



UNDERSTANDING LAND INVESTMENT DEALS IN AFRICA



COUNTRY REPORT: **TANZANIA**

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ABOUT THIS REPORT

This report is part of the Oakland Institute's (OI) seven-country case study project to document and examine land investment deals in Africa (Ethiopia, Mali, Mozambique, Sierra Leone, Sudan, Tanzania, and Zambia) in order to determine social, economic, and environmental implications of land acquisitions in the developing world.

This report is based on desk-based research and literature review and a month of fieldwork in Tanzania in December 2010. Additional investigation took place during 2011, which involved meetings and interviews of several individuals involved in the AgriSol project.

Rural areas that have been directly affected by agricultural investment-related land deals were visited, farm visits made, and focus group discussions held with local people. The areas visited were:

Pwani Region Kisarawe: where the UK-based company Sun Biofuels was growing jatropha; Rufiji where many companies are looking for and have acquired land for both agrofuel and food production; and Bagamoyo, where the Swedish company EcoEnergy has invested in sugarcane production.

Arusha Region: Arusha and Longido, where past land deals have affected the livelihoods of pastoralists and where the Dutch company, Diligent, operates an agrofuels outgrower scheme.

In addition to the farm visits and focus group discussions, detailed semi-structured interviews were carried out with a wide range of other relevant stakeholders, including national, district and village government officials, staff of donor and international development organizations, embassies of investing countries, NGOs, academics, independent researchers, and land valuation and Environmental Impact Assessment (EIA) consultants, as well as investors themselves.

The AgriSol Project

In addition to the country-wide research, the Oakland Institute conducted in 2011 a specific investigation into the AgriSol Energy and Pharos Global Agriculture Fund's 325,000 ha land deal in Kigoma Region. This research led to the release in June 2011 of an OI brief and other related documents. (All can be found at <http://media.oaklandinstitute.org/land-deals-africa/tanzania>.)

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LIST OF ACRONYMS

DFID	UK Department for International Development
EIA	Environmental Impact Assessment
EU	European Union
FAO	Food and Agriculture Organization of the United Nations
FDI	Foreign Direct Investment
GDP	Gross Domestic Product
GTZ	German Technical Development Agency
IFAD	International Fund for Agricultural Development
KRC	Korean Rural Development Corporation
NBTF	National Biofuels Taskforce, Tanzania
NGO	Non Governmental Organization
NORAD	Norwegian Agency for Development Cooperation
RUBADA	Rufiji Basin Development Authority
SAGCOT	Southern Agricultural Growth Corridor of Tanzania
Sida	Swedish International Development Corporation Agency
TaTEDO	Tanzania Traditional Energy Development and Environment Organization
TIC	Tanzania Investment Centre
UAE	United Arab Emirates
UN	United Nations
UNCTAD	United Nations Conference on Trade and Development
UNDP	United Nations Development Programme
URT	United Republic of Tanzania
WWF-TPO	World Wide Fund for Nature Tanzania Program Office

EXECUTIVE SUMMARY

After decades of limited interest in agriculture in developing countries, foreign direct investment (FDI) in agriculture is on the rise. In recent years, over 4 million hectares (ha) of land have been requested by foreign investors for both agrofuel and food production in Tanzania. Though a small portion of these (70,000 ha) had actually been formally leased as of December 2010, this confirms Tanzania as a very attractive country for foreign investors seeking to grow food and agrofuels for export.

Despite the promises of FDI, such as increased employment and improved infrastructure for the host countries, there are widespread concerns that agricultural investment-related land deals – often referred to as “land grabs” – are instead leading to increased threats to local food security and land rights. Findings from the Oakland Institute research conducted between October 2010 and August 2011 confirm these concerns for Tanzania.

Research found a lack of accurate information and secrecy surrounding a number of investments in Tanzania. This practice prevents open national debate to take place and makes it difficult for affected populations to claim their rights and engage in the land lease processes.

For the most part rural people in Tanzania do broadly welcome agricultural investment – as long as the investors fulfill their promises in terms of local infrastructure, social services, and job creation. However, at the present time there is a litany of bad practice, bad behavior, lack of local management capacity, risks of corruption, and misinformation. Within the land acquisition process, land valuation and compensation practices are poor and there are serious flaws in the way community consultations are carried out, including political interference, lack of transparency, lack of local awareness of the process, and lack of constructive engagement between investors and local communities.

Research could not provide direct evidence that the current wave of investments has yet negatively

impacted food security in Tanzania in a significant way, although this may in part be because the land deals are still at an early stage. This may also be explained by the sometimes cautious and pragmatic attitude of the government towards land investments: the research found for instance evidence of some land deals being revised or canceled because individual ministries weighed up the interests of investors against the current and future land needs of the Tanzanians. Furthermore, several of the large-scale investors identified did not obtain the amount of land they requested from the government – for instance the UK firm Sun Biofuels requested 18,000 ha but only obtained 8,200 from the government.

The Tanzanian government is making efforts to take a pragmatic approach to agricultural development. While actively seeking investment, it is at the same time attempting to establish procedures and safeguards to protect the land rights and food security of its citizens. But as is the case with many developing countries, this is not easily accomplished.

Kilimo Kwanza (Agriculture First), the presidential initiative launched in 2009, emphasizes modernization of both small-scale and large-scale agriculture, through technological and political reforms, public-private partnerships, value chain approaches and foreign investments. However, the examination of projects such as the 325,000 ha AgriSol Energy LLC investment, raises serious questions over this perceived balanced approach to agricultural development. Negotiated between the highest level of the state and US investors, the AgriSol project is largely focused on the development of large-scale industrial farming, involving the use of genetically modified seeds and high levels of mechanization. It relies on the relocation of 162,000 people currently farming small plots of land targeted by the project. Sembuli Masasa, father of seven kids, who has been farming in Katumba for 39 years explains the dire situation faced by the community today: “they are giving us \$200, ask us to dismantle our own house and to move to a place we have never seen before.” Masasa has seven kids of his own and runs a small

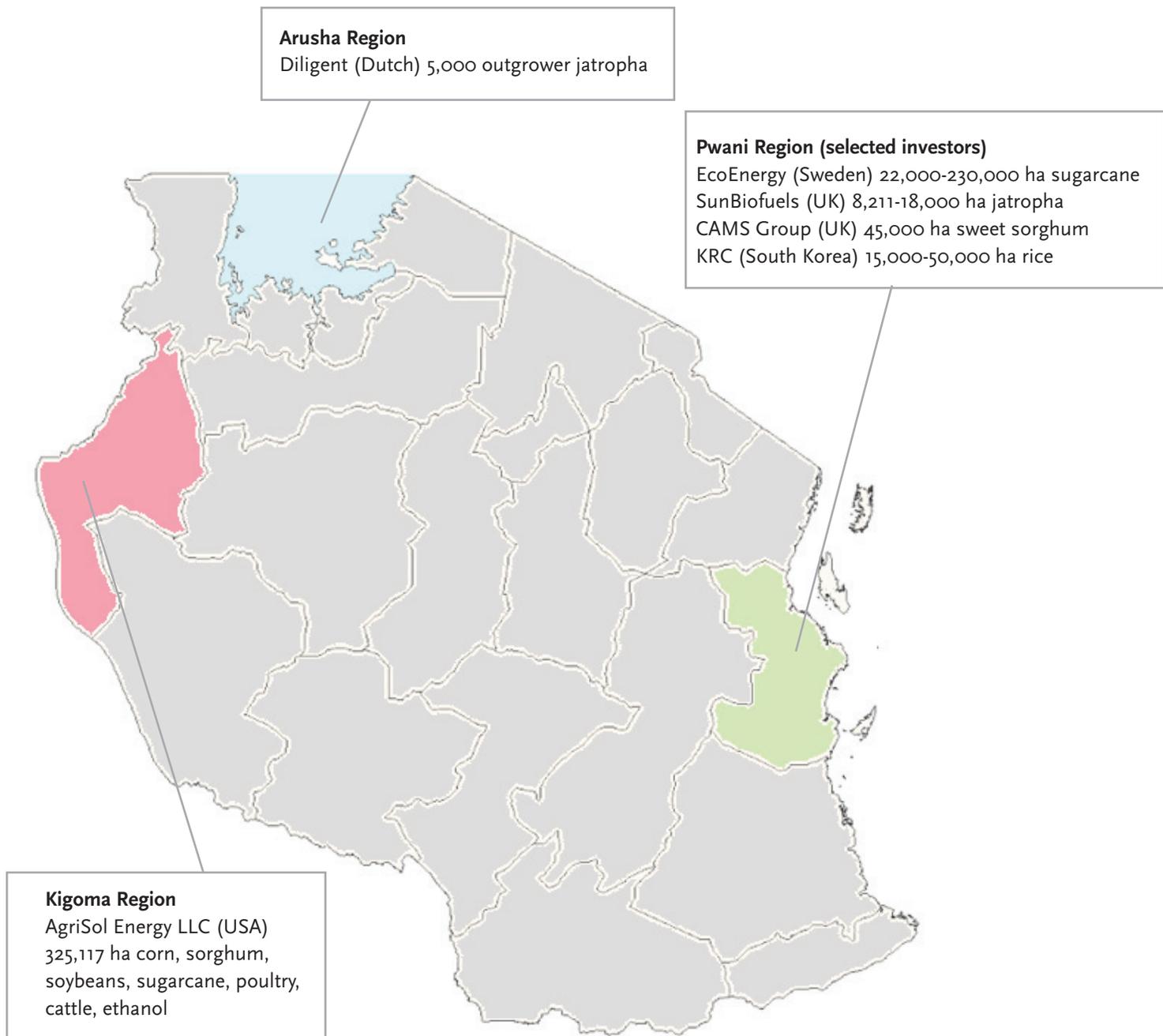
plant nursery for his neighbors, growing a range of crops from peanuts to pineapples and sugarcane. But he will have to go if US investors secure this land concession.

There are serious questions over the government's ability to pursue a pragmatic approach to agriculture that would both support small farmers and promote large-scale plantations. OI research has found several instances where foreign investments can have positive effects on local livelihoods. However, successful investments identified are not large-scale plantation-type agriculture projects but rather small outgrower schemes, supportive of family farms and geared towards the diversification of production and sources of income for farmers.

The government and investors claim that small farmers will benefit from large investments through assistance

in production and commercialization of their crops. However how this will happen is unclear and there are serious concerns that such a synergy may be nothing more than wishful thinking and a way to get consensus on the policy choices that are being made as part of the Kilimo Kwanza initiative.

The secrecy and lack of transparency surrounding a number of deals and the many flaws identified in the investment processes are clear challenges for ensuring that the initiative will indeed benefit Tanzania and its small farmers. Given that most large-scale land investments are still at an early stage, there is an opportunity for the government, Tanzanians, and all concerned actors to ensure transparency and open debate for the best way forward.



1. INTRODUCTION

Objectives of the Research

After decades of limited interest in agricultural investment in developing countries, foreign direct investment (FDI) in agriculture is on the rise (UNCTAD 2009, in Kaarhus et al 2010, p.1). However, despite the promises of FDI, such as increased employment and improved infrastructure for the host countries, there are now widespread concerns that agricultural investment-related land deals – often referred to as “land grabs” – are instead leading to increased threats to local food security and land rights, including the displacement of local farmers from their land (Oakland Institute 2008; GRAIN 2008; Von Braun & Meinzen-Dick 2009). The challenge, therefore, is to invest in agriculture in developing countries in ways which will increase overall agricultural productivity while at the same time supporting local people’s food security and livelihoods, creating jobs, reducing poverty, recognizing local people’s land rights and protecting the environment (Kaarhus et al 2010).

Detailed research on the legal, economic, and social implications of recent agricultural investment-related land deals is still relatively limited, albeit increasing all the time (see Palmer 2010a; 2010b; 2010c). There is a clear need for a better understanding of the concept of “land availability,” of the nature and implications of the land deals taking place, and of the issue of land rights. To this end, and building on its prior work on the subject (Daniel & Mittal 2009; 2010), the Oakland Institute commissioned a research project on “Understanding Land Investment Deals in Africa,” of which the present report forms an integral part. This report is based on the current situation in Tanzania, with the objectives of examining the social and economic effects of agricultural investment-related land deals on the livelihood of different social groups in Tanzania

and their implications on food security. The report addresses the context within which recent land deals have taken place, as well as the process of investing in Tanzania and the extent, nature, and impact of these land deals to date.

The Wider Background

Although not a new phenomenon, “land grabbing” is currently a big challenge for African countries because of, first, the increasing interest by foreign agricultural investors, both public and private, in acquiring land in rural Africa on a scale hitherto unknown, and, secondly, the current level of government-to-government involvement (Kaarhus et al 2010; Merlet et al 2009, p.8). Moreover, in opening their doors to FDI, many developing country governments, especially in Africa, are now increasingly offering fertile land to foreign investors, including other governments, at “giveaway prices” (Daniel & Mittal 2010, p.6).

The global food crisis of 2008 particularly contributed to the increased pace of land grabbing, with some cash-rich, food-importing countries seeing the acquisition of farmland in developing countries as a means to guarantee food security for their own populations and thus started to purchase or lease land in developing countries to outsource their own food production (GRAIN 2008). At the same time, food corporations and private investors, looking for ways to make profits during the concurrent financial crisis, began to see investments in foreign farmland as an important source of revenue, including for speculation (Ibid). Fertile lands have thus become a “new strategic asset” for both cash-rich governments seeking food security (such as China, Japan, South Korea, Saudi Arabia and the other Gulf States) and finance companies looking for safe havens for their investment funds, in target

nations such as Madagascar, Tanzania, Cambodia, Laos and the Sudan (Human Rights Advocates, no date, p.2). Interest in land-rich and income-poor countries in Africa in particular, with their cheap land and labor costs, is also driven by suspected lax conditionality and opaque land tenure laws. Although most lands are leased rather than granted or sold to investors, leases are often long term and renewable. Their impacts on the livelihoods and land rights of local customary land users are thus in practice equivalent to the land being sold (Alden Wily 2010, p.2). Developing country governments appear to be willing partners in the land grabbing phenomenon. They see benefits in obtaining foreign capital to build rural infrastructure, upgrade storage and shipping facilities, consolidate farms and industrialize agricultural operations, as well as in the investment-specific infrastructure put in place by investors and the possibilities for employment creation. There are also opportunities for potential gains from corruption (GRAIN 2008, p.6) and personal financial benefits for local individuals and companies involved in these land deals.

In addition to demand for land for food production or financial speculation, there is also a growing trend of developed countries seeking to acquire land in the developing world for agrofuel production. In recent years, the move to exchange fossil fuels for agrofuels has created an artificial demand that is unprecedented among cash crops, and which is likely to persist beyond the usual length of a “commodity boom” cycle (Cotula et al 2008, p.7). In 2009, the European Union (EU) legislated that 20 percent of all energy used in the EU and 10 percent of each member state’s transport fuel must come from renewable sources by the year 2020, with most of this expected to come from agrofuels (Kachika 2010, p.18). Investments in land that can produce high value “agroenergy crops” like corn or sugarcane on an industrial scale have thus become extremely lucrative because of demand for such fuels from industrialized countries, (made stronger by generally high oil prices, energy security, and climate change concerns). The countries that are the current leading processors of agrofuels (such as the USA for bioethanol and Germany for biodiesel) do not have sufficient land available to grow the feedstocks required for future production themselves and, as a result, a

large share of the growing demand will have to be met through importing agrofuels, or the raw materials to produce agrofuels, from other countries (Cotula et al 2008, p.21). However, this has potential implications for developing country food security. Within a few short years agrofuels have revitalized a “food versus fuel” debate and shifted from being seen as a multi-purpose solution to a range of problems to what the former United Nations (UN) Special Rapporteur on the Right to Food has described as a “crime against humanity” (Molony & Smith 2010, p.439).¹

Spurred on by all these pressures and by continuing volatility in global food markets,² the number of reported large-scale farmland deals worldwide amounted to 56 million hectares by 2009 compared with an average expansion rate in agricultural investment-related land deals of 4 million ha per year in the decade leading up to 2008 (World Bank 2011, World Bank 2010a, p.xiv; c.f. World Bank 2010b; Relief Web 2010). It has also estimated that some 70 percent of developing country land allocations to foreign investors are in Africa, with the United Nations Conference on Trade and Development (UNCTAD) reporting an increase of FDI inflows to Africa to a record level of USD 88 billion in 2008 (Theting & Brekke 2010, p.3). The World Bank predicts that interest in foreign farmland by investors will continue as a long-term phenomenon.

Land conflicts and struggles to maintain access to land are not new. Well before the current land grabbing phenomenon came to international attention there have been many vulnerable groups of people, including women, pastoralists and indigenous peoples, who have seen their land taken away by powerful actors, such as their own governments, national elites, or large-scale investors. The current global land grabbing continues these trends in violation of the human rights to adequate food, housing, water, and personal security, but on top of this it has brought the issue of reduced land availability to the fore (FIAN 2010, p.5). Agricultural investment-related land deals affect huge areas of land globally, and in many cases the land is not the “marginal” land that governments and investors often describe, but instead is land routinely used by rural communities. The land is turned over to outsiders only to accommodate domestic policies promoting foreign agricultural investments and hence merits the “land

grabbing” label (Kachika 2010). As a result, and given their contribution to potential food insecurity as well as increased competition over water resources, there is now much debate over whether large-scale agricultural investments can deliver on their promises of social and economic development, poverty alleviation, and improved access to food, or whether they are really one-sided deals, meant only to benefit the foreign investors and domestic elites (CHRGJ 2010, p.5). This debate is further contextualized within the broader debate over the relative efficiency and productivity of “small farms versus large farms” (see Collier 2008a; 2008b; McMichael 2010; Oya 2010; World Bank 2007).

Agricultural investments are needed to create much-needed infrastructure, to generate employment, and to revitalize social services in developing countries (Von Braun & Meinzen Dick 2009, p.2). Adequate agricultural investment could also increase public revenues and improve farmers’ access to technology and credit, and international efforts are being made to develop guidelines that can help to ensure beneficial outcomes (e.g. FAO et al 2010). However, many investments to date have been denounced by civil society groups and farmers’ organizations for in practice “depriving the poorest from their access to land, and increasing concentration of resources in the hands of a minority” (CHRGJ 2010, p.5).

What the present report explores with current in-country empirical research is whether land investments in Tanzania are bringing, or could bring about, the potential benefits they promise, or whether they bring only increased food insecurity and reduced livelihood options for local people. The current UN Special Rapporteur on the Right to Food, Olivier De Schutter, has remarked,

“It must be investment that benefits the poor in the South, rather than leading to a transfer of resources to the rich in the North. It must be investment that truly reduces hunger and malnutrition, rather than aggravating them” (2010a; c.f. de Schutter 2010b, p.5; Reuters 2010).³

Structure of the Report

The main focus of this report, which emerged during research as the chief concern around land grabbing in Tanzania at the present time, is the developmental impact and potential of foreign investors in the agricultural sector in Tanzania, both in food production and in agrofuels. This is set within the country background and context in Section 2, including an overview of Tanzania’s economic situation, its land and agricultural policy history, and of recent investment trends, including current land acquisition procedures and the role of the TIC and the national government ministries in the investment process.

Section 3 analyzes the extent of current agricultural investment-related land deals in Tanzania, including the size of the deals taking place, the nature of the investments, and the main countries and actors involved. Section 4 addresses some of the key issues in relation to the process of making agricultural investments in Tanzania, including land availability, community consultations, compensation practices, and regulatory issues for agrofuel investments. Section 5 discusses the ongoing and potential impacts of the current wave of agricultural investment-related land deals in Tanzania, paying careful attention to the social and economic effects these land investments have on local people and the issue of broken promises. The final section of this paper then sets out some conclusions based on our research findings.

A caveat remains to be stated clearly at the outset. This research was intended to build on and therefore complement the research on land grabbing that has already been carried out by local NGOs in Tanzania. Some issues that are covered well elsewhere are thus not treated extensively herein, for example the employment and environmental impacts of agrofuel production which were analyzed in detail by ActionAid International Tanzania (ActionAid 2009). Instead, we emphasize in our analysis and conclusions some of the key issues arising around the investment process itself, reviewing and taking stock of the current situation in Tanzania with a view to learning lessons for the future.

2. CONTEXT

Current Economic Context

Tanzania, with a population of 42.5 million people in 2009, is one of the most politically stable countries in Africa and has been called “Africa’s sleeping giant” because of its steadily rising economic growth (FAO 2010, p.25; Food Security Portal 2010). Yet, since achieving independence from Britain in 1961, Tanzania has remained a poor country, with a per capita income of just USD 362 in 2008, in the bottom 10 percent of the world’s economies, and a ranking of only 148 out of 169 in the latest United Nations Development Programme (UNDP) Human Development Index (CIA World Fact Book 2010; FAO 2010, p.24; UNDP 2010). Tanzania has also been consistently below average poverty levels in Sub-Saharan Africa since 2000, with 58 percent of the population living on less than USD 1 a day compared to the regional average of 42 percent. The percentage of Tanzanian households living below the poverty line hardly changed between 1991 and 2001, falling by only 3 percent (FAO 2010, p.24).

The Tanzanian economy depends heavily on agriculture, accounting for over a quarter of its gross domestic product (GDP), providing 85 percent of exports and employing 80 percent of the workforce (CIA World Fact Book 2010). Food production dominates agriculture, with maize the main food crop alongside sorghum, millet, rice, wheat, beans, bananas and potatoes. Coffee is the main cash crop alongside sisal, cashew, cotton, tobacco, tea, cloves, flowers, and oil seeds (ActionAid 2009, p.14). Agriculture is dominated by small-scale farmers who cultivate average farm sizes of between 0.9 and 3 ha, with women making up the majority of the labor force (Ibid, p.14). Current average maize yields in Tanzania are about 1.2 tons per hectare, compared to the 3.5 to 4 tons per hectare which might potentially be achieved (Sokoine Memorial Lectures, in ActionAid 2009, p.15).

Tanzania is host to diverse water sources, containing three of Africa’s best known lakes, and the climatic conditions of the country vary from tropical along the coast to more temperate in the highlands (ActionAid 2009, p.14). However, the food security of many households in Tanzania is vulnerable to repeated climatic and economic shocks, and sustained low crop production in recent years – “exacerbated by small farm holdings, poor implements, drought, floods, and pre- and post-harvest food losses” – has led to food insecurity at both household and national levels (Ibid, p.16; FAO 2010, p.24). Some 22 percent of Tanzanian children under the age of five are currently underweight, while average kilocalories consumed per day, per person, stand at only 1,700 (Food Security Portal 2010; UNDP 2009).

Failure of rainfall in the bimodal northern, northeastern and northern coastal areas has resulted in nation-wide food shortages in recent years (Food Security Portal 2010). Increased prices for maize, rice and beans of 40-60 percent above their 5 year averages has made food unaffordable for many households, such as those in urban areas or poor rural households with limited access to fertile land, who are dependent on buying food to meet their consumption needs. Some estimates now put 60 percent of Tanzanians in the rural areas facing food insecurity, which was further aggravated by a 25 percent increase in food prices between February 2008 and February 2009 alone (Sauti ya Watu Tanzania, in ActionAid 2009, p.16).

The challenge for Tanzania is therefore to use the potential embedded in agriculture to contribute towards poverty reduction, economic growth, and food security. The Food and Agriculture Organization of the United Nations (FAO 2010) claims that agrofuel development in Tanzania could provide an important vehicle through which to revitalize agriculture as a

whole by bringing in a variety of investments needed to boost productivity. However, a major concern of national government ministries, local NGOs, activists and researchers, is that agrofuel investors will take land that rural people are currently reliant on for food production:

“With Tanzania routinely dependent on imported food aid as drought occurs with increasing frequency, the policy of producing fuel for export instead of food for Tanzanians will deepen poverty and food insecurity in Tanzania in the years to come.”⁴

Background to Agricultural Policy in Tanzania

Tanzania’s incorporation into the world economy has taken place gradually over a long period of time, with both international and internal trade networks well developed by the mid-nineteenth century (Coulson 1982; Iliffe 1979; Kjekhus 1996). During the imperial “scramble for Africa” the Germans took control of much of Tanganyika, and the British of Zanzibar, but after the First World War the British began to administer the whole area that is now Tanzania. In 1954, Julius K. Nyerere (“Mwalimu”) started the struggle for independence, and he took power from the British first as Prime Minister, and then, in 1962, as president.

During the colonial period there had been a number of large-scale investments in Tanzania and major efforts were made to modernize agriculture and encourage the development of cash crops for export. After independence, however, the publication of the “Arusha Declaration” (on 5th February 1967):

“... sparked a decade of socialist transformation involving a degree of nationalisation and efforts to encourage co-operative production in agriculture and industry...Rural development was the focus of post-Arusha policy, based on Nyerere’s concept of *ujamaa* (roughly translated as ‘familyhood’) and his vision of communal living and working...Concerted efforts began to move the rural population into ‘proper villages’... and in November 1973 ‘villagisation’ was made

compulsory throughout Tanzania...By 1975 almost all Tanzanians were living in villages” (Daley 2004, p.7; c.f. Nyerere 1966a; 1996b; 1968a; 1968b; Coulson 1982; Kitching 1989).

During the 1980s, however, neo-liberal economic policies began to be adopted and efforts made to attract foreign investors back who had left the country during the post-Arusha years. A New Agricultural Policy was adopted in 1982, with an underlying view of the “inefficiency” and “backwardness” of small-scale farmers. This was a very different ideology to the post-Arusha policy and one which has influenced the development and implementation of land policies which continues to help rationalize the transfer of land from rural communities to foreign investors (Sundet 1997; Sulle & Nelson 2009a, p.45). Although he remained influential until his death in 1999, President Nyerere resigned in 1985 and stepped down as his party’s leader in 1990 after the passing of a National Investment (Promotion and Protection) Act. This marked a turning point in domestic politics and the definitive end of the post-Arusha period, and it paved the way for even more fundamental reforms to facilitate economic liberalization – including land reforms – to take place (Daley 2004, p.8; Sundet 1997).

Background to Land Policy in Tanzania

Since colonial times, land in Tanzania has been governed under two separate types of tenure arrangement:

“A formal legal system was developed to deal with land held initially by non-African settlers, whilst ‘customary law’ dealt with land held by Africans. This has meant that different pieces of land are subject to different and sometimes multiple sets of rules, a situation which was exacerbated by villagisation” and led to general confusion about land rights (Daley 2004, p.8).

Underlying this dual structure have been four important policy themes or continuities, of which the first three remain firmly in place to this day: that land belongs to the state and not individuals (with radical title⁵ still vested in the president), that rights to land depend on the use made of the land, that land rights are controlled administratively as opposed to judicially, and that land

is not a saleable commodity (Ibid, pp.9-11; c.f. Coldham 1995; James 1971; Pitblado 1970; Sundet 1997; URT 1994; Wily 1988).

In 1991, in order to resolve the many contradictions that were emerging with the increasing shift to neo-liberal economic policies and the widespread rural discontent with the country's land tenure and land administration systems, a "Presidential Commission of Enquiry into Land Matters" (the 'Shivji Commission') undertook extensive and participatory nationwide consultations in preparation for land reforms (URT 1994). A new National Land Policy followed in 1995 and new land legislation in 1999 – the Land Act and the Village Land Act (URT 1999a; 1999b) – although famously none of these followed the recommendations made by the Shivji Commission.⁶

The new land legislation came into force in May 2001 and has since provided the overall framework for the exercise and administration of land rights within three basic categories of land: "General," "Reserved," and "Village" Land. Reserved Land is that which is set aside by sectoral legislation, such as for national parks and game reserves, and Village Land is defined as land within the demarcated or agreed boundaries of any of Tanzania's 12,000 villages. Village Land in each village comes under the managerial authority of the Village Council (the village's elected executive body), which is answerable for its land management decisions to the Village Assembly (the entire adult population of the village). General Land comprises the remainder of Tanzania's land (Knight 2011, pp.160-163; URT 1999a; URT 1999b).

However, there is:

"... a massive loophole in the law: the Village Land Act specifically reserves the right of the President of Tanzania to transfer land from the village sector, transforming it legally into general or reserved land. The president may 'transfer any area of village land to general or reserved land' as long as it is in the 'public interest,' which for these purposes includes 'investments of national interest' (VLA, art. 4§1,2)...and reclassify the land as outside the administrative jurisdiction of the village council...

While the law gives village assemblies the power to approve or reject removal of village land by the state 'in the public interest' for areas of less than 250 ha, it does not provide for any village check on land removal for areas larger than 250 ha (VLA, art. 4§6 (a)(b))" (Knight 2011, pp.165-166).

There is also no clear mechanism in the Village Land Act by which "communities can appeal or block such reclassifications of their lands" (Ibid, p.211). A second loophole in the law arises through inconsistent definition of General Land:

"While the Village Land Act defines general land as 'all public land which is not reserved land or village land' (VLA, art. 2), the Land Act defines general land as all public [l]and which is not reserved land or village land *and includes unoccupied or unused village land*" (Land Act, art. 2, emphasis added) (Ibid: p.166; c.f. Sulle & Nelson 2010, pp.46-47).

Land Acquisition Procedures for Foreign Investors in Tanzania

Problems with the law are significant because only General Land can be leased to foreign investors in Tanzania. Under the Tanzania Investment Act, 1997, which replaced the 1990 National Investment (Promotion and Protection) Act, the Tanzania Investment Centre (TIC) – Tanzania's "one-stop shop" investment promotion agency (described more below) – is mandated with identifying and providing land to investors; land is vested with the TIC and transferred to the investor on the basis of a derivative title, and at the end of the investment project it reverts back to the TIC (Cotula et al, 2008, p.46; URT 1997). Although investors may first go to look for land in the villages, they cannot formally start the land acquisition process without the TIC.⁷ Moreover, if they want to lease land which is Village Land, it must first be formally transferred from "Village" to "General" status by the president, after the affected communities have given their permission and agreed on the amount of compensation.⁸ This process tends to be slow, in part due to lack of precedence and guidance. The investor must have the request for land transfer approved in turn by the Village Council, the District Council Land Committee and, finally, the Village

Assembly, although, as indicated above, community approval is not a formal legal requirement for areas of land over 250 ha. In principle, the land acquisition process in Tanzania empowers local communities to manage their own land through the Village Land Act and make at least some decisions relating to land sought by foreign investors in their villages, but in practice (as discussed in Section 4 below) this is not always the case.

Once the land transfer is “agreed” the investor can then be given their derivative title by the TIC. The standard agricultural land lease lasts 99 years at a price of 200 Tanzanian shillings (USD 0.14) per hectare per year, and this price does not vary according to the location of the land or the crops grown; the price used to be 600 Tanzanian shillings (USD 0.41) per hectare but was reduced following investor complaints.⁹ The rent due on the land is collected by Ministry of Lands’ district staff, and the money is incorporated into the government budget at that level. In addition, 10 percent of the total rent due on the lease every year goes to the TIC as its facilitation fee.¹⁰ Leases become invalid if investors do not start production within two years and do not ask for an extension or give an explanation for the lack of production.¹¹

The basic steps in the formal land acquisition process for foreign investors in Tanzania are summarized in Box 1. There are some differences in the process of acquiring land according to whether the investment is in food production or agrofuel. The situation for food production is as described here; the case of agrofuel investments is discussed in Section 4 below.

The Investment Process

The TIC is formally the first point of contact for foreigners seeking to invest in Tanzania and the place where all foreign investments must be registered. Established by the 1997 Investment Act, it includes staff from across all the government ministries that are involved with FDI, such as the Ministry of Lands and the Ministry of Energy and Minerals, and is partly funded by the revenue it generates from investor charges and annual facilitation fees (URT 1997; URT no date).¹² In addition to identifying and providing land

BOX 1: OFFICIAL STEPS IN THE PROCESS OF LAND ACQUISITION BY FOREIGN INVESTORS

1. The investor introduces the business idea to the TIC; after fulfilling all the requirements at the TIC, such as business registration and verification of investment capital, the investor is then given a “Certificate of Incentives.”
2. The investor then goes to a district where there is an appropriate quantity and type of land in order to carry out a formal land survey.
3. The surveyed land is registered at the Ministry of Lands.
4. The investor’s agricultural project is registered and approved by the Ministry of Agriculture.
5. The investor applies for a derivative right of occupancy from the TIC (a lease).

Source: Sulle & Nelson 2009a, p.40.

to foreign investors, the TIC is also mandated with helping investors obtain all necessary permits needed to undertake their investments and guiding them through the whole investment process (Cotula et al 2008, p.46; URT 1997).

As Box 1 indicates, foreign investors must first obtain a “Certificate of Incentives” before embarking on the formal land acquisition process (URT no date). As investment promoter and facilitator, the TIC provides incentives to foreign investors once their proposed investment is approved and registered. These have largely been standardized across all sectors, but there

ABSTRACT OF AGRISOL'S MOU WITH THE GOVERNMENT OF TANZANIA

4.3 That the parties shall negotiate the terms and condition of the right of occupancy in utmost good faith;

4.4 That the initial term of the Certificate of Occupancy shall be 99 (ninety-nine) years and shall provide for a reasonable development schedule for the land under certificate of occupancy in which AgriSol agrees on development milestones for each site of the same;

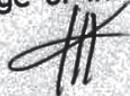
4.5 That failure to achieve particular milestones may result in the termination of the certificate of occupancy with respect to the portion of the area under certificate of occupancy that has not been developed;

4.6 That AgriSol shall as condition on Right of occupancy:

- comply with the conditions as stipulated in the Certificate of Right of Occupancy, including payment of land rent which at the time of this MOU stands at Tanzania Shillings two Hundred (Tshs. 200/=) per acre;
- pay statutory council fees;
- pay to the Council a fee, initially not to exceed Tanzanian Shillings Five Hundred (Tshs. 500/=) per hectare per year for the land under cultivation to be reviewed and adjusted every three years from the anniversary of the date of issuance of the Certificate(s) of Occupancy by a percentage amount equal to the percentage increase or decrease over the last three years in the World Consumer Price Index as published in the International Monetary Fund.

4.7 That Agrisol shall, working closely with Iowa State University and in close collaboration with Mpanda District and other relevant government officials and institutions, develop and finance on an annual basis a comprehensive agricultural extension program aimed at assisting neighboring small holders. Such a program shall include training schemes for farmers and extension officers, exchange programs to encourage knowledge transfer, collaboration and support of relevant local training institutions, and other activities aimed at building the capacity and capabilities of out growers in Mpanda District, as well as providing a market for small holders;

4.8 That it shall be a condition precedent to AgriSol's been issued a certificate of occupancy by the government that AgriSol shall have entered into arrangements or otherwise be satisfied that during the term of the certificate of occupancy, AgriSol will enjoy the benefit of a package of investment incentives and protections is provided under



are also some industry-specific incentives (Ibid). For agriculture, these are fiscal incentives, with a 100 percent capital allowance and all capital items being exempt from duty and VAT. The exemptions are project specific and have replaced the pre-1997 Investment Act system of tax breaks, on the basis that exemptions on capital inputs are a more favorable incentive to invest.¹³ Investors become liable for taxation in line with Tanzanian law once they start generating income from their operations. They have to produce an income statement with gross profits taxed at 30 percent unless they list on the stock exchange and then they pay only 25 percent.¹⁴

Only contracts with very big companies and large contracts of over USD 20 million require an actual performance contract, and these so-called “strategic investors” are given additional incentives, including exoneration of the 30 percent corporate tax on profits (AgriSol 2011), in return for a timeline of commitments written up by the investor.¹⁵ However, even where an investor is not a strategic investor they must still stick to the conditions laid down by the TIC, some of which are written on the derivative title document given to the investor. These conditions are also set out on the certificate of occupancy, which is given to the TIC by the Ministry of Lands after the land has been surveyed and registered and remains in their hands.¹⁶ Conditions include criteria such as developing the land by constructing buildings or commencing agricultural production and are in the agreement between the investor and the TIC and if unfulfilled, the TIC has the right to cancel the lease agreement and claim back the land. There are, however, no formal restrictions on changing the crops that are grown, even though the original proposal to the TIC and the Ministry of Agriculture has to specify the crops investors are seeking to acquire land for, as the lease itself simply states the land use as “commercial agriculture.” If a company decides that its chosen crop will not make the best use of the land, or does not produce the hoped-for yield, it may simply request permission to change the land use and then alter the crops grown.¹⁷

As noted above, during the investment process consultations must take place with the affected community and land must be formally surveyed for registration before it can be leased. If it is Village

Land, its transfer to General Land must be agreed, and it must be valued (at the investor’s expense) for compensation purposes. Consultation, valuation, and compensation issues are discussed in Section 4 below. However, all proposed investments must also undergo an EIA by independent experts before any production can take place. A certificate is given if the proposed investment “passes” the EIA, and this is needed before investors can go ahead with the formal process of acquiring a lease to the land.¹⁸ EIAs are often time-consuming and costly: the EIA in respect to Sun Biofuels’ land acquisition in Kisarawe, for example, cost the investor USD 17,000 for an area of 8,211 ha.¹⁹ Part of the purpose of the EIA is also to suggest the cultivation potential of the sought-after land, and the potential of current water sources in the local area. Once the EIA takes place, the TIC assists the investor to apply for water rights to the land to be granted by the government, which the investor must pay for.

Although the TIC is the primary investment promotion agency in Tanzania, and contains staff of different ministries working together under one roof to facilitate and approve different stages of the investment process, there are also certain ministries who have a broader role in considering the interests of local communities. In particular, the Private Sector Development Unit within the Ministry of Agriculture, Food Security, and Cooperatives is responsible for creating a good environment for investors, to help solve disputes between investors and villagers, and to weigh the costs and benefits of an investment. There have been cases where requests for land have been refused by this unit if they feel the investors would benefit at the expense of the majority of the population.²⁰ For example, a company from Iran was refused access to 1,100 ha of land which was heavily populated and would have led to substantial population displacement.²¹ There have also been cases where investors have been refused permission to invest in the way they intended by the Ministry of Lands, in order to balance the needs of the investors with those of Tanzanians. In one case, the Ministry of Lands rejected a potential foreign investor in Kilolo, in Iringa, after they calculated the number of local people who would be there in ten years’ time. They established that there would not be enough room for the investors because their project would

have left only a quarter of a hectare per family which the Ministry considered insufficient for a family farm.²² These examples suggest that in practice the national government ministries in Tanzania play a potentially important role in safeguarding the interests of local people and providing a counter balance to the more ostensibly investment promotion-oriented objectives of the TIC (URT 1997).

Recent Trends in Agricultural Land Investments in Tanzania

Tanzania has generated a lot of interest from foreign investors because of its vast tracts of fertile agricultural land, its stable political system, and its bountiful water supplies.²³ Total foreign investment in Tanzania has grown from 0.1 percent of Tanzania's GDP in 1990 to 32.9 percent in 2005, and between 2004 and 2008 FDI inflows to Tanzania grew from USD 331 million to USD 744 million (Theting & Brekke 2010, p.5). Table 1 shows

that manufacturing and tourism are by far the lead sectors for FDI in terms of numbers of projects between 1996 and 2009. The 2009 figures also represent a decline from 2008 due to the global financial crisis, but the general trend in FDI, including in agriculture, is clearly upwards throughout the whole period.

Agricultural investment has now become a top priority for the government, with considerable effort being made to promote agriculture to foreign investors.²⁴ In 2009, President Jakaya Kikwete launched a new policy initiative, *Kilimo Kwanza* (Agriculture First) that is now linked to the development of a Southern Agricultural Growth Corridor of Tanzania (Kilimo Kwanza 2009; SAGCOT 2011). This new agricultural policy emphasizes the modernization of both small-scale and large-scale agriculture, through technological and political reforms, public-private partnerships, value chain approaches, and foreign investments (Kilimo Kwanza 2009). In contrast to previous agricultural

TABLE 1: FOREIGN INVESTMENTS IN TANZANIA BY SECTOR

TANZANIA INVESTMENT CENTRE
TIC REGISTERED PROJECTS IN SECTORS FROM 1996 TO 2009

SECTOR	2009	2008	2007	2006	2005	2004	2003	2002	2001	2000	1999	1998	1997	1996	TOTAL
Agriculture	27	45	27	34	37	30	20	16	12	16	14	11	11	6	308
Natural Res.	2	6	6	9	6	14	21	8	8	10	5	11	9	5	120
Tourism	151	268	212	205	143	110	81	72	40	17	25	35	31	12	1402
Manufacturing	183	221	192	179	177	151	127	103	82	66	62	118	102	65	1828
Petrol & Mining	0	1	3	0	2	1	4	19	13	7	17	9	14	1	91
Comm. Building/Construction	81	141	91	114	72	57	48	39	17	23	19	12	11	3	728
Transportation	61	93	101	85	55	49	28	10	11	7	10	13	4	6	533
Services	16	26	21	11	6	0	8	26	24	18	18	18	16	4	212
Computer	0	0	0	2	1	1	4	3	3	2	1	0	0	0	17
Financial Inst.	8	13	6	6	5	8	3	2	4	3	6	5	1	6	76
Telecoms	1	6	12	5	9	5	12	4	5	5	3	3	0	2	72
Energy	3	4	6	3	0	0	0	1	0	0	0	0	0	1	18
H. Resources	29	32	19	21	28	17	10	8	1	4	1	4	0	0	174
Ec. Infrastr.	6	8	0	2	4	9	6	0	0	0	0	0	0	0	35
Broadcasting	4	7	5	2	5	2	0	0	0	0	0	0	0	0	25
Total	572	871	701	678	550	454	372	311	220	178	181	239	199	111	5637

Source: TIC



One year-old jatropha plantation on land acquired by Sun Biofuels, Kisarawe

modernization policies, which largely neglected small-scale agriculture, *Kilimo Kwanza* is expected to mobilize the whole society, in particular the private sector, for a joint effort to boost both small- and large-scale agriculture by giving it priority and by pointing out the importance of agriculture overall for the country's future development.²⁵ As young people are leaving farming behind and poverty is increasing among small-scale farmers and pastoralists, the new policy is premised on a need to change the perception that there is no future in agriculture in Tanzania and to increase the sector's self-confidence and status (Kaarhus et al 2010, p.31).

Foreign investors are interested in agriculture for both food production and agrofuels. However, investor interest in agrofuels outweighs interest in food production, as the main crops for which land is being sought by foreign investors are currently jatropha,

sugarcane and palm oil.²⁶ There is considered to be potential in Tanzania for domestic agrofuel production to provide a substitute for the country's oil imports, which cost some 25 percent of total foreign exchange earnings at USD 1.3-1.6 billion per year (Sulle & Nelson 2009a, p.3). One report commissioned by the TIC has greater expectations, that agrofuels will not only become a substitute for these imports but also that "Tanzania has exceptional potential to become a major supplier to world markets" (cited in Kamanga 2008, p.20).²⁷

Kilimo Kwanza intends to provide incentives to attract more agricultural investors.²⁸ In the meantime, the government has also been developing "Guidelines for Sustainable Liquid Biofuels Development in Tanzania." which we discuss in Section 4 below.

3. LAND DEALS

Extent of Current Agricultural Investment-Related Land Deals

According to Cotula et al (2008, p.3), over 4 million ha of land has already been requested by foreign investors for both agrofuel and food production in Tanzania and, of 640,000 ha so far allocated to foreign investors, 100,000 ha of land has been formally leased. However, this latter figure is inconsistent with data obtained from national government officials which suggests that less than 70,000 ha had actually been formally leased as of December 2010.²⁹ In respect to agrofuels, ActionAid (2009) reports that nearly 37 entities of varying types are engaged in bioenergy development in Tanzania, with a significant presence of foreign capital. Cotula et al (2008) claim that some of the proposed agrofuel projects involve initial investments of up to USD 1 billion over the next 10 to 20 years, while Kamanga (2008, p.42) claims that proposals from prospective investors typically entail capital outlays ranging from USD 60 million to USD 1.5 billion to produce biomass for either ethanol or biodiesel on land measuring from 30,000 to 2,000,000 acres (12,146 to 809,707 ha).

Without a doubt, official records in Tanzania are unclear and information is not always available on the exact amounts of land which have been allocated and leased to different investors, making it very difficult to quantify the total amount of land that has been acquired by investors and to understand the extent of land deals currently taking place. Information is also not coordinated between different national government ministries, although the ministries are supposed to work in a coordinated manner through the TIC. In practice, it appears that they often work without much coordination or synchronization of data.³⁰

Most recent agricultural investment projects are also

still in the planning stages and still going through the land acquisition process, adding to the difficulties in quantifying the extent of land deals in Tanzania.³¹ Furthermore, although the TIC collects all land lease documents from the district level once deals have been approved, they miss some information because small amounts of land, under 50 ha, are allocated to investors at the village level, often involving direct transactions with local people (land sales). For example, when investors bypass the TIC and go directly to local communities for small areas of land, those transactions are not always recorded and the land is not always recognized as being used for agricultural investment.³²

All these factors hinder efforts to assess the current extent of agricultural investment-related land deals in Tanzania. However, it seemed clear during our fieldwork that the interest in land and requests for land far outweigh the amount of land which has actually been acquired by foreign investors.

Table 2 summarizes the data on the 21 existing and proposed agricultural investment-related land deals in Tanzania for which we obtained verifiable information during our fieldwork.³³

Nature and Origins of Current Agricultural Investment-Related Land Deals

As Table 2 shows, investors from countries such as the USA, UK, Sweden, the Netherlands and South Korea are presently important in agriculture in Tanzania, and the land deals we could verify are dominated by investments in agrofuels. However, there are also some large-scale investments in food production in the pipeline. Recent media reports show Tanzania in

TABLE 2: SUMMARY OF EXISTING AND PROPOSED AGRICULTURAL INVESTMENT-RELATED LAND DEALS IN TANZANIA AS OF DECEMBER 2010

No.	Investor and Nationality	Location	Amount of Land Requested (ha)	Amount of Land Acquired (ha)	Targeted Crops	Comments
1	Diligent Tanzania Ltd (Dutch)	Arusha Babati Handeni Singida Monduli	n/a	n/a	Jatropha	Outgrower scheme with 5,000 farmers. Producing between 600 and 800 liters of oil per day.
2	EcoEnergy (Sweden) – formerly known as SEKAB	Bagamoyo (RAZABA ranch and Bagamoyo prison)	22,000 ³⁴	22,500	Sugarcane	Seed cane farm at the prison planted and will move onto the ranch in 2011. Plans to employ 15,000 workers.
3	EcoEnergy	Rufiji District	200,000 ³⁵		Sugarcane	In the process of acquiring land.
4	BioShape Tanzania Ltd (Dutch)	Kilwa District	82,000	32,000 ³⁶	Jatropha	Have ceased activities but still hold lease for the land.
5	Sun Biofuels Tanzania Ltd (British)	Kisarawe District	18,000	8,211	Jatropha	Started in 2009 so land not all yet planted. Land belonged to 11 villages.
6	PROKON (Germany)	Mpanda District	n/a	10,000	Jatropha	About 2,000 contract farmers engaged and production still low.
7	Bio-energy Tanzania Ltd	Bagamoyo District	30,000	16,000	Jatropha	This investor requested 30,000 ha but only got 16,000 ha.
8	Tanzania Biodiesel Plant Ltd	Bagamoyo District	25,000	16,000	Palm Oil	This investor requested some 25,000 ha but is in the process of receiving derivative title for just 16,000 ha.
9	Eurovistas (India)	Rufiji District	6,000	6,000	Maize	Came to grow cotton but have been growing maize since 2006.
10	Safe Production Ltd (Turkey)	Rufiji District	3,500	3,500	Maize and Rice	Appear to have ceased production after only growing on 600 ha since 2005.
11	Oxman Tanzania Ltd	Rufiji District	n/a	914	Rice	Not growing anything on the land acquired.
12	African Green Oil Ltd	Rufiji District	n/a	5,000	Palm oil	Will leave the area if they cannot acquire more land.
13	Info Energy Ltd (UK)	Mvomero District in Morogoro	n/a	5,818	Initially Jatropha, now Rice	Land acquisition in process. The land formerly belonged to Kilombero Plantations, having been a joint venture between Rufiji Basin Development Authority (RUBADA) and North Korea from the late 1980s until 1994, but will now be a joint partnership between Info Energy and RUBADA. When the North Koreans left, “squatters” moved onto the land. RUBADA has given all the “squatter” families 3 acres and is building them houses in lieu of the land needed for the investment. ³⁷
14	KIKULETWA (South African)	Moshi	n/a	400	Jatropha	Operational.

No.	Investor and Nationality	Location	Amount of Land Requested (ha)	Amount of Land Acquired (ha)	Targeted Crops	Comments
15	FELISA (Tanzania and Belgium partnership)	Kigoma Region	5,000	4,258	Palm Oil	Land dispute in court over extra 350 ha obtained from 2 villages. No EIA done.
16	KRC (South Korea)	Rufiji District	50,000	15,000	Rice	In the process of acquiring all land. Half will be for smallholders.
17	D1 Oils Tanzania Ltd	Kilimanjaro	n/a	n/a	Jatropha	Abandoned plans for Tanzania.
18	Kapunga Rice Project	Mbarali District	n/a	50,000	Jatropha	Planned to replant rice with jatropha.
19	CAMS group (UK energy firm)	Bagamoyo and Handeni	n/a	45,000	Sweet Sorghum	Produce 240 million liters of ethanol a year from sweet sorghum.
20	SAVANA Biofuels	Handeni, Dodoma and Kongwa	n/a	5,000	Sunflower and Jatropha	
21	VITAGRAIN (Singapore)	Rufiji basin	n/a	30,000	Rice	Request in progress with RUBADA.
22	AgriSol (USA)	Kigoma and Rukwa	325,117	0	Corn, sorghum, soybeans, sugarcane, poultry, cattle, ethanol	Acquisition in process. After international exposure, details of the deal are still being worked out.

Sources: TIC; Ministry of Agriculture, Food Security and Cooperatives; Rufiji Basin Development Authority (RUBADA); Primary Data from Fieldwork; Kaarhus et al (2010); ActionAid (2009); Sulle and Nelson (2009a), Oakland Institute (2011).

discussions about food production investments with investors from the UK, the USA, Singapore, India and the United Arab Emirates (UAE) who are interested in setting up commercial farming operations in Rufiji, Kigoma, and Rukwa, with at least one company from the UAE seeking a lease for rice cultivation to help secure food supplies for Gulf countries (Molony & Smith 2010, p.490; Ng'wanakilala 2010). There is also interest in food production in Tanzania from the governments of China, Jordan, Saudi Arabia, Turkey, and Bangladesh while media reports suggest that an American company is looking to invest in a 5,000 hectare cassava plantation and that Saudi investors requested to lease 500,000 ha of farmland for growing wheat and rice in 2009 (Ng'wanakilala 2010; Sulle 2010).

With South Korea currently negotiating with the Tanzanian government for the acquisition of 15,000 ha of farmland for rice production (see details in Table 2 and Box 4), and the Indian company, Eurovistas, as well as a Turkish investor, Safe Production, having acquired land for rice and maize production in Rufiji, as Table 2 records, land acquisitions for food production are clearly picking up pace.

With respect to the land deals we obtained verifiable

information on for investments in agrofuels, for many investors the amount of land requested has not been agreed to. For example, the major UK investor, Sun Biofuels, reported that the 8,211 ha it has been granted for a jatropha plantation in Kisarawe, less than the 18,000 ha requested, is not enough to generate sufficient profits to cover future running costs. The reason the company was given for not having received the full area requested was that jatropha is still a relatively unknown crop and is being trialed as an investment. The Ministry of Lands therefore decided to give the company less than half of what it asked for to see how it would fare with the crop.³⁸ Sun Biofuels therefore plans to expand its operations in Kisarawe, after establishing its own plantations, by developing strategic outgrower plans, including training, extension and input support to outgrowers to boost productivity, because an outgrower scheme does not require the acquisition of any more land (see details in Box 5).³⁹ From the investors' perspective, outgrower schemes also do not take so long to start up as there is no land changing hands and they often do not require the same large up-front costs as for setting up a plantation.

The Swedish company, EcoEnergy, is another major investor in Tanzania, and potentially one of the biggest,

BOX 2: 100,000 FARMERS AND 50,000 FISHERMEN TO ARRIVE IN TANZANIA?

According to numerous media reports in early 2011, Bangladesh's Bhati Bangla Agrotec (a concern of Al Falah Group) and Nitol-Niloy Group are working to secure large agricultural investments in Tanzania and Uganda respectively.

Bhati Bangla CEO Mizanur Rahman Azad was quoted in late April 2011 in an article titled "Bangladeshi Farmers Plough Barren African Lands," saying that the goal of the project was to acquire 300,000 ha to be farmed by 100,000 Bangladeshi agro-workers within a year, adding 50,000 fishermen eventually. Initially, he explained, "we will start farming 30,000 ha of land with 4,000 farmers. We took the lands for 99 years lease free of cost on the condition that we will give our 10 percent of profit to the Tanzanian government."

BBC reported in May 2011 that "Under the plans, the Contract Farming System will enable Bangladeshi companies to get at least 60% of the produce." It confirmed the existence of a 30,000 ha land lease in the works, but reported that "In return, Bangladesh will train African farmers in rain-fed rice cultivation, seed conservation and irrigation." It is unclear who will be working what land and when, but reports suggest that Bangladesh's Prime Minister Sheikh Hasina is pursuing land investments in Africa as a means of attaining food security and employment for Bangladesh.

Bhati Bangla's land acquisition remains unconfirmed, although the process was expected to finalize by the end of May 2011 and "start cultivation by June 10" according to Mizan. Regardless, it is concerning that the Tanzanian officials have not announced or responded to media reports about such significant agricultural activity, especially given the emphasis of Kilimo Kwanza as a government priority. Because of this, the transactions have been criticized as suggesting "unseemly, politically insensitive, over-eager naiveté on the part of foreign investors" and "an aloof disrespect for their citizens by the African governments concerned." Ugandan officials have denied knowledge of similar activity by Nitol-Niloy in Uganda.

Evidence of preparatory measures to continue significant deals of this kind are found in the creation of the Bangladesh Africa Business Forum (BABF), headed by the chairman of Nitol-Niloy, Abdul Matlub Ahmad and first held in early June 2011, and the Bangladesh Africa Business Organization (BABO). Together they seek enhanced trade and investment in Africa.

Sources: Bangladesh Sangbad Sangstha April 2011; Chowdhury June 2011; Ethirajan May 2011; Makunike May 2011

having acquired 22,000 ha in Bagamoyo from the former RAZABA ranch of the Zanzibari government as well as 500 ha from Bagamoyo prison for a seed cane nursery. This company also plans to expand its activities and is requesting 200,000 ha in Rufiji as well as hoping to gain access to at least another 30,000 ha through outgrowers (see details in Box 6).⁴⁰ Other large agrofuel investors in Tanzania include the UK energy company, the CAMS group, which has acquired 45,000 ha for sweet sorghum production for agrofuel (Theting & Brekke 2010, p.4), and the Dutch/Belgian company, BioShape, which acquired 32,000 ha but has left the land idle due to a lack of funding (see further below).⁴¹ Other companies, including Tanzanian BioDiesel Ltd,

African Green Oil Ltd, FELISA and Clean Power Tanzania Ltd are all targeting palm oil investments, while further examples of companies and their targeted feedstocks for biodiesel production include CMC Agri-Bioenergy Tanzania (sweet sorghum) and SAVANA Biofuels Ltd (sunflower) (ActionAid 2009, p.44). To elaborate on just one of these, African Green Oil Ltd has applied for a lease of more than 10,000 ha in the Rufiji basin for a palm oil plantation. It has been granted 250 ha as a trial investment and, depending on performance, the area will then be increased (Mshale 2009). According to the company's web page its aim is to establish "a 20,000 ha oil palm plantation by 2020."⁴²

BOX 3: AGRISOL

AgriSol Energy LLC is an Iowa-based investment company that specializes in agribusiness. Its self-stated goal is to find “underdeveloped global locations that have attractive natural resources but lack best-in-class agricultural technology, farming techniques, equipment and management.” It has partnered with Summit Group, Global Agriculture Fund of the Pharos Financial Group and the College of Agriculture and Life Sciences at Iowa State University, to develop a large agriculture enterprise in Tanzania. The site encompasses three “abandoned refugee camps”—Lugufu in Kigoma province (25,000 ha), Katumba (80,317 ha), and Mishamo (219,800 ha), both in Rukwa province. The Tanzanian arm of AgriSol Energy, AgriSol Energy Tanzania, and Serengeti Advisers Limited, a Tanzanian Investment and consulting firm, provide the domestic front for this operation.

KEY PARTNERS:

AgriSol Energy Tanzania, Ltd: A combination of Iowa based AgriSol Energy LLC and Tanzania based Serengeti Advisers Limited.

Pharos Global Agricultural Fund: Dubai based investment firm specializing in emerging markets, maximizing returns through agricultural land and infrastructure acquisition.

Summit group: A farming and livestock operation based in Iowa that oversees farms in Nebraska, Minnesota, Illinois and Iowa, as well as Summit Farms, Summit Ag Fund and AgriSol Energy.

Iowa State University: Conducting feasibility studies, the first of which finished early 2011, for the project. Future involvement is expected in the form of agricultural outreach programs in conjunction with Tanzania’s Sokoine University of Agriculture.

Bruce Rastetter: An important connection between all involved parties. CEO of Pharos Ag, co-founder and Managing Director of AgriSol Energy, CEO of Summit Farms and is an important donor to the Iowa State University.

The project will commercially develop all three tracts for large-scale crop cultivation, beef, poultry and agrofuel production. Advocates of the project are certain it will “unlock the potential” of Tanzanian agriculture through the use of genetically Modified (GM) and other technologies to increase yields and reduce labor-intensive methods. AgriSol claims development benefits seen in Iowa, where individual farms have been reduced by 50% since the adoption of industrial agriculture in 1950, will be likewise experienced in Tanzania through their project. AgriSol’s business partners, including Monsanto, Syngenta, and other global industrial agribusiness conglomerates will provide the inputs.

OPENING TANZANIA TO AGRIBUSINESS CONGLOMERATES

Rastetter maintains, “For the world, the embracing of that modern approach is pretty critical, in terms of producing low-cost enough food...in particular for the poor to be able to afford that, rather than the higher cost of all-natural or organic food.” The project aims to transform Tanzania into a “regional agricultural powerhouse” by employing “modern” agriculture. This will require lobbying efforts on behalf of AgriSol to persuade Tanzania to create policies that support GM crop cultivation, something Rastetter already has begun to do. This model of agriculture will also enable an influx of the world’s largest agribusiness companies, AgriSol’s partners, into Tanzania to ensure “effective development of the project.”

As in Iowa, independent farmers will be endangered, despite assurances of direct benefits by AgriSol. It is not obvious how smallholders can maintain economic independence with the proposed business model of AgriSol’s outgrower scheme. They will have access to a limited selection of inputs and a limited market. With AgriSol functioning as the buyer, it will effectively control prices. Under such a set-up, local farmers will have little or no bargaining power, and will need AgriSol approval for any independent development opportunities they might encounter.

Furthermore, local communities on the planned project sites of Katumba and Mishamo are being forced to relocate. The implementation of the project is contingent on the evacuation of Burundian small farmers who arrived as refugees in Tanzania in 1972. The Tanzanian government began a naturalization process in 2008 with a plan to grant citizenship to 162,000 refugees in April 2010. However this citizenship is dependent on the coerced move from their communities and farms of the past 40 years. AgriSol maintains that the “decision to close these camps was made well before AgriSol became involved,” whereas OI obtained copies of feasibility studies for this project conducted as early as mid 2008. In response to questions of the refugee populations and the potential local employment, AgriSol is quoted as saying, “You know, we haven’t done that...what I appreciate, from a practical standpoint, is how he [The Tanzanian Prime Minister] understands the country and the capabilities and what we’ll need to bring in. They quite frankly think we’ll need to [bring in outside farmers], and they’re fine with bringing in South African farm managers...the white South African farm managers, to be able to provide that general expertise...”

Sources: Oakland Institute, 2011; Simba 2011

BOX 4: KOREAN RURAL DEVELOPMENT CORPORATION (KRC) IN RUFJI

South Korea is expected to become a major investor in Tanzania in the near future through the acquisition of land for rice production following a feasibility study that has already taken place on 15,000 ha of land. The KRC project, with an initial cost estimated at USD 50 million, was initiated by the President of Tanzania when he visited South Korea in 2009 and offered the Koreans 50,000 ha to work with. This project is the first time South Korea has invested in Tanzania, although North Korea had previously invested in Morogoro before pulling out in 1994.

The KRC investment is not being carried out through the TIC but is instead a joint venture between the KRC and the Rufiji Basin Development Authority (RUBADA), which has responsibility for promoting and regulating land development activities in the 17.7 million ha Rufiji river basin. RUBADA will provide the land free of charge and KRC will use half for its own production and leave the other half for use by small-scale farmers, who will be trained in new agricultural practices by the Koreans. Although half the rice production is therefore clearly destined for export to South Korea, to meet their food needs, the Korean government considers this investment to be a form of development assistance, and therefore not in the same category as the agricultural investment-related land deals of private foreign investors.

“We are doing this for the country of Tanzania, not for profit, and we want to make sure that we avoid any conflict or deprive locals of their land, so we have been assured by Mr Masanja, the MD of RUBADA, that they will take care of this aspect while we put our efforts into seeing farmers increase their productivity and helping them mechanize so they can produce a harvest more than once in a season” (Sagkey J. Yoh, South Korean Embassy in Tanzania).

Sources: Ng'wanakilala 2010; Direct Communication Sagkey J. Yoh, Counselor, South Korean Embassy in Tanzania, 15th December 2010; Direct Communication Tabu S. Ndatula, Director of Planning and Investment, RUBADA, 1st December 2010.

Additional Challenges to Assessing the Current Situation

As noted above, there are a number of factors which make it difficult to assess the current extent of agricultural investment-related land deals in Tanzania and thus their social and economic effects and implications for food security. There are notably few cases where production has started and outputs are already being seen, and the situation on the ground in Tanzania around land deals is also constantly changing – for a number of reasons – creating further difficulties in assessing the current situation. Some investors in Tanzania have suggested that the global financial crisis has caused problems for several agrofuel companies, and that changes in world oil prices have slowed down enthusiasm for agrofuel projects in general.⁴³ For example, in the case of EcoEnergy, the global financial crisis has meant delays in starting production, with the large government ranch it acquired in Bagamoyo now being used for sugar production rather than ethanol because of the drop in oil prices in the second half of 2008 and the reduction in demand for agrofuels.⁴⁴

Some companies have completely abandoned their plans. The Dutch/Belgian firm, BioShape, is an example of this. This company acquired 32,000 ha of land in Kilwa, but after clearing the land of forest and preparing to grow jatropha, the company collapsed in 2008 and had to withdraw from Tanzania. The land was left idle but no longer belongs to the villagers from whom it came, and no one has taken any initiative to request the government to return the land to its former owners.

Although, by law, if land is left unused for two years the derivative title can be taken away from the investor and the land converted back to Village Land, there are several reasons why this does not happen. There is often a lack of knowledge on the part of local communities about the process for getting a lease revoked, and there is also a huge amount of bureaucracy involved. The government can revoke a lease if investors leave and others apply, and villagers are able to ask for it to be converted back to Village Land if there is no output being seen from investors. This is however a very time-consuming and complicated process.⁴⁵

There are also examples of companies which have not completely collapsed but have not had the financial capacity to fully utilize all the land allocated to them. Eurovistas, an Indian company who acquired 6,000 ha of land in Rufiji in 2006, has still only planted on 470 ha. The remaining land has been left idle yet can no longer be used by people living in the surrounding villages because it is now held under lease by the company.⁴⁶ This confirms a common pattern of land investments in Africa where many firms secure land before financial resources.

The information on land deals throughout this section has therefore been presented with the important caveat that some of it may already be out of date. While keeping this in mind, in the next section the report addresses some key issues in the process of making agricultural investments in Tanzania, namely land availability, community consultations, compensation practices, and regulatory issues for agrofuel investments

Critical Government Assistance

- Roadmap for Grant of Strategic Investor Status
 - Grant of critical investment incentives including waiver of duties on diesel, agricultural and industrial equipment and supplies
 - Timing for grant of Strategic Investor Status
- Roadmap for legal certainty for:
 - Use of GMO and Biotech
 - Production of value added products like biofuels
- Refugee hosting area evacuation completion
- Katumba boundary identification
- Commitment and timetable for construction of rail link for Mishamo

BOX 5: SUN BIOFUELS (UK) IN KISARAWA

Sun Biofuels Ltd is a British-based large-scale jatropha-producing company whose major shareholders are Sun Biofuels Plc of the UK (88%), Julian Ozanne, a Briton (10%) and Daudi Makobore and Herbert Marwa, Tanzanians (1% each).

Sun Biofuels Ltd planned to invest about 25.3 billion Tanzanian shillings (€14.3/USD 20 million) in a project to establish an agrofuel processing plant and cultivate jatropha (and some cassava to feed workers) that would permanently employ about 1,500 people once in full operation, as well as provide additional jobs for casual laborers at peak harvesting times.

However, the company started slowly in 2009, having requested 18,000 ha in Kisarawe District, about 70 km from Dar-es-Salaam, but only obtaining 8,211 ha from the 11 villages of Mtamba, Muhaga, Marumbo, Palaka, Kidugalo, Kurui, Mtakayo, Vilabwa, Mitengwe, Mzenga 'A' and Chakaye in a process that took three full years. So far only 500 local people have been employed. Sun Biofuels has recently shut down its biodiesel project (in October 2011) for financial reasons. Nearly 600 workers were given notices of termination.

Sources: Direct communication Zoe Parr, Director, Karunya Consulting, 2nd December 2010; Direct communication Mohamed Tembo, Community Development Liaison Officer, Sun Biofuels, 3rd December 2010; Kaarhus et al 2010; FAO 2010; <http://biofuelsdigest.com/bdigest/2011/10/31/sun-biofuels-shuts-down-in-tanzania/>

BOX 6: ECOENERGY (SWEDEN) IN BAGAMOYO AND RUFJI

“Through our plantations and cash crop techniques we will help to get the agricultural sector going which will bring strategic benefits to the country. Tanzania is short of sugar and each individual consumes 12kg on average so this cash crop in Bagamoyo can provide for the shortage there” (Anders Bergfors, Managing Director).

EcoEnergy is a Swedish company currently growing 200 ha of sugarcane for food production on prison land in Bagamoyo, as a seed cane farm, and looking to expand its operations into Rufiji, where it is trying to acquire 200,000 ha of land in 10 different plantations for ethanol production. The company is also preparing to start utilizing a 22,000 hectare ranch in Bagamoyo that was offered to it by the Zanzibari government.

“We were told the land in Rufiji would take a number of years to process with the scale of the EIAs required so Bagamoyo was a starting point for us”
(Andre Feydherbe, Farm Manager).

EcoEnergy’s first priority now is to fulfill the domestic sugar market in Bagamoyo, including on-site cane processing which will provide permanent jobs; they have promised to provide 11,000 permanent jobs in Bagamoyo, giving preference to local people. When the land is acquired in Rufiji the company plans to employ 2,000 people per plantation and is convinced that every 1 job created will indirectly create 4 additional jobs through money coming into the local economy, new businesses starting up, and job seekers entering the local area. In the future EcoEnergy also hopes to produce for export.

EcoEnergy plans to become one of Tanzania’s strategic investors which will give them preferential tax breaks. It is funded in-part by the African Development Bank, who have given them a loan of USD 75 million and is the lead agency in this project, which has an estimated total cost of USD 375 million in Bagamoyo and USD 600 million in Rufiji.

Sources: Direct communication Anders Bergfors, Managing Director, EcoEnergy, 7th December 2010; Direct communication Andre Feydherbe, Farm Manager, EcoEnergy, Bagamoyo, 20th December 2010.

ABSTRACT FROM A PHAROS PRESENTATION OF THE AGRISOL PROJECT



Tanzania Vision – Business Partners

Pharos Ag, together with the Agrisol team and Summit, will call on their global network of agriculture and agribusiness partners to ensure the effective development of this project using best in class and the most cost-effective technology.



Water Efficient Maize for Africa (WEMA)

10

4. KEY ISSUES

Land Availability

As noted earlier, one of the key reasons for Africa’s attractiveness to outside investors is its perceived abundance of land. As the manager of one major private investment fund involved with land acquisitions has said, “Africa has most of the underutilized fertile land in the world” (cited in Jung-a et al. 2008). Yet systematic empirical data on land availability in Africa remains limited. An FAO study carried out in 2007 estimated Tanzania to have more than 30 million ha of land suitable for the cultivation of energy crops, with corresponding areas of 570,000 ha, 24 million ha and 14 million ha suitable for sugarcane, cereals and root crops, respectively (cited in FARA 2010, p.62). According to ActionAid (2009, p.17), the Tanzanian government considers a total of 29.4 million ha to be suitable for irrigation development, or 31.8 percent of Tanzania’s total land mass, of which 2.3 million ha are of high irrigation development potential, 4.8 million ha are of medium potential and 22.3 million ha are of low irrigation development potential.

According to government officials interviewed during fieldwork, overall there would be a total of 88 million

ha of land suitable for agriculture in Tanzania and only 10.2 million ha are presently under cultivation.⁴⁷ From this 88 million ha of land with agricultural potential, the TIC has been widely claimed in the literature (and by some of our informants) to have identified a “land bank” of some 2.5 million ha that are available for foreign investments, as outlined in Table 3. Yet, the TIC reported that in reality there is no surveyed land to speak of which could qualify as part of a land bank. Although land has been theoretically committed to the TIC as being available, it has not been surveyed and remains largely as Village Land. As the TIC must first survey the land and obtain a certificate of occupancy for it in order to be in a position to then give derivative title to it to investors, it does not qualify as land within a land bank.⁴⁸

Land acquisitions by foreign investors are treated on a case-by-case basis and the process is long and time consuming. For example, it took three years for Sun Biofuels to obtain a lease to just part of its sought-after land (Box 5). The logic behind the idea of establishing a land bank is to speed up this process. The TIC has advocated that money paid as land rent could be used for surveying land within a land bank and then

TABLE 3: TANZANIA’S “LAND BANK”

INVESTMENT SECTOR	AVAILABLE PARCELS	TOTAL AVAILABLE AREA (HA)
Agriculture	386	1,100,398.00
Housing estate	21	1,469.47
Industry	156	537,880.60
Mining	11	445.80
Ranching	49	238,939.20
Tourism	127	711,027.80
Grand Total	750	2,590,161.00

Source: TIC website in Cotula et al 2008, p.47.

to establish infrastructure on it to make it ready for investors, under TIC ownership. Once investors start using the land its value would also greatly appreciate as the TIC claims that “most land designated for the land bank is currently unutilized.”⁴⁹ Yet even if the land remains unused, NGO sources estimate a land price appreciation rate in Tanzania of 25 percent per annum, with some investors having claimed that “quite frankly we could be moronic and not grow anything on this land and still make money over the next 10 years.”⁵⁰

The meaning of “land availability” is also open to interpretation. Although much rhetoric focuses on the use of “marginal” lands for large-scale production of agrofuel feedstocks, in reality it is higher-value lands – with higher rainfall, access to irrigation and proximity to markets – that are more commonly sought by investors. In many cases across Africa, such land is already being used, but conflicts arise because existing land uses by local people go unrecognized. Often local people using the land have no formal land rights or access to the relevant law and institutions

(Vermeulen and Cotula 2010, p.903). Most of the land sought after and being acquired by foreign investors in Tanzania is classified as Village Land, which even if not permanently settled is nevertheless used for a wide range of rural people’s livelihood activities. This includes land used by Tanzania’s many pastoralists, which is often labeled as barren, idle, degraded or marginal and therefore potentially available to investors when in practice it is not (Gordon-Maclean et al 2008, p.17; and see discussion of the situation in Arusha in Section 5 below).

Moreover, while the Tanzanian government considers “available land” as meaning that there are no rural communities fully utilizing the land, there are currently no proper guidelines in place for future agricultural production and no standard mechanisms for calculating future population growth. Corresponding land allowances need to be set aside for these future generations.⁵¹ And although NGOs have started to recognize and advocate for this, with success with some ministries blocking deals, the government has



Masai land in Arusha, which they now have rights to, after being moved from their ancestral land by investors.

yet to start systematically making such calculations and consolidating its data on current land acquisitions in order to meet the land needs to feed a growing population.⁵²

A final concern in relation to land availability is that of needing to establish the actual landowners of sought-after land during the land acquisition process, to ensure that it is available to investors. In one case reported during our fieldwork, for example, a large-scale farmer obtained title to 1,000 ha of land from the national government in Morogoro in the 1990s but then did not develop the land. Meanwhile, the village where the land lay expanded in size, and in 2005 the villagers recognized the land as Village Land so they could share it with small-scale investors, before it emerged in 2009 that the land still belonged to the original investor. The village had not known about this and the regional government had given the land to the villagers and small-scale investors without mentioning it, showing at the very least a lack of coordination if not outright lack of oversight.⁵³ It is also not out of the question that corruption is involved in cases like this, as Tanzania has a long history of mis-allocation of land within the formal land allocation process (Daley 2004, pp. 63-65).

Community Consultations

In addition to the issue of land availability there are two important issues that directly impact local people: community consultations (required for agricultural investment-related land deals) and compensation practices.

Tanzania arguably has some of the most progressive legislation in Africa regarding community consent to land transfers to investors, with consultations mandated by the Land Act for the specific purpose of ascertaining that the land area is “free” and “has no occupants.” However, in practice the community consultation process is often seen as unsatisfactory with relevant procedures being implemented partially rather than fully (Vermeulen & Cotula 2010, p.909; c.f. Knight 2011, and discussion on the law above). As one independent land rights activist in Tanzania put it: “Although land laws appear to be followed, people are still taken for a ride and do not know the meaning of land transfer.”⁵⁴

In the BioShape case noted in Section 3, for example, some local people were reported as saying that they thought they had only “let” their land to BioShape, having been persuaded to accept the investment without realizing the consequences.⁵⁵ The minutes of the village meetings where the local communities agreed to the land transfer to BioShape also showed that the company only partially sensitized the people – providing only information about the potential benefits of its proposed investment but not about potential disadvantages – it thus “*kuhamasisha*” (advertised) to the local people.⁵⁶

In all the cases studied by Theting and Brekke (2010, p.13), it also appeared that the consultation process in Tanzania involved no real community participation, with local people acting merely as bystanders in a show put on by the investors to highlight the positive potential of their proposed investments. Villagers appeared never to have been informed about possible negative consequences and were therefore rarely given the possibility of giving their free, prior, and informed consent to the proposed investment, despite having been invited to a consultation meeting.

Our own fieldwork in Tanzania supports this view. To the majority of rural people we met who had given their land away, it was land which they did not fully realize the value of at the time, being mainly bushland used for the collection of various natural resources but not used to grow food crops. Because of this, and given their poverty, the job opportunities, social services, and infrastructure which were verbally pledged by the investors seemed to be more important than keeping their rights to old farmland. As one local government official from Rufiji said:

“We don’t have services in our village and we need them so we had to give the investor the land. The government is not providing the services we need in our village so we must rely on the investor. However, no agreement was documented between us.”⁵⁷

This last point appears to be typical of the community consultation process. Although minutes of community consultation meetings are often recorded by local government officials, no formal contracts are signed

between local people and foreign investors. Because contracts with local people and promises made by foreign investors are primarily verbal, it is then very hard for anyone to hold the investors accountable.

Lack of knowledge and misinformation are further problems in community consultations, as a farmer from Kisarawe explained with respect to the case of Sun Biofuels:

“We agreed verbally to give our land to the investors because we wanted their promises of social services in the area but we don’t know exactly how much land per person was taken as we have no documents and plans to let us know where our land starts and finishes. I did not know my land laws and land rights so didn’t understand what I had agreed to until my land was gone, and I received no compensation.”⁵⁸

District government officials in Kisarawe agreed that in this case there was only one-sided information given to local people during community consultations. After weighing both positive and negative aspects of the proposed investment at the district level, and deciding at that level to proceed, community development officers were sent around the villages to “educate” local people on the advantages the investment would bring, with no mention of what they would lose.⁵⁹ District officials claimed that local people were aware of potential disadvantages because some of them were involved in the EIA, but that they agreed with the judgment of the district that the proposed investment would be advantageous to the local community overall.⁶⁰ However, the problem of no disadvantages being “advertised” to local people is problematic. There is less likelihood that discussion and negotiation during the formal community consultation meeting will ensure the most beneficial outcomes for local people.

Box 7 further illustrates the problematic nature of overall lack of knowledge at the village level in the case of EcoEnergy in Rufiji and how that impacts the “community consultation” aspect of the land acquisition process.

There have been cases when local people agree to give away their land who have actually been bribed to attend

BOX 7: IMPACT OF LACK OF LOCAL KNOWLEDGE ON COMMUNITY CONSULTATIONS WITH ECOENERGY IN RUFJI

In Nyanda Katundu village in Rufiji District, where EcoEnergy has acquired land, the villagers had no land use plans so just took the investors to the forest and demarcated an area for them. However, there were no measuring tools available at the time so they had to use points on the land to identify the land the investors could take, without knowing what amount of land this actually was. One farmer expressed his regret at their lack of knowledge about land use planning and land rights at the time the investors entered the area as follows:

“We wish we had had land rights awareness training before the investors had come so that we could make up our mind about whether to give land. The problem when the investors came was that minutes were signed and that was it. We should have had a second meeting to discuss and decide. We needed time and information.”

Source: Community focus group discussion, Nyanda Katundu village, Rufiji District, 13th December 2010.

the formal community consultation meeting with the investor and given a “tip” after agreement to the investment is reached.⁶¹ This has led to the fear on the part of land rights activists that local communities in Tanzania could easily lose their most important asset and then be reduced to eking out a marginal existence (Kamanga 2008, in Sulle and Nelson 210a, p.45).

What is needed in Tanzania is for the government as a whole to make information more accessible to all people at the local level. At a district level this is planned under the Strategic Plan for the Implementation of the Land Laws. Taking a similar approach to programs carried out in Mozambique by the Ministry of Justice with the help of FAO.⁶² Yet even when the district government is willing to share all the information made available by the national government about land rights and land acquisitions with people at the village level, there is the problem of a lack of capacity to absorb and understand information (possibly due to illiteracy or low education levels in proposed lease areas).⁶³ This may be partly addressed through additional awareness raising and capacity building work by civil society but remains a long-term issue that will not be resolved in the near future. On the other hand, when

information is considered sensitive and thus not open to being shared, or where there is possible government corruption around agricultural investment-related land deals, a different type of activism may be needed. One independent land rights activist has suggested, a type of “wikileaks” initiative may be needed for transparency of information.⁶⁴

Compensation Practices

As noted above, before land can be transferred from Village to General Land, so as to be leased to foreign investors, a decision must be made on the level of compensation to be paid to the affected people.⁶⁵ The first step in this process is for the potential investor to hire a valuation team to assess the land used by people living in the area where it is seeking to acquire land and prepare a compensation schedule for each household. When compensation is paid out it is then usually collected by the (male) head of household.⁶⁶ In Tanzania compensation is only paid to “landowners” and not holders of secondary land rights such as those relating to grazing and access to forest resources, posing a particular concern for pastoralists (World Bank 2010a, p.108). The land valuation process takes place after the land has been assessed in an EIA by an independent body (as described above); the EIA will decide if the land is viable for the specific investment proposed and if the EIA is passed then the valuation process can begin.⁶⁷ In the cases where independent (non-government) valuation experts are used, they have also been contracted to prepare the schedule of how the compensation should be paid to each villager.⁶⁸

However, there are overall flaws in the land valuation and compensation process. The case of Sun Biofuels in Kisarawe offers a good example of these flaws. We were told during our fieldwork that Sun Biofuels only compensated 152 households for land taken from 11 villages. This was due in part because the official compensation values do not fully allow for all land uses and activities that take place on the land.⁶⁹ A government sheet has to be used for the valuation, which does not cover situations such as when people may lease mango trees from their land for a season and receive a cash income from this activity.⁷⁰ In addition, a major weakness of the valuation process is that land

values are only calculated at one point in the year and if, at this time, there is no evidence of cultivation then no value for crops can be given.⁷¹ In this instance, the land valuation in Kisarawe was carried out in March, which is not the right time of year to see evidence of rice crops, and there were thus cases in Kisarawe where land that was used by local people to grow a full crop of rice every year was not compensated. In many cases market values of land may be hidden and difficult to capture in a formal economic valuation sense.⁷²

The Sun Biofuels land valuers found that the land sought by the company in Kisarawe had a basic value of 100,000 Tanzanian shillings per acre in 2005 (USD 69, or USD 170 per hectare), with added value given for trees or buildings found on the land: a mature cashew nut tree, for example, was worth 14,600 Tanzanian shillings (USD 10) and a mango tree 16,000 Tanzanian shillings (USD 11).⁷³ However, much of the land being valued was natural forest and woodland, for which no compensation is paid, yet conservative estimates of the commercial value of sustainably harvested timber from miombo woodlands are around 35,000 Tanzanian shillings (approximately USD 28) per hectare per year (Nelson and Blomley 2007, in Sulle and Nelson 2009a, p.53; Sulle 2010). For the 8,211 ha granted to Sun Biofuels in Kisarawe, the level of harvesting which would be possible from this land could therefore amount to a figure in just one year which is higher than the entire compensation package paid by Sun Biofuels to the 152 households in the 11 villages. This clearly suggests that the compensation methods being used in Tanzania do not allow for or take into consideration the potential future land use and production activities of local people.

Furthermore, following government guidelines, the compensation for land loss is not meant to make a household either better or worse off. But if the land valuers find a house which is falling to pieces, as was the case with one house in Kurui village in Kisarawe from which a family had to be moved, then compensation would be very minimal due to the poor quality of the house and not enough for the affected family to be able to build or purchase a decent alternative.⁷⁴ In a nutshell, as one of the Sun Biofuels land valuers admitted:

“Compensation is enough in the sense of the spirit of the act but not enough to help improve their situation and we are trained as valuers to meet the minimum requirements only.”⁷⁵

Regulatory Issues for Investments in Agrofuels

The interest in agrofuel investments in Tanzania rose after the “Big Biorush” of 2006-2007, when the idea of growing oil caused a rush of speculation over future investment prospects and attracted foreign companies seeking to acquire agricultural land for that purpose. Local NGOs claim that the surge caused considerable subsequent confusion because:

“...investors don’t fully understand the regulations and process and nor do the communities as no one has any experience in it. The government was ecstatic when they saw this option for investment but the people were not prepared.”⁷⁶

Other commentators have described how:

“The weakness of governance regarding agrofuel development in Tanzania can be seen in limited planning, a lack of inter-sectoral coordination, and

reactive policy positions. This in turn has risked a lack of transparency in decision-making, a lack of regulation of consistent strategy regarding such investment and how to make the most of it for Tanzania” (Smith 2010, p.33).

The Tanzanian government has recognized the need for strong regulation and established a National Biofuels Taskforce (NBTF) in 2006 under the Ministry of Energy and Minerals to prepare a set of guidelines for the development of a “socially and environmentally sustainable agrofuel industry in Tanzania.”⁷⁷ As one former member of the NBTF put it:

“The investment is here, we don’t need to go looking for it, but our role is to regulate. We don’t need to convince investors as they are already convinced to invest in Tanzania, but we want there to be strong rules of how to play it in a sustainable way.”⁷⁸

While many NGOs are opposing all forms of agrofuel investments, the Tanzanian government considers agrofuels to be a potential force for good in the country provided there is a clear agrofuel policy. Their aim is to have all ministries involved in the sector working together to enable the regulation of investors and



Villagers questioning the benefit of having Sun Biofuels in their area, Kisarawe

reduced risk of investments not fulfilling their potential to bring benefits for Tanzania. The process of investing in agrofuels thus varies a little from that of investing in food production and agriculture in general because specific guidelines are now in place to direct these investments – the “Guidelines for Sustainable Liquid Biofuels Development in Tanzania,” were approved in December 2009, published in November 2010, and are being received in Tanzania with “guarded optimism” (Lukumbo 2011; URT 2010).

A key element of Tanzania’s agrofuel investment guidelines is that land should first be leased over a five year probation period in order for the investor(s) to demonstrate the seriousness of their investment, and then only if they conform to expectations will they receive a further 20 years, to a maximum lease length of 25 years (URT 2010). This is a key deviation from the standard procedure for agricultural investments outlined above, whereby leases are granted for 99 years. However, some companies investing in agrofuels in Tanzania were granted 99-year leases to their land before the guidelines came out. For instance Sun Biofuels received a 99 year lease on its 8,211 ha in Kisarawe (Sulle 2010).

There is a potential conflict of interest over the regulation of agrofuel investments in Tanzania. The Swedish development agency, Sida, provided the funding to enable to NBTF to conduct initial meetings, while the German development agency, GTZ, commissioned the first ever comprehensive study on the prospects of agrofuels (for the transport sector) in Tanzania (Envirocare 2008; GTZ 2007). As noted above, Swedish firms have strong interests in Tanzania and Germany is a major global producer of biodiesel; Germany also funded an FAO report that is very supportive of the development of agrofuels in Tanzania (FAO 2010).⁷⁹

Furthermore, since the publication of the guidelines, the NBTF has been replaced by a project funded by both Sida and the Norwegian development agency, NORAD. Under this project, these donors are providing funds to the Tanzanian government for the development of

policies for agrofuel investments, including the creation of a legal and policy framework for agrofuel production and establishment of institutions to carry out the policy and ensure stakeholder participation. The donors claim that their overall objective is to provide an enabling environment for an informed public debate, so that best practices can be established for investments of this type.⁸⁰ The project includes a technical advisory committee made up of representatives of 10 ministries who are all involved in the approval of investors. Project activities have a strong focus on awareness-raising among local communities (allowing local people to participate in the policy process), as well as sensitization work with local governments across all ministries. The project also includes agricultural zoning as a precondition for investment, with the government committed to putting in funds to ensure that before land is promised to any investor it is assessed and the crops best suited to the area of land are specified.⁸¹ Now that the guidelines have been published, the national government, through this project, is:

“...going through the existing policies from the various ministries who hold a stake in agrofuel investments and trying to deal with them under this project and further the guidelines to make them policy.”⁸²

Nevertheless, local NGOs remain skeptical, claiming that the guidelines have not contributed anything new and have only consolidated points covered by existing laws such as the land laws.⁸³ Although investments in agrofuels were largely halted while the guidelines were being developed, neither investors nor (it appears) the TIC are legally required to follow them until they become a formal policy. For example, although the guidelines give a maximum land size per agrofuel investor of 20,000 ha, the data collected during our fieldwork that is set out in Table 2 shows the CAMS group having been offered 45,000 ha for their investment in sweet sorghum for ethanol production, more than twice the supposed maximum amount. Once the guidelines are translated into policy, they will become legally enforceable, and even though the guidelines are not yet law, it has been argued that:

“Tanzania represents the best case in Southern Africa of local and international NGOs coming together to conduct strategic research on agrofuels which caused the government to announce a temporary ban” on investments in agrofuels until policy was more firmly in place to direct investments of this nature (Palmer 2010d, p.4; c.f. 2010c, p.12).

Now that the guidelines are in place, Tanzania will be a testing ground for assessing the value and usefulness of developing these kinds of regulatory principles and guidelines in support of responsible agricultural investment.



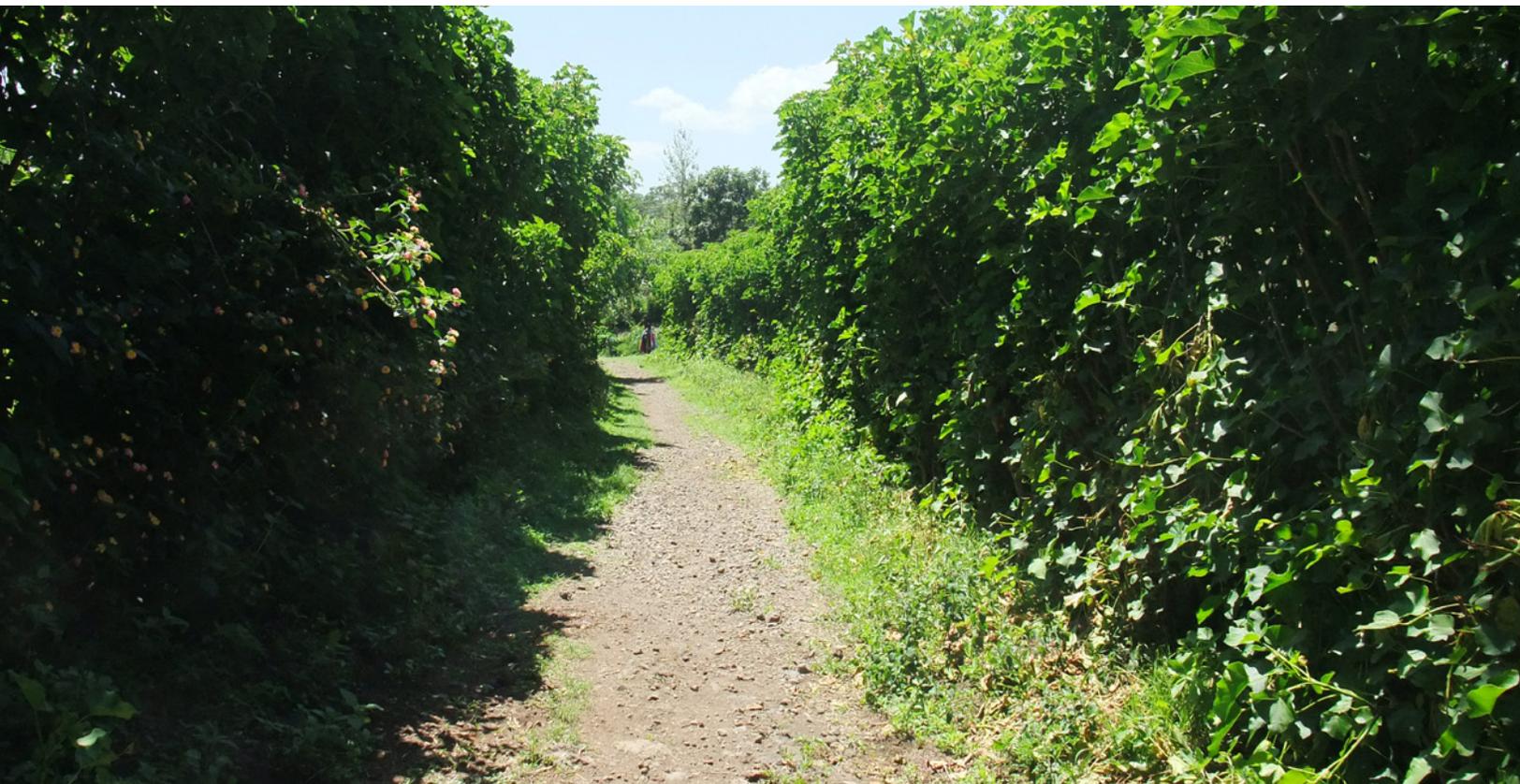
Masai women's group on their land in Arusha

5. IMPACTS

Land, Livelihoods, and Food Security

Fieldwork in Tanzania provided evidence of a range of impacts from the current wave of land deals. This section compares the different types of impacts of large-scale investment including land acquisition for direct plantation-style crop production by the investor (Sun Biofuels in Kisarawe) with those of an outgrower scheme (Diligent in Arusha). The section also examines some of the historical evidence of the impacts of past investments on Maasai land in Arusha and at the recent impact on local food security of the now-defunct BioShape investment in Rufiji.

Box 8 summarizes the impacts of Sun Biofuels investment in Kisarawe. The project affected over 11,000 people living in 11 villages⁸⁴ who lost land to the investor. The projects had impacts on local livelihoods through the loss of land used for the collection of natural resources such as firewood (actual negatives), as well as the minimal promised benefits that the investment has so far been seen to bring in the form of employment, social services and infrastructure (limited positives). The Sun Biofuels case also reinforces the points made above regarding flaws in the community consultation process in Tanzania. In contrast, Box 9 summarizes the main impact on local livelihoods of the Diligent outgrower scheme in Arusha. This relates to



15 year-old jatropha hedge around a Diligent Ltd outgrower's family farm, Arusha

the potential for careful jatropha cultivation to provide a supplementary source of cash income for local people (actual positive), and supports the findings of other research that agrofuel companies using outgrower and other contract farming arrangements represent a more positive model for both the environment and local livelihoods. This is achieved by providing a market for their products grown, including creation of a local demand for energy crops and stimulation of local economic growth (Braun & Pachauri 2006, p.7; Cotula & Leonard 2010; Sulle & Nelson 2009a).

Despite the apparent advantages of the outgrower model over the more conventional plantation investment model it remains necessary to be careful and sensitive to the needs of outgrowers and ensure proper training is in place. Outgrower schemes could deplete local capital if farmers end up struggling to meet production quotas set too high (ActionAid 2009). The success and fairness of outgrower schemes depends on the way they are structured. Such schemes require a lot of work by investors at the local level to ensure farmers understand the opportunity potential and costs associated with becoming an outgrower, such as in the additional time needed (e.g. with jatropha cultivation) for harvesting and peeling seeds.⁸⁵

As in the case of Diligent, outgrower schemes can have positive impacts on local livelihoods in terms of cash incomes. Some companies such as Sun Biofuels have plans to expand beyond plantations through outgrower schemes. But as is the case with jatropha, where cultivation on fences brings useful complementary income, there are serious questions about the feasibility and impacts of growing this crop on a large scale.⁸⁶ Although millions of people worldwide are being promised jobs from jatropha, there remains uncertainty about the viability of this crop (Gaia Foundation et al 2008, p.6).

Some potential impacts of large-scale land deals can be seen from the historical evidence of Maasai land in Arusha and from the recent impact on local food security of the now-defunct BioShape investment in Rufiji.

The Maasai case highlights the impacts of land investments on local people's access to natural resources and on pastoralists in general. Land is the most significant asset that rural Tanzanians have access to, and some 70 percent of Tanzania's land is classified as Village Land for the use of local people (Kamanga 2008). As noted above, many projects acquire so-called idle or marginal land, on the assumption that land which is ostensibly unoccupied, i.e. that is not settled on or farmed, is never used. However, this ignores the use of such land for seasonal grazing or access to water sources by pastoralists, as well as its use by the many rural people, especially women, who use such land to collect the firewood, charcoal, honey or fruits that make a substantial contribution to their livelihoods (c.f. Daley 2011, pp.14-18).



"Marginal land" used by the Maasai, Arusha

Past land deals have had a substantial negative impact on the Maasai pastoralists in Arusha, who, 40 years ago, were pushed off their fertile grazing land by investors from Holland and South Africa who acquired it to grow wheat and white beans. These investors put an electric fence around land where the Maasai used to graze their livestock, leaving them with only very marginal land on which to graze which is neither nutritious enough for their livestock nor of a high enough quality to be cultivated.⁸⁷ One Maasai woman explained that her

BOX 8: IMPACT OF SUN BIOFUELS INVESTMENT IN KISARAWÉ

“Although a lot of the land which Sun Biofuels took they claimed to be bushland, there was still evidence that there was life on this land and it was being used by the surrounding villages”

(Agnes N. Nwasumbi, Consultant Land Valuer).

Kurui village lost 40% of its total land area to Sun Biofuels, much of which was no longer farmed after villagization but still accessed by local people for its natural resources.

“Most of us were economically dependent on that land for firewood, timber and charcoal and now without this our incomes have depreciated. As many of us depended on what we used to collect from this land our family budget has gone down” (55-year old man).

Sun Biofuels has put a fence around the area which it now owns in Kurui. They do not allow local people to go onto the bushland and collect firewood as they did before, but the company has not yet planted crops on 6,000 ha of their land. The fence has also affected rights of way and social ties, as villagers who used to walk across the Sun Biofuels land to reach their farms or their friends on the other side have now been restricted in doing so.

Another source of frustration expressed by Kurui villagers was the lack of information they received about Sun Biofuels' plans, and the lack of any timeline for planned activities by the investor.

“Many of us are illiterate in many issues so we could not be involved in making the agreements. The investors were using the loophole of our not knowing about our land rights and what we would be entitled to...Our agreement in the meeting where we were just told that investment would be a good thing was enough to have our land taken from us” (32-year old man).

“There is a big difference between agreement in the land acquisition process and participation in the meeting. They took our participation in the meeting as an agreement of our consent. But there was nothing to sign, no contract” (elderly man).

Many of the Kurui villagers were reportedly happy to agree to the land acquisition as they were promised hospitals, roads, dispensaries and employment, and villagers were not being asked to give up large tracts of land that they were currently farming. However, none of these benefits have materialized.

In nearby Palaka village, only 33 youths are employed by Sun Biofuels out of a population of 1,272 people including 500 youths. Furthermore, in the cases where young people have gotten work on the plantation, they have left their families with insufficient labor for their family farms. Palaka villagers also reported that wages on the plantation are low, and that, due to water scarcity in the local area, those who are employed by Sun Biofuels have to spend 2,000 Tanzanian shillings (USD 1.4) on drinking water every day, leaving them with very little cash to bring home.

Although Sun Biofuels has identified that water is a key local need, and plans are underway to introduce new water sources at strategic places in the villages, this has still not taken place and many local families have to buy water if they don't contain any young people who are able to go and collect it from other sources far away. However, Sun Biofuels insists that it is committed to helping the local community, and that this has already been demonstrated, for example, by having improved the roads surrounding its plantation and by putting plans in place for health services and education.

“We want our workforce to be healthy so we need to give them good, clean and safe water. Health services and education are also needed. These things will be done but slowly because it depends on the money Sun Biofuels has. We want to serve our workers and the community”

(Mohamed Tembo, Community Liaison Officer).

Sources: Community focus group discussion, Kurui village, Kisarawe District, 3rd December 2010; Community focus group discussion, Palaka village, Kisarawe District, 3rd December 2010; Direct Communication Agnes N. Nwasumbi, Consultant Land Valuer (FRS(T), FTIVEA), School of Real Estate Studies, Ardhi University, 15th December 2010; Direct Communication Mohamed Tembo, Community Liaison Officer, Sun Biofuels, 3rd December 2010.

BOX 9: DILIGENT OUTGROWER SCHEME: JATROPHA WORKS ON THE HEDGES...

“The truth is that this gives the farmer some extra cash income. It is not huge, but it helps”
(Jan Gevaert, Operations Manager).

Diligent Ltd, a Dutch company which buys jatropha seeds from around 5,000 farmers in Arusha District, promotes the use of this crop for fencing and urges farmers not to grow jatropha on land which they currently use for food crops, thereby posing no threat to local food security. In many cases Diligent provides a market for families who have been growing jatropha for years but had not realized that the seeds had any value. These families grew jatropha as hedges to separate and protect their crops from the livestock on the other side, while those cultivating on the upper hills grew jatropha to protect their maize and beans from the effects of run-off and soil degradation.

There is much land which can be used for jatropha in this way, as borders, next to roads and next to riverbeds. When farmers plant crops 3cms from each other, as Diligent suggests, they can have 720 plants on a 40m by 80m plot. The first year this will give about 300g per plant, thus 216kg in total, which brings an income of USD 34, and this would likely double the next year as the plants grow.

“One thing which Diligent has found tough is to dispel the myths which other companies and NGOs have brought in which is that jatropha can start producing immediately without water and that a tree can carry up to 10kg of seeds. These things are not true and we have to make it very clear that jatropha will not produce straight away, another reason not to plant on their food crop area. A tree will only hold up to 2kg and jatropha is not drought resistant. We are entirely honest with our farmers and continue to buy their seeds and we are expanding every year” (Jan Gevaert, Operations Manager).

The stories of two families from Leguraki village, where 85% of the population are growing jatropha and 50% are growing a similar crop, croton, which Diligent also buys, are instructive:

“When Diligent came to the village we started to produce more jatropha, planting our hedges closer together and using cuttings from our original plants to grow more. On our farm the space used for food crops has not reduced. Last year we sold two bags, each of 90kg, which gave us 36,000 shillings (\$25). Our family spent this money on school items and food. Now we are better off.” (18-year-old son of an outgrower).

“ ... two years ago it was very dry and there was a drought here so we harvested no food but there was still some jatropha as it can grow without much water. We didn't produce as many seeds as we would with rain but we were still able to sell some and buy food so we didn't feel the drought. The only problem with Diligent has been the price but I told them the price was too low at 200 shillings per kg (\$0.14) and they have now pushed up their price to 300 (\$0.21). It is still low but better than before.” (Female outgrower).

Diligent is now making three-year contracts with its farmers, as it found the previous 10-year contracts too off-putting to local farmers. Diligent does not provide inputs, having found when seeds were originally given out by a local NGO without explanation about their use that they were thrown away; an experience similar to that of another biofuel company, Prokon. In sum, Diligent is succeeding because it is taking the trouble to fully explain to the villagers what it is doing, the prices it will pay, and allowing for negotiations with the villagers.

Sources: Direct communication Jan Gevaert, Operations Manager, Diligent, 17th December 2010; Direct communication William Olenasha, Board of Directors, Bioenergy Forum, 1st December 2010; Direct communication Village Executive Officer, Leguraki and Nkoasenga villages, Arusha District, 17th December 2010; Interviews with two villagers, Leguraki village, Arusha District, 17th December 2010.

community is still fighting to get back the land they used to use because:

“... now if there is no cultivated maize or anything else to eat we have to kill a goat but we feel a big loss to the family, whereas before you didn't feel it as the number of livestock were increasing. Now we feel that we are very poor.”⁸⁸



Land taken away from the Maasai, Arusha

The presence of foreign investors in their local area has also caused the Maasai to change their way of life: whereas before they would leave the area, especially for the dry season, and then return, they now move much less as they remain afraid that if they stay away too long and put up new homes elsewhere they will come back later to find this land that they rely on in the wet season taken.⁸⁹ In part, this problem arises from the existence of contradictory definitions of General Land in the Land Act and Village Land Act, as noted above, which leave a loophole for the government to claim ownership of lands which are neither settled nor farmed, thereby exposing communal pastures and woodlands to loss (Alden Wily 2010, p.11; Knight 2011).

The problems faced by pastoralists from past land deals are still current.⁹⁰ The International Fund for Agricultural Development's (IFAD) argues for a secure

corridor of land, stretching from north to south, which nomadic populations would be able to move along without fear that the land they utilize will be taken away once they leave it. At present, when pastoralists move down from the north, the land they leave behind is turned into village farms on the grounds that the pastoralists have no right to the land but the villages do. A secure land corridor would prevent this, but needs to encompass land in several administrative regions. This is difficult to achieve because the regional governments “do not talk to one another” and they also all feel pressure to give this apparently “unused” land to investors because they want the benefits promised by investors (such as social services and employment creation) for their regions.⁹¹

The impact on access to land from land deals is also significant for rural people with a more permanent presence on the land. They generally have little negotiating power vis-à-vis large private entities, and poor farmers in particular easily succumb to pressure to sell their land at low prices to investors who, as suggested above, may try to bypass the formal land acquisition process by going straight to the local people and acquiring contiguous areas of up to only 50 ha, which may legally be allocated directly at the village level. In other cases, where the land they are using is owned by the state (i.e. is not formally classified as Village Land) local people may find it is simply allocated to investors without reference to them (Molony & Smith 2010). Where this occurs in respect to land not used for the growing of annual crops, but instead used to collect other products needed to sustain local livelihoods, the impact of the loss of access to the land may be very significant, as was the case of Sun Biofuels in Kisarwe.

The likely impact of the current wave of land deals on food security in Tanzania is much harder to estimate as these deals are still at an early stage. Indeed, we found very few cases in our fieldwork where land being used for crop production was taken by investors; thus, although there are negative impacts on local livelihoods from losing land which was used for other economic activities, in general, people (so far) seem to be left with enough land to grow food. A villager in Rufiji, for example, reported that: “We agreed to give the land to

BOX 10: THE IMPACT OF AGRISOL LAND INVESTMENT DEAL

As with other compulsory relocations of refugees by Tanzanian authorities, the residents of Katumba and Mishamo are receiving what has been internationally commended a generous granting of citizenship. However, this has not been realized on the ground for the 162,000 refugees in question. Media reports and personal interviews done by the Oakland Institute reveal “that their legal status and actual certificates of citizenship were being withheld until they relocated to other areas of Tanzania.” (Oakland Institute 2011).

As refugees, these groups were restricted in their movement and could not integrate with surrounding Tanzanian communities. Consequently they formed tightly-knit, strong communities over the 40 years since leaving Burundi. All the refugee settlements, (in addition to Katumba and Mishamo, there is Ulyankulu) have high population densities, 82% of whom were born in Tanzania as of 2007, and have been considered self-sufficient since 1985 (Hovil and Kweka 2008). When given the choice to either go back to Burundi or apply for naturalization in Tanzania, studies show that “access to land in Burundi was cited as fundamental” for leaving, and likewise that “access to land, livelihoods and education” were the primary reason for naturalizing (Hovil and Kweka 2008). However, refugees that choose to stay in Tanzania “expressed anger at the fact that when they opted for naturalization they were unaware that they might be forced to relocate,” and considered citizenship a reinforcement of the claim to their occupied lands, not a removal from it (Hovil and Kweka 2008).

Forced relocation would violate their rights as citizens, if they have been granted such, and would also “undermine their economic self-sufficiency - which is concerning in a country where livelihoods are already precarious,” (Hovil 2010). Most have fixed assets, such as houses, land and animals that ensure their ability to survive and deep connections to the community through its schools, churches (refugees in Katumba built the largest church in east Africa) and extended family members (Hovil 2010). Not only is the stability of these communities threatened, but as findings of the 1951 Refugee Convention state, “any coerced approach to return is neither legal nor practical – it is neither in the best interests of refugees, nor of stability in the region.” Many human rights organizations, including the International Refugee Rights Initiative, have called for better treatment and handling of these vulnerable populations.

Sembuli Masasa, father of seven kids, who has been farming in Katumba for 39 years explains the dire situation of his community today: “they are giving us \$200, ask us to dismantle our own house and to move to a place we have never seen before.”

Eurovistas because we did not need it. Having the land taken has still left us with enough as we have other parts to use”.⁹²

When job opportunities have become available in new agricultural investments, some people have also abandoned work on their own farms to go and work on the plantations for a minimal wage with long working hours.⁹³ The allure of cash from investors encourages people to abandon their own farms for this work, yet there have been cases where local food markets depended on their produce and thus when farmers started to work on investors’ plantations the consequent decrease in food production on village

farms led to local food shortages and increasing food prices. In Kilwa, for example, BioShape took land from the village of Muvuji, which was fully dependent on maize cultivation, and then employed 70-80 percent of the villagers to work on the plantation as casual laborers, leaving work on local maize production at a minimum. These plantation workers were paid 3,000 Tanzanian shillings (USD 2) a day and worked 6 days a week, leaving no time for their own cultivation but with insufficient earnings to sustain their families’ livelihoods.⁹⁴ Furthermore, the Tanzanian government’s own recall statistics on food production at regional and district levels since 2004/2005 indicate that there was a significant shift in the level of food security between

Lugufu – Site description

Kigoma region

Abandoned refugee camp

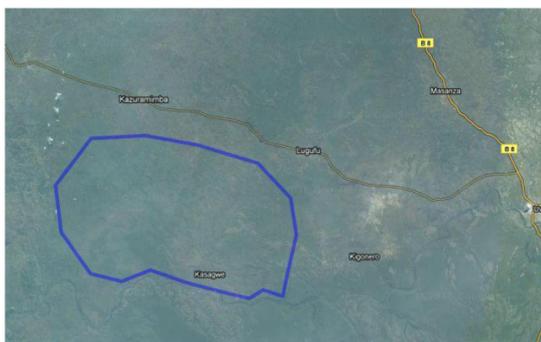
~ 25,000 Ha

Potential Production

- Corn
- Sorghum
- Soybeans
- Sugarcane
- Poultry

Market Opportunities

- Kigoma – 164,268 people
- Kasulu – 37,349 people
- Exports to Burundi, Uganda, DRC, Zambia, other countries
- Easy access to transportation
 - Adjacent to tarred highway
 - Central Railway runs directly through it
 - Both lead directly to Lake Tanganyika
- Good infrastructure
- Best soils
- Very few people on property



2006/2007 and 2007/2008, when 1,750 people were employed on the BioShape plantation and Kilwa became a food deficit district; tellingly, this reverted back when BioShape ceased production (Chachage & Baha 2010, p.43). At the time, local people in Kilwa described this as “Njaa ya BioShape” (i.e. ‘Hunger caused by BioShape’):

“We are desperate in need of food. Nowadays food comes from the city to be sold in the village and not vice versa as before. We could not afford to buy food because the wages we were paid was very little” (Chachage 2011).

In such cases, if people become net food buyers through leaving their own farms for employment, they then become more vulnerable to fluctuations in food prices and their food security will be particularly affected in times when food prices go up.

Potential impacts of agricultural investments on local

food production and food security are also influenced by investors’ preference for hiring the strong and energetic members of local families for work on their plantations, mainly the male members who perform the heavy labor on the farms at home. In the Kilwa villages we visited during our fieldwork, the majority of those hired for work on the BioShape plantations were the young male members of the local community who then had no time to perform any of the heavy labor on their family plots as they were away on the plantations from morning to night.⁹⁵

Other issues around food security relate to soil fertility, as one young male farmer who lost land in Palaka village, Kisarawe, to Sun Biofuels explained:

“The land which was farmed cannot be so productive with its main worker away during working hours. In addition, the land which we are currently farming on is losing its fertility so productivity will go down in comparison to what

it could have been on the areas of idle land which are now gone and closer to a water source.”⁹⁶

Where land lost to investors is fallow land that was essential to long-term rotation and fallowing practices, the land which people are left with will thus tend to get overused and there are potential long-term effects on food security from this. As this young man went on to explain, people in his village had already noticed that they were producing less cassava and fruit crops than last year and that their mango trees were drying up.⁹⁷ Although it had been a dry year, he explained that there was now less water available in the surrounding villages more generally because the main local water sources were on the land that Sun Biofuels now owns, and he expressed concern that growing the same crop (jatropha) on such a large area would affect the climate in the region and lead to drier years in the future.⁹⁸ Another young male farmer in the same village explained these difficulties further:

“With bags of water in Kisarawe costing 1,000 shillings (\$0.69), it is hard to get enough for personal consumption and local crops can only depend on the rains. With food prices increasing generally from 400 to 700 shillings (\$0.28 to \$0.48) for 1kg of maize flour from last year to this year and sugar having increased from 800 to 1,400 shillings (\$0.55 to \$0.97), the declining fertility of our soil and the lack of alternative places to plant crops has become an increasing worry.”⁹⁹

Implications for Water and Other Natural Resources

These concerns also serve to highlight the importance of issues around water and other natural resources from agricultural investment-related land deals in Tanzania. One of the major resources used by many agrofuel crops is water, and Tanzania’s abundant water resources and irrigation potential is an important reason why the country is targeted by investors, as noted above. In all areas where there are companies investing in palm oil and sugarcane production, one of the first issues these companies consider is the availability of water for irrigation (Sulle & Nelson 2009a, p.31). Sugarcane, for example, can require up to

10 millimeters of rain equivalent water per day to meet the crop’s evapo-transpiration requirements. This means that both careful planning of water resource use is required and that extraction of water by agrofuel investors may cause local competition over its use (GTZ 2007, p.94).

This has actually been the case in Kisarawe, where the Sun Biofuels EIA recommended that as the area was relatively water-scarce, the plantation should not cover any key water sources that local communities use.¹⁰⁰ However, this advice was not followed. All the local people consulted during our fieldwork identified the lack of water as the main issue they were currently facing as a result of this investment. This was especially emphasized by the women we spoke to, who now have to travel much further than before to find water and sometimes have to “creep” onto the land now owned by Sun Biofuels to access their old water sources and “steal” the water, as one elderly woman described:

“There are still water sources available on the investors’ land but we are no longer allowed to go there and use it. Some of us have to steal water and water is sold for 1,000 to 1,500 shillings (\$0.69 to \$1.04) per bucket which is too much for us.”¹⁰¹

With a survey carried out by Sun Biofuels itself showing that only two out of 96 water sources in the area were fully clean and operational before jatropha planting began, it was evident that there was a lack of water locally and that this needed to be addressed.¹⁰² However, despite claims by Sun Biofuels’ staff in Kisarawe that initiatives are underway to produce new water sources, no evidence of this was reported to have been seen by local people, and the effects on local people are substantial.¹⁰³ Tanzania’s water sources, so critical for food production, thus appear, at least in this case, to be diverted to fuel production, with a likely effect of causing increased conflicts over access to water (c.f. ABN 2007).

Water also came up as an issue during the EIA in Bagamoyo on the land being used for sugarcane by EcoEnergy, with the EIA indicating that a very probable negative impact of this investment might be felt on local water sources, especially in the dry season.¹⁰⁴ It

was discovered in Bagamoyo that during the dry season water would be needed for the plantation from the Wami River, and the expert carrying out the EIA found that the amount EcoEnergy wanted for irrigation was too much and would leave very little water in the river.¹⁰⁵ However, as the EIA expert pointed out, the purpose of carrying out water use analysis and conducting an EIA overall is to provide recommendations to the investors. In this particular case, as a result of the EIA, they agreed to reduce their proposed activities and use small dams and water saving technologies instead.¹⁰⁶ Despite this agreement, however, the EIA expert claimed that there were no concrete plans drawn up by the investors to show exactly what amounts of water they would save by adopting different technologies, so it is impossible to know how much water might be saved by implementing the changes recommended during the EIA.¹⁰⁷ This example therefore suggests that although EIAs can potentially influence the design of a project, they do not appear to create obligations per se, and the accountability processes for their validation and monitoring of the implementation of their results and recommendations is not clear.

Aside from water, land being acquired for agricultural investments in Tanzania is also host to multiple other resources of use to the local population, as indicated above. Most land now used for agrofuels in Tanzania was (and is) also used for important forest-based economic activities including commercial charcoal production and the harvesting of products such as traditional medicines, fuelwood, and building materials. The importance of these natural forest resources to local people is no more clear than in recent years. The World Bank (2008) estimates that informal and non-industrial uses of forests in Tanzania add a generally unaccounted for USD 35-50 to national annual per capita income, given that forests provide 75 percent of all building materials, 95 percent of household energy supplies, and 100 percent of traditional medicines in Tanzania (cited in Sulle and Nelson 2009b, p.5).

In Nyamatanga village, in Rufiji, the local population used to sell the products they collected from land acquired by African Green Oil Ltd, including extra timber, in addition to what they used for building materials, and especially honey.¹⁰⁸ This gave them valuable cash income –since greatly reduced once they lost their land to the investors. One woman explained:

“if, with the land, our income was 100 percent, it has now dropped to 30 percent.”¹⁰⁹ With charcoal collected from that land bringing in 60,000 Tanzanian shillings (USD 41.4) per bag, and timber being sold for 200,000 Tanzanian shillings (USD 138) per tree, there have been large financial losses for local people from African Green Oil Ltd’s acquisition of their land.¹¹⁰ In Takai village, in Kisarawe, where land was taken by Sun Biofuels, local government officials also claimed that people’s cash incomes had substantially depreciated due to the lack of collection of firewood, honey and medicines.¹¹¹ Our fieldwork suggested that villagers in Takai village still had their farms and could thus grow food.

This was also the case in all the other areas visited during our fieldwork in Tanzania: farms may be retained but land used for other livelihood activities has been lost. A school teacher in Palaka village in Kisarawe, for example, lost a valuable source of cash income which has lowered his standard of living, as the money he made from selling resources from the land that has gone to investors enabled him to buy food, school clothes, and books for his three children:

“The land I lost was used by my father before villagization and the maintenance of this farm gave him enough income for my school fees. When we moved off this land it never became bare but I continued to use it for charcoal production, coconuts, firewood and honey. But after the investors gained these 8 ha of what they called idle land I have lost a source of income and received nothing in return.”

Social and Political Effects and Broken Promises

The final issue remaining to be addressed in this paper is that of the social and political effects on the rural people who are being affected by the current wave of land deals in Tanzania. As one 35-year old farmer from Rufiji put it: “We don’t hate the investors, it’s just that the pledges have not been realistic.”¹¹² Or, as one land rights activist says:

“How can you base hope on something you can’t see such as the spillover effect from new technologies and job creation? Companies are speculative so why depend on companies when you yourselves, as a

BOX 11: LACK OF RESPECT OF LAND AND ITS HISTORY

Other social and economic effects of land deals in Tanzania relate to a number of social and gender issues, including those linked to employment and land rights. For example, in some areas local people expressed their concerns about the disrespect investors show to their land and its history:

“The investors have no respect over the land and the villagers they have taken it from as there were cemeteries within the land taken. People are worried about having the area of their family and ancestors wiped over and used to grow agrofuels. Investors have not taken the villagers feelings into consideration.”¹²³

The Maasai pastoralists discussed earlier in this section faced a similar situation when they were forced to shift from a higher area of fertile land to more low-lying, degraded land around 40 years ago. This land which they were forced off “by the white investors in their tractors” was an important burial site for their ancestors. Although they are now aware that they have rights to the land because of its ritual value, they did not previously understand land rights in this way and also did not engage in burial practices which involved underground graves, thus meaning they had no proof to show that their ancestors had been laid to rest on this land and no grounds to fight to keep their rights over the land.¹²⁴

village, can bring your own development and bring about positive change?”¹¹³

During our fieldwork we found that all investors make promises to local communities about the things they will provide but that, so far, very rarely have these come to fruition. As a result, local communities often feel cheated and used by the investors, with one local government official describing it that “we sang the song and they danced.”¹¹⁴ As this official went on to explain, the investors had told them how to persuade the community to agree to the investment by explaining all the positive aspects it could bring, but the negatives were not even mentioned.¹¹⁵ When potential agricultural

investors say they are going to bring development or education or medical supplies it is easy for a community to accept their investment proposals as the majority of them are poor, live away from main roads, and feel they have been abandoned by the government in terms of social service provision for many years. There are often no decent services or infrastructure, and the nearest hospitals are often a long walk away, so local people give away their land before any compensation amounts are even set.¹¹⁶

In the case of Safe Production in Rufiji, for example, the investors promised that as they were growing rice and maize (like the local people) then the irrigation that they installed would provide for the surrounding area and there could be two crop rotations a year instead of one in the future. However, this has not happened and it now appears that the company has stopped production and could be leaving the area, with no benefits having been seen by the local people at all.¹¹⁷ Yet Safe Production had been in the area for six years and in 2006 farmed 600 ha of rice and maize, providing casual work for less than 200 people out of the 1,000 permanent jobs they had promised to create. Although they originally acquired 5,000 ha, their farmed area decreased to 300 ha in 2007 and subsequently to zero; they have thus had the local people’s land for six years with no benefits seen. According to local NGOs, the problem remains that all of the pledges made by investors are verbal and there are no signed contracts and thus no real incentives for the investors to fulfill what they promised.¹¹⁸

On the other hand, an EcoEnergy staff member who formerly worked for a South African company on a large sugarcane plantation in Kagera, near Tanzania’s border with Rwanda, reported that the plantation had brought so much development into the area that the number of local shops went up from one to 140 during the time he was there; he also claimed that the company built a police station as that was what the local people in Kagera needed.¹¹⁹ With regard to EcoEnergy in Bagamoyo, he went on to explain that:

“... we will need medical facilities to keep the workers on our plantation healthy but the equipment we will bring in will be modern and of a higher quality than the existing services so all the locals in the surrounding communities



Sun Biofuels plantation workers being transported home, Kisarawe

will come to us for these facilities and we will therefore be providing medical facilities to all the villagers, which means we will not just be taking care of the people on the estate but in the whole area.”¹²⁰

Major complaints throughout the focus group discussions carried out in our fieldwork concerned both the lack of commitment on the side of the investors to stick to the promises they made and the lack of negotiating power that the local people have. Yet the investors argue that in the case of *jatropha*, for example, it takes three years from planting before any seeds can be produced, and longer than that before the company will make a profit – a company cannot therefore be expected to fulfill its social responsibilities

and local commitments before a project is well underway.¹²¹ Furthermore, in the case of Sun Biofuels, we were told by one informant off the record that the promises they made to local communities were forced on the company by a national politician who wanted votes in his favor and thus wanted the community to believe that he could get things done and could bring development to the local area. The company was thus pressured into the promises it made and which its representatives say cannot realistically be kept at such an early stage in the investment. In addition, because the interest of the politician lay in garnering votes at that time, he did nothing to follow up with the company to see if it was sticking to those verbally pledged promises. Thus he raised the hopes and expectations of the local

population without considering the implications these false promises would have on those giving up their land rights.¹²²

Other social and gender impacts from land deals arise through the potential negative consequences of employment creation. SEKAB suggested (in Sulle & Nelson 2009a, p.30) that the development of two million ha of land for bioethanol in Tanzania would, over a 20 to 25 year period, generate USD 7 billion in revenue for the country and one million new direct and indirect jobs. Yet there are legitimate concerns about the potential social impacts of such sudden increases in wage labor, in addition to the concerns raised above regarding food security implications of a shift from small-scale farming to plantation work. People consulted during the EcoEnergy EIA in Bagamoyo, for example, said that from experience they had seen the money from plantation workers being spent on things other than the family, such as alcohol, and they expressed worries about how new sources of cash income might affect social status and cause problems in relationships.¹²⁵ There are also likely to be impacts on local women if migrant male workers move into the local area, for example through increased pressure to engage in prostitution, as well as associated risks of the spread of HIV/AIDS (Daley 2011, p.8). In our fieldwork, some women in Kisarawe specifically mentioned that their husbands stayed overnight on the plantation to avoid daily travel and that these camps would be easy places for prostitutes to get work.¹²⁶

Some participants in our various focus group discussions also expressed the desire that when agricultural investors start cultivating they could learn the new, up-to-date techniques used, which they could then transfer to their own production. However, investors believe that it is more likely that the increased potential for paid employment will lead to job seekers migrating into the local area to take up the work opportunities in place of local people.¹²⁷ This unplanned population growth could become very pronounced and the EIA experts assessing EcoEnergy's proposed area for sugarcane in Bagamoyo very strongly suggested that the investors would need to bring in many new social services as the pressure on those existing ones would dramatically increase.¹²⁸ Furthermore, the more

jobs that are created, the higher the risk of skilled workers from elsewhere moving into the area. This lowers the potential for the local, small-scale farmers to enter into wage employment and learn skills that can be transferred to their family farms. One job seeker in Rufiji, who moved to Mkongo village to get a job as a machinery driver on the Eurovistas farm, also explained that being a newcomer added a social problem to the economic problem of receiving a low wage for his work:

“In my old village I could borrow items like sugar and cooking oil from the shops and at the end of the month pay them back ... now I can't do the same as I am not well known in the village and not settled.”¹²⁹

Yet the increase in employment opportunities from having investors move into an area is clearly an attractive benefit to local people in principle, if it works in practice. In the case of African Green Oil Ltd in Rufiji, the investor promised that the priority for jobs would go to the villages affected yet we found no one in the village of Nyamatanga currently employed, and local people were not even aware of the current state of the investors' activities.¹³⁰ In some cases, however, when jobs are made available on plantations to local people, workers have been left worse off than before. One casual worker on the Eurovistas farm in Rufiji was employed as a guard, worked 7 days a week and if he was sick would not be paid. On a very low wage of 85,000 Tanzanian shillings (USD 59) per month, which is not enough to feed his family, he is now in a worse situation than before:

“We can't grow as much food as before now and before I used to sell 10 bags of rice per year at 10,000 shillings (\$7) a bag and 5 bags of maize but now I sell nothing and the food I am able to buy with my salary is not satisfactory.”¹³¹

Indeed, in Kisarawe, one local government official claimed that everyday the families of plantation workers were getting poorer.¹³² This is because many plantation workers are just casual laborers with no pension or medical aid, unable to unionize and little more than “modern day slaves in their own country” (Karumbidza 2010, p.7).

In sum, however, the majority of people fieldwork researchers spoke to recognized the potential for rural areas as a whole to develop through the opportunities investors can bring and many are interested in working on the plantations should the investors improve the conditions they offer to their workers as well as stick to the verbal promises they make. Those who were involved in the Diligent outgrower scheme were more content to have the investors in their area. Although some complained that the prices paid were low, most appeared happy to have a market for crops they were already growing, thus bringing in additional money and supporting their family food security in years of drought.

On the other hand, given the general lack of information at the local level in Tanzania, it may be that local

people are focused more on the present and on the immediate future than considering the longer-term effects that land deals could have. It is also possible that local people perceive their “choice” as between the new large-scale investors and no investment at all, and therefore policy-makers should pay attention to developing interventions in agriculture (beyond outgrower schemes) that could support those small-scale farmers who wish to remain in family farming. Meanwhile, better local relations, community consultations, and written agreements on the part of investors would help local communities to understand when their expectations might realistically be met, and avoid people’s overall sense of injustice arising from the widespread perception that foreign investors are synonymous with broken promises.

6. CONCLUSIONS

Against a background of rapidly growing interest in agricultural investment for food production and agrofuels in Tanzania, and widespread concerns that land deals are leading to increased threats to local food security and land rights, this research leads to a number of broad conclusions.

A first important finding concerns the lack of accurate information and the secrecy surrounding a number of investments in Tanzania. This prevents an open debate to take place and makes it difficult for affected populations to claim their rights and engage in the land lease processes.

Overall, rural people in Tanzania do broadly welcome investment in agriculture – as long as investors fulfill their promises in terms of local infrastructure, social services provision, and job creation. However, at the present time there is a litany of bad practice, bad behavior, lack of local management capacity, risks of corruption, and misinformation. Within the land acquisition process, land valuation and compensation practices are currently poor and have serious flaws in the way community consultations are carried out, including political interference, lack of transparency, lack of local awareness of the process, and lack of constructive engagement between investors and local communities.

Historical experience in Tanzania suggests that some past land deals have had negative impacts on local livelihoods and land rights, as with the case of the Maasai in Arusha. The evidence suggests that recent large-scale land investments for plantation-style crop production have had a number of important negative

social and economic effects, with potentially serious long-term consequences for food security. These include loss of access to land containing natural resources of value to local livelihoods (and subsequent loss of income), inadequate compensation for land loss, reduced access to water, and reduction of fallowing (with subsequent impacts for long-term soil fertility). Furthermore, recent investments are stained by broken promises, as the employment possibilities, local infrastructure, and social services that people expected have generally failed to materialize.

Research could not provide direct evidence that the current wave of investments has yet negatively impacted food security in Tanzania in a significant way, although this may in part be because actual production on the ground is still at such an early stage. Furthermore, several of the large-scale investors identified did not obtain the amount of land they requested from the government.

Our research found that lack of coordination between different ministries hinders the ability of ministries to effectively protect the interests of Tanzanians. For example:

“... the Ministry of Lands doesn't know where all the investors are. We are lacking information as we didn't start at A and go to B but instead we started at C and there is confusion across ministries ... everybody is still learning about investors and land management and agricultural practices by foreign investors on [what was] previously Village Land ... and we have no best practice yet.”¹³³

There are serious questions over the government's ability to pursue a pragmatic approach to agriculture that would both support small farmers and promote large-scale plantations. OI research has found several instances where foreign investments can have positive effects on local livelihoods. However, successful investments identified are never large-scale plantation-type projects but rather small outgrower schemes, supportive of family farms, and geared towards the diversification of production and sources of income for farmers.

The government and investors claim that small farmers will benefit from large investments through assistance in production and commercialization of their crops.

However how this will concretely materialize is unclear and there are serious concerns that such a synergy may be nothing more than wishful thinking and a way to get consensus on the policy choices that are being made as part of the Kilimo Kwanza initiative.

The secrecy surrounding a number of deals and the many flaws identified in the investment processes are clear challenges for ensuring that the initiative will indeed benefit Tanzania and its small farmers. Given that most large-scale land investments in Tanzania are still at an early stage, it is time for the government, Tanzanians and all concerned actors to ensure transparency and open debate on the best way forward to reduce hunger and poverty in the country.



Masai women's group on their land in Arusha

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ENDNOTES

- 1 Some industrialized countries have also sought to directly secure large areas of land for tree plantations to enable them to trade carbon credits from these to offset their high greenhouse gas emissions at home, with similar potential implications for food security in developing countries (Ishii-Eitman 2010). The original “food versus fuel” debate arose at the time of the oil price shocks of the 1970s, when ethanol began to be made from corn and sugarcane in the USA and Brazil, respectively (Johnson & Rosillo-Calle 2010, p.191).
- 2 At the time of writing, food prices are higher in real terms than at any time since 1984 (Economist 2011, p.12).
- 3 For further analysis of the current global land grabbing phenomenon see a number of valuable reports and papers not specifically cited within the text of our report on Tanzania: ActionAid 2010; Borrás et al 2010; Borrás & Franco 2010; Clancy 2008; Dauvergne & Neville 2009; 2010; Economist 2009; Friends of the Earth 2010; Kugelman & Levenstein 2009; Palmer 2010e; Smaller & Mann 2009; Tandon 2010; Zoomers 2010.
- 4 Abdullah Mkinde, Director, Envirocare, direct communication, 30 November 2010.
- 5 Radical title refers to the ultimate power over land.
- 6 See Sundet (2005) for an analysis of the background to and practical implications of Tanzania’s land reforms, and Pederson (2010) for a summary of the current state of affairs and challenges in land law implementation. The largest land law implementation project in Tanzania is funded jointly by the World Bank and bilateral aid agencies from the UK, Sweden, Denmark and the Netherlands under the Business Environment Strengthening for Tanzania Program, whose overall purpose is legal and regulatory reform to support private sector development (Pederson 2010, p.9).
- 7 Mr. Mdemela, Land Officer, and Mr. Ndelema, Senior Investment Facilitation Officer, TIC, direct communication, 10 December 2010.
- 8 Ibid.
- 9 Raymond P. Mbilinyi, Director of Investment Promotion, TIC, direct communication, 15 December 2010. All conversions of Tanzanian shillings to US dollars in this paper for data collected during our fieldwork uses the rate of 1 Tanzanian shilling to \$0.00069, which was the average rate at that time.
- 10 Ms. Summa, Acting Commissioner for Rural Land, Ministry of Lands, direct communication, 21 December 2010.
- 11 Raymond P. Mbilinyi, TIC, direct communication, op.cit.
- 12 The TIC replaced the Investment Promotion Centre set up under the 1990 Investment Act (Sundet 1997).
- 13 Mr. Mdemela and Mr. Ndelema, TIC, direct communication, op.cit.
- 14 Raymond P. Mbilinyi, TIC, direct communication, op.cit.
- 15 Ibid.
- 16 Ibid.
- 17 Ibid.
- 18 Dr. R. Mato, Senior Lecturer in Environmental Engineering, Ardhii University, and Independent EIA Expert, direct communication, 8 December 2010.
- 19 Ibid.
- 20 Revelian S. Ngaize, Head of Unit for Agricultural Private Sector Development, Ministry of Policy and Planning, working within the Ministry of Agriculture, Food Security and Cooperatives, direct communication, 15 December 2010.
- 21 Ibid.
- 22 Ms. Suuma, Ministry of Lands, direct communication, op.cit.
- 23 Fadhili Mhina, Corporate Affairs Manager and Company Secretary, Sun Biofuels, direct communication, 7 December 2010.
- 24 Raymond P. Mbilinyi, TIC, direct communication, op.cit.
- 25 Amos Wanyiri, Private Sector Development Advisor, UK Department for International Development (DFID) Tanzania Country Office, direct communication, 6 December 2010.
- 26 Raymond P. Mbilinyi, TIC, direct communication, op.cit.
- 27 Biofuels are already being produced for export in Tanzania but the question of whether they can substitute for oil imports remains highly uncertain, with no large investors that we were aware of planning for their entire production to stay in the country. Although investors would like to sell on the domestic market, which would greatly reduce their transport costs, Tanzania is not yet set up to use biofuel energy (for instance no vehicles in Tanzania run on biofuels) and thus there is presently no market for it within Tanzania.
- 28 Ibid. The lack of immediate return is of course relevant in other sectors too, such as in tourism and manufacturing where investment is also needed in infrastructure.
- 29 Revelian S. Ngaize, Ministry of Agriculture, Food Security and Cooperatives, direct communication, op.cit.; Raymond P. Mbilinyi, TIC, direct communication, op.cit. The recent World Bank report on large-scale farmland deals is more in line with our data, claiming that fewer than 50,000 ha were transferred to foreign investors in Tanzania between January 2004 and June 2009 (World Bank 2010a, p.xxxii).
- 30 Raymond P. Mbilinyi, TIC, direct communication, op.cit.
- 31 Revelian S. Ngaize, Ministry of Agriculture, Food Security and Cooperatives, direct communication, op.cit.
- 32 Raymond P. Mbilinyi, TIC, direct communication, op.cit.
- 33 Project 22 occurred after the completion of fieldwork and consequently research was done remotely.
- 34 Figure obtained post fieldwork in report by Theting and Brekke 2010.
- 35 Figure obtained post fieldwork in Cotula, L., Vermeulen, S., Leonard, R., and Keely, J. 2009.
- 36 This figure was obtained during our fieldwork although three different sources mentioned in Chachage & Baha (2010) give different figures – 34,000 ha, 34,736 ha and 37,000 ha.
- 37 Yusafi Daffa, Principal Human Resources Officer and Rufiji Manager, RUBADA, direct communication, 13 December 2010.
- 38 Fadhili Mhina, Sun Biofuels, direct communication, op.cit.
- 39 Ibid.
- 40 Anders Bergfors, Managing Director, EcoEnergy, direct communication, 7 December 2010.
- 41 Abdullah Mkinde, Envirocare, direct communication, op.cit.
- 42 www.africagreenoils.com.
- 43 Anders Bergfors, EcoEnergy, direct communication, op.cit.
- 44 Andre Feydherbe, Farm Manager, EcoEnergy Bagamoyo, direct communication, 20 December 2010.
- 45 Esther Mfugale, Biofuels Coordinator, Ministry of Energy and Minerals, direct communication, 21 December 2010.
- 46 Madu Sudan, Eurovistas Farm Manager, Rufiji, direct communication, 14 December 2010; Community focus group discussion, Mkongo vil-

- lage, Rufiji District, 14 December 2010.
- 47 Revelian S. Ngaize, Ministry of Agriculture, Food Security and Cooperatives, direct communication, op.cit.; Raymond P. Mbilinyi, TIC, direct communication, op.cit. The 10.2 million ha figure is unlikely to be accurate as our informants confirmed their lack of up-to-date information on all the land deals currently taking place, especially regarding their exact size; their information was based solely on knowledge of those who have registered their land and those whose land deals have gone through the TIC.
- 48 Mr. Mdemela and Mr. Ndelema, TIC, direct communication, op.cit.
- 49 Raymond P. Mbilinyi, TIC, direct communication, op.cit.
- 50 Marc Wegerif, Economic Justice Campaign Coordinator, Horn, East and Central Africa Region, Oxfam International, direct communication, 6 December 2010. The quote is from a presentation by Susan Payne, Chief Executive Officer, Emergent Asset Management, <https://www.emergentasset.com/?func=PagePublic>.
- 51 Revelian S. Ngaize, Ministry of Agriculture, Food Security and Cooperatives, direct communication, op.cit.
- 52 Ibid.
- 53 Mwatima A. Jume, Country Officer for Tanzania, IFAD, direct communication, 9 December 2010.
- 54 Chambi Chachage, Independent Researcher and Activist, direct communication, 8 December 2010.
- 55 Ibid.
- 56 Ibid.
- 57 Village Executive Officer, Nyamatanga village, Rufiji District, direct communication, 14 December 2010.
- 58 Participant in community focus group discussion, Palaka village, Kisarawe District, 3 December 2010.
- 59 Edfar Bayella, Head of Department to District Council Land Committee, and Saidi Kijiji, District Land Officer, Kisarawe District, direct communication, 2 December 2010.
- 60 Ibid.
- 61 Elias Mtinda, Programme Officer, ActionAid International Tanzania, direct communication, 6 December 2010.
- 62 Martin Adams, Independent Land Consultant, Mokoro Ltd., direct communication, 20 March 2011.
- 63 Chambi Chachage, Independent Researcher and Activist, direct communication, op.cit.
- 64 Ibid.
- 65 Agnes N. Nwasumbi, Consultant Land Valuer (FRS(T), FTIVEA), School of Real Estate Studies, Ardhi University, direct communication, 15 December 2010.
- 66 Ibid.
- 67 Agnes N. Nwasumbi, Ardhi University, direct communication, op.cit.
- 68 Ibid.
- 69 Fadhili Mhina, SunBiofuels, direct communication, op.cit.
- 70 Agnes N. Nwasumbi, Ardhi University, direct communication, op.cit.
- 71 Ibid.
- 72 Ibid.
- 73 Ibid.
- 74 Agnes N. Nwasumbi, Ardhi University, direct communication, op.cit.
- 75 Agnes N. Nwasumbi, Ardhi University, direct communication, op.cit.
- 76 William T. Olenasha, Board of Directors, Bioenergy Forum, and Director, Hakiardhi, direct communication, 1 December 2010. The Bioenergy Forum brings together all those involved in biofuels in Tanzania, including staff of land sector NGOs like Hakiardhi and NGOs running biofuels projects.
- 77 Esther Mfugale, Ministry of Energy and Minerals, direct communication, op.cit.
- 78 Ibid.
- 79 Frederic Mousseau, Senior Fellow, Oakland Institute, direct communication, 16 February 2011.
- 80 Omar Mzee, Programme Officer for Sida at the Swedish Embassy, direct communication, 7 December 2010.
- 81 Omar Mzee, Sida, direct communication, op.cit.
- 82 Ibid.
- 83 Ibid; Esther Mfugale, Ministry of Energy and Minerals, direct communication, op.cit.
- 84 Figure from <http://allafrica.com/stories/20110040092.html>.
- 85 Marc Wegerif, Oxfam International, direct communication, op.cit.
- 86 Mohamed Tembo, Community Development Liaison Officer, Sun Biofuels, Kisarawe District, direct communication, 3 December 2010.
- 87 Women's focus group discussion, Elerai village, Longido District, Arusha, 18 December 2010.
- 88 Participant in women's focus group discussion, Elerai village, op.cit.
- 89 Women's focus group discussion, Elerai village, op.cit.
- 90 Mwatima A. Jume, IFAD, direct communication, op.cit.
- 91 Mwatima A. Jume, IFAD, direct communication, op.cit.
- 92 Participant in community focus group discussion, Mkongo village, op.cit.
- 93 Community focus group discussion, Palaka village, op.cit; Community focus group discussion Kurui village, Kisarawe District, 3 December 2010.
- 94 Mwanahani Salimu, Campaign and Advocacy Officer, Oxfam International, direct communication, 6 December 2010.
- 95 Participant in community focus group discussion, Kurui village, op.cit.
- 96 Participant in community focus group discussion, Palaka village, op.cit.
- 97 Ibid.
- 98 Ibid.
- 99 Participant in community focus group discussion, Palaka village, op.cit.
- 100 Dr. R. Mato, Ardhi University, direct communication, op.cit.
- 101 Participant in community focus group discussion, Palaka village, op.cit.
- 102 Zoe Parr, Director, Karunya Consulting, direct communication, 2 December 2010.
- 103 Mohamed Tembo, Sun Biofuels, direct communication, op.cit.; Community focus group discussion, Palaka village, op.cit.; Community focus group discussion, Kurui village, op.cit.
- 104 Dr. R. Mato, Ardhi University, direct communication, op.cit.
- 105 Ibid.
- 106 Ibid.
- 107 Ibid.
- 108 Community focus group discussion, Nyamatanga village, Rufiji District, 14 December 2010.
- 109 Participant in community focus group discussion, Nyamatanga village, op.cit.

- 110 Community focus group discussion, Nyamatanga village, op.cit.
- 111 Village Executive Officer, Takai village, Kisarawe District, direct communication, 3 December 2010.
- 112 Participant in community focus group discussion, Nyamatanga village, op.cit.
- 113 Chambi Chachage, Independent Researcher and Activist, direct communication, op.cit.
- 114 Ward Executive Officer, Palaka village, Kisarawe, direct communication, 3 December 2010.
- 115 Ibid.
- 116 Abdullah Mkinde, Envirocare, direct communication, op.cit.
- 117 Community focus group discussion, Nyamage village, Rufiji District, 13 December 2010.
- 118 Lesian Mollel, Project Officer, Vijana Vision Tanzania, direct communication, 29 November 2010.
- 119 Andre Feydherbe, EcoEnergy, direct communication, op.cit.
- 120 Ibid. There are also other examples in Tanzania of large-scale investments stimulating local development and contributing to local social service provision (see Daley 2004).
- 121 Fadhili Mhina, Sun Biofuels, direct communication, op.cit.
- 122 See Kitundu (2011) for another report of this same case.
- 123 Participant in community focus group discussion, Palaka village, op.cit.
- 124 Women's focus group discussion, Elerai village, op.cit.
- 125 Dr. R. Mato, Ardhi University, direct communication, op.cit.
- 126 Community focus group discussion, Palaka village, op.cit.
- 127 Andre Feydherbe, EcoEnergy, direct communication, op.cit.
- 128 Dr. R. Mato, direct communication, Ardhi University, op.cit.
- 129 Male Eurovistas employee, Mkongo village, Rufiji District, direct communication, 14 December 2010.
- 130 Village Executive Officer, Nyamatanga village, direct communication, op.cit.
- 131 Male Eurovistas casual labourer, Mkongo village, Rufiji District, direct communication, 14 December 2010.
- 132 Nassoro Mmanfia, Village Executive Officer, Kurui village, Kisarawe District, direct communication, 3 December 2010.
- 133 Ms. Suuma, Ministry of Lands, direct communication, op.cit.

