributing to the economic growth of the country. However, it must be noted that this land issue occurs in conjunction with the issue of investment which has always been regarded as a major tool of Mozambican development in the reduction of poverty in its vast rural areas (Vala, 2010: 32). In the current context of large increases in foreign interest in land in Mozambique, the integration of this

seemingly forward looking system of land ownership with the aims and policies of foreign entities will prove most interesting.

Taking into account the tumultuous history of the Mozambican state and the influence that this has had on institutions of land ownership and land tenure, does the complex nature of the current environment become evident. The period of colonization consisted largely of Mozambican resources being exploited for Portuguese interests along with existing structures of customary tenure and land ownership being overruled as European institutions were imposed on them by the Portuguese settlers. The series of events and changes in ideologies that took place after decolonization further moulded the nature of land ownership and current power relations between the state, the owners and the workers of agricultural land.

The Land Laws that have instigated the centralized nature of land ownership have been put in place as mechanisms to insure accountability and development. However, in exploring the current trends in investment in rural land, especially with the specific example, it becomes questionable whether the current legislations and institutions in place can be regarded as effective in preventing a situation similar to the period of colonial domination. Taking into account the cases of new investments, it remains questionable if the highly centralized socialist approach to land ownership, currently evident in Mozambique is, in fact, still perpetuating the kind of power relations that have been criticized by the traditional neo-colonial critique and contemporary scholars of foreign involvement in African resources.

With the historical context set in examining the way in which foreign intervention and exploitation has taken place in the Mozambican state since the period of Portuguese domination, it proves applicable to analyse the current state of agro-investment in Mozambique. The next section of the study seeks to explore this current environment in light of the setting that has been created, culminating in an analysis of an example of such investment.

Chapter 5: Contemporary Land and Investment Issues in Mozambique

Despite its tumultuous history with the changes in power relations and ownership structures, foreign investment in Mozambique has shown no signs of waning. This is owing to the perceived political stability that its centralized system has provided and the presence of both national and international markets in the country. The state's clearly defined macroeconomic policies have contributed to the strong economic growth of the recent years. This, along with the clear availability of resources and land (Vala, 2010: 33), have boosted investments. This study will focus on one example of agro-investment as a realistic account of the general investment trends. The dominant factors explored are the actors involved and structure of the investment, the means by which the negotiations have taken place and the resulting effects on land ownership structures and resources.

This example proves vital in integrating the theoretical perspectives on issues of foreign interest in African land with the perceptions on land ownership and the role of land as a resource. It also serves to contextualize the contemporary investment environment and historical setting of Mozambique. It is important to acknowledge that in the period of colonization, the imperial powers controlled economic growth, production and labour yet, in the contemporary post-colonial setting, this growth is stemmed from global economic factors. This final section seeks to explore the way in which this integration has taken place. With land becoming politicized, the profitability of land has become a primary concern owing to its developmental potential and the effect of this on the local communities. The implications for land ownership reflected in the specific example are useful in exposing any trends in such agro-investments and if the assumptions made in the previous examples of the literature have perpetuated this example of investment.

5.1. Investment in Mozambican Agriculture.

Agriculture continues to form an integral part of the Mozambican economy, employing nearly 80 per cent of the country's population, yet does not contribute a substantial amount to the annual GDP of the state (Borras Jr. *et al*, 2011: 217). The role of foreign investment in the

Mozambican economy is, therefore, paramount to the development of the state, similar to the period of Portuguese domination. Natural resources were the principal reasoning behind the initial foreign interest in the region, so it is not surprising that these have continued to drive foreign investment up until the contemporary period. In the current context, land has remained the sought after resource driving investments.

Historically, the main instigators of this investment are noted to have been Portuguese, British as well as South African. The presence of South African capital in a great deal of Mozambican business and investment ventures is evident as South Africa overtook Portugal as a major trade partner and principle source of capital in the years preceding Mozambican independence (Newitt, 1995: 532). It is also noted that these three powers remain as the predominant foreign private investors in the agricultural sector and in agro-processing, with recent additions of Mauritian and Brazilian capital (Kaarhus, *et al*, 2010: 8). The profile of current investors is therefore similar to that of historical colonial influences in Mozambique and this link is aligned with the critique of contemporary agro-investment explored in the previous sections of the study

As resources and agriculture remain a dominant investment opportunity for potential investors, the lack of infrastructure in the rural Mozambican context and complex land ownership structures have often resulted in difficulties in implementation from both the investors and the local perspectives. These complications are notably the result of the historical legacies of a highly centralised and coercive state, with unclear principles of the public-private roles and responsibilities, along with a weak sense of accountability between different levels of power. Therefore these investments, which are regarded as vital for the economic development and growth of the Mozambican state, are being limited by these institutional factors. A more important fact is that the current neo-liberal make-up of the global political economic framework (Kaarhus *et al*, 2010:10) is at odds with current Mozambican systems and legislations, which may have to make adjustments in order to facilitate the potential growth of such investments.

The conflict between these systems has been noted by economist Hernado de Soto. He states that capitalism is often lost in developing and former communist nations and explains that

...it is not equitable. It is out of touch with those who should be its largest constituency, and instead of being a cause that promises opportunity for all, capitalism appears increasingly the leitmotif of a self-serving guild of businessmen and their technocracies (de Soto, 2000: 221)

This argument holds in the Mozambique with it being a developing state with socialist structures. In the investment context, the external actors or potential investors can be regarded as de Soto's motif of businessmen who use technology or capital for power purposes. He also goes on to say that the effect of capitalist globalization, on poor economies is the concentration of capital in a few hands and the interconnecting of the elites (de Soto, 2000). This is in line with the critiques of contemporary land investments. In order to prevent this exploitation, de Soto states that a formal property system with titles should be evident. This is taking into account such formal titles are 'an abstraction to something which is more easily tradable and transferable, and are the fundamental explanation of 'why capitalism triumphs in the West and fails everywhere else'' (de Soto, 2000: 241).

This argument for the adjustment of land legislations is most evident in independent, post-civil war Mozambique. There have been arguments that the privatisation of land would initiate greater investment and the state should lessen its hold over land in order to create a more receptive environment for foreign investment. This is owing to the suggestion that private ownership guarantees investment by productive users who have the means to make effective use of the land. However, these suggestions have not been heeded, with the counter-argument that privatisation can result in landlessness if bad seasons negatively affect production and the farmer's ability to pay for mortgaged land.

Privatisation had also been pushed in the post-civil war period by external notably neo-liberal forces, such as the World Bank and the United States. Mozambican elites, who hope to sell the land concessions they had gained, also advocated private investment. These suggestions were successfully opposed by peasant organisations, whose concern with the landlessness trumped

the ambitions of these individuals and institutions (Hanlon, 2002:10). The Land Law acted as protection for the peasantry in assuring access to land without the pressures of mortgages or upfront payments. The former Mozambican Minister of Agriculture and Rural Development Hélder Muteia is quoted in Joseph Hanlon's exploration of the Land Debate in Mozambique saying that

...if we open a land market, we would very quickly have some landless people, because peasants are pauperised and vulnerable and will be forced to sell their own land. ... But those who are asking for privatisation are a group of commercial farmers. The majority of farmers in our country are peasants... this not the time to privatise (Muteia *in* Hanlon, 2002: 10)

Apart from these anti-privatisation sentiments, there is also the perspective that the current context may begin to require some flexibility on the Land Law owing to the Law's failure in achieving its mandate. Such adjustments would possibly involve constructing appropriate tenure arrangements for each situation that allow greater accountability to the community involved. USAID Mission Director Cynthia Rozell is also quoted saying that 'community land should be owned by the community, not the state, while land 'appropriate for commercial agricultural exploitation by companies and individuals' could be fully privatised. (Rozell *in* Hanlon, 2002: 11). This ownership debate is hugely important to the trends in land investment and has resurfaced in priority with the increases in agricultural and land investment. Vala (2010: 35) refers to this on-going debate between the State, the private sector, local communities and NGOs as to which measures or changes in land ownership structures would be most viable in establishing an area as 'a Development Pole'.

In addition to the issues of ownership affecting investments in land, are the implications of these investments for the actors involved. The primacy that has been placed in the agricultural system of Mozambique, in its development potential, has enhanced the importance of the actors involved. The bimodal system of agriculture in the country has enhanced the issue, owing to the great contribution by owners of large scale farming to increases in national productivity (Moyo, 2007: 6). Again, this indicates the possible power that is placed in the

hands of investors who can gain access to these large scale enterprises. In assessing the following example, the actors involved and the means by which the investments have taken place will certain indicators be explored that will be assessed in the context of the wider investment environment. This is notably in terms of how the historical influences have possibly affected the current environment and how the trends in literature and theory have been embodied in such examples of investment.

Owing to the scale of this study, it is important to note that the majority of the material used for these examples is secondary but still constructs a basic outline of the nature of the foreign investment, the actors involved and if any implications can be established regarding the issues of ownership, power relations and the potential of the land. It is also iterated throughout the contemporary literature about the secretive nature of the terms of these deals. It is also noted that negotiations usually take place behind closed doors and local landholders rarely have a say in the outcome. The contracts which define the terms of the investment project are also not often available (Cotula, 2011: 1). It should also be noted that it is difficult to gauge the socio-economic performance of such examples but remains applicable to provide an outline of the way in which they have occurred and what implications and indicators there may be for other investments of this nature.

The ProCana case, that is explored, involves the extraction of resources for biofuel production which is most applicable in the current context of land investments. The case has come under huge scrutiny, as an agro-investment, owing to its effects of the Massingir community as well as its failure to realize the original aims of the project. The case provides a most notable insight into the implications to the local ownership structures and institutions that can result from these contemporary investments as well as the critical accounts of how this project failed. Tania Li (2011: 287) argues that the worst case of such investments occurs when the capitalist corporations seek out only the land but not the labour of the local people, thereby the dispossessed cannot be absorbed into any productive sector as they are a kind of 'surplus people'. Whether in fact this has been regarded in the ProCana case will display what the

effects of the investment project have been for the community directly affected along with the greater ramification of an investment of this nature.

5.2: The ProCana Case

5.2.1. Outline of Investment

The ProCana case serves as a most applicable example of agro-investment in Mozambican land owing to a number of factors. The case involved a proposed sugar cane plantation of 30 000 hectares in Massingir, in the southern province of Gaza. The land was purchased under a fifty year contract for the production of ethanol for export, mostly headed for South Africa (Odeny *et al*, 2010: 6). The deal, between the Mozambican government and foreign companies drew a fair amount of attention owing to the extent of the extraction of resources that would take place for biofuel production as opposed to producing food for the local market. Another factor was the extensive reallocation of existing land owners from the investment area and finally, the failure of the deal in 2009 after disagreements among shareholders and the Mozambican government regarding the implementation of the project. This led to the transfer of ownership to British company BioEnergy Africa that bought 64% of the project from the other investors in 2009 (Ibid). The integrated partnership between foreign investors, Mozambican officials and the local community was therefore transferred into a predominantly foreign owned entity which begs to question the plausibility of such arrangements that were framed as community partnerships

In assessing the various accounts of the ProCana case, many issues have been explored in terms of implications for land ownership and the local communities affected by such investment. The World Bank's *Principles for Responsible Agricultural Investment* with the demands for the respect for existing land lands, insuring transparency, good governance and an enabling environment highlight the questionability of this example of investment. This is especially owing to the World Bank's assumption of equitable 'win-win' outcomes from foreign investment in land if its codes of conduct are respected (World Bank 2010 *in* Nonfodji, 2011: 2). In assessing this investment, the World Bank's projected outcomes seemed largely

questionable owing to a number of factors, especially the treatment by the foreign investors of local intuitions of land ownership.

An important issue that is focussed on, in the comprehensive study of the investment deal by Borrás Jr., Fig & Monsalve Suárez (2011), is the misperception of existing marginal lands in the region in which the ProCana project took place. This investigation took place in 2009 when the investment deal was folding and therefore sought to gain a notion of the effects that the deal had on the surrounding communities and the Mozambican economy. The authors explore the fact that such investments also began to draw on water resources, which enhanced the effect on local communities (Borrás Jr. *et al*, 2011: 216). This case has also drawn the attention of other studies including Lorenzo Cortula's 2011 investigation into the contracts of land deals and the NGO FIAN's 2010 report on land grabbing. The controversy of this case indicates its use as an epitome of the controversial nature of trends in agro-investment.

The ProCana investment project was initiated as part of a greater initiative in the Mozambican state to improve agro-processing and biofuel production. In reaction to the wider global demand for biofuels, it is noted the Mozambican government initiated a biofuel production plan, integral to both the Mozambican energy and agricultural sector. The new 'Policy and Strategy for Biofuels' included enhancing energy security, governing the production and exchange of biofuels in the country as well as reducing oil imports (Econergy, 2008). The possible effects that such projects would have on local land owners were, however, acknowledged. President Armando Guebuza is quoted by Borrás Jr. *et al* (2011: 217) saying that 'biofuel development will not dislodge Mozambican farmers from their lands'. The biofuels initiative is framed as part of the country's greater issues of energy, environment, land, employment, livelihoods and food. With Mozambique being a land rich country, the need to address these major issues through the implementation of such biofuel schemes (Borrás Jr. *et al*, 2011) remains vital. However, in assessing the means by which this particular project was conducted, the implementation of these schemes become questionable. This ProCana example reflects how the need for foreign capital by the Mozambican agricultural sector has driven foreign controlled projects, often to the detriment of the local structures.

5.2.2. Implementation of ProCana Investment

The ProCana case is based on an optimistic claim that 'underutilized or empty lands would be cultivated for biofuels', and would 'avoid using lands used for food production'. This reflects the perception of the Mozambican government that the investment was not going to involve the displacement of land owners, that the land would be legally accessed and managed and that its produce would serve for the positive gains of the Mozambican population and economy. These hopes resulted in the British company Central African Mining and Exploration Company (CAMEC) investing US\$510 million in 30,000 hectares of land in Gaza province (Borras Jr. *et al*, 2011: 217), thus the ProCana project was initiated.

ProCana had begun to identify suitable lands for sugarcane production in 2006. The investment was then secured with a long-term lease of 50 years, renewable under the current Mozambican Land Laws. Owing to the relatively dry climate, the Mozambican government allowed the project access to the nearby Massignir Dam as it required a substantial investment in drip irrigation scheme that would use 108 billion gallons of water per year (Odeny *et al*, 2010: 31). This demand on water is precisely the encroachment on other resources that has been cautioned against by agro-investment critics. The title deeds that ProCana was granted involved control over the land and infrastructure. It is noted that, although on paper,

...the ProCana land allocation would not violate the Constitutional provision on land ownership, it is possible that the institutional lease arrangement would eventually lead to de facto land ownership (i.e., 'effective control') by a foreign company (Borras Jr. *et al*, 2011: 222).

The allocation of such extensive ownership to a foreign party does raise concerns regarding what the implications of allowing this control would be. This, however, did not prevent the project from progressing. The excavation and planting of land took place with the aim of scaling up to 5000 ha every year up to full operations by 2011 with the employment of up to 7000 local

people during full operation. The ethanol plant was expected to reach commercial viability in 2012, and aimed to produce 300,000m³ of ethanol a year (Borras Jr. *et al*, 2011: 221). Goals of such a high standard would require the intensive restructuring of the existing supposed marginal land. Such changes therefore had the greatest effect on the existing communities living on these areas. There is a notable trend in the various accounts from the area that the land in the Massingir area was being utilised in a traditional manner and the changes imposed in the investment process held greatly negative implications for these various land uses.

5.2.3. Effects on the Massingir Community

The various land uses at the time of the ProCana investment were not necessarily large-scale commercial use, in the capitalist notion of commercial and efficient land, but rather involved the traditional practices of cattle herding, charcoal production and subsistence farming (Borras Jr. *et al*, 2011: 222). The authors found that the land held great potential for food production owing to its proximity to the Massingir dam, to rivers for irrigation as well as a major provincial highway (*ibid*). These factors challenge the notion of investors that these lands were marginal at the time of the investment. Borras Jr. *et al* express that this evidence of existing farming would counter the investor's assumptions of the area consisting of 'marginal lands'. They also indicate that 'traditional livelihood strategies in many southern African countries include extensive crop and livestock farming' (*ibid*). Since these are land use practices that are not regarded as possible on 'marginal' land, this again disregards the assumptions of investors in the ProCana case.

Another account of the ProCana case shows the extent of the existing land use in the Massingir region that was recorded in the relatively functional population in the area (Welz, 2009). These factors indicate the effects of displacement would be greater in that the land use of the area affects the livelihood for entire community. The negotiation process between the investors and the villagers also reflects a lack of consensus. The villagers claim the investors promise

...there will be enough for the project, the people, and their cattle... ProCana has promised a house for the headman and jobs for others, but written evidence of those promises is nowhere to be seen (Welz, 2009).

Such dissatisfaction regarding the irregularities in consultations is consistent despite there being conflicting stories about how much land ProCana was taking (Welz, 2009). Communities also indicated that only local elites and elders were consulted, as mandated by the Mozambican Land Law, even when there was opposition by the wider community (Odeny *et al*, 2010: 6). This lack of acknowledgement is despite the fact that inclusion of the local community had been part of the initial purposes of the project, which included employment, subsidizing the peasant farmers in the surrounding areas and developing small-scale farming initiatives (Odeny *et al*, 2010: 31). The exact numbers of locals employed remained vague and, despite the fact the initiative eventually failed, it remains questionable whether these numbers would have been realized. If the project had succeeded, it would have profoundly changed the pastoralist lifestyle of the communities in disrupting livestock grazing land and pastoralist routes and, most importantly, impinging on the area's water supply (Odeny *et al*, 2010: 35).

The effects of the ProCana case are noted to be indicative of a profit-driven, capitalist venture and this particular example seems to fit in with the trends of dispossession and accumulation that have been noted in various instances of investment. Borras Jr. *et al* (2011: 227) claim that ProCana enjoyed special treatment by government. This made it difficult for displaced communities to challenge the implementation of the project and its effects on their land and livelihoods. The findings of these various studies all seem to be pointing toward the same issue; that the way in which the ProCana project was implemented led to largely negative implications for the affected local communities than had been promised. The way in which the investment was conducted seemed to initiate greater dispossession than benefits. Taking into account the various perspectives on the case, it seems that the downfall of the ProCana investment was in the negotiation process in which the power structures between the investors and the local communities meant for an overriding of local interest.

Taking into account the seemingly progressive Mozambican legislations and structures in place for the protection of land rights, this failure in implementation is most interesting. The need for agro-investment in land at this stage of Mozambique's economic development means the failure of such an investment holds greater ramifications for the state. It seems the integration of notably different systems of management and land ownership mean consultation has to take place between many more layers of power structures, both governmental and traditional. This could include state and community, bureaucrats and ordinary citizens, local elites and rural peasants, powerful companies and poor people (Borras Jr. *et al*, 2011: 228). The ProCana project indicates that ensuring transparency and accountability in a political and socio-economic setting with imbalanced power relations will not automatically result in outcomes that favour the poor, therefore consultation with the poor needs to be regarded from both an administrative, technical and political perspective that will acknowledge the administrative and meaningful social impacts that such processes would have on the poor (*ibid*).

The accounts of this investment are notably largely critical of the dispossessive nature of this particular project and its effects on the local communities, yet the trends in the case do hold for the greater critique of such investments. The lack of solid communication and agreements between the many stakeholders involved in the investment seems to be the most prominent issue for agro-investments of this nature. This is noted in the lack of consultation with the local communities along with the accusations that the supposedly progressive land laws of Mozambique have failed. It is claimed that land ended up being possessed by 'those who have the most influence, or the money to fence or patrol it, no matter what the documents say' (Welz, 2009). Such examples of the breakdown of legislations and institutions that have been set in place for the allocation of land to rightful owners begs to question the ability of the Mozambican democratic and legal system to uphold its existing systems in light of the current land rush (Welz, 2009). The suspension of the Procana investment in 2009 also indicates the importance of these systems (Odeny *et al*, 2010: 6).

The breakdown of the project occurred when the minority Mozambican shareholders claimed they had been exploited by an investor who, according to project co-ordinator Leonor Tivane,

'did not have good intentions and is not carrying out what was agreed' (AllAfrica, 2009). CAMEC, as the main investor in the project, announced that it would not continue to invest in bio-fuel and rather focus on its main investment portfolio which was mining (Borras Jr. *et al*, 2011: 232). This was controversial decision, given the projected scope of the project along with the hype that surrounded the potential of biofuel's investments at the time. In turn, this led the Mozambican government to seek a new investor to fund the project. Despite this failure, the way in which this project unfolded reveals a great deal about the socio-political relations found in an investment situation of this nature. Although this is one particular case that displays the largely negative implications of foreign agro-investment, the issues that are raised are largely in line with the contemporary issues that have been raised in the literature. The issues such as the lack of transparency, the disregard for existing power structures and land ownership structures along with the break down in implementation are indicative of those raised in the critiques.

5.3. Implications and Indicators of the Mozambican Case

The investment environment of Mozambique, in terms of the instituted land laws, the reliance on agriculture for development and the primacy placed on external investment reflects the importance of investment projects such as ProCana. Taking this into account, the implications of the failure of such projects, if a break down in negotiation occurs, is major. In this case it seems that none of the prescribed mechanisms of the RAI of the World Bank were fully acknowledged. This begs to question if these principles are simply 'window dressing' by the World Bank. The implications of the failure of the ProCana project could be seen as hugely negative for both the local communities involved and the general development potential of Mozambican land.

This case brings to light a number of vital issues that should be regarded as instrumental for the supposed benefits of agro-investments in such a context. Cotula refers to a most vital issue of such investments that 'irrespective of contract terms that process if critical' (Cotula, 2011: 2). He argues that centralised control over land, as was evident in the ProCana case, runs the risk of marginalising local people in the decision making process. It seems that governments, who often dominate the contract process, do not heed the wills of the local community. This issue of

centralization of power is one that has perpetuated the Mozambican case since the period of Portuguese colonisation. Cotula also refers to an important aspect of the negotiations that is often not taken into account that is noted as the gap between

...legality (whereby the government may formally own the land and allocate it to investors) and legitimacy (whereby local people feel the land they have used for generations is theirs) exposes local groups to the risk of dispossession and investors to that of contestation (Ibid).

These are issues that would largely complicate the implementation of such investments but also speak to general issues of economic development of states such as Mozambique in general, especially the question that is noted as 'what development and for whom?'. The specific implications of corporate investments such as the ProCana case for the official claims and aspirations of the Mozambican government (Borras Jr. *et al*, 2011: 229) also become questionable in the attempts to balance domestic needs and developmental aims. The authors of the investigation of the ProCana case close their argument questioning the likelihood of such investments contributing to the solution of issues of 'poverty, inequality and socio-political exclusion of the rural poor' (2011: 231). This is especially noted in the exploitation of resources beyond original investment agreements and the imposing impact on land ownership structures. The disregard of local communities perpetuates the studies on the ProCana case, and from this stem the myriad of issues that have been explored throughout the critique of these investments. This solidifies the applicability of this case to the theoretical background and numerous perspectives that has been established.

Chapter 6: Conclusion

6.1. Limitations

Before the findings and trends of the study are established, it is important to note the limitations faced in conducting this study. The most notable limitation of this thesis was the lack of specific information with regards to contemporary examples. Owing to the commercial nature of the investments explored, it is noted by scholars that it is often most difficult to gain exact information regarding the nature and outcome of these deals. In exploring the ProCana case, it seemed that the studies explored often relied on secondary information in order to ascertain the way in which the investment was taking place. Although this and the issues of bias were often noted, it was still possible to access quality information for this study and this lack of primary information did not limit the original aims of the thesis. These sources still made it possible to gauge the necessary information and perspectives.

6.2. Research Objectives: Summary of Findings

The overall aims of this study was to provide an integration of theories, historical accounts, scholarly perspectives and case studies to embody the contemporary debate regarding investment in African land. The conclusive statements of this study have been made throughout the thesis as in exploring the many perspectives created incremental conclusions regarding this issue of investment as a whole. Mozambique serves as a most applicable example of such investments through the extent of colonial domination in the state, its perceived progressive land legislations as well as its reliance on foreign investment in agricultural for the development of its economy. Taking into account Sam Moyo's perspective that Africa's land questions are 'a critical factor in defining contemporary social transformation and in shaping the continents development trajectory' (Moyo, 2007:2), the study sought to focus its investigation in the light of these major issues.

This investigation set out to establish how the dominant trends in contemporary land investment are played out in a specific example, as part of the trends of increased foreign investment in African land. Owing to this thesis being literature based, the perspectives used in

framing the case study were mostly that of other contemporary work exploring issues of African development, land ownership issues and foreign investment. These were encompassed by the overarching theoretical framework of the neo-colonial critique of foreign involvement in Africa. This critique perpetuates the contemporary criticisms of investment trends as well as the Mozambican case study. The essence of this has been regarded in the perspectives of Kwame Nkrumah. Especially his perception that the

...result of neo-colonialism is that foreign capital is used for the exploitation rather than for the development of the less developed parts of the world. Investment under neo-colonialism increases rather than decreases the gap between the rich and the poor countries of the world' (Nkrumah, 1965: x).

This standpoint served as a springboard for the negative effects of imposed colonial structures on local institutions that the thesis explores and the view seemed to transcend a great deal of the contemporary literature as well as play out in the Mozambican example most accurately. Dione *et al* (2004) describe the ways in which colonial powers distorted customary tenure which is applied in relating the theoretical perspectives to the findings of the case study. The authors note that the contrived forms of ownership installed by colonial structures were largely at odds with pre-colonial power structures where land ownership and wealth were accrued to those who could attract followers with social relationships. The discrepancies in ownership structures were most probably the largest fault line in the integrating the traditional and colonial structures (Dione *et al*, 2004:22). Moyo's perspectives of the political nature of land reform are also applicable in how it has been reflected in Mozambican case study. Moyo cites current implications of colonial influences as the resurgence of 'long-standing liberation-style politics, based on anti-colonial and anti-imperialist agendas in societies polarised on racial, ethno-regional and ideological lines' (Moyo, 2008: 27). These tendencies are consistently reflected upon in the Mozambican example of investment.

These, and other negative perspectives regarding the influence of external structures, are reflected throughout the literature and case study. The perspectives supporting these investment trends are also included as a means of balancing the critiques and providing a

better context for the case study. These have some notably positive potential outcomes of agro-investments but, taking into account the results of the case study, the optimistic ideals of the neo-liberal perspectives does not seem to hold in this situation. The conclusions of each section of the study seem to rather point towards the same issues of complexity when it comes to the integration of such different frameworks and ideologies. It is this complexity that leads to the need for this layered approach to applying the theoretical background to the Mozambican situation.

In order to apply these theoretical critiques to a certain case, the study undertook a historical approach in contextualizing the contemporary environment in Mozambique. This was aimed at providing an outline of the evolution of changes in the state, particularly what land ownership structures and the influence that the power relations over the control of land have had for development of the state. In establishing the evolution of these structures many of the assumptions, previously made in the literature, become evident. The findings on the ProCana case, which serve as the embodiment of the various theories, reflect a number of these assumptions, most importantly with regard to the implementation and sustainability of such projects.

The historical setting of the Mozambican case reveals a number of trends, notably, the centralized domination of land ownership, the subordination of rural communities and exploitation of resources. These issues have perpetuated colonial domination in the state up until the contemporary context. The structures imposed by both the Portuguese colonizers and post-colonial governments have affected land ownership markedly and have made a large impact on the current situation of investment in terms of power structures of land ownership and the acknowledgment of customary ownership structures. The ProCana example alludes to these issues in terms of the failure of investors to fully recognize the local authorities, and ownership structures in turn, breaking down the agreements between different stakeholders. It seems that the issue of implementation remains as a major stumbling block for investments of this nature. These are issues can only be addressed from a case to case basis, which greatly complicates efforts to deal with the implications of such investments issues as a whole.

Taking into account these many contrasting perspectives, the future of this issue seems questionable as the need for access to resources and land continues to drive investments. The general perception remains that the solution to the food crises would be the utilization and transformation of marginal and under-utilised lands. If such areas can be transformed into zones of food and biofuel production for export without undermining the food security of affected communities and providing income-generating projects, then the possibilities held for the affected rural communities are notably positive (Borras Jr. *et al.* 2011: 216). These are possibilities reflect the neo-liberal arguments among the scholars and institutions advocating the investments. However, the failure of an investment as seen in the ProCana case indicates that the implementation of such goals seems highly unlikely.

It has been noted throughout this study that a dominant trend of investments of this nature would be the fact that exploring the nuances or structure of each particular case of investment would be vital in establishing the trends regarding issues of power and development. This study has sought to display this through the investigation of a particular case with a historical focus. To further this kind of research into these investment trends would involve similar isolated case studies as has been attempted here.

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