



LESSONS FROM LAND INVESTMENTS IN ZIMBABWE: THE CASE OF CHISUMBANJE ETHANOL INVESTMENT

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INTRODUCTION

Purpose and Objectives

- ❑ Zimbabwe's investments in agriculture after a contested FTLRP und erpinned by land occupations permeated by violence, which was lar gely contained by the state by 2005, has triggered a debated on the meaning and import of "international land grabs" (Matondi, 2015, fo rthcoming)
- ❑ The debates internationally have been increasingly, while the subst ance and content of it has become weak with each passing day
- ❑ It is in respect of the emerging trends, that we sought to decipher th e meaning of "land grabs", "international land grabs" and "agricult ural investments" as these mean different things in different contex t

□ This paper seek to understand:

1) *the interest and role of Zimbabwe government, and its contribution to the first large scale private investments undertaken by Green Fuel in Chisumbanje;*

2) *the role of the local institutions be they technical or administrative in facilitating and mediating in investment;*

3) *establishing the capacity of local and national institutions to structure agreements on behalf of the local communities, that would be favorable to the communities;*

4) *identify the role, interests and benefits of Green Fuel as domestic investors.*

Framing Key Questions

- ❑ **The conceptual approach adopted for the Developmental Economy Analysis (DEA) of the large investments is an “issue or problem-driven analysis”, which comprises two conceptual components and these are:**
 1. **Development Governance-***focuses on the effectiveness of the state and private sector in managing a contested policy process on ethanol as a subset of energy, and how strategies and programs were designed to implement the project effectively, solving problems as they arise, being responsive to issues and challenges faced in the project.*
 2. **Power Analysis-***Who are the drivers/blockers to large investments and why? Who sets the policy agenda? Whose ideas and values dominate policy? Who gets what, when, and how? How do formal institutions shape the distribution of costs and benefits? How do informal social networks shape policy processes?*

Data Collection Methods

Overview

Questions included:

- **Can household livelihood change be attributed to the land investments or something else?**
- **What choices of livelihood activities and production strategies are now in place?**
- **What are the effects of the land investments on detrimental risk coping strategies, and what are the attitudes to risk change as a consequence of the land investments?**
- **What are the main constraints (whether linked to networks, physical access, etc.) faced by households in engaging in labour ties in Green Fuel's activities and how do these influence behaviours and choices?**

Approaches in the field

□ Knowledge was generated at 3 levels

1. Household level through questionnaire administration (120) in Chisumbanje and Chinyamukwakwa)
2. Local economy and livelihoods level
3. Social networks level

□ Through qualitative approaches; (4 Focus Group Discussions, 3 in Chisumbanje, 1 in Chinyamukwakwa, 10 business interviews (3 in Chinyamukwakwa and 7 at Checheche) targeting the informal sector, formal and banking; observations in-depth interviews and personalised stories; and informal/off the record interviews, we established how and why local communities are making decisions on livelihoods through examining the changes brought by land investments.

Official Interviews

Name/Position	Representing/Office
1. CEO Chipinge Rural District Council	Local Authority
2. Chief Garahwa	Traditional Leader
3. Assistant General Manager	Green Fuel
4. Community Social Responsibility Manager	Green Fuel
5. Community Social Responsibility Officer	Green Fuel
6. Safety, Health and Environment Manager	Green Fuel
7. Agronomist	Green Fuel
8. Headman Chisumbanje	Traditional Leader
9. Member of Parliament Chipinge South	Parliament
10. Robson Nyakurwa-Community Elder	Community
11. Permanent Secretary	MoEPD

Background to the study

- ❑ **Though, Zimbabwe has not developed a comprehensive national agricultural policy an overall vision has been outlined, which is**
“to promote development of an efficient, competitive and sustainable a griculture sector, which assures food security and increased income.”
- ❑ **In line with this vision, the agricultural sector policy that is being formulated aims:**
 - a. *to increase production for both household and national food security;*
 - b. *increase funding for agricultural infrastructure and the sector; improve produce quality;*
 - c. *improve production technology;*
 - d. *preserve natural resources; and effectively manage and administrate la
nd reform*

The Chisumbanje Ethanol Project

- ❑ A public-private partnership between the government through the parastatal (ARDA), and local investors Green Fuel with subsidiary companies (Macdom and Ratings Pvt Ltd.)
- ❑ Project utilizes ARDA estates to grow sugarcane for ethanol blending.
- ❑ Started as Built-Operate-Transfer and later on changed to a joint venture.
- ❑ Government through ARDA invested US\$36.7 million in land and immovable assets and Macdom Investments injected the capital and holds 90% stake in Green Fuel whilst the government has got 10% stake
- ❑ The total investment into Green Fuel is US\$300 million

**INTERNATIONAL GUIDELINES ON
AGRIC INVESTMENT AND RELEV
ANCE TO ZIMBABWE**

International Guidelines

- ❑ World Bank Principles for Responsible Agricultural Investment;
- ❑ FAO Voluntary Guidelines on the Responsible Governance of Tenure of Land, Fisheries and Forests
- ❑ Minimum Core Human Rights Principles of the UN Special Rapporteur on the Right to Food.
- ❑ The FAO Voluntary Guideline on the Responsible Governance of Tenure, endorsed by the Committee on World Food Security in May 2012, is a widely publicized and the most recent global initiative for the regulation of land tenure in general and large-scale farm investments in particular.
- ❑ The FAO guideline is more inclusive than the World Bank principles in its formulation process (White et al., 2012);
- ❑ it is also a lot more 'holistic' in its approach whereby land rights are characterized of being "inextricably linked with access to and management of other natural resources" (Preface of the FAO Voluntary Guidelines, 2012)

Critique of the guidelines and application to Zimbabwe

- ❑ Zimbabwe is not a signatory to the international guidelines and principles and the principles do not reflect that the current expansion of large scale agro-investments most often takes place in competition with smallholder agriculture for land and water and lead to conflicts with and alienation and displacement of rural populations.
- ❑ Large scale agro-investments are highly mechanized and require little labour. In addition they promote monoculture and the undermining of biological diversity.
- ❑ A fundamental problem with large scale agro-investments, as evidenced by research from Latin America, are that their technical, agro-ecological, economic and social features make them unable to promote sustainable development (Fernandes et al. 2012; Coulson 2013).

- ❑ The principles, which are voluntary, are insufficient to address the real problems and challenges unfolding in relation to different types of agricultural investments. This is mainly due to lack of operationalisation in terms of targeting or placing responsibilities of various implications of agro-investments with different categories of investors.
- ❑ The guidelines will therefore have problems in relating to real issues on the ground and in particular to conflicts between different scales of agricultural investment
- ❑ As to smallholders, the guidelines emphasises protection, not support and development. Hence attention is taken away from the important potential that smallholder agriculture regimes have for enhancing food security, nutrition and sustainable development

National Guidelines

- ❑ Zimbabwe last developed its land policy in the 1990s with an objective of redistributing about 5 million hectares of commercial land for resettlement on a willing buyer willing seller basis.
- ❑ There were various attempts of revising the policy at the end of the 1990s without success but the programme for land transfer continued anyway, which facilitated engagement between civil society, government, funding agencies and the international community towards developing a programme of resettlement, but this was overtaken by event, leading to FTLR
- ❑ Government have to rely on a raft of legal instruments and constitutional amendments to effect FTRL because it had no policy underpinning it.
- ❑ These legal instruments became *de facto* policy but limited only to land as resource, the priority was transfer of land from those with the land to those without, but all done internally.
- ❑ Therefore, though the international guidelines were developed in principle, hardly do they speak to Zimbabwe land reform, besides they speak to issues around energy, food security, income all with specific policies therefore harmonizing them with land will be something nice to do.

❑ On Chisumbanje Ethanol Project the Zimbabwe Energy Regulatory Authority (ZERA) is the legal entity that issued Green Fuel with a blending license in August 2013.

❑ The Zimbabwe Energy Regulatory Authority (ZERA) was created in September 2011 following the promulgation of the Energy Regulatory Act (Chapter 13:23) which provides for regulation of the energy sector and other sections not provided for by the energy laws, the Electricity Act (13:19) and Petroleum Act (13:22).

❑ The mandate of ZERA is to regulate the Energy Sector in Zimbabwe.

❑ The Zimbabwe Energy Regulatory Authority says mandatory E15 ethanol fuel blend is safe for all petrol cars

Enforcement & mediating institutions for responsible investment

- ❑ **State institutional framework**-The main parastatal involved is ARDA which leased land to Green Fuel yet all land is owned by the state and administered by the MoLRR which has not offered a statement so far
- ❑ **Local Structures**-the land where the plant is falls under the Chipinge Rural District Council and the Council leased the land to ARDA
- ❑ **Traditional Leaders**-Chief Garahwa and his Headmen admitted that they were consulted on behalf of the community and that is why he carried a traditional ceremony to bless the investment and has been taking all the problems that have risen to the District Administrator
- ❑ **Farmer organizations and commodity brokers**- ZFU, ZCFU, CFU & NFUZ have members in Chipinge though they do not have sugarcane farmers. ZSDA and CSFZ the two sugar cane production association organizations.
- ❑ **Civil society players**-PYD a pressure group fighting for the rights of the people of Chisumbanje. FEPA KASA & SALIFONDS (Switzerland)

CONTESTATIONS IN SUGAR INVESTMENT IN CHISUMBANJE

Acquisition of land in communal areas

- ❑ There are concerns in the manner in which the private investor acquired land under customary use and ownership for the investment.
- ❑ Most displaced farmers reported that they were neither consulted nor formally advised about the land acquisition agreements or before the land clearance commenced.
- ❑ On the sidelines of the political discussion, community issues ranged from allegations of forced relocation of families to the failure of providing fair compensation for the land taken by the project
- ❑ At the height of the crisis Cabinet set up the District Ethanol Project Implementation Committee (Depic) comprising traditional chiefs, area legislators, the district administrator, councilors, police, members of the President's office, and community representatives, including NGOs (Platform for Youth Development).
- ❑ The Depic was working towards resolving problems between the company and the communities.

Displacement discourse and its contestation

- ❑ Alleged that most displaced farmers complained that they were neither consulted nor formally advised about the land acquisition agreements or before the land clearance commenced.
- ❑ The coming of Green Fuel is said to have seen one thousand and eight (1008) farmers losing their land that ranged from 2ha-40ha to the company and out of the 1008 from Chisumbanje; only 172 farmers were compensated with 0.5ha irrigation schemes per family
- ❑ The company “acquired 40 000ha” of land that included land belonging to settlers who had valid lease agreements with ARDA and land that belonged to the community under communal land without any form of consultation,
- ❑ ARDA did not have sufficient resources to utilize the land and villagers occupied the idle land and ARDA simply reclaimed its land. Even the greater Chisumbanje plan showed need for expansion. That is why people did not build in the estate, they only did farming. However, people were not given adequate notice...**MP**

Conflict over land allocation to the community

- ❑ Some of the issues at the centre of the conflict include displacement, poor resettlement plans where the communities have been allocated a uniform 0.5 ha per family which is not adequate for others and compensation of households that lost crops in the process of developing the project's dams and canals.
- ❑ The owners of the project have tried to involve and compensate the farmers who lost their land.
- ❑ Macdom Investment set aside 0.5 ha irrigated portions of land for small holder farmers to engage in horticulture projects to compensate for their losses.
- ❑ The company provides the farmers with irrigation services and gives them logistical support.
- ❑ 241 farmers are also contracted by the company to grow sugarcane, which they sell to the company

Conflict over favorable land allocation to war veterans

- ❑ There are 6000ha of land under sugar cane in Chisumbanje Estate (Macdom Investments) where there are 116 outgrowers under 410 ha of land and 125 war veterans under 250ha of land
- ❑ The allocation of “significant” amount of land to war veterans seem to be interpreted by communities that the company wanted to carry favor with the war veterans for political reasons
- ❑ The communities seem to then accuse the war veterans of selling out and being the spokespersons of the company given the benefits preferred on them.

Women's land rights in the context of displacement

- ❑ A dominant thesis around gender in Africa is that on any land deal, poor rural women lose out because they do not have reliable access to land, secure land tenure, or customary land rights
- ❑ However, a surprising finding was that women in Chisumbanje were not lobbying for access to irrigation plots or lost land as to be “their” personal property, but rather for their spouses who had been pushed out or incorporated in small sized land of 0.5 hectares and very far from their places of residency.
- ❑ Green Fuel land, has therefore not contributed to shifts on gender property rights, but has affected the rights of family property, which brings together families to lobby against the company

Conflicts and resolutions of compensation

- In Chisumbanje the issue of compensation is double faced: first compensation for lost lands is contested; second compensation for lost produce as the Company admitted to having ploughed crops belong to the community
- Communities have raised issues of their crops having been destroyed by the company
- It is not clear, why this destruction took place, and whether there was agreement between the company and the communities for the destruction to happen
- It is also not clear, if all the destroyed crops were compensated for or not, and how the company and the community planned for food security parameters.

Conflicts over production relations post land transfer

- ❑ The ARDA Chisumbanje Settler Scheme Farmers (116) signed an MoU with Macdom Investments (Private) Limited, where Macdom developed the out grower's land and established a sugar cane crop thereon and has been maintaining the crop together with the land and its appurtenant works.
- ❑ The out growers have agreed to re-imburse Macdom for all the capital expenditure incurred in the development of the land and sugar cane crop as well as all maintenance and operation costs associated
- ❑ However the model is a unique model in that the farmers are not much involved in the production but they are just land owners and the company does everything for them and pays them at the end of every harvest
- ❑ Though there was an agreement over the \$4.00/ton selling price there has been issues as the out growers are now comparing with Triangle and Hippo Valley outgrowers that are being paid \$70/ton, and the farmers a

Does the Chisumbanje Ethanol Project constitute a land grab?

□ A thorough analysis of the global trends in land investments and Zimbabwe's own investment policy shows that it would seem that the Chisumbanje ethanol project does not fit the land grab discourse of the international dimension for a variety of reasons:

1. First the Green Fuel Company points out that it is leasing land from ARDA, and has no say on any land related matter, and only waits for instructions from ARDA on where to plant sugarcane. Government therefore has the strongest say on land ownership, of which then issues that arise on land related matters should be addressed by government and not the company.

2. Second, government is a shareholder in the project with the same rights as Green Fuels Company, which is the reason why ARDA is central in the project. However, a problem then arises that for generations, communities have established themselves on state land, and their removal would seem to be too harsh, which is the reason why delicate and sensitive negotiations have to take place.

3 Third, it is critical to engage traditional chiefs, yet in the case of Chisumbanje there has been a contradictory statement from the traditional leadership, though the Chief and the Headman admitted that they were consulted on behalf of the community and that is why he carried a traditional ceremony to bless the investment and has been taking all the problems that have risen to the District Administrator

BROADER NATIONAL ECONOMIC BENEFITS

- ❑ The company employs 4500 people in the agriculture department and the mill making ethanol production the largest employment creator in recent years
- ❑ Current mandatory blending at E15 has seen the country saving US\$4 million per month in import bills
- ❑ Ethanol is good for the environment as it produces lower carbon monoxide and carbon dioxide emissions and it also improves fuel octane
- ❑ Chisumbanje Ethanol Project being able to generate electricity amounting to 15 megawatts -- sufficient to power about 30,000 households, with 3 megawatts used to light up the plant and the remainder pumped into the national grid
- ❑ A number of downstream industries -- including fertilizer manufacture, the cosmetics industry, explosives and beverage makers are also likely to benefit from the venture as the plant produces a lot of carbon dioxide which can be harvested
- ❑ Checheche has been issued with town status and in a way it can be accrued to the coming in of Green Fuels which has created a business boom at Checheche.

Conclusions

- ❑ The Chisumbanje ethanol development project is a strategic investment at the national level.
- ❑ Ethanol development in Chisumbanje is premised upon the development of “marginal” and “unproductive” land to generate benefits such as energy security and independence, efficient irrigation schemes, smallholder out-grower schemes, job creation, electric power generation and the stimulation of downstream industries.
- ❑ Most local people, particularly displaced farmers, felt they had been left worse off than they would be without the bio-fuel investment.
- ❑ There is a clear collision between national interests and local communities in Chisumbanje, the state envisions bio-fuel development as a pathway to development — an economic opportunity to energy independence, while the locals see it as a threat to their livelihoods.
- ❑ Rather than being merely “marginal” or “unproductive,” the land appropriated for ethanol development was crucial for land based livelihood activities such as food- and cash-crop farming, livestock production and direct natural resource use among other income sources

TATENDA
SIYABONGA
THANK YOU

