

# **Brazilian agribusiness in Mozambique: the ProSAVANA Programme**

## **case study**

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### **Abstract**

This paper is about the ProSAVANA Program, a trilateral cooperation project between Japan, Brazil and, Mozambique. ProSAVANA Program goal is to develop the agriculture sector in the Nacala Corridor and it has been controversial due to conflicts among government, private corporations, and civil society organizations. Private investments were expected to occur in the Nacala Corridor, mainly from Brazilian agribusiness. However, the paper concluded that Brazilian private investments in Mozambique's agriculture sector were a stagnant state in the analyzed period (2007-2017). The paper examines the status of the ProSAVANA Program and what are the difficulties to Brazilian agribusiness invest to Mozambique. Current challenges of the program were found as follows: (1) high risk of investment due to non-existent public subsidies to small, medium and large-scale agribusiness; (2) "land property" law bureaucracy; and (3) civil society mobilization against ProSAVANA. All they are key factors to repel Brazilian agribusinesses.

**Keywords:** Technical cooperation; FDI; ProSAVANA Program.

### **O agronegócio brasileiro em Moçambique: estudo de caso sobre o Programa ProSAVANA**

#### **Resumo**

Este artigo é sobre o Programa ProSAVANA, um projeto de cooperação trilateral entre Japão, Brasil e Moçambique. O ProSAVANA tem como objetivo desenvolver o setor agrícola no Corredor de Nacala e tem sido controverso devido a conflitos entre governo, corporações privadas e organizações da sociedade civil. Havia a expectativa de investimentos privados no Corredor de Nacala, principalmente do agronegócio brasileiro, no entanto, o artigo concluiu que os investimentos privados brasileiros no setor agrícola de Moçambique estão estagnados no período analisado (2007-2017). O artigo examina o status do Programa ProSAVANA e quais são os motivos para o agronegócio brasileiro não investir em Moçambique. Conclui-se as principais razões são: (1) o alto risco de investimento devido a falta de subsídios públicos para o agronegócio de pequeno, médio e grande porte; (2) a burocracia da "lei da propriedade da terra"; e (3) a mobilização da sociedade civil contra o ProSAVANA. O artigo conclui que todos estes fatores repelem o agronegócio brasileiro.

**Palavras-chave:** Cooperação técnica; IDE; programa ProSAVANA.

## **El agronegocio brasileño en Mozambique: estudio de caso sobre el Programa ProSAVANA**

### **Resumen**

Este artículo es sobre el Programa ProSAVANA, un proyecto de cooperación trilateral entre Japón, Brasil y Mozambique. El ProSAVANA tiene como objetivo desarrollar el sector agrícola en el Corredor de Nacala y ha sido un tema de controversia debido a conflictos entre gobiernos, corporaciones privadas y organizaciones de la sociedad civil. La expectativa de inversiones privadas en el Corredor de Nacala, principalmente del agronegocio brasileño. Sin embargo, las inversiones privadas brasileñas en el sector agrícola de Mozambique están estancadas desde el período analizado (2007-2017). El artículo examina el status del Programa ProSAVANA y cuáles son los motivos para el agronegocio brasileño no invertir en Mozambique. Se concluyó que las principales razones son: (1) el alto riesgo de inversión debido a la falta de subsidios públicos para el agronegocio de pequeño, mediano y grande porte; (2) la burocracia de la "ley de la propiedad de la tierra"; y (3) la movilización de la sociedad civil contra el ProSAVANA. El artículo concluye que todos estos factores repelen el agronegocio brasileño.

**Palabras clave:** Cooperación técnica; IED; programa ProSAVANA.

### **Introduction**

Brazil is one of the largest food suppliers in the world and has developed technology for tropical areas in an export-led model. One important partner to achieve this result is Japan, in which the Brazilian government and Japan International Cooperation Agency (JICA) created the Japanese-Brazilian Cooperation Program for Cerrado Development (PRODECER)<sup>1</sup> in the 1970s.

Brazilian economic-political power increased in Africa as a policy of the Workers' Party during former president Luis Inácio Lula da Silva mandate (2003-2010), through the promotion of international cooperation, economic-political agreements, exchange programs, open of embassies, and diplomatic missions (MRE, 2017). Mozambique is the main target of Brazilian

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<sup>1</sup> PRODECER is a partnership between Brazil and Japan to improve the Brazilian Cerrado (Brazil's savanna area). The program developed specific technology for the Brazilian tropical area in an export-led model. According to Hosono, Magno and Hongo (2016), the Cerrado development provide a valuable model for developing countries struggling to attain nutrition and food security, to create value chains and employment, as well as, to generate social inclusiveness and to achieve sustainable development. In terms of institutional set up, the program had three important components. First, a financial cooperation mechanism; second, the creation of Company of Agricultural Promotion (CAMPO - *Companhia de Promoção Agrícola*); and third, the collaboration of EMBRAPA and its various centres – especially the CPAC (EMBRAPA's Cerrado Agricultural Research Center – established in 1975) (HOSONO & HONGO, 2016).

technical cooperation (CABRAL & SHANKLAND, 2013). In the period of 2011-2013, Mozambique received about USD 13.2 million in technical cooperation from Brazil (IPEA, 2016). During 2001-2018, 178 projects started in Mozambique, mainly in agriculture, health, and education sector.

Brazil, Japan, and Mozambique designed a threefold program called Program for Triangulated Cooperation for Agricultural Development of the Tropical Savannahs of Mozambique (ProSAVANA) to develop the agriculture sector in the Nacala Corridor<sup>2</sup>. The project has four goals: to guarantee food security, to improve smallholder farms productivity, to develop rural sector competitiveness, and to promote agribusiness. ProSAVANA had alarmed civil society organizations (CSO) and academics. Some of the negative arguments are that the program's purpose is to promote the Mozambican agribusiness; or that the program only benefits the Mozambican political-economic elite (and does not consider local community and peasants), or that there is a lack of transparency and communication among all groups involved in the program.

Because of Brazilian investments in Moatize mining coal<sup>3</sup> and the ProSAVANA, it was expected significant private investments in the Nacala Corridor, especially from Brazilian agribusiness. However, the literature available until the date this paper was written lacked updated data about whether those investments occurred or not, and why Brazilian agribusiness does not invest in Nacala Corridor, as Cheru and Modi ed. (2013), Vaz (2015), Alden, Chichava and Alves ed. (2017), and others. Therefore, the purpose of this research is to understand the reasons for the failure to attract Brazilian agribusiness to Mozambique.

The research is based on the annual report of JICA, newspapers from Brazil, Mozambique, and Japan, and semi-structured interviews employed with key representatives in

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<sup>2</sup> "The region of Nacala Corridor, considered in ProSAVANA, is the area between the parallels 13°S to 17°S, covering the Provinces of Cabo Delgado, Nampula, Zambézia, Niassa and Tete. Nonetheless, the target districts considered in the study for the Program are Monapo, Muecate, Meconta, Nampula, Mogovolas, Murrupula, Mecubúre, Ribáuè, Lalaua and Malema, in the Nampula Province. Cuamba, Mecanhelas, Madimba, Ngauma, Lichinga, Majune and Sanga, in the Niassa Province. Gurué and Alto Molócuè, in the Zambézia Province" (PROSAVANA, 2018).

<sup>3</sup> Brazilian and Japanese private companies invest in mega projects enterprises in the Nacala Corridor to explore coal in the region. Moatize mining coal is 95 percent operated by Brazilian mining company Vale S.A. and the Japanese conglomerate company Mitsui & Co, Ltd., and 5 percent by EMEM (*Empresa Moçambicana de Exploração Mineira, S.A.*), a state-owned mining company of Mozambique. On 2017, Mizuho Bank, Ltd. signed a financing agreement with Japan Bank for International Cooperation, African Development Bank and other nine private financial institutions for a total of USD 2.73 billion in finance loans (MIZUHO BANK, 2017).

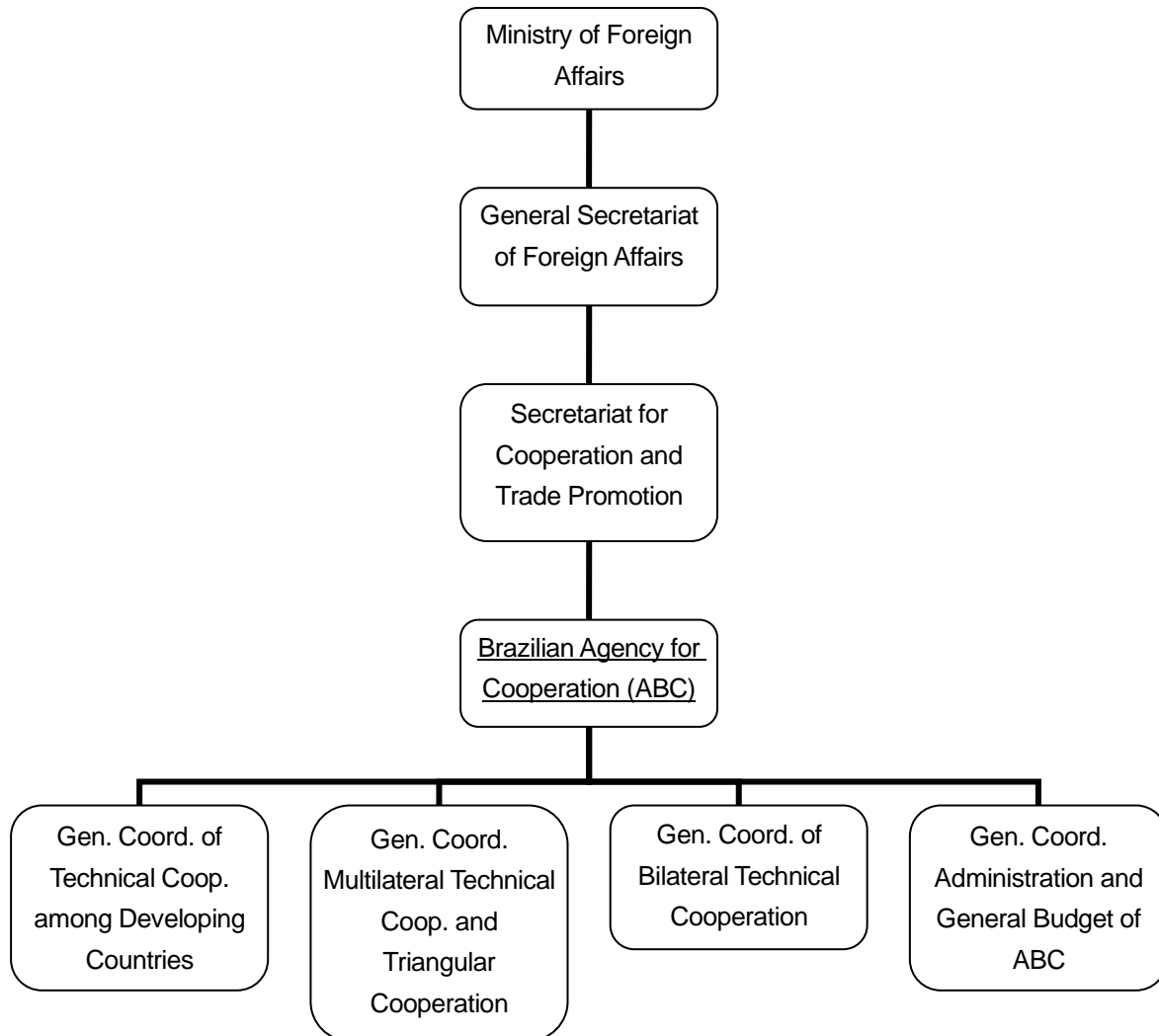
the agriculture field. Quantitative data were obtained from several Brazilian and Mozambican institutes and international organization sources, including primary data from Agency for the Promotion of Investment and Exports (*Agência para a Promoção de Investimento e Exportações* – Apex). Moreover, a fieldwork trip in Maputo, Mozambique from October 22<sup>nd</sup> to November 4<sup>th</sup>, 2017 were also considered in this paper.

The first section is a summary of Brazilian technical cooperation efforts. Next section explains about the ProSAVANA Program, in which is divided into three subsections: (1) program purpose; (2) current status; and (3) reasons for failure. Finally, there is a brief conclusion.

### **Brazilian technical cooperation efforts**

After the Cold War, global governance became more complex, like a “subway map”, in which some actors are more relevant than others and developing countries remains unrepresented (AMORIM, 2010). In this context, mainly in the mandate of former president Luis Inácio Lula da Silva (2003-2010), Brazil willed to play a greater role through the diversification of trade partners and foreign policy (AMORIM, 2010). Brazil increased technical cooperation to enhance economic-political power through the promotion of foreign aid, open of embassies, diplomatic missions, economic - political agreements, and exchange programmes (AMORIM, 2010). In Africa, Brazil agreed on bilateral cooperation and investments facilitation agreements to promote trade and investments (MRE, 2017), particularly in Portuguese speakers’ countries (CABRAL & SHANKLAND, 2013).

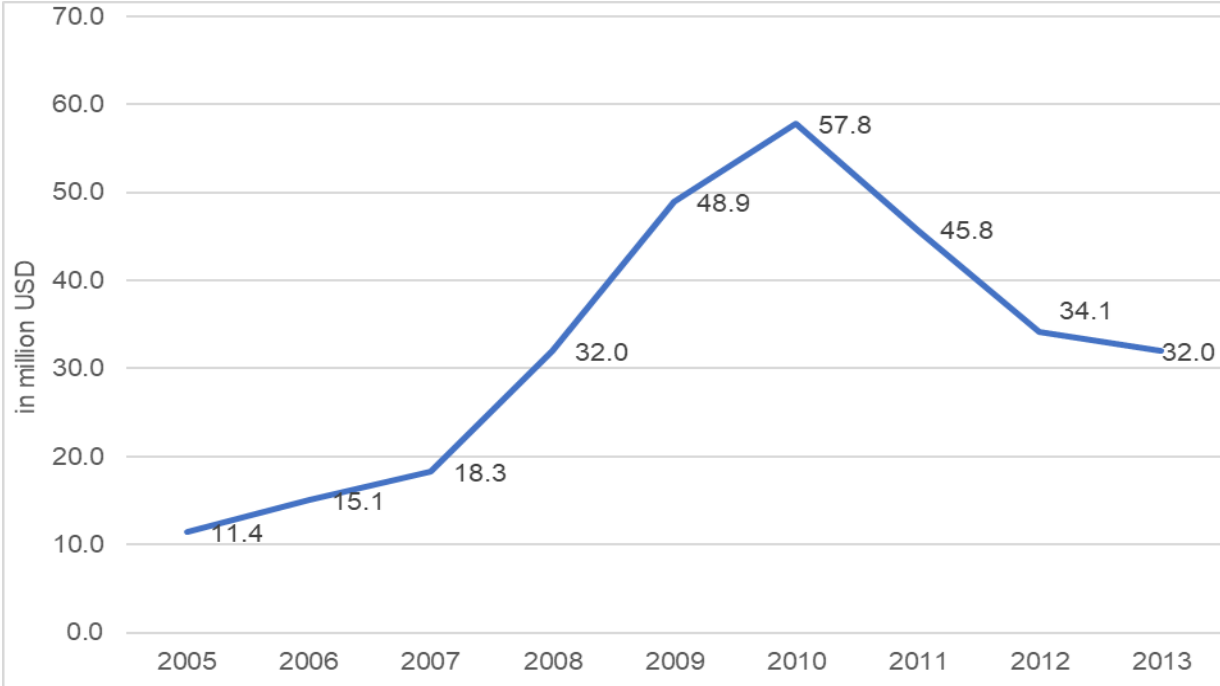
As an important instrument for foreign policy, the Brazilian Agency for Cooperation (*Agência Brasileira de Cooperação - ABC*) is exclusively responsible for Brazilian programs and projects for technical cooperation (MRE, 2017). According to Zanella and de Castro (2017), ABC faces difficulties to manage and to effectively lead technical cooperation strategies, due to the structure of Brazilian bureaucratic services and the agency hierarchically subordinated position in the Ministry of Foreign Affairs (see Figure 1).

**Figure 1: The Brazilian Agency for Cooperation Structure**

Source: ABC (2017). Made by the author

Brazilian expenditure in technical cooperation rises in the period 2007-2010, when a growth from USD 18.3 million in 2007 achieved a maximum of USD 57.8 million in 2010, stabilizing around USD 37.3 million in the period of 2011-2013, as shown in Figure 2. The total expenditure in technical cooperation is the sum of technical cooperation expenditure from public institutions, including ABC, ministries, banks and research institutions. ABC itself is responsible for 71.6 percent of these expenditures.

**Figure 2: Brazilian Total Expenditure in Technical Cooperation (in million USD)**

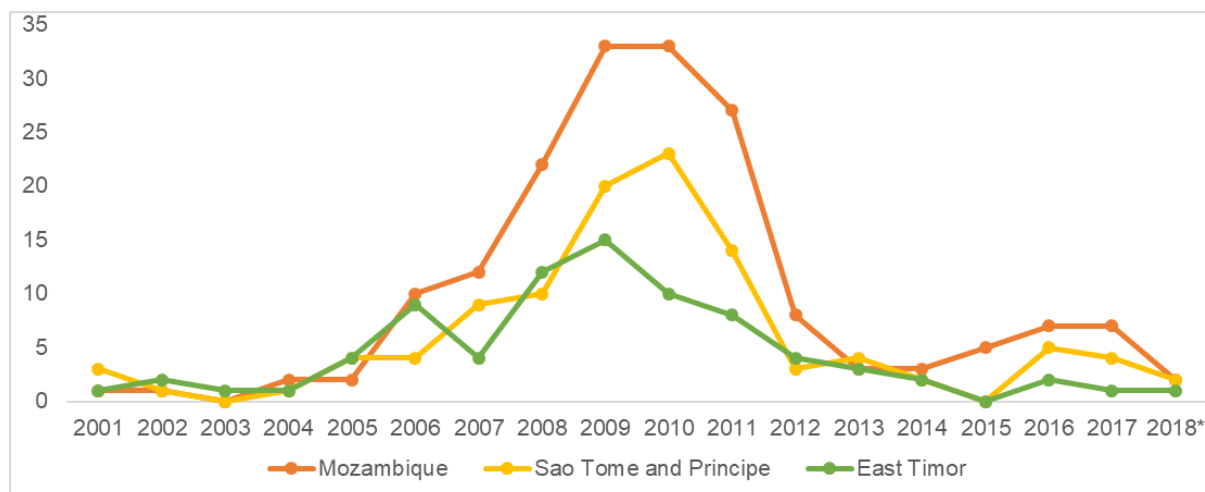


Source: IPEA, 2016. (Made by the author)

\* Originally, the data is in Brazilian Real (BRL). Exchange rate from BRL to USD based on Ipea/Dimac (2017)

Mozambique is the main target of Brazilian technical cooperation (CHICHAVA et al. 2013). In the period of 2011-2013, Mozambique received about USD 13.2 million, almost twofold the second country in the rank, São Tomé and Príncipe, with USD 6.9 million (MRE, 2017). After 2013, there is no available data about expenditure in technical cooperation; however, the number of technical cooperation projects are insignificant when considered a total number of projects per year in top three recipient countries (see Figure 3).

Since 2012, the total number of projects slow down drastically, achieving a minimum of seven projects in Mozambique, four in São Tomé and Príncipe, and only one in East Timor in 2017. Brazilian technical cooperation projects slowdown generally, because of the political-economic instability and change in foreign policy strategies in Brazil.

**Figure 3: Number of Brazilian Technical Cooperation projects per year (TOP 3 countries)**

Source: ABC, 2018. Made by the author.

\*data collected until 2018, June 18<sup>th</sup>

\*\* Project starting year

In Mozambique, cooperation projects are on agriculture, health, and education, respectively 22.5 percent, 19.7 percent, and 12.9 percent (see Table 1). With Brazilian expertise, agriculture projects are done as South-South cooperation or trilateral cooperation (among Brazil, Mozambique, and a traditional partner).

Despite it is important to explain how Brazil acquired knowledge in the agriculture field, and therefore, how its sector has been developed, this paper does not discuss it. Only one factor considered in the literature is the partnership between Brazil and Japan in the 1970s called PRODECER. The project main purpose was to improve the agriculture productivity in Brazilian Cerrado (Brazil's savannahs area), mainly soybeans, in an export-led model. It developed specific technology for Brazilian tropical area and as a result, Brazil became one of the largest food suppliers in the world and a "model of agribusiness" (HOSONO, ROCHA & HONGO, 2016). In 2000, Japan and Brazil signed the Japan-Brazil Partnership Program (JBPP), focus on jointly implement technical cooperation in developing countries as trilateral cooperation mainly Latin America and Africa.

**Table 1: Number of Brazilian Technical Cooperation Projects in Mozambique per sector (2001-2018)**

Year**	Agriculture	Health	Education	Environment	Cities	Public Administration	Defense	Others	Total
2001			1						1
2002								1	1
2003									0
2004								2	2
2005		1	1						2
2006	1	3	2					4	10
2007	3	3	1	2		1		2	12
2008	3	6	3	1	2	1		6	22
2009	7	4	3	4	3	2	1	9	33
2010	6	10	3	1	4	3	1	5	33
2011	11	4	3	1	1	2	1	4	27
2012	3		1	1	1		1	1	8
2013			2	1					3
2014	1						2		3
2015	2							3	5
2016	2	3	1				1		7
2017	1	1	2				1	2	7
2018*							1	1	2
Total	40	35	23	11	11	9	9	40	178
	22.50%	19.70%	12.90%	6.20%	6.20%	5.10%	5.10%	22.40%	100.00%

Source: ABC, 2018. Made by the author

\*Data collected until 2018, June 18<sup>th</sup>

\*\* Project starting year



Brazilian technical cooperation in agriculture sector reflects the dual dichotomy of Brazilian agriculture institutional structure, in which large-scale farmers group compete with small and medium-scale farmers group for financial resources, political influence, and support (ZANELLA & DE CASTRO, 2017, p. 256). The ProSAVANA Program (findings in the next section), the most important and controversial project from Brazil and Japan to Mozambique, is an example of Zanella and de Castro`s argument.

Adopting a solidarity speech, Brazil is committed to take advantage of the expertise and knowledge acquired in the Brazilian Cerrado, and to apply it in the African savannahs (EKMAN & MACAMO, 2014). Moreover, Brazil foreign affairs ministry intends to expand Brazil`s participation in world affairs (AMORIM, 2010) and foreign aid is an important tool to achieve it.

### **The ProSAVANA Program**

ProSAVANA is a program aimed to develop agriculture sector in Nacala Corridor, which would happen within 20 years. The program is divided into three projects: (1) Project for Improving Research and Technology Transfer Capacity for Nacala Corridor Agriculture Development (ProSAVANA-PI); (2) Project for Support of the Agriculture Development Master Plan for Nacala Corridor (ProSAVANA-PD); and (3) Project for Establishment of Development Model at Communities` Level with Improvement of Rural Extension Service under Nacala Corridor Agriculture Development (ProSAVANA-PEM).

The first project main goal is to maximize the current knowledge of the natural and socioeconomic resources of the Nacala Corridor, and to identify the most appropriate agricultural technologies for the sustainable development of regional agriculture, centered on the modernization and institutional capacity building of Agricultural Research Institute of Mozambique (*Instituto de Investigação Agrária de Moçambique – IIAM*). The second project is focused on developing a regional agricultural development plan for the Nacala Corridor (Master Plan). Finally, the third and last project purpose is to do a plan and to execute agricultural development projects in a level of communities for the establishment of zones of development, and to develop a virtual

platform for consultancy through the support of two Brazilian universities (*Universidade Federal de Viçosa* and *Universidade Estadual do Sudoeste da Bahia*).

### ***Program purpose***

According to the governments of Brazil, Japan, and Mozambique, ProSAVANA integrates both large-scale and small-scale farmers groups. Its purpose is to guarantee food security, to improve smallholder farms productivity, to develop rural sector competitiveness, and to promote agribusiness. However, those four goals do not have the same level of importance.

At a first stage, ProSAVANA main purpose was the development of large-scale farms to produce crops for export-led. At the International Symposium for ProSAVANA titled "International Agribusiness Seminar in Mozambique" held in Sao Paulo in April 25<sup>th</sup>, 2011, representatives from Brazil and Mozambique said that the demand for food due to world population growth is an opportunity for Brazil and Mozambique to become world food suppliers (JICA, 2011), which was pushed after the food crisis of 2007-2008. Representatives of private corporations (Miranda Industrial Ltd. and Mitsubishi Corporation) emphasized three important aspects to attract private investments: local government support, technical expertise, and infrastructure (JICA, 2011). In the subsequent year, a group of 60 politicians and entrepreneurs visited Nacala Corridor and reiterated the need to develop infrastructure in the area (JICA, 2012), which has been done in the Nacala Development Corridor Project, to explore coal in Moatize mining.

Civil society organization <sup>4</sup> and academic researchers <sup>5</sup> are concerned about ProSAVANA, mainly after the release of Master Plan (see section 3.2.2 ProSAVANA-PD). Their main argument is that the program does not consider peasants and agribusiness as equals; Brazilian cooperation has commercial interests, which benefits only the Mozambican political elite and the multinationals, excluding all other interested parties who are affected by the program, such as peasants and the local community. In addition, they criticize the limited information shared with all involved parties about implementation process. For example, it is unclear what proportion of production is destined for the domestic market to ensure food security, and what proportion is

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<sup>4</sup> *União Nacional de Camponeses* (UNAC) (2012), Environmental Justice (2012 and 2013); ADECRU (2017), and others.

<sup>5</sup> Chichava et al. (2013), Nogueira and Ollinaho (2013), Mosca and Bruna (2015), McDonnell (2017), and others.

destined for the export market (CHICHAHA, 2011, PATRIOTA & PIERRI, 2013, EKMAN & MACAMO, 2014, MOSCA & BRUNA 2015; and MCDONNELL, 2017).

Despite a high expectation of investments in agriculture from all involved parties, Brazilian private investments in the agriculture sector of Mozambique are stagnant in the analyzed period (see table 2). In the period 2007-2017, only four investments were approved in the agriculture sector, in a total of twenty-three investments from Brazil to Mozambique, which represent USD 22 million, a third of total investments. Unfortunately, Apex does not have any information about whether investments have been executed or not.

As a consequence of all constant and severe critics, Mosca (2014) states that the official discourse has changed to minimize the relevance of agribusiness investments and emphasize small and medium investments. The recent official discourse is to apply contractual agriculture (NOGUEIRA & OLLINAHO, 2013), which is still, an export market oriented to "modernize" the economy based on the concept of "economy of scale", supporting the import of agriculture technology to increase productivity (ZANELLA & DE CASTRO, 2017).

**Table 2: Brazilian FDI in Mozambique per sector (2007-2017)**

Year	Currency	Agriculture	Construction	Transport & Communication	Services	Tourism & Hotel	Industry	Total Project
2007	USD (in million)		3					3
	No. of projects		1					1
2009	USD (in million)			6.5	0.2			6.7
	No. of projects			1	1			2
2011	USD (in million)				2	0.19		2.19
	No. of projects				1	1		2
2012	USD (in million)	7.5			3.57		1.04	12.1
	No. of projects	2			2		1	5
2013	USD (in million)		1.2		1.1			2.3
	No. of projects		1		1			2
2014	USD (in million)				1		7.51	8.51
	No. of projects				1		2	3
2015	USD (in million)	0.6	11.87		1.16			13.63
	No. of projects	1	1		2			4
2016	USD (in million)	14.53	0.15					14.68
	No. of projects	1	1					2
2017	USD (in million)				0.67		0.1	0.77
	No. of projects				1		1	2
Total Sector	USD (in million)	22.62	16.22	6.5	9.7	0.19	8.65	63.89
	No. of projects	4	4	1	9	1	4	23

Source: APIEX, 2017 (Made by the author)

\*2017 from Jan to Sep / \*\*2008 and 2010 have no Brazilian FDI

## Current Status

### **ProSAVANA-PI**

As previously introduced, ProSAVANA-PI's purpose is to develop and transfer agricultural technology in Nacala Corridor. It was executed by agriculture research institute of Japan, Brazil, and Mozambique, Japan International Research Center for Agricultural Sciences (JIRCAS), Brazilian Agricultural Research Corporation (*Empresa Brasileira de Pesquisa Agropecuária - Embrapa*) and Agricultural Research Institute of Mozambique (*Instituto de Investigação Agrária de Moçambique – IIAM*) respectively. The project has a total duration of 6.5 years (2015/05 - 2017/11).

The project outcomes can be seen at Table 3:

**Table 3: ProSAVANA-PI Outcomes**

Outputs:	Objectively Verifiable Indicators:
1 - Capacity of IIAM research centers in Northeast and Northwest	<ul style="list-style-type: none"> <li>- Experimental laboratory and research equipment are repaired, constructed, and installed at IIAM CZnd (soil and plant analysis laboratory).</li> <li>- Laboratory construction plan for IIAM CZno is developed.</li> <li>- Record of use and maintenance of research facilities and equipment are kept by IIAM.</li> <li>- Meetings to evaluate experimental plans and results are taken place annually at IIAM.</li> <li>- C/Ps' self-evaluation survey on research and transfer abilities shows advance as compared to baseline survey results.</li> <li>- Guidelines of research center management are accepted by IIAM.</li> <li>- C/Ps present on their research work regarding soil improvement technology and cultivation technology more than a total of 8 times in meetings, seminars, workshops, Annual Meeting on Research Achievements and Planning (IAMRAP), Agriculture Research Meeting – Nacala, symposium between IIAM and universities, conferences, etc.</li> </ul>
2 – Natural resources and socio-economic conditions in Nacala Corridor are evaluated.	<ul style="list-style-type: none"> <li>- Reports and databases on natural resources evaluation in Nacala corridor (soil, vegetation, land use, meteorology, water resources and landscape) are accepted by IIAM.</li> <li>- Reports of socio-economic assessment are accepted by IIAM.</li> </ul>
3 – Soil improvement technology for Nacala Corridor is developed.	<ul style="list-style-type: none"> <li>- A soil improvement manual (including fertilization and soil conservation) is accepted by IIAM.</li> </ul>

4 – Appropriate cultivation technology for Nacala Corridor is developed.	- A cultivation manual (including crops, varieties, seed production, microorganism, access to water and cropping system) are accepted by IIAM.
5 – Technology transfer activities for extension workers are implemented on newly developed/validated agricultural technologies	- Technology transfer activities (seminars, field days, training courses, etc.) are held over 15 times. - A decision support model is accepted by IIAM. - Training for extension workers to use the decision support model is taken place.

Source: Final report ProSAVANA-PI (2017, p. 35-36)

### **ProSAVANA-PD**

The main purpose of ProSAVANA-PD is to develop a Master Plan for a regional agricultural development in Nacala Corridor. To achieve it, public consultations were held with local communities, as well as in the provinces' capitals and in Maputo (MOSCA & BRUNA, 2015).

However, the Master Plan Version Zero, released in 2015, was criticized by civil society organizations as from Brazil, Japan and Mozambique (see section 3.1 Program purpose). To overcome this issue, civil society tried to get involved in the project through public participation sessions, exchange of dialogues and approaches, as well as sharing ProSAVANA documents to the public.

Due to such efforts, the Master Plan initial concept was reformulated (see Table 4), despite the persistent idea of transformation of current farming systems and mind-set of family farmers, and the lack of information (MOSCA & BRUNA, 2015).

**Table 4: Master Plan transition**

	Before CSO criticism	After CSO criticism
Main target	Large-scale farms (agribusiness)	Agribusiness, and inclusion of small and medium scale farms as contract farmers
Crops	Cash crops (soy, potato, vegetables, cashew, cotton, tobacco)	Food crops (corn, cassava, beans, peanuts)
Market Destination	International market (especially Asia)	Domestic market and international market (especially Asia)

Source: Mosca & Bruna (2015)

The final version of Master Plan is not approved yet and without its approval, ProSAVANA is on hold. The program's confidentiality creates a frustration and distrustfulness atmosphere among Government, peasants, CSOs, and the private sector.

### ***ProSAVANA-PEM***

The third and last project was scheduled to occur between 2013 and 2019. According to the interviews, they are in implementation, but no detailed could be shared. ProSAVANA-PEM main purpose is to increase agricultural production at each farming size by adoption of the agricultural development models. According to ProSAVANA website (2018), the project activities are:

First, to comprehend current situation of social economic aspects, agriculture/farming and public/private/NGOs agriculture extension services in the target areas of ProSAVANA. Then, it will prepare an annual work plan for the project, carry out baseline survey and periodical survey, define development models and formulate reference projects to be implemented.

Second, to select target groups, areas and partners for the reference projects; implement, monitor and evaluate the reference projects, engage public/private/NGOs in the reference projects to contribute with the activity, and recommend potential agricultural development models based on the reference projects.

And third, to support implementation of the agricultural development models in the target areas of ProSAVANA, compile public policy recommendation(s) to promote the potential agricultural development models for sustainable rural development, identify and select potential stakeholders in the target areas of ProSAVANA to engage in promoting agricultural development models, establish extension methodologies in the target areas of ProSAVANA, prepare guidance materials for promoting extension services of the agricultural development models in the target areas of ProSAVANA, conduct trainings and/or OJTs for public/private/NGOs agricultural extensionists and agricultural producers, support and promote extension services by public/private/NGOs agricultural extensionists; and compile public policy recommendation(s) for the improvement of the extension services for sustainable rural development and reflect it/them in the provincial strategies.

## Reasons for failure

Explaining why Mozambique does not attract Brazilian large-scale investors is not simple. However, this paper points out some reasons for it. Before explaining why Brazilian agribusiness is not investing in Mozambique, it is primal to consider that ProSAVANA is not a replication of PRODECER, as stated by Ekman and Macamo (2014).

The first reason why Brazilian agribusiness are not attracted to invest in Mozambique is that comparing with Brazil, it is hazardous to invest in Mozambique. For instance, Mozambique has no subsidies to large-scale farms nor small-middle-scale farms (while Brazil has), Brazilian farmers have limited knowledge about Mozambique, and Brazil still has available land to invest and economic growth possibilities in the agriculture sector.

On one hand, Brazilian farmers receive public subsidies to invest. Recently announced by Brazilian Government, the Safra Plan<sup>6</sup> (*Plano Safra*) of 2018/2019 has sums in the order of USD 50.51 billion for medium and large-scale farms, and USD 8 billion for small-scale farms (JARDIM, 2018). On the other hand, Mozambique has no economic conditions to provide subsidy funds to small, medium or large farms and Brazilian agribusinesses will not invest without receiving subsidies. In the ProSAVANA Program, it was expected that Brazil and Japan would provide subsidies to Brazilian farmers invest in the Nacala Corridor, which motivated several Brazilian entrepreneurs to visit Mozambique, as presented by JICA's release (2011 and 2012). Nevertheless, those subsidies have not been done and, consequently, Brazilian agribusiness has not been interested in investing in Mozambique.

The second reason is that all land is state property. The process to obtain DUAT (Land Use Authorization) as well as the legal process to foreigners be allowed to work in Mozambique are bureaucratic. In Brazil, all land is a private property, whereas in Mozambique, the entrepreneur obtains DUAT. In Mozambique, it is possible to keep the rights to use, transferred or inherited a land. Whether you live in the land for at least ten years or inherited it, you have the right to use it. However, according to interviews, Brazilian entrepreneurs are still reluctant and do not think it is a huge advantage compared with Brazil's land.

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<sup>6</sup> The Safra Plan is a set of subsidies given by the Government to strengthen the agriculture sector.



Obtain DUAT is very bureaucratic because of the lack of government resources management and capacity. Furthermore, peasants and agribusiness enterprises are in conflict for a land usage right. A high percentage of peasants do not have enough documents to prove how long they have used a land, and even the government does not have control about such information. Due to this issue, smallholder farmers are expropriated for private enterprises (EKMAN & MACAMO, 2014).

The third and last reason is that civil society mobilization against ProSAVANA beat off foreign agribusiness. The lack of information about ProSAVANA purpose and implementation; unsatisfactory dialogue between government, peasants, and CSOs; and not enough public consultations and debates created an unpleasant and negative image about what is ProSAVANA, and who is benefited by it.

CSOs from Brazil, Mozambique, and Japan mobilized in a “No to ProSAVANA Campaign”, which did four Triangular Conference of People (*Conferência Triangular dos Povos*) in the past five years. Projects such as ProSAVANA and MATOPIBA<sup>7</sup> deny the peasant’s right to decide on their own food systems, imposes foreigner agricultural practices and options and are an attack to peasant’s class (NO TO PROSAVANA, 2018). The constant criticism to agribusiness repels investments and is the last main reason to Brazilian agribusinesses do not invest in Mozambique.

Concluding, comparing to Brazil, Mozambique has not enough attractiveness to Brazilian farmers. Mozambique does not provide subsidies or land property, and Mozambican peasants and civil society are not welcoming them.

## Final Consideration

Mozambique is the main target of Brazilian technical cooperation. In the period of 2011-2013, Mozambique received about USD 13.2 million; and from 2011 to 2018, 178 projects were executed mainly in agriculture, health and education sector. ProSAVANA is the main project

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<sup>7</sup> MATOPIBA is a region that involves 337 municipalities in the Northern of Brazil (states of Maranhão, Tocantins, Piauí and Bahia). It accounts for a large part of the Brazilian production of grains and fibers and it is an identified region for the expansion of agribusiness (EMBRAPA, 2018).

from Brazil in Mozambique and is a trilateral cooperation between Brazil, Japan, and Mozambique. This paper investigated about ProSAVANA Program challenges to attract Brazilian large-scale farmers.

Private investments were expected in the Nacala Corridor due to Brazilian investments in Moatize mining coal and ProSAVANA Program, however, Brazilian private investments in the agriculture sector of Mozambique are stagnant. During 2007-2017, only four (out of 23) investments were approved in the agriculture sector from Brazil to Mozambique.

Challenges, such as the high risk of investment; no subsidies to small, medium and large-scale farms; all land in Mozambique is state property; the bureaucratic process to obtain DUAT, and the civil society mobilization against ProSAVANA, created an unpleasant atmosphere to private investments and Brazilian agribusiness are not willing to invest in Mozambique.

Brazilian, Japanese and Mozambican Governments are committed to run the ProSAVANA program, and many stakeholders held a lot of expectations for Brazilian investments, however, there is no tangible outcomes so far and investments in agriculture sector has failed.

This research was conducted by understanding technical cooperation, FDI and ProSAVANA Program, although it has a limitation on data.

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