RELATIONSHIP BETWEEN LARGE-SCALE AGRICULTURAL INVESTORS AND LOCAL COMMUNITIES: LESSONS FROM TWO INVESTMENTS IN ZAMBIA

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Outline

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Rationale/Problem

Zambia—similar to many developing countries is experiencing growing interest in its agricultural farmland and attracts commercial agricultural investments (German, Schoneveld, and Mwangi 2013; Nolte 2014).

Given the close proximity between small-scale and commercial farmers, it is highly likely that smallholder farmers are affected by the presence of commercial farms.

The outcome of any land deal critically depends on the specific terms of inclusion. (McCarthy 2010;White et al. 2012) which describe how far local communities participate in a project.

This study identified interactions between investors and local communities as they are examples of how large-scale agricultural investments include local communities in practice.
Data and methods

This study was based on two large-scale farming operations, Amatheon Agri Zambia Ltd and Chobe Agrivation.
Data and methods (cont’d)

• Both large-scale farming operations are engaged in corporate social responsibility activities.

• This was meant to generate insights into the diversity of interactions between investors and local communities and their related challenges.

• Qualitative methods were used
  – FGDs with the local communities around the farms.
  – In-depth interviews with the farm management and key stakeholders.
Key Findings

We looked at 4 different types of interactions and their associated challenges

- Initial contacts
- Farming operations
- Outgrower schemes
- Investments in community infrastructure
Initial contact

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<th>Amatheaon -Greenfield Investment</th>
<th>Chobe –Brownfield Investment</th>
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<td>• Bought state land under big concession farm block.</td>
<td>• Bought already established commercial farm.</td>
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<td>• Negotiations with the former land owners.</td>
<td>• No negotiation with the community.</td>
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<td>• There were those that settled on the land Amatheaon leased. Amatheaon negotiates with them to find a solution accepted by all.</td>
<td>• The initial contact took place when jobs were created.</td>
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<td>• Community sensitization meetings through village authorities.</td>
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Initial contacts (cont’d)

Challenge

• Higher expectation raised with Amatheon than Chobe within the nearby communities

• For example: One woman explains what happened in an ‘initial contact’ meeting she attended

“They said what they had brought in the area and of what benefit it would be. So these people told everyone and everyone agreed that yes that was development in that people won’t die of hunger if they are people who are bringing good things whereby they will be farming and doing other things, our children will be getting jobs, for sure all will be well. We will learn from them, we will work with them.”
How were the farming operations affecting the community?

• Both offering employment opportunities
• Benefited from investor harvest as it provided food security in 2013.
• For those who were resettled, community confirmed that “there has never been any conflict”.

Challenges

• Worried about expansion.
• More non-locals employed under permanent employment
• Casual employment for locals diminishing.
• Fear adverse environmental effects e.g.
  • Diverting of streams
  • Collection of honey affected as most trees were cut
• Investor cattle “loitering and eating people’s maize”.
Outgrower schemes

• Amatheon has an operational scheme which they launched in April 2013 and are currently expanding (had involved 8,500 farmers).

• Chobe Agrivision already launched their own scheme in Mpongwe and conducted first information meetings two weeks before we visited the villages near the Mkushi operations (targeting 5,000-10,000 farmers).
Outgrower schemes (cont’d)

With Amatheon, benefits that the local community had mentioned included:

- Trainings
- Market access
- Satisfaction from selling to Amatheon than to “brief case” buyers
- Access to loans
Outgrower schemes (cont’d)

One of the challenges that the investor has is to explain to the local community how the outgrower scheme works.

“Honestly they are training but I think maybe they are training for a purpose ………. Of gaining more than I put in?”
Investments in community infrastructure

All FGDs and several interviewees report on improvements such as schools, teacher houses and electrification including creation of boreholes and health facilities.

Both investors got support for these projects from donors.

It was evident from the FGDs that the communities high expectations towards the investor is further reinforced by the infrastructure investments by the investors.
Recommendations

Initial contacts between investor and community are important

However, remaining realistic about what the investment can achieve is very important

It is also important for the investor to maintain contact with the local community

Investors highly mechanized and demand qualified labour.

leads to limited job opportunities for local communities

Investors need to be transparent about potential to employ people from the local population
Out-grower schemes bear the potential to include large parts of the population but are a challenging endeavour in rural settings.

We recommend that investors link up with experienced partners to set up such schemes.

Investments are not positive in each and every regard.

Trade-offs between socio-economic and environmental goals need to be communicated and negative effects need to be mitigated.
Thank you