

## Sup with the devil

WEB EXCLUSIVE



Mozambican smallholders thought they could do a deal with agribusiness. **Hazel Healy** reports on how transnational OLAM treated its so-called partners.

Antonio Chabuca didn't sleep a wink last night. Known locally as 'the president', he heads a group of 100 smallholder rice farmers, the Associação São Francisco de Assis (ASFA), in Mopeia, a busy rural staging post in Mozambique's Zambezia province.



We are not amused. The Mozambican farmers association had a theme tune, matching yellow T-shirts and land rights, but it wasn't enough to make a powerful Asian transnational honour its promises. Hazel Healy

Chabuca is no stranger to hardship or loss. He survived the death of his first wife, and four of his own offspring, and now raises five orphaned grandchildren. But when OLAM, the Singapore listed agribusiness firm with Indian origins, broke its promises to smallholders, the resulting conflict nearly finished him off.

The company had persuaded the rice growers organization to part with land, promising irrigation in return. The result: crop-failure and deep feelings

of betrayal.

## Match made in heaven

The story begins with an offer of partnership. The government of Mozambique had paid for the construction of a \$3-million electric irrigation pump, which languished unfinished and unused on the banks of the Cuacua river.

Ostensibly it was built for ASFA, which, as a hard working and ambitious association, had held formal land rights for 1,000 hectares since 2002.

But the organization lacked funds to fix the pump. So the transnational OLAM was invited to complete the irrigation system, in return for an eight-year, renewable lease on 400 hectares of ASFA's land. It sounded like a match made in heaven, and all parties readily agreed.



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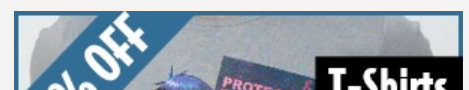
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In March 2011, the contract was duly signed.

Ross Grier, chief farm manager at OLAM, ran off a two-page contract in English and sent it through Google translate for a Portuguese copy. But the Provincial Directorate of Agriculture wasn't satisfied and wrote another, more explicit document.

The resulting Memorandum of Understanding states that in return for ASFA's land, OLAM would level and till 52 hectares for the peasant farmers, as it went about preparing the land for its own rice crop.

**'They came in all nice, got what they wanted, then the co-ordination stopped'**

It also undertook to employ association members and train them in commercial

farming methods. Other benefits were mentioned, such as maintaining a tractor for ASFA's use. While the reference to irrigation is somewhat vague, the association swears blind that, along the way, Ross Grier repeatedly promised to irrigate their land.

In March 2011, the contract was duly signed.

## Broken promises

'We liked the idea at first,' says Elena Dino Caspar, says an ASFA spokesperson at a gathering of members, all in matching yellow T-shirts, in Mopeia.

'They said they would clear the land, and bring water. We were so happy. Our rice really needed irrigation; here was a chance to make it better.'

But soon, things started to go wrong.

'They came in all nice, got what they wanted; then the co-ordination stopped,' fumes Chabuca, the president.

The company tilled and cleared land for its own crops, but refused to cede an area to the community, as agreed in the contract. Pushed by local government, OLAM finally offered a plot some three kilometres out of town. ASFA refused it, and occupied prime land near the prized irrigation pump, with the support of government. But the conflict meant the rice was planted too late and an entire crop failed.



Mopeia main street. 'Got any better ideas?' What would Mozambique's socialist liberation hero Samora Michel (pictured) think of his country's embrace of Foreign Direct Investment? Hazel Healy



'What do I get out of this?': Locals in Mopeia say they were tricked into giving up their land. Hazel Healy

The smallholders are still reeling from this blow. Over 60 per cent of the rural population lives in absolute poverty, while ASFA's majority female membership includes widows and families swelled by orphans - a reflection of Zambezia province's **12 per cent HIV infection rate**.

Meanwhile, many of the jobs offered at the transnational did not last long. ASFA's 'head of production' was looking forward to 'knowledge transfer' but found that 'learning' was in fact just long days of backbreaking, hard labour. When the daily wage dropped from \$3 to \$2, with no explanation, he and others complained and were promptly sacked.



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## 'We got the land'

When I visit them, OLAM's farm managers are holed up in a house of threadbare sofas, off Mopeia's main street, watching South African rugby. One man agrees that the 'technological transfer' didn't go well. 'ASFA's "head of production" (another fool) kept telling us where we were going wrong, saying we were using too much fertilizer,' he scoffed. 'Please shut up! Too much discussion, they lost their jobs.'

### **Saint Francis de Assiss' members sing their theme tune:**

Ross Grier, head of operations and more discreet, speaks vaguely about 'unjustified allegations' and grumbles that his first mistake was to sign the government contract in the first place. After spending hundreds of thousands of dollars on the mysteriously still-faulty irrigation system, he feels he has done more than enough 'in the spirit of the agreement'.

But his colleague labels the local farmer's association 'takers' and makes it clear OLAM had no intention of handing over the prime tilled land that they occupied. 'Do you think we would have spent all that money on it if it was for them?'

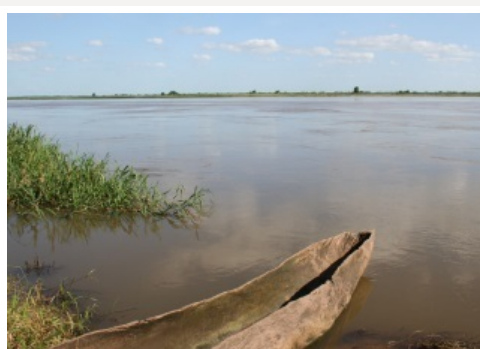
ASFA was an obstacle, not a meaningful partner. Ultimately he has no regrets: 'It got us our "in" in Zambezia. We got the land - we won.'

## Worse off

Back with the smallholders, Elena tells me how much the relationship degenerated in less than two years. Some equipment lent to the company in good faith in the early days was returned broken.

The farmers are now barred from their meeting room - which is inside the complex they now rent to OLAM. But the deepest scar seems to be bitter, debilitating disappointment.

'We had problems before the company came. We are very poor. But we had a chance to make things better, and now it's gone. They raised our hopes - and left us worse off.'



A government-built irrigation pump on the Cuacua river attracted OLAM to Mopeia. Hazel Healy

As president of the smallholders association, Chabuca feels he was tricked and lied to. The conflict with OLAM drove him half mad. His community thought he'd sold them out, the company shunned him. He couldn't sleep from nerves. He ran from people in the street.

**OLAM: 'It got us our "in" in Zambezia. We got the land - we won'**

The poorly drafted contract means ASFA has little legal recourse, were it to

have the funds for a lawyer. But Chabuca finds respite in farming. He has 11

hectares of rice, more of maize.

When the community gaze over the mechanically tilled, green ricefields they wrested back from OLAM, the atmosphere lifts. The president praises the aroma of the flowers and predicts the rice will be harvested a month from now. The field is meticulously weeded, frogs and birds trill loudly. The association wants the world to know that they are farming their full 52 hectares, against rumours they claim OLAM are spreading to the contrary.

## Last laugh?

You might think San Francisco de Assisi <sup>(1)</sup> got the last laugh. OLAM's first crop in Mopeia was said to be tasteless, and was rejected by local markets. Perhaps the company would have done better to listen to the locals, who had grown rice here for generations, after all.

But OLAM had its eyes on a bigger prize. Historically a supply chain and processor giant, with a major interest in cashew and cotton, it is now moving to capture the value chain, in the style of Northern competitors Cargill and Bunge, acquiring land for rice production in both Nigeria and Mozambique. ASFA's land was a stepping stone; In January this year **OLAM was awarded another 10,000 hectares**, along the Cuacua river not far from here.



Rice is nice. The association is expected to reap a bumper crop on the land wrested back from OLAM.  
Hazel Healy

More than hopes and dreams will be dashed this time round. Some 100 families are due to be displaced by a sugar cane and rice processing plant. It does not bode well for the smallholders of central Mozambique.

*Hazel Healy travelled to Mopeia in February 2013 while researching the 'Land Grabs' edition of New Internationalist.*

1. In case you're wondering, the saint's name is a legacy of Catholic aid agency CAFOD, which helped set up ASFA in 1994.

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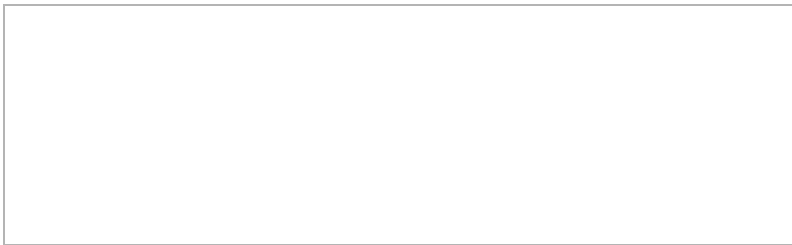
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