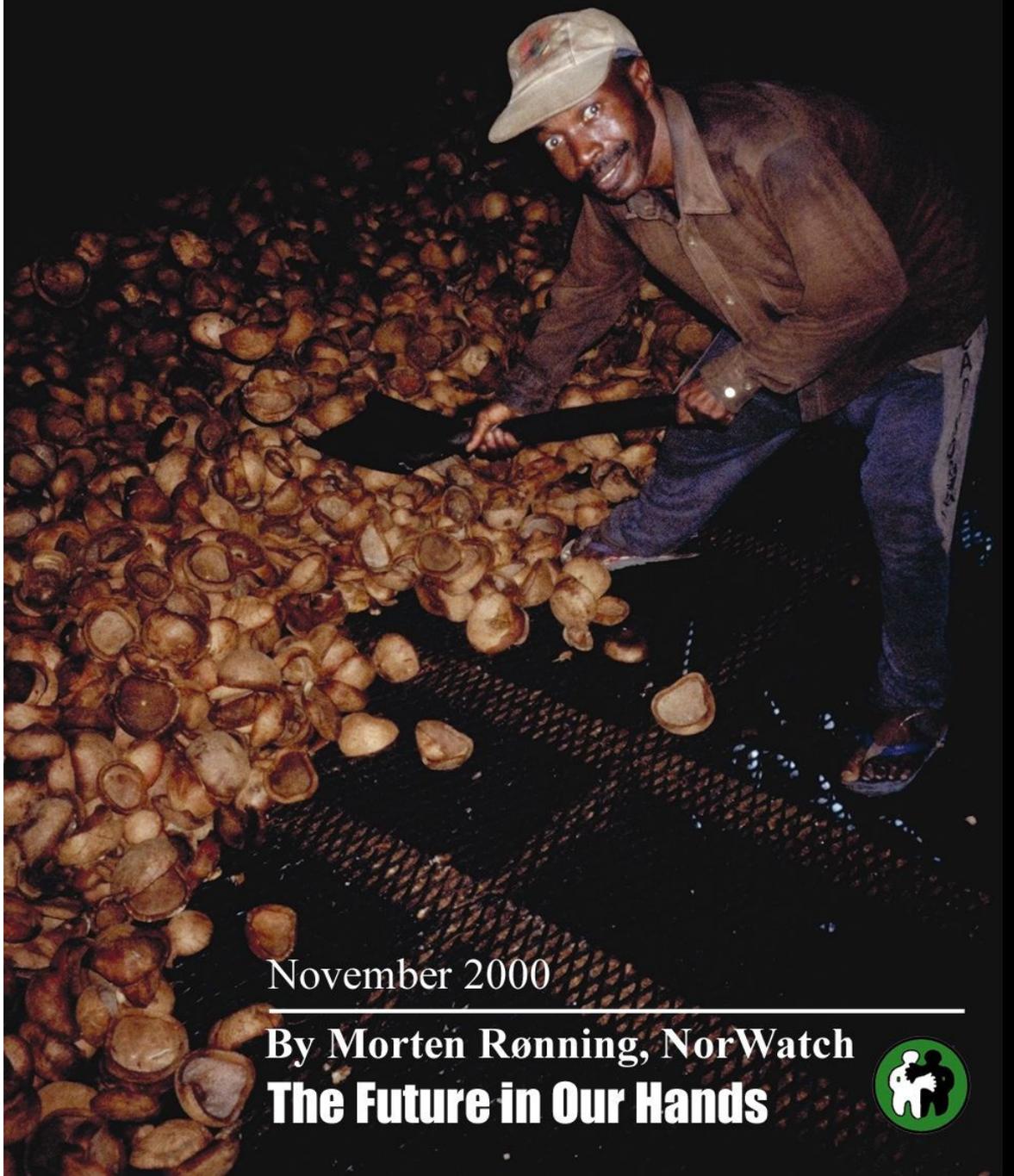


# Development or Exploitation?

## Grupo Madal in Mozambique



November 2000

By Morten Rønning, NorWatch  
**The Future in Our Hands**



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"Development or Exploitation? Grupo Madal in Mozambique"

**Frontpage: A worker shovels copra in a kiln in Macuse.**

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# 1. Introduction

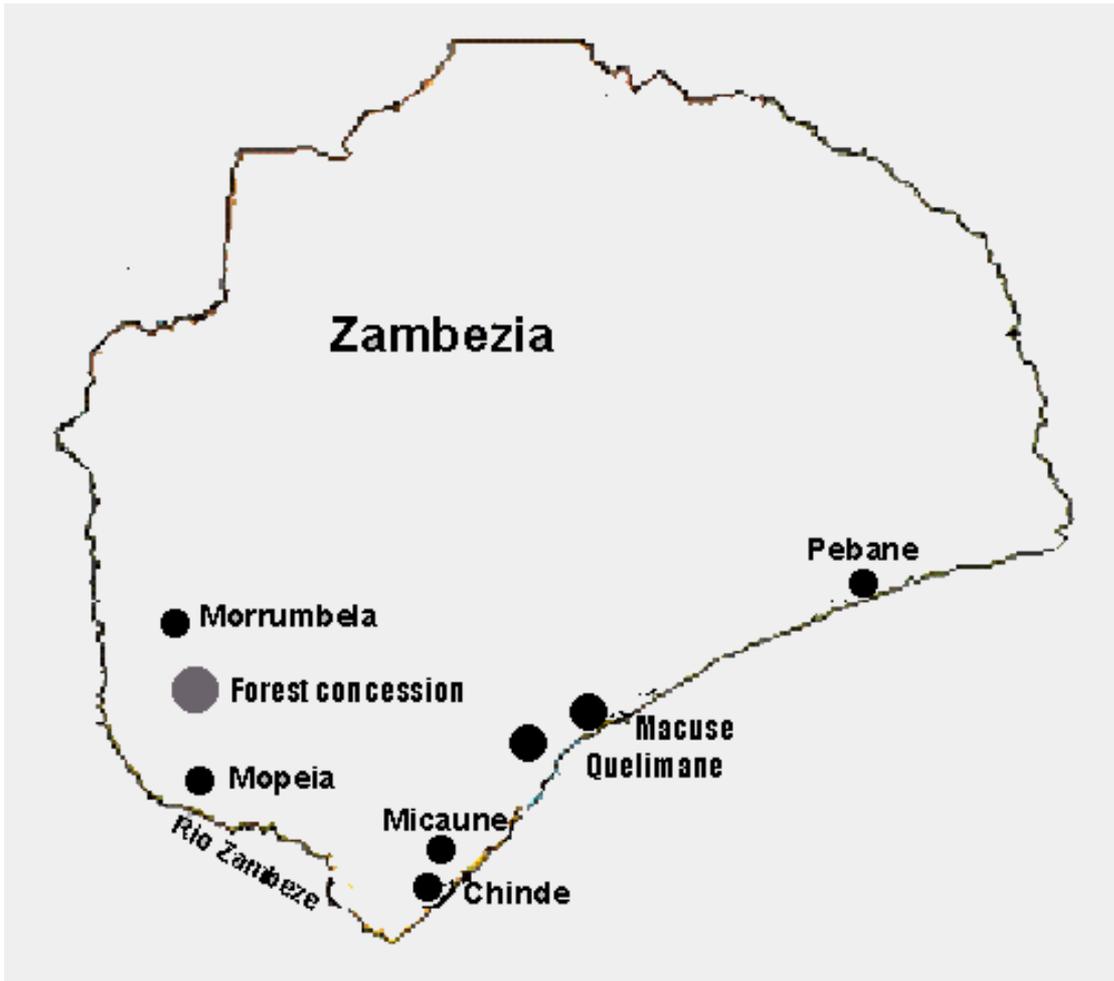
The plantation company Grupo Madal S.A.R.L. (Madal) was formed in Monaco in 1903, and has been on Norwegian hands since 1913. The company started up trading in copra (dried coconut kernels) in Mozambique, but soon established its own coconut plantations. The company grew to become one of the country's largest, but like many other companies, Madal lay almost dormant during the 1975-1992 civil war. After the war ended, the Norwegian owners, mainly Halvor Astrup, started rebuilding the company. Besides the production of and trade in copra in Zambézia Province, the most important business areas are cattle-farming, shrimp trawling, and forestry. The company is also a shipping agent and is managing several of the country's ports. In addition, Madal is seeking opportunities in other sectors, such as mining and oil production. Today, the company is the largest private land holder in Mozambique.

During a visit by Norway's then Prime Minister Kjell Magne Bondevik to Mozambique in January this year, a letter of intent was signed between the Norwegian government's investment fund for developing countries, Norfund, and Grupo Madal, for Norfund to invest in the company to the tune of USD 2 million. Negotiations have yet to be concluded, but if the deal does lead to such an investment, the Norwegian government will be among the company's owners. The company therefore merits closer scrutiny.

NorWatch has studied the copra, cattle, and forestry activities. Our aim was to examine three aspects of these activities: the environmental impacts, land use, and working conditions within the company. We visited Mozambique and Zambézia Province in July 2000. The report is based mainly on three kinds of information: a guided tour and information given by the company, our own observations, and talks with organisations and individuals in Quelimane in Zambézia, and in Maputo.

In a country such as Mozambique, where poverty looms large and unemployment is rife, one may easily think that any business initiative is beneficial. The question is whether each and every economic activity in the poorest countries, yielding some degree of a return to the local communities through jobs, and to the government through taxes, is a good thing. In NorWatch's view, there must be a bottom limit for how *small* the returns to local communities and the government can be, in order to justify the use of lands and natural resources. To make such an assessment, we must also look at the alternatives.

Grupo Madal plays an active role vis-à-vis local and national authorities with regard to influencing *how* lands and natural resources are utilised. Precisely for that reason, it is interesting to see what alternatives, if any, exist that could enhance economic development in the area - as the company itself says that it wishes.



Maps of Mozambique and the Zambezia Province, showing location of the Madal projects.

## 2. Wages, Working Conditions, and the Environment

### 2.1 The Plantations

Today, Madal has seven coconut plantations in Zambézia, situated between Pebane to the north and Chinde to the south (see map). The company controls some 22,000 hectares (ha) of land, planted with a total of 1,800,000 coconut palms (*Cocos nucifera*). This year's expected copra export is 18,000 tons. The plantations are situated near the coast, where the sandy soil is well suited for this purpose. Many of the plantations were established 100 years ago. Three of the plantations were bought in 1997, when the state-owned Boror company was privatised. Madal's core plantation area is north of Quelimane, where the village that has lent its name to the company borders the company's plantations. The company holds 15 kilometres of coconut palms along the coastline at Praia de Zalala, a place referred to simply as Madal Beach.

We visited two of Madal's coconut plantations during our visit to Zambézia: Macuse, north of Quelimane, and Micaune, south of Quelimane, where the company has its head office. The former was bought from Boror in 1997, while the latter has been on the company's hands since the beginning of the past century. Operations are identically run at the two plantations, and therefore, we will not distinguish much between the plantations in the following. The Macuse plantation (the Porto Belo section) measures 690 ha, and the Micaune plantation, 2,200 ha.

To describe briefly the process underlying copra production: The company nurses hybrid palms, which are planted when the old trees in an area have become unproductive, after as much as 70 years. After four or five years, the company can start to harvest coconuts. The tallest palms can reach a height of 15 metres. Cutters, with a piece of cloth tied between their feet, easily climb the tree trunk and cut the ripe nuts, one year after flowering. One palm yields an average of 42 coconuts per year in Zambézia (2). About 7.5 nuts are needed to produce one kilogram of copra. The rainy season between January and March is the best time for harvesting, when the most nuts are ripe.

The nuts are tied together in fives, and moved to a collection site for further transport. An on-site supervisor keeps track of the number supplied by the individual gatherer. Nuts are taken to a drying kiln, of which there are several on each plantation. These kilns are long houses, where nuts are dried on the ground floor, while the fire is stoked in the cellar. A kiln that we visited at the Macuse plantation, for instance, has a capacity for 12,000 nuts a day, and the plantation has three such kilns.

The workers at the kilns each have specific tasks: some peel off the fibrous husks surrounding the nuts, others cut the hard nut in two, others again carry the nuts into the kiln, where they are sorted by yet other workers. The nuts are dried on the floor, which is a grate under which a fire is stoked with the fibrous husks for 24 hours, before the nuts are carried out again. By then, the copra itself has loosened, and the hard shell is removed. Then, the copra is put back, and further dried for 48 hours before it is carried out and packed in 50-kilogram sacks. Every worker has a quota for the number of nuts to be treated, cut, and carried, and there is a fixed payment for this quota (piecework).

The hard shell of the nuts is used to produce charcoal. The shells are gathered in oil drums, where they are burned for a few hours, before a lid is put on the drum, which is then turned and left to stand for 24 hours. Then, the charcoal is cooled, before it is packed in sacks. One kilogram of charcoal is produced for every four kilograms of copra.

Each kiln has a warehouse. From the warehouse, the copra is transported either by car or boat to Pebane or Quelimane respectively, where the company has its two main warehouses. Ships collect the copra once every two months, and take it to Germany via Rotterdam. The sole buyer of the copra is the British company L. M. Fischel.

### **Wages:**

On average, there are 86 people working on the Porto Belo plantation in Macuse. Twenty of these, mainly technicians and supervisors, are permanently appointed. Some 90,000 people live in Macuse. The Micaune plantation employs about 500 workers, some 30 of which are permanently appointed. About 50,000 people live in Micaune.

All those involved in actually handling the nuts are hired labour, paid according to the quota system. A cutter gets 13,000 Metical (Mozambique's currency, MZM) (equal to USD 0.85) for a quota. In the busy season from January to March, there is a quota of 500 nuts; in the slack season, 350. This is because a cutter has to climb more palm trees to gather his quota in the slack season, when there are fewer ripe nuts.

According to the company, a cutter can collect his quota in the run of a single working day, from 6 am till 12 noon. Historically, Madal has set higher quotas than others (2).

Work comes to a halt when it is raining, which makes the trunk too slippery to climb. If a worker cannot make the quota in one day, he can complete it on the following day. The workers come from the local settlements, and besides working for the company, they grow their own coconut palms, as well as other crops, such as cassava, beans, and rice. They work six days a week.

There is a statutory minimum wage in Mozambique. The minimum wage applies only to permanent employees working seven-day weeks. At the time of collecting this information, the minimum wage for agricultural and forestry workers was set at MZM 352,350 per month, according to the trade union and Mozambique News Agency. For work in other industries, the minimum wage is MZM 450,000. The minimum wage forms the basis of all other salary arrangements. According to the union organising most of Madal's permanent employees, SINTAF (Sindicato Nacional dos Trabalhadores Agro-Pecuários E Florestais), the MZM 350,000 minimum wage would far from cover needs; it would not, for instance, be enough to buy clothes for the children, or pay school fees. According to SINTAF, no large companies pay lower wages than Madal, while two or three others pay as little.

If the cutter works for six days a week, and cuts one quota per day, he could, according to the information from the company, make MZM 338,000 (USD 22) a month. This salary is just below the minimum wage, but as mentioned earlier, the latter applies only to

permanent employees working seven-day weeks. Quotas and payment vary for each work operation in the production process.

The company says it is never difficult to get workers for the plantations. The plantations are often in remote places, where there is no other wage labour to be had. In Chinde District during the 1940s and 50s, Madal accounted for 84% of the employment of all workers with wage labour besides their own farming (2).

**Summary:**

*According to SINTAF, low wages are the main problem for the workers at Madal, which is, however, better than many others when it comes to making regular wage payments. Still, wages can be delayed up to two weeks for workers on plantations far away from Quelimane, due to logistic and security reasons. Madal rejects that the company is at the bottom of the wage scales. Many of Madal's workers are left with less than the minimum wage, and SINTAF's first advice to the company is to raise wages. The union does not buy the company's explanation that the world market price for copra is too low, as prosperous times have never been reflected in wages.*

**Working Conditions:**

The process of copra production has not changed for several decades. Production methods are simple and labour-intensive, and not dependent of electricity. The company uses a number of tractors for transporting the nuts, but on at least three plantations, transport is still by ox cart.

The kiln has no windows, only small peepholes to allow as little heat as possible to escape. Work in the kiln takes place in very dark surroundings, lit only by the peepholes and the door to the room. After fires have been stoked by night, it is very hot in the kiln, and workers often only wear shorts.

In the cellar below the dryer, fibrous husks are carried in for burning. This room is hardly more than 1.5 metres high, and both those carrying the husks and those sorting them out on the floor before kindling, have to walk with their backs bent. This room, too, is necessarily hot from the fire, and when NorWatch visited the Macuse kiln, some heaps of ashes were still smoking while new loads of husks were carried in and spread out on the floor.

Charcoal production takes place at the kilns in the midst of all the other processes, to avoid having to move the shells away from the kiln. As a result, up to ten oil drums may be standing in between the workers handling other operations. These workers, of course, are working in all the smoke, depending on wind direction.

Racism, says SINTAF, is a problem in an old company such as Madal. The management consists mainly of people of Portuguese origin, and SINTAF receives a number of complaints from workers over the way they are treated by managers. One plantation manager was named as an outright racist; even in rainy weather, he refused to give the vacant seat in his car to any of the workers, but let them sit outside on the back of his Landrover.

One reflection of this racism is that people of Portuguese origin are paid better than black Mozambicans for equal work. According to SINTAF, including Madal there may be three or four companies in Mozambique still practising "traditional" racism.

SINTAF also pointed to three other aspects of Madal's operations with a potential for improvement: health services, trade in the plantation areas, and the lack of transport to and from work.

Madal distributes and sells food and other consumer goods at the often remote plantation areas. The workers complain that the goods are expensive, and do not reflect wages in the company. Antonio Branco of Madal claims the prices hardly cover the costs.

According to Madal, they have participated in rehabilitating one hospital and seven clinics, along with several schools in the plantation areas.

**Summary:**

*SINTAF pointed to four groups of workers that are losing out at Madal, among them the workers at the copra kilns. The drying process for copra has not changed in decades, and both smoke and heat are a strain on the workers. Isequil Molde Crusro, SINTAF's representative in Madal, said that he had recently visited one of the company's plantations. The workers had asked for boots, with little result. The workers had then offered to pay for the boots themselves, if the company could only provide them. Both our own observations and feedback from others suggest that Madal has not kept up with developments since Mozambique broke free of Portugal in 1975. There is much to suggest that black Mozambicans and people of Portuguese origin do not enjoy the same level of respect within the company.*

**Environment:**

The company's plantations were mainly established about 100 years ago, and the local population has been growing coconut palms in the coastal areas of Zambézia since the plant was introduced from Indonesia in the 6th century. Operations are run much the same way today as they were a hundred years ago, and today's operations therefore have little impact on the local environment.

It was pointed out, by the ACODEMAZA environmental organisation and others, that the coconut palms have limited capacity for preventing erosion. Both along the coastline and in the delta areas, we saw several places where water had eaten into the plantations, and overturned palm trees laid at the water's edge. With a ten-metre space between each palm, the roots cannot fix the soil to the extent necessary (newer hybrid palms are spaced 8.5 metres apart). ACODEMAZA and the Nuevo Fronteira environmental organisation have therefore started tree-planting in the zone between the plantation and the sea, e.g. in Praia de Zalala, to prevent erosion. In Micaune, the company has similarly planted trees in this zone, mainly to prevent the sea wind from damaging the palms.

The company nurses its own hybrid palms, with no use of pesticides. On the plantation,

fertiliser is used mainly during the first years.

The coconut industry is struggling with one big problem: lethal yellowing disease, a mycoplasma infection that attacks the palm, turning the leaves yellow and killing the palm in a short space of time. The company is careful to cut and burn infected palms, but the disease is spreading, i. a. through the palms of the local people bordering the company's plantations. The industry has not yet found a cure for yellow fever. In Micaune, it was first observed in March of 1998.

**Summary:**

*Environmental destruction connected to the coconut palm plantations mainly took place a hundred years ago, when forest was cleared for plantations. Today, few or no new lands are converted to this use. Current impacts are mainly tied to erosion, as both the root system and the spacing between the trees make coconut palms inadequate for securing the soil against erosion on the coast and in the delta areas.*

## 2.2 The Port and Warehouse

Madal transports all its dried copra to one of its two ports of shipment, in Quelimane and Pebane respectively. The company has warehouses in both places, and every other month, a ship loads the copra for further shipment to Germany. The Quelimane warehouse can take 2,000 tons of copra, and the company is renting space for a further 1,000 tons at the C.F.M. railroad company.

### **Wages and Working Conditions:**

There are two different forms of contractual arrangements at the warehouse. Some people are permanently employed, while many work on six-month contracts. They work eight-hour days, and are allowed home at noon on Saturdays, to start work again on Monday morning. The work consists mainly of loading and unloading trucks with 50-kg sacks of copra from the plantations. Workers are also hired from nearby plantations to load the ships.

Madal has accommodations for its workers at the warehouse, in twelve-bed barracks. The employees cook over open fires under a roof in the outside courtyard. The company provides meat. According to SINTAF, workers have experienced supplies of rotten meat, partly from dead beasts.

During our visit to the warehouse, meat was being dried in the sun, teeming with flies and dust. The warehouse manager emphasised that this meat was not meant to be eaten, but to be thrown away. SINTAF, however, pointed out that the meat was not likely to be dried if it was not meant to be used.

When the ship arrives to Quelimane to load the copra, the warehouse workers load the trucks. Loading goes on 24 hours a day, and the cars are manually loaded by a ladder onto the back of the truck. The company has twelve or thirteen trucks for this use, and two

workers from the plantations are placed on each truck. These are permanent employees at the plantations. Their job is unloading the truck in the harbour, where C.F.M. labour handles the loading of the ship itself.

Unlike the warehouse workers and the C.F.M. workers, the plantation workers are not subject to the eight-hour working day and 48-hour week. During the five days of loading, according to the company, these workers have only three breaks a day. The working day looks like this:

7:00 am - 2:00 pm

3:00 pm - 10:00 pm

11:00 pm - 6:00 am

In other words, they get three hours of rest in every twenty-four. Work goes on like this for five days. SINTAF adds that breaks are not even as regulated as suggested here, but that in fact, they occur only each time a car is to be loaded at the storeroom. These minimal breaks are enjoyed on concrete in the shadow of the warehouse. The workers are supposed to prepare their food, eat, and rest during the breaks.

Antonio Branco of Madal, after reading through this report before publishing, claims these working hours are not correct. According to him, there are four teams of two persons each, which cover for a 48 hour shift. It is possible that the company has changed their practise since NorWatch visited Quelimane, but we have no reason to doubt the information which both the company and SINTAF agreed upon in July this year.

The day after NorWatch visited the warehouse, we passed by on the street outside. Some of the workers were sitting by the fence, waiting for a car being loaded. Some of them recognised us, and shouted that they are not getting any rest, in contradiction to what Madal had told us the day before.

For this inhuman toil, plantation workers (some 24-26 of them) are paid MZM 20,000 (USD 1.3) per day in addition to their regular pay at the plantation. According to the company, it is not difficult to recruit labour on the plantations for this work. The plantation manager selects the workers.

The reason why warehouse workers are not used for this work, the company says, is that plantation workers "steal less than other workers". Nonetheless, the work is done under guard by personnel from a local security company. SINTAF says there is another reason why the plantation workers are there: No-one in Quelimane would work under such conditions.

**Summary:**

*The company's use of plantation workers for loading copra at the Quelimane port violates every principle of treating labour humanely and with dignity. By allowing the workers only three hours (or less) of rest in a 24-hour working day over a period of five days, Madal is not only violating national working-hour regulations, but also the UN Covenant on Economic, Social, and Cultural Rights, article 7, litra d, which acknowledges to all the right to "Rest, leisure and reasonable limitation of working hours and periodic holidays*

*with pay, as well as remuneration for public holidays". The situation is exacerbated by the fact that wages paid for this work in no way reflect the inhuman toil involved. Warehouse employees in Quelimane have complained to SINTAF over the poor quality of the food provided by the company.*

## 2.3 Cattle Farming

The lion's share of the company's cattle farming takes place in Micaune, south of Quelimane, in Chinde District. The company established the cattle farm in 1965, mainly to provide draught animals for the plantations, but the operations eventually evolved into stock breeding. The company ran the farm until 1981, but left it during the civil war. When the company again took over the farm in 1994, only one ox was left of the pre-war stock of 2,911 heads of cattle. Madal experienced the same situation in other cattle farming areas, and other companies with cattle operations also lost their stocks during the war. Both local people and soldiers helped themselves to livestock in times with little access to food.

Today, the company has some 9,000 heads of cattle, plus about 1,000 water buffalo. Some 5,000 of this stock is at the Micaune farm. Several companies used to combine coconut plantations with cattle farming, but today, it is thought that the cattle contributes to increasing erosion in plantation areas, both by packing the soil and by close-cropping the grass. Therefore, Madal has separated out the cattle farm, which covers a total area of a little more than 15,000 ha. The farm is divided into a total of 20 parks, which are grazed according to soil humidity and grass length. Only a few of these parks have been fenced in. Each park has a water canal for the animals, as well as a straw hut for the shepherd. The farm headquarters have an enclosure for diseased animals, and a bath where the animals are disinfected once a week.

Madal mainly sells living cattle to Quelimane slaughterhouses, where the meat goes to the local market. An animal of about 150 kg fetches a price of MZM 4-4.2 million; the intestines are sold separately. The animals are shipped in open barges to Quelimane, a trip of about 24 hours. The company also sells young heifers to other cattle farmers. According to the farm manager, Rui Oliveira, the company aims at a stock of about 10,000 heads, which is necessary to ensure a profitable operation. Two or three grown animals, plus their young, can graze per hectare. Today, the company is the country's largest in cattle.

The farm suffers from tsetse flies (the genus *Glossina*) which transfer the Trypanosoma parasite to cattle. Trypanosomiasis, or sleeping-sickness, leads to emaciation and loss of strength in the animals, who often die from a loss of circulation. Diseased animals can be cured only to some extent. The company has little access to medicine, and does not have its own vet; the closest vet is at Quelimane, more than four hours distant. This type of tsetse flies attacks only cattle, not people. The flies live in the acacia bushes growing in the area, and are very hard to exterminate. The company suffers a high loss of stock. In May and June this year, respectively, 78 and 57 cattle died. According to Oliveira, this is close to the average, which implies that the company loses some 800 cattle a year, or about 15% of the stock in Micaune.

The cattle farm employs 260-270 people, of which only 6-10 on a permanent basis - mainly supervisors and technicians.

## **Wages and Working Conditions**

Shepherds are on the bottom of the ladder with regard to salaries on the farm. Each shepherd has a herd of about 50 cattle. As is natural, the working day follows the daylight, starting about 6 - 6:30 am. Previously, all the shepherds had to meet up at the farm before work; today, they go directly to their herds. The cattle are taken out of the enclosure, and start grazing. At some point between 11:00 am and 1:00 pm, the shepherd takes a break for up to two hours, to prepare food and rest. In this period, the cattle rest nearby. Then, the cattle is herded until about 5:00 pm, when the shepherd shuts it into the enclosure for the night. Less the two-hour break in the middle of the day, this gives a nine-hour working day.

The shepherds work seven days a week, a 63-hour working week. They may, at their own expense, hire a relief man two Sundays a month. The shepherds often come from far away, working on six- to eight-month contracts. After the end of the contract period, they go back to their families and their patches of land. The shepherds are paid MZM 10,000 a day (USD 0.6). With 30 working days a month, this should yield MZM 306,000, well below the country's minimum wage. The shepherds, however, are not covered by the minimum wage statute, not being permanent employees.

Other contract workers on the farm get up to MZM 13,000 a day, and two Sundays off a month. After one year of continuous work, the worker has the right to a one-month vacation - paid vacation for permanent employees, unpaid for contract workers. According to the company, the tractor drivers on the farm have struck an agreement with Madal that gives them an extra month's salary for not taking any vacation at all.

Permanent staff may take sick leave for a limited number of days, if they present a medical declaration from the nearest hospital. For contract workers, such as the shepherds, the rule is no work, no pay. However, if the worker is injured during work, the company pays for medical treatment.

The cattle farming is by no means mechanised. The farm has a couple of tractors, used to transport cattle, people and so on. The company claims it cannot afford batteries for the tractors, so the workers have to push-start them in the morning.

Injuries occur i. a. during transport of people on tractor trailers. The shepherds mentioned three kinds of injuries: snakebites, horn injuries from attacks by cattle, and injuries from the barbed-wire fences. The shepherds have no working clothes; they work in their own shorts and t-shirts. All the shepherds we saw were bare-footed, hence the risk of snakebites. The workers take their rest and meals in a straw hut on the grazing grounds while the cattle rest nearby.

### ***Summary:***

*Madal is making use of the opportunity to pay people below the minimum wage, as long as*

*they are not permanently employed, and working hours often exceed the maximum of eight hours per day, 48 hours per week. SINTAF pointed to the Madal shepherds as one of the most disadvantaged labour groups, and called e.g. for boots, which are mandated by law. The use of short-term contracts further weakens the legal position of the employee.*

## 2.4 Forestry

Madal started forestry activities in 1997, in an attempt to diversify. The operations have been divided into two activities: logging and sawmills. Both are run by manager Carlos Silva. The sawmill, on the outskirts of Quelimane, has a band saw for cutting the logs into boards; a closed double circular saw for trimming the width of the boards; and an open circular saw to cut the length of the boards. The sawmill has a total capacity of 8,000 cubic metres a year, working two shifts a day. Today, some 4,500 cubic metres are sawed per annum. The company has invested a total of USD 3.5 million in the sawmill and the logging activities. According to Madal, their earnings are about the same for sawnwood and roundwood.

The logging concessions are in Mopeia District, quite far away from Quelimane. In 1996, the company got a concession for 97,000 ha for fifty years. After the rainy season, and some heavy rainfall in June, this area was hard to access during NorWatch's visit to Zambézia. We therefore visited one of two concessions covering a total of 20,000 ha in Zero (this, too, in Mopeia District), which the company has rented for three quarters of a year. These are logged when the larger concession is inaccessible.

The company's machine park consists of five trucks, three dumper-loaders for use in the forest, and three loaders with grappling arms. Madal has some 230 workers in the concession area. The total workforce at the sawmill is 75 people.

### **Wages:**

The workers in the concession areas get a regular, monthly pay. In addition, some of the workers are paid a bonus, among them the drivers. Wages for loggers and machine operators vary from MZM 540,000 to MZM 1,800,000. The drivers get up to MZM 2,325,000. Some of the workers use their salaries, in turn, to hire help; the loggers, for instance, have hired people to carry their heavy chainsaws.

The workers chiefly come from Quelimane, or from other places far removed from the concessions. They work for three weeks at a stretch, and then have one week off.

The company has hired local *pisteiros*, who seek out trees of the right kind, proportions, and quality for the company. These are paid MZM 5,000 (USD 0.32) per tree. The trees are often found far apart, and huge distances must sometimes be covered. Madal has also hired 16 workers as security guards for their large concession area.

The sawmill workers are paid from MZM 775,000, for unskilled warehouse work, to MZM 1,860,000, for those operating the three saws. Supervisors are paid MZM 4,650,000. The

sawmill has an eight-hour day and six-days working week. The saws are run in two shifts, the rest of the workforce has one shift. According to the company, shift workers get a 15% wage supplement. Sawmill workers have four weeks of vacation per year. For all permanent employees, Madal contributes a sum corresponding to 4% of wages to the pension fund, whereas the worker contributes 3% of his pay.

***Summary:***

*Wages in forestry are generally higher than for the other labour groups included in this report. There is, however, a large gap between the wages for skilled and unskilled labour. The company's use of local labour in the concession area seems poorly regulated, and therefore takes place entirely on the company's terms.*

## **Working Conditions**

In the concession area, work went on with hardly any protective equipment. We noticed that the logger working in our presence had working boots on his feet, while the rest either wore shoes or went barefoot. Helmets, gloves, and goggles, as used e.g. in Norwegian logging, were absent.

Tractors are used to pull logs by chains to a collection site, where loaders lift the logs onto the dumper trucks. In such operations, of course, there is a risk of getting a foot or a leg pinched. With thick logs of heavy timber, that kind of accident could have severe consequences. Similarly, the logger will not be protected if the huge chainsaw slips.

Drivers, both on the dumper trucks and the lorries carrying the logs on to the Quelimane sawmill, are paid a bonus for making an extra number of trips, but often, they are only able to make one trip a day. As it may take several hours to drive from the company's headquarters in Zero, where workers are housed in straw huts, there are a few simple huts in the forest, made of half-timbering with straw roofs, where workers can spend the night.

The sawmill made a good first impression: It seemed tidy and well arranged, and the machines were apparently managed in a responsible way. The saws were located under a separate roof, and thus a little removed from the workers packing the boards on pallets and running the warehouse. The same goes for the workers clearing stub ends and sawdust. Half the site is used to store timber, both for sawing and for exporting as logs.

The technical equipment at the sawmill is new, and thus fairly well-protected. Nevertheless, the workers only carried masks against dust, but neither goggles nor ear protection, as we would expect at a sawmill in the West. Madal has required the workers to use dust masks, and has, the company claims, sent workers home for not wearing such masks. It is surprising, then, that the company has not applied the same principles to the use of ear protectors, which Madal claims to have obtained. As in many similar cases familiar to NorWatch, the company blames the absence of a culture for the use of protective equipment in Mozambique.

***Summary:***

*Madal's timber operations are generally run in a more modern way, as regards machines*

*and equipment, than other company activities that we visited. It does not, however, take a lot of financial resources to better protect the workers from accidents, and damage from persistent noise, than is the case today. With the loud noise from the saws, these workers will in the long term experience loss of hearing. Hearing-impaired workers are not an asset to safety or efficiency at a sawmill, and such injuries will reduce future job opportunities for these workers. Cultural differences as an explanation why the workers do not use protective equipment is not a tenable argument, as long as the company itself wishes to modernise operations towards Western standards, and the sawmill/logging jobs are sought-after. It seems that the demand for efficiency and the use of the bonus system may be pressuring i. a. the drivers to work longer hours than they might wish themselves.*

## **Environment**

In Zambézia, NorWatch met a number of people who were deeply concerned about what is happening in the province's timber industry, including Madal's own manager of timber operations, Carlos Silva, environmental organisations, and individuals. The province has a number of sought-after hardwood species, and the largest market is in the East, particularly in China.

In its own brochures, the company points out that Zambézia's forest is not a rain forest, and that the company is not involved in clear-cutting, but in selection felling. The forest is thinly grown, and can be classified as woodland, with more than 40% cover.

Madal is mainly extracting the following tree sorts: Kiaat (*Pterocarpus angolensis*), Pod Mahogany (*Azelia quanzensis*), Panga Panga (*Millettia stuhlmannii*), Pau Ferro (*Swartzia madagascariensis*), Pau Preto (*Dalbergia melanoxylon*), and Umbaua (*Khaya nyasica*) (5).

The government has set a minimum diameter for each species, ranging from 30 cm to 50 cm. The government also has a recommended length, but this is not statutory. The minimum length is mostly about 2.5 metres, i. e., the trunk should be more than this length from root to top. Few of the above-mentioned species grow to more than four metres from root to top of the trunk. These hardwood species are slow-growing, and the trees may be 60 years or older at felling; the mahogany may reach 100 years. Madal is sawing all the above-mentioned species, except Pau Ferro (ironwood), which is exported as roundwood. The minimum diameter for Pau Ferro is 30 centimetres. The reason why Pau Ferro is not sawn in Zambézia is that the hardness of the wood requires additional pre-treatment, which cannot be carried out by the local sawmills. Madal says the timber is used domestically in China for furniture and ornamental objects.

The Mozambican timber industry has just begun to discuss introducing green certificates for timber. If this comes into effect in two or three years, says Carlos Silva, it may be too late for some species, including Pau Ferro, of which Madal is selling some 1,300 cubic metres. According to Madal, the timber companies' customers, particularly in China, take minimal interest in such certificates. According to Antonio Branco, the company has proposed regulations that benefit companies which process timber, and contribute to sustainable exploration.

The entire Quelimane harbour is filled with Pau Ferro, and in-between the stacks, eager Chinese buyers can be seen. Some 80% of Quelimane's lorries are supposedly engaged in transporting timber. Many of the organisations that NorWatch spoke with in Zambézia, said that most of this timber is either illegally logged, or exported with no tax payments. Both the company, environmental groups, and others in Quelimane fear that Pau Ferro will be nearly extinct in Zambézia in a few years.

The situation may be the same for other species, too, including Umbila (Kiaat), Pau Preto, Morragua, Umbaua, and Jambirre (Panga Panga), says the environmental organisation ACODEMAZA. Kiaat and Pau Preto has been classified by the The World Conservation Union (IUCN) as Low Risk/Near Threatened, in their *Red List 2000*. According to Carlos Silva, a decision on Pau Preto and Umbaua will soon be made by the Convention on International Trade in Endangered Species (CITES).

Madal's logging concession is from 1996, and has been awarded based on the company's management plan for the area. The area has been divided into 20 sectors, which are logged one after the other. No limit has been set to how much the company can extract under the concession, but the Department of Wildlife and Forest, at the Ministry of Agriculture and Rural Development informed us that, with proper planning, the company can extract 10,000 cubic metres per year. In the two smaller concessions rented by the company this year, Carlos Silva estimates that 1,000 cubic metres can be extracted. The company today says it is extracting a total of 7,000 - 8,000 cubic metres per annum. Of this, about 3,000 cubic metres are exported as roundwood. The volume also depends on what species the company wishes to log. We were told by Antonio Branco, the chairman of the board, that the company takes two, or at most three trees per hectare. This may be the average: According to Carlos Silva, if there are five trees of the right diameter and kind on one hectare, they are harvested; ten trees on one hectare is a good result.

On the main road to Quelimane, there is a control post where all timber trucks must stop to register their cargo. There are grounds for believing that far from all the timber shipped out of the town is registered there. Comparisons between timber export statistics at the Ministry of Agriculture, the Customs and Tax Office, and the Port Authority, showed major discrepancies. The Ministry wishes to set up a system of controllers in the concession areas, paid for by the companies, with a duty to report to the authorities. Such a system has not yet been established.

Because of scant controls, a large interest in logging concessions, and low wages for government employees, corruption is rampant in the bureaucracy. In practice, this means that the companies, including Madal, pays civil servants to get paper "moved", says Carlos Silva. This practice makes the control of extraction and exports even less transparent.

In July, the Mozambican minister of agriculture and rural development, Helder Muteia, imposed a moratorium on all new issues of logging concessions in Zambézia, until the authorities reveal the extent of illegal logging. At the same time, two civil servants were suspended for fraud in connection with the issue of irregular concessions.

As mentioned before, the company does not pay rent for the concession, only a one-off fee

upon the awarding of the concession. The tax varies according to what timber is extracted, and the quality of the timber. According to the Ministry, the tax ranges from MZM 30,000 (a little less than USD 2 ) for third-rate timber, to MZM 65,000 for first-rate timber. According to Madal, the total taxes amount to MZM 74,750 per cubic metre.

Since the tree-trunk itself is relatively short, the extracted timber makes up only about 40% of the total volume. The logging companies also often leave trees that are felled, but turn out not to be of sufficient quality. This means the logging leaves a lot of timber to rot.

**Summary:**

*Regardless of whether Madal follows the rules laid down by the government for logging in Zambézia, as NorWatch has no prima facie reason to doubt, the totality of this logging is a threat to the forests. As long as the authorities are not capable of controlling either extraction or exports, and as long as corruption is rampant among public employees, someone will always make use of the loopholes. Madal's operations are part of an activity that, in the longer term, and for some tree species in the short term, is threatening the existence of these species in the area, with unknown impacts on other plant and animal species as well. There are no plans for starting re-planting of the species that suffer the worst strain, or for including this in the terms of the concessions. Madal and other timber companies have just barely begun to discuss environmental certification.*

### 3. Land-use

As mentioned earlier, Madal is the company that holds the largest land areas in Mozambique. In this chapter, we will take a closer look at the problems that arise vis-à-vis the local community when a company occupies areas as large as those occupied by Madal in Zambézia. At the same time, we will examine what the three players - the company, the government, and the local community - gets out of the company's use of the areas mentioned in this report, as well as a recently-acquired area outside Quelimane, where the company plans to set up a desiccated coconut factory.

#### 3.1 History

Better to understand these questions, we will first briefly sketch how Madal got dominion over its huge lands. The chief source for the following is the report *Land and Rural Development* (2).

Société de Madal was established in Monaco on January 27, 1903. The company started by renting the *prazos* of Madal, Tagalane, and Cheringome on the north side of the Bons Sinais river, near Quelimane (a *prazo* was a land area granted by the king of Portugal to the colonial masters for three generations, after which the land reverted to the king). The company first engaged in trading with copra grown by the local people living inside the *prazos*. The following year, Madal incorporated two new *prazos* in the company, and started coconut plantations. A survey of the number of palms controlled by the company shows rapid growth:

1903: 70,000  
1913: 240,000  
1923: 500,000  
1933: 720,000  
1940s: Above 800,000

Today, the company has more than 1,800,000 palms. The swift expansion of Madal and other companies did of course lead to conflicts with the local population and their traditional use of the areas. The plantations displaced the locals' farming, and they were partly placed in reservations, with far less, and partly poorer, lands than they had previously held. The local people ended up having to pay rent to the companies for their traditional areas. In 1938, the government made the first move to safeguard the local communities' areas in the rural areas, and in 1940, the local authorities were instructed to register areas settled and farmed by the local people. To date, this has not happened.

Until 1930, Madal was content with merging smaller areas. Later, they began to buy up land rights from former *prazo* holders. The purchase of these areas was a regulated, transparent business, whereas the purchase of smaller areas from non-Portuguese, i.e. in Inhassunge, was far more difficult to follow. Through generations, the right of ownership resided in a number of titles, issued to people of various origin (i. a. mulattos, Indians, and more affluent blacks). Madal exploited the confusion as to whether these groups were to be counted among the original local population, and hence, whether they were liable to pay tax (*mussoco*) and get access and title to the areas. This tax was originally split into a cash payment and compulsory work on the *prazos*. Later, it was paid only in labour. (At the end of the 19th century, there were eight days of compulsory work a year; 20 years later, this had been increased to 180 days.) The *prazo* holders had been given the right to collect taxes on behalf of the government.

When Madal took over these areas, the price was either direct payment per coconut palm, or deducted from the tax imposed on the locals.

In 1926, a group of 3,000 smallholders appealed to the government for a denial of Madal's application for a concession for their lands. The appeal failed. As early as 1916, the government had decided that all the lands in Inhassunge were to be reserved for the local people. Nevertheless, Madal kept getting new concessions. In 1927, a new declaration was passed on the local people's right to land in three *prazos* in the area. This, too, had no effect.

Between 1931 and 1960, Madal adopted a new strategy. Besides buying up land rights from former owners, the company started occupying land lying in between areas titled in society's name. Thereafter, the company applied for a title to the area.

The early registration of land rights was superficial, and it was often hard to establish the borders of the various holdings. Madal exploited this, and applied for titles to larger areas than they were actually entitled to. Negrao mentions an example from Inhassunge, where Madal applied for a deed to 50 hectares in 1950. When permission was granted in 1956,

the area had increased to a size of more than 92 hectares, at the expense of the local community.

Even before 1960, the Land Department in Quelimane asked for an immediate halt to the granting of new concessions on the coast. Because of the concessions granted to Madal and some private owners, more than 50,000 people had been squeezed together into an area 10-12 kilometres wide and 40 kilometres long (125 inhabitants per square kilometre). In the late 1960s, this area had shrunk from 400 to 250 square kilometres.

Upon national liberation in 1975, Madal held 41 titles in the delta area. Of these, seven had been in fully occupied by the local people at the time of the takeover; 14 had been in partially occupied; and a further 20 were unoccupied at the time when Madal applied for or took over the lands.

The government nationalised all land areas upon liberation in 1975, but in practice, this made little impact, cf. today's concession system. When a concession for agricultural lands is first applied for, the government is to assess and approve the applicant's management plan.

The concession is given for 50 years, and is almost automatically renewed for another 50 years period. When applying for a third period, the authorities is to approve the management plan once again.

The result of Madal's and others' takeovers of lands in Zambézia was the displacement of the local people to more remote areas, where they were reduced to owning one hectare per family; family farming had come to yield only a small supplementary income, far from sufficient for the family's subsistence.

## 3.2 Plantations

### **Land Conflict**

The issues involved in the company's 22,000 hectares of coconut palm plantations are wide-ranging. Although Mozambique, with its 18 million inhabitants, has abundant land areas, the coastal regions are under pressure from a growing population. There seem to be three reasons for this:

1. Large parts of the coastal areas of Zambézia were converted into plantations more than a hundred years ago. The Portuguese were less able than other colonial rulers to develop the plantations, which were often owned by investors from other European countries. The pillar of Portuguese business in the central parts of Mozambique was the letting of lands and labour for the plantations. The establishment of the plantations displaced the local people, who were left with lesser and poorer lands. Before, there was a certain balance between the number of people settled around the plantations, and the plantations' labour needs. Today, these local communities have grown significantly larger (the average rate of

births per woman in Mozambique is 6.1), while there are no vacant lands in coastal zone.

2. The second reason is that the very opportunities for wage labour, beside their own little lot of land, has drawn people to the coast. In the interior, there are few opportunities for such work, as few companies have operations in these areas.

3. The final reason for the pressure on land in the area is the country's civil war. The war laid waste to much agricultural land, and increased poverty, which again drove people to the coast, where there was still a bit of trade and industry going on. According to UN figures from 1989, the areas north of the mouth of the Zambezi River headed the statistics for displaced people in the country's provinces, with more than 40,000 people (6).

The result of all this is friction between the local people and the companies, among them Madal.

The locals, who have been growing coconuts, cassava, beans etc. in combination for generations, naturally wish to continue doing so, and for their descendants to be able to put new lands to use. A growing population will always need new lands.

The report *From Conflict to Partnership* (1) mentions a dangerous episode on Madal's plantation in Bajone, where the company has been in conflict with the local people. Discontent over being shut out from contested lands made the locals disregard the company's land-use rules in 1997. The conflict led to the imprisonment of several people, and one young man died in police custody.

The local communities in Zambézia, as elsewhere, have close ties to their lands, especially their burial sites, and therefore do not want to move to the interior, even though the pressure on lands is much weaker there. At the same time, the plantation areas offer few or no other opportunities for alternative sources of income than their own farming and work on the plantations. Since plantation operations are not being extended, labour needs are not increasing either.

The local communities, then, do not have access to the lands they need to secure their own subsistence. This may lead to a decline in the standard of living in these areas; a standard of living that is very low to begin with (see chapter 3.6).

## **Benefits:**

### *The Local Community:*

The role of the plantations as an employer for the local people is an important one in areas with few other salaried jobs. But as we saw in chapter 2.1, work on the plantations is poorly paid.

The company allows the locals to grow beans and cassava in between the rows of newly planted coconut palms during the first three years. This makes for efficient weeding, and fixes nitrogen in the soil. But since a palm may live for as long as 70 years, this will only

to a small extent increase the local people's farming opportunities.

The company has been involved in renovating the areas' schools and hospitals, which are now run by the government. The company sells food and other consumer goods in the plantation areas, but people are complaining that the prices of these goods do not reflect the wage level of the workers.

The company buys copra from the locals, ensuring them a ready market and an income. There have been claims that, in some areas with no competing buyers, the company itself decides the price (2). The price paid is between MZM 1,000 and 1,700 per kilogram.

*The Government:*

Madal is renting its areas for the price of MZM 2,000 (USD 0.13) per hectare of farmland per annum. For the coconut palm plantations, this amounts to MZM 44,000 (USD 2.8) per year. Of course, the company is liable to pay tax, but at the moment, the government has introduced a low tax zone in Zambézia, to encourage investment.

Most of Madal's employees are paid wages below the limit for taxation (an income of MZM 601,000 per year), so the government is not left with much.

The government observes a certain rise in the standard of living of the local people in the plantation areas, as a result of employment, copra trading, and improvements of schools and hospitals.

*Madal:*

There are two important factors regarding the financial position of Madal's copra activities. Firstly, the activities depend on a good price for copra on the world market. When NorWatch visited Zambézia, the world market price plummeted to USD 140, from an average price of USD 340 per ton in 1999. The company's production costs are between USD 220 and 230 per ton. This means that per July, 2000, the company lost USD 80-90 per ton of copra exported.

Since the company's plantations border the local community's own palms, the locals are sorely tempted to harvest the company's own nuts, dry them, and sell them back to the company. The company claims to lose 50% of their own harvest to theft. It is more profitable for the company to harvest and dry its own, than to buy back dried copra. Here, then, the pressure on lands is putting Madal's accounts in the red.

***Summary:***

*Madal's coconut palm plantations have a certain positive impact through employment, trade, schools and hospitals, etc., but the land use conflicts with the local people's need for more land for their own farming. With ever-diminishing lands for private farming, subsistence farming is losing ground, and the population grows ever more dependent on wage labour outside their own lots. The company's activities put little value back into the local community, and the government, too, earns little from these activities. Areas traditionally belonging to the local people's lands are now outside their control, since it is*

*for the government to award and renew concessions. Madal's coconut palm plantations make life for the local people highly dependent on the world market price for copra, as wages and Madal's local buying price for copra are affected.*

### 3.3 Forestry

#### **Land-use Conflict:**

Logging is moving ever westwards in Zambézia, since all timber of value has already been extracted from the areas closer to the coast. Today, the concession areas are about 300 kilometres to the interior. In these areas, people live far apart, and land use is unregulated. Madal estimated that some 1,000 people live inside their main concession, and 500 people in the two lesser concessions. The locals traditionally use the areas for hunting, fishing, gathering, and slash-and-burn agriculture, which is banned in Mozambique.

The locals also gather fuelwood, construction timber, and wood for charcoal production. The law allows people to take raw materials from the forest for their own use, but both construction timber and wood for charcoal production are illegally extracted for sale.

Madal has hired 16 guards to ensure that the locals are not felling or stealing timber in their concession area. According to the organisation ORAM, some companies, including Madal, are refusing any access to the concession areas for the local people, even for fishing, hunting, and fuel-gathering. According to the report *From Conflict to Partnership* (1), this applies to Nangir, Nivalama, Maxindo, and Ximbua, inside Madal's concession areas.

#### **Benefits:**

##### *The Local Community:*

Of the taxes paid by the company to the government for extracting timber, not a single cent goes to benefit the local community in the concession area. The workers at the concession are mainly brought in from Quelimane, and the locals are only offered work as *pisteiros*, to seek out trees, or sub-contracted by Madal's workers, e.g. to carry the chainsaws.

The Quelimane sawmill provides jobs in a higher wage class than many of the other activities mentioned in this report, and also gives local people access to stub ends for fuel.

##### *The Government:*

The company does not pay rent for the logging concession, but it does pay a tax on extraction. The tax ranges from MZM 30,000 to 65,000 per cubic metre, depending on timber quality. The company itself claimed to be paying MZM 74,750 per cubic metre. In the unlikely event that this does apply to the company's total production (i.e. that they pay taxes according to best quality for all extracted timber) of nearly 8,000 cubic metres, the government would earn MZM 598,000,000 (USD 39.276) per year.

Both logging and sawmills provide jobs, but the activities are not labour-intensive. The sawmill is processing timber, which will in the longer term increase the country's earnings

from logging.

*Madal:*

On average, the timber operations are earning Madal about USD 15 for every truck leaving the Quelimane sawmill. According to Carlos Silva, profits are about the same for sawnwood as for roundwood. At present, the activities are not bringing much money into Madal's coffers, since the company is servicing expensive loans, and both equipment and spare parts have to be provided from abroad, mainly from Europe.

**Summary:**

*Today, not a cent of the tax paid by the companies for the timber benefits the local community, while in some places, logging is restricting the local people's opportunities for harvesting the forest. In the longer term, logging may have a negative impact on local communities, by changing the forest and thereby plant and animal life. In this regard, they profit little from logging, with the exception of a few, low-paid jobs. The government is left with relatively little money from current logging operations, taking into account the fact that the logging in this area is not sustainable.*

### 3.4 Cattle Farming

#### **Land-use Conflict:**

Like the coconut palm plantations, the cattle farm, too, is in an area with population pressure from surrounding settlements. For these, the company's 15,000 hectares mean diminished opportunities for hunting, fishing, and gathering.

Only a few of the company's 20 pastures are fenced in, but the locals are generally denied entry to the entire area. People with a written permission from the company may enter the area to gather herbs or fish with lines. Freshwater fishing with traps, the local tradition, has been banned, as Madal claims it may clog the watercourse. Hunting in the area is not allowed. During our visit to Micaune, we met a company guard who had come across Impala hunters in the night, and had confiscated two spears.

During our guided tour of the farm, a woman living near one of the pastures was found just inside of the fence, where she was digging in a compost heap. Oliveira, the farm's manager, quickly ordered the woman back outside the fence.

In many places in Zambézia, there have been reports of problems between cattle farming and local agriculture, as the animals are grazing the fields of the local people (1). When NorWatch visited Micaune, we could see for ourselves that the company's cattle was grazing on the local people's rice paddies, without the farm employees doing anything to prevent it. According to the company, compensation is paid when crops are damaged.

Madal's cattle farm is connected with a coconut palm plantation and a game park. The company has applied for additional lands for the latter, but got into conflict with the locals, who were opposed to ceding lands where they had burial sites.

## **Benefits:**

### *The Local Community:*

In many places in Mozambique, cattle farming is welcomed, because it provides a local meat supply. The company sells dead beasts to the local people for MZM 15,000 per kilogram for fresh meat, and 45,000 per kilogram for dried meat. In Quelimane, fresh meat costs MZM 75 - 80,000 per kilogram. Animals suffering from trypanosomiasis do not necessarily die from the parasite, but because the animal is weakened, it is more exposed to other diseases. Therefore, there are certain risks involved in eating meat from cattle that have died.

The cattle farm provides some jobs, but a large share of the employees, among them the shepherds, come from places far away from Micaune.

### *The Government:*

Cattle farming relieves the country's meat scarcity, and reduces the need for imports. Madal is paying the same rent for the cattle farm as for the plantations, that is, a total of MZM 30,000,000 (USD 1.968) per year. Cattle farming provides relatively few jobs for the area used.

### *Madal:*

Madal is in the process of rebuilding its cattle operations after the civil war. Today, it has too few cattle for a profitable operation. Besides the sale of cattle for slaughter and heifers for breeding, some cattle is also used as draught animals in the plantations.

### **Summary:**

*Cattle farming offers few benefits for the local people, save for a few low-paid jobs, and a supply of meat. On the other hand, the cattle may destroy the locals' crops by grazing. Cattle farming conflicts with local needs when the company fences in its stock, keeping the local people from harvesting the resources found inside the company's lands. Mozambique has a huge meat deficit. In 1973, the country was self-sufficient with 1.4 million heads of cattle. Today, with a population that has doubled in size since then, the country has only about a million cattle. In this sense, cattle farming does meet a local need.*

## **3.5 Desiccated Coconut Factory**

Madal has acquired a site about three kilometres west of Quelimane, at Rio dos Bons

Sinais. It plans to establish a factory to process copra, with desiccated coconut as the end product. The project, at an estimated cost of USD 3 million, was planned to start in 1998. For financial reasons, work still has not started. The closest neighbour to the site is the fishing village of Chvabo Dembe, with a population of 50 people in seven households.

Village leader Charles Chico John dos Santos in Chvabo Dembe told NorWatch that, when the company came to survey and mark out the company's area, they placed the boundary stones for Madal's area a few metres into the village area. None of the surveyors, or anyone else from the company, have informed the village of the company's plans. However, according to Madal, the local villagers have been included in the process. In a river delta like this one, the riverbank is continually changing; it "grows" on one side, and shrinks on the other. The riverbank, which is only two metres away from the houses of Chvabo Dembe, has eaten away four meters in one year, according to the inhabitants. The village is now "shut in" by Madal from behind, and Chvabo Dembe owns only about 100 metres inward from the river. If erosion continues like this, in a few years, the fishermen's village will have to look for new lands.

Another problem is access to freshwater. The traditional village well has ended up inside Madal's area. Madal has drilled two wells of its own, and the village is making use of one of these wells today. This area is about ten metres higher than the village itself, which is only one to one and a half metres above the river level. Digging wells inside the village itself is not possible, because the water there will be salt from sea water intruding into the river at high tide.

Both village leader dos Santos and others in the area told NorWatch of their concerns over the company's impact on the river fisheries, e.g. concerns about oil and chemical spills. Organisations that have discussed this issue with the company, have been answered that this is not going to be a problem, but have not been given any documentation.

## **Benefits:**

### *The Local Community:*

Since unemployment in the village is very high, village leader dos Santos hopes the factory will provide jobs for the villagers.

### *The Government:*

The establishment of a desiccated coconut factory would give the region access to processing technology and might lead to increased national export earnings.

### *Madal:*

Copra processing might improve the company's financial position through increased export earnings.

## **Summary:**

*Madal's factory will block access to freshwater for the fishermen's village of Chvabo Dembe, if the factory site is fenced in. The village is also prevented from moving further*

*into the area as the river eats away at its bank. The village is hoping for job opportunities at the factory. To the government and the company, processing will mean increased export earnings.*

### 3.6 An Alternative Strategy for Local Development?

Its fertile soils and its valuable natural resources notwithstanding, Zambézia is counted among the poorest regions of the world. The United Nations Development Programme (UNDP) recently published its Human Development Report, which, besides calculating the so-called Human Development Index for each separate country, has also calculated the index for each separate province. Mozambique is in the 167th place in the list of 174 countries, with an index of 0.343. Zambézia Province gets the country's poorest result, with an index of 0.173. Sierra Leone is on the bottom of the UNDP list, with an index of 0.252.

The UNDP Human Poverty Index, likewise, is not in Zambézia's favour. On a scale from zero to 100%, where zero percent means no poverty, Zambézia ends up with 65.3%. This is about the same as the nation of Niger, the country at the bottom of the UNDP list. Mozambique's national index is 56.8%.

Madal has expressed a strong commitment, both in writing and in speech, to contribute to economic development in Zambézia. Besides working to develop the company into a profitable cornerstone of local development, the company also initiates and supports a number of projects in its areas. The company has renovated several schools, donated school desks made at the Quelimane sawmill, and financed the renovation of local hospitals at its plantations.

Furthermore, Madal has had talks with NORAD (the Norwegian foreign aid agency) on possible co-operation over a school project and a seed grain project. So far, the plans are only at a preparatory stage.

These measures are all to the good, but they are only short-term, non-binding measures that mainly serve by way of consolation for the local people. It is unclear what will be the significance of the new land legislation, according to which, on paper, the local people are to have greater control over the areas. As things stand today, the local people need at least one of the following, perhaps both: either, land; or, increased financial gains from trade and industry through work at decent wages or compensation for the use of the local communities areas.

Madal has views on how the pressure on land areas in the coastal zone can be solved. According to the manager of Zambézia operations, Rogerio Henriques, the company is actively working to make the government start a westward migration of people, to the more thinly populated areas of the province. Henrique's proposal to the government for promoting such a migration has two means: government-initiated agriculture in these areas, and the promotion of trade and industry, which can in turn provide jobs.

During our stay in Zambézia, NorWatch discussed alternatives to Madal's current activities. We would like to report some of the ideas we got from organisations and

individuals in Quelimane. Let us first mention in passing that the 18 million inhabitants of Mozambique control a total area of 812,000 square kilometres; the population density, then, is 22 per square kilometres, so the country is far from over-populated.

In a former colony such as Mozambique, the question of ownership rights to land can seem very complicated: The old tribal societies were destabilised several centuries ago, and under Portuguese rule, too, land ownership was shifting. After de-colonisation, the government nationalised all land, but this has not had any serious impact on Madal. Furthermore, the country was ravaged by a 16-year civil war, which finished off whatever system survived the national liberation. Today, the Mozambican government is under heavy pressure from its chief donors, among them the World Bank and the International Monetary Fund (IMF). The country is pressured to carry out an extensive privatisation, and at the same time, to create favourable conditions for foreign investment. These issues, too, play a large role in a discussion on the distribution of land.

Starting with the two above-mentioned needs of the local community, land and/or increased financial gains, we can envision the following two alternatives:

#### 1)

That the company's total area as discussed in this report, i.e. more than 154,000 hectares (disregarding the short-term logging concession), be transferred to the local people. In the coastal zone, this would mean that the locals could be allotted lands they could cultivate as they wish. With the copra trade already in place, many plantations would probably continue to exist. A transfer to the local people could mean utilising both the coconuts and the palms to a greater degree than at present. The alternative is that the local people re-orient production towards products for their own use, or products that are in local demand and can be locally marketed. Prof. dr. Jose Negrao pointed out to NorWatch that such a reorganisation is an extremely comprehensive project, and that it would be fraught with considerable uncertainty as to storage, demand, and profits. In Negrao's opinion, exploiting the "hundreds of other uses" for coconuts and palms would be far more interesting. Madal plans to return an area of up to 3,000 hectares, which currently consists of unproductive palms. In this area, Madal is planning a collaboration with the local villagers, on copra production.

For the logging concessions, a return of the areas will be less significant in the short term; in the longer term, it might lead to saving the forest, but this is not a given outcome. If the local community does not itself log the areas, a return would not have any major impact on economic development, but it would probably ensure access to meat and fruits for the locals in the future.

A return of the cattle farm's areas could lead to increased food production through the cultivation of new lands, or opportunities for small-scale cattle farming.

Some have pointed out that sustainable game hunting could be a good alternative to cattle, which were originally introduced from Europe. Game animals are resistant to the trypanosomiasis caused by the tsetse fly (3).

In its work on land rights, the Mozambican Land Campaign started from four fundamental needs:

- No-one living in rural areas should be denied land
- No-one living in rural areas should have to pay for access to land
- Women's land rights must be secured
- The government must reverse the trend in which lands are set aside for speculative activities

## 2)

The second alternative is to secure increased financial gains for the local community. Without exception, the present low rent and logging taxes paid by the company flow away from the local community. There are at least two possibilities for increased transfers of funds to the local community: Either, that the company pays rent directly to the local community; or, that the activities are run by the company in partnership with the local community. The first option must be government-initiated, and in today's situation, it will not bring huge gains, given the low rent paid by Madal; nor will it give the local community any influence over land use. If rent is paid to the local community, it is important that it be paid on a regular, permanent basis, not as a one-off sum.

The other solution, where the operations are run jointly by the company and the local community, has interesting aspects, at least on paper. Jose Negrao, leader of the Mozambican Land Campaign, has set out a possible model for such a partnership for NorWatch. The palms should be rented to the locals on the following terms:

- (i) they would take care of the trees,
- (ii) market the coconut with Madal,
- (iii) and the company would invest in further uses including the diversification of the industrial transformation of coconut and coconut tree.

A different solution would be for the company to transfer each year a certain share of its stock to the local community (up to a given ceiling), as rent for the lands. Eventually, this could let the local community influence how the operations are run, and promote a reorganisation to a different form of agriculture, if this is in the local community's interest.

For the people in the logging concession area, such a solution seems more questionable. If current activities are not sustainable, as seems to be the case, the local community would only have short-term gains from carrying on these activities. Reducing logging in these areas depends on an initiative and a follow-up from the government.

The needs of the local communities seem clear; the solution must come from co-operation between the government, the local community, and Madal.

## 4. Summary

NorWatch has not made a comprehensive survey of Grupo Madal. We have looked at three of the company's core activities, and examined environmental impacts, working conditions, and the relations with the local community. This study has also aimed to see whether the company is contributing to local and national economic development, and what might need to be changed in order to enhance the positive effect of the company's activities.

Below are some of the chief issues we would like to point out in this regard.

### **Wages:**

This year, Grupo Madal has suffered from a low price for its main product, copra, in international markets. The company claims that this is reflected in the wages. Wages for contract labour on the plantations and in cattle farming seem to be lower than we should expect from a company wishing to attract aid-related investments, e.g. from Norfund.

When SINTAF, the trade union for workers in agriculture and forestry, claims that Madal is on the bottom of the wage scale in Zambézia, and that a good financial position for the company is not reflected in increased wages, we dare say that the company's wage policy does not make a positive contribution to improved finances for its employees, nor for the local communities, regardless of the country's high unemployment. The wage level, which, in many cases, is below the minimum wage, implies that many of the company's employees are not able to live a dignified life.

### **Working conditions:**

The agricultural sector is not known for revolutionary progress in working conditions, particularly in countries with high unemployment. This, however, is no excuse for the ruthless exploitation of some employees, such as the plantation workers sent to Quelimane when the copra is loaded onto ships. These workers have to work 21 hours a day, five days in a stretch. Other groups of employees in the company, too, are clearly working outside the country's legislation regulating working hours.

The company has not taken the trouble to make minor investments to improve the daily life of the individual employee, and secure his health, whether in plantation work, logging, or cattle farming.

Within Madal, it seems that a certain racism still prevails in the relationship between blacks and people of Portuguese origin, a racism that one might hope had become extinct with the end of colonialism.

### **Environment:**

The environmental aspect of Madal's activities is of particular concern with regard to logging. Here, Madal is one of many participants in an activity that is threatening some tree species in the short term, and many more in the long term, with unforeseeable impacts on plant and animal life in general. Failures of management and control from the government's side cannot legitimate such activities, and Madal should primarily work to

ensure a sustainable timber industry in the country in general, and secondarily, to build up its own operations accordingly. It is important to bear in mind that logging is environmentally certified to conserve the forest, not to satisfy the customer.

### **Land-use:**

Madal occupies huge areas; this report deals with activities taking up more than 150,000 hectares altogether. Agricultural areas are let by the government for an almost symbolic price, and the local community does not receive any financial compensation for the use of these lands, nor do they have any influence on how they are used.

Without regard to the final outcome of the ongoing re-organisation of the Mozambican land legislation, but viewed in the light of the existing conflicts between the company and local people, it would seem natural for Madal to work for closer interaction with the local community in the future. The main component must be financial compensation to the local community for the use of the lands, and possibly also a re-organisation of the activities, so that the local community can take part both as owners and in decisions on land use, to a greater extent than at present. In the current situation, where company activities are not particularly profitable either to the company, the local community, or the government, such a re-organisation is all the more important.

The commercialisation of agriculture is the most important colonial legacy still enduring in Mozambique, as in many other African countries. In practice, this means that the best lands are used to grow export crops, while subsistence farming is confined to less fertile areas. When export-oriented agriculture loses market share, and the world market price declines, this sector does not provide enough income to import the food the country does not grow for itself. Besides a lack of food, commercialisation has deprived the areas' original population of the right to decide over the lands.

When we are discussing the opportunities for economic development in such places, re-distributing money does not help; rather, we need to start from the bottom and ask what the local people need, and what needs they are able to meet themselves.

### **Development?**

In the long term, and with the right changes, Grupo Madal can play an important role in the development of Zambézia's rural areas. This will require patience, innovative thinking, and acceptance of financial risk. Unfortunately, NorWatch has not been granted access to the company's accounts, but Madal claims there are no plans to pay a dividend to shareholders in the current situation. NorWatch, too, believes that taking money out of the company cannot be justified for many years to come: The company has far too many needs to meet concerning wages and the work environment.

Norfund is currently negotiating with the company, and the outcome is not given. Some of the issues set out in the present study violate some of Norfund's principles on the environment and social responsibility. If Norfund were to invest in Madal without

confronting these issues, Norfund would violate its own principles.

Development or exploitation? Parts of Grupo Madal's activities can be described as exploitation of people and natural resources. The company's limited financial resources do not make much of a contribution to economic development in Zambézia. It is vital for the company to confront the local problems, and work as a team with the local people for economic development of the areas.

## 5. References

*The following persons and organizations were interviewed in Quelimane and Maputo in July 2000 (Organizations are listed with no names of individuals, as this wish was expressed by some of them):*

Antonio Branco, Chairman of the Board, Grupo Madal.  
 Terreiro deAlmeida, Managing Director, Grupo Madal.  
 Rogerio Henriques, Manager of Zambézia operations, Grupo Madal.  
 Carlos Silva, Manager of cattle farming, Grupo Madal.  
 Rui Oliveira, Manager of the cattle farm, Grupo Madal.  
 Manuel Giraldo Cardoso, Manager of the Micaune plantation, Grupo Madal.

Charles Chico John dos Santos, Village Leader, Chvabo Dembe.  
 ACODEMAZA (Association for Defense and Sanitation of the Environment in Zambézia).  
 AJOZA (Associação Journalistica de Zambézia).  
 Ibis (Danish aid organisation).  
 KULIMA - Associação de Desenvolpente.  
 Ministry of Agriculture and Rural Development, Department of Wildlife and Forest, Quelimane.  
 Nuevo Fronteira (an organisation involved in re-planting activities).  
 ORAM (Associação Rural de Ajuda Mútua).  
 SINTAF (Sindicato Nacional dos Trabalhadores Agro-Pecuários E Florestais).  
 World Vision. (British-American aid organisation).

*Other sources:*

Prof. Dr. Jose Negrao, leader of the Mozambican Landcampaign, 1997-1999.  
 Bjørn Rønneberg, Manager, Astrup Fearnley.

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- (1) From Conflict to Partnership. A report on relationships and land, Zambézia Province. Simon Norfolk & Dalte Soberano, June 2000. Oram, World Vision.
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  - (5) Grupo Madal's information materials.
  - (6) Mozambique - Norwegian Assistance in a Context of Crisis, Brochman og Ofstad, CMI 1990.
- Various newspaper and magazine articles.

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***Backpage: Workers in the forest concession in Mopeia.***



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