IRRESPONSIBLE INVESTMENT

AGRICA'S BROKEN DEVELOPMENT MODEL IN TANZANIA

The Oakland Institute

GREENPEACE

Global Justice Now

IRRESPONSIBLE INVESTMENT

AGRICA'S BROKEN DEVELOPMENT MODEL IN TANZANIA

Acknowledgements

A team of researchers from the Oakland Institute assisted with the research, writing, desk review of literature, and field-work for this report under the supervision of Anuradha Mittal. The team, between 2011 and 2015, has included: Frédéric Mousseau, Arya Tajdin, Dylan Farrell-Bryan, Brittany Young.

The final report, compiling previous research, was authored by Mikael Bergius, a fellow at the Oakland Institute, with editorial guidance and support from Frédéric Mousseau and Anuradha Mittal

We acknowledge all research participants who contributed to this report, especially the local people in the communities surrounding KPL's plantation. Sincere thanks to Jumanne Abdallah for administrative assistance and Aisha Mshihiri for research assistance. We also want to acknowledge Carter Coleman, CEO of AGRICA, for sharing information and for responding to our questions.

Design: Amymade Graphic Design, amymade@gmail.com, amymade.com

Copy Editor: Elizabeth Fraser

Cover photo: KPL plant and fields. © Greenpeace

Publishers:
The Oakland Institute is an independent policy think tank bringing fresh ideas and bold action to the most pressing social, economic, and environmental issues.

Greenpeace Africa is part of an independent global campaigning organisation that acts to change attitudes and behaviour, to protect and conserve the environment and promote peace.

Global Justice Now campaigns for a world where resources are controlled by the many, not the few, and works in solidarity with social movements to fight injustice.

For more information:

The Oakland Institute
info@oaklandinstitute.org
PO Box 18978
Oakland, CA 94619
USA

www.oaklandinstitute.org

Greenpeace Africa
info.africa@greenpeace.org
PostNet Suite 125,
Private Bag X09
Melville, Johannesburg, 2109
South Africa
www.greenpeace.org/africa

Global Justice Now
offleyroad@globaljustice.org.uk
66 Offley Road, London SW9 0LS
United Kingdom

www.globaljustice.org.uk

Executive Summary

Kilombero Plantations Ltd (KPL) is a 5,818 hectare (ha) rice plantation located in the heart of the fertile Kilombero Valley, Tanzania. In addition to developing a large-scale rice farm, KPL works with local smallholder farmers through an outgrower model based on System of Rice Intensification (SRI) technologies. The investment project receives considerable financial and technical support from various development institutions including the UK Department for International Development (DfID) and USAID.[1] This report presents the findings of an investigation carried out in Tanzania between 2011 and 2015 of KPL's investment venture, focusing on the impacts experienced by surrounding communities.

The major findings of the report are as follows: First, while KPL is often portrayed as a truly responsible investment venture,[2] villagers in the surrounding communities complain of adverse impacts on their livelihoods resulting from KPL's acquisition of land. Despite the adoption of World Bank guidelines on involuntary resettlement which promises to improve, or at least restore, livelihoods of project-affected people, KPL has, in many cases, allegedly failed to safeguard the interests of local communities who instead report losses. Compensation offered for the loss of land and houses appears to have been largely underestimated, not allowing those displaced by the project to get access to adequate alternative land for their livelihoods.

Second, KPL's SRI outgrower scheme was introduced as a way of complementing production on nucleus farms and to provide opportunities to local farmers. With the implementation of new technologies, farmers report improved yields and have even been found to outperform the KPL nucleus farm in terms of productivity per hectare.[3] Despite an improvement in yields, local farmers allege that the outgrower scheme has left many in despair. Struggling with debt repayments, farmers report being forced into distress sales of their belongings. These problems are seemingly related to the outgrower contracts that smallholders entered into with KPL. In addition, according to previous employees, plantation employment has failed to generate tangible benefits for the local community due to low salaries and limited opportunities for recruitment to full-time positions.

Third, this report raises concerns about the environmental impact of the project in an area of high ecological and biodiversity value. The prolonged use of agro-chemicals raises concerns about the presence of their compounds in soil and water and the pollution of nearby rivers, streams, and wetland areas used by the local communities.[4] Villagers surrounding the plantation allege having experienced several negative effects from KPL's agro-chemical application regime due to drifting and surface run-off.[5] Moreover, KPL's future plans to utilize the nearby Mngeta River for irrigation are worrisome in a context where there is limited reliable information of both water availability and the water requirements of the complex floodplain ecosystem and downstream users.[6] Experts claim that the Mngeta River is already experiencing effects of climate change.[7]

In conclusion, this report illustrates the difficulties in creating beneficial synergies and balance between the interests of smallholder farmers and those of large-scale agribusinesses. It critically questions the role of large-scale farms in agricultural development as they tend to create more problems than they solve, even when they attempt to include small-scale farmers in their strategy. The findings presented in this report cast serious doubt on the substantial aid money directed towards supporting corporate-led agricultural development. This is especially relevant in the broader Tanzanian development context where large-scale agribusinesses are envisioned greater roles.

Introduction

The role of agriculture in promoting development has been increasingly recognized in the last decade. It is not only considered a channel for governments and donors to meet the pressing challenges of food insecurity and poverty, but has become an opportunity for global agribusiness investors. In the context of converging global crises in food, finance, energy, and climate, there has been an upsurge in recent years in agricultural investments in developing countries. Land and agriculture have become new "strategic assets" for national and transnational investors often working together with governments, donors, and international development institutions.

Foreign Direct Investment (FDI) to agriculture in developing countries almost doubled between 2003 and 2008/09 from approximately $13 billion to $25 billion, with Africa being one of principal recipients.[8] While the pace has slowed down since 2009, the buzz around agricultural investments is still very much alive. Proponents of this trend suggest that industrial agricultural development with a strong focus on increasing yields will not only be profitable to investors, but also bring about food security and development through employment opportunities and new infrastructure, while protecting the environment.[9] Despite these promises, research shows that local communities surrounding investment projects more often than not lose out on the benefits. The large-scale acquisition of land has, in many cases, put rural communities' food security, livelihoods, and land rights in jeopardy.[10]

To ward off criticisms, large-scale land investors, along with their allies in governments and development institutions, are increasingly adopting the politically more palatable rhetoric of inclusion. By linking farmers to international value-chains both at the output and input sides of production, predominantly through outgrower schemes and contract farming connected to large nucleus farms, it is assumed that the smallholders will have access to modern technologies that will increase their productivity and incomes.[11] Such inclusion strategies are marketed as socially responsible investments by valuing producers otherwise marginal to global markets.[12]

Tanzania–endowed with a rich variety of natural resources and a perceived abundance of unused or underutilized land–is considered to be a country of untapped potential for enhanced food production and economic growth. It is for this reason that Tanzania is among the most heavily targeted countries for agricultural FDI in Africa.[13]

Tanzania has made agriculture a top priority in its development plans through the Kilimo Kwanza initiative (agriculture first) adopted in 2009. The initiative emerged in recognition of the huge importance of agriculture to the Tanzanian economy. About 75 percent of the population of 45 million people is engaged in agriculture, rendering it the ultimate backbone of the Tanzanian economy. In short, Kilimo Kwanza seeks to modernize and commercialize the agricultural sector and boost productivity via public-private partnerships. It specifically aims to mobilize the private sector by creating incentives for national and foreign capital to be injected into its agricultural sector.[14] Its overarching objective is to achieve a "Green Revolution" by fostering inclusive, commercially successful agribusinesses that will benefit Tanzania's small-scale farmers through improved food security, reduced poverty, and ensuring environmental sustainability.[15]

In a quest to implement Kilimo Kwanza, President Kikwete launched in May 2010 an ambitious public-private partnership program known as the Southern Agricultural Growth Corridor of Tanzania (SAGCOT) (Box 1). He described the program as the largest agricultural undertaking in the history of Tanzania.[16] Comprised of some of the most fertile lands in the country, SAGCOT aims to offer development potential by linking small-scale farmers with global agribusinesses especially through "nucleus farm and outgrower" arrangements enabling small-scale farmers easier access to inputs, value-adding facilities, and markets.[17] The SAGCOT initiative is intended to set "Kilimo Kwanza in motion."[18]

The Kilombero Valley–considered Tanzania's "food basket"–is one of the key areas targeted for agricultural development under the SAGCOT initiative. The fertile valley already has several nucleus-outgrower farms, all of which were established prior to the launch of SAGCOT. One of these is Kilombero Plantations Ltd (KPL).

KPL is a 5,818 hectare (ha) rice plantation located in the heart of the Kilombero Valley, considered to be one of the best agro-ecological zones for rice farming in East Africa. In addition to developing the plantation, KPL's business plan includes working with local small-scale farmers through an outgrower model based on System of Rice

BOX 1: THE SOUTHERN AGRICULTURAL GROWTH CORRIDOR (SAGCOT)

SAGCOT is a public-private partnership initiative between the Tanzanian government, agri-corporations, donors, and nongovernmental organizations (NGOs). Its stated goal is to lift small-scale farmers out of poverty, enhance food security, and promote economic development while preserving the environment. The SAGCOT investment blueprint outlines opportunities and strategies over the coming 20 year period to achieve a "Green Revolution" in Tanzania. It plans to bring 350,000 ha of land into profitable production; transition 10,000 small-scale farmers into commercial farming; create 420,000 new employment opportunities; lift 2 million people out of poverty; and generate $1.2 billion in annual farming revenue by 2030. SAGCOT plans the construction of roads, dams, irrigation systems, and the expansion of commercial agriculture. To achieve this, SAGCOT will be developed along a set of priority areas, termed "clusters", which have been identified as containing untapped potential for agricultural development. The clusters are concentrated in relative vicinity of shared backbone infrastructure, such as the Tanzania-Zambia Railway Authority (TAZARA) system and the Port of Dar es Salaam, facilitating linkages to international markets for agricultural outputs, as well as inputs. The development of the clusters will primarily be driven by the private sector based on the commercial opportunities that exist in each area with the aim of attracting investments that create synergies across all components of the agricultural value chain. The Kilombero Valley area–which houses KPL– is one of six clusters that have been identified.[22] The SAGCOT initiative is held forward as a model for agricultural development by the New Alliance for Food Security and Nutrition of the G8.[23]

Intensification (SRI) technologies.[19] Their business plan fits well with the overarching goals of value-chain integration inherent in SAGCOT. This is why KPL has been endorsed by the Tanzanian government, donors, and development institutions as a flagship project under SAGCOT, and hailed as a responsible agricultural investment.[20]

Behind the rhetoric of inclusion, which provides the outgrower model with an image of social responsibility and legitimacy, critical questions are being asked about its impact on the ground.[21] This report investigates some of these questions through an analysis of KPL's investment venture, in particular examining its impact on local communities. The report summarizes the findings of field research carried out in Tanzania on several occasions between 2011 and 2014. Our intent is to give a voice to the local communities and provide them a platform to share their views about a widely celebrated investment enterprise.

The report proceeds in six parts: First, it provides background on KPL, its structure, and plans. Second, it looks into the land issue and discusses some critical aspects associated with the establishment of KPL's nucleus farm. The third section engages with the company's value-chain integration component to assess its impact on outgrowers. The fourth section discusses the employment opportunities generated by KPL. In section five, key environmental concerns associated with the project are raised. The sixth and final part of the report provides concluding comments and reflections.

Agrica rice plantation. © Greenpeace

About the Report

KPL was established in 2007 as a public-private partnership between Agrica Tanzania Ltd (ATL) and the Rufiji Basin Development Authority (RUBADA). ATL is a wholly owned subsidiary of Agrica Ltd, a UK-based company registered at the tax haven island of Guernsey. Agrica Ltd was established in 2005 with a stated aim to "develop sustainable agribusinesses in Africa."[24] By establishing a foothold in Africa, the stated aim is to capitalize on the increasing global demand for food, the growing internal markets in the continent, and rising concerns for world food security.[25] Agrica's business plan states:

> "The rising global demand for food and feed, coupled with falling productivity gains and an uncertainty of future supply, present a compelling investment opportunity. [...] Africa's own growing internal markets urgently require the establishment of modern, large-scale farms for domestic and global food security."[26]

The public component of the partnership, RUBADA, is a parastatal government agency established in 1975. Its core functions include the promotion of investments and facilitation of development activities within an area of land through or along which the Rufiji River flows.[27]

Agrica's primary shareholders are Pacific Sequoia Holdings, the Norwegian government-owned investment company Norfund, and African Agricultural Capital (AAC).[28] The Pacific Sequoia Holdings is part of Capricorn Investment Group (CIG), which manages the assets of Canadian billionaire and philanthropist Jeffrey Skoll through the Skoll Foundation. The foundation currently manages approximately $4 billion in total capital across a diversified, global blend of investment funds and direct investments.[29] Capricorn's investments in Agrica amount to $17 million in equity.[30]

The main objective of Norfund, the Norwegian Investment Fund for Developing Countries, is to support sustainable private sector development in developing countries and through this to contribute to economic growth and poverty

BOX 2: OTHER PARTNERS AND FINANCERS

KPL is partnering with corporate heavyweights such as the Swiss seed and agro-chemical company Syngenta and the Norwegian fertilizer giant Yara International. Syngenta and Yara are working together with KPL to "strengthen rice value chains and smallholder engagements in Kilombero."[35] The collaboration involves the introduction of new rice varieties, and the promotion of Yara's fertilizers use.[36] Syngenta has also supplied KPL with a seed cleaning machine.[37] In addition, Yara has taken a key role in developing the concept of the "Agricultural Growth Corridor" in the SAGCOT initiative[38] and made one of the first major investments under SAGCOT through the construction of a $20 million revolving fertilizer terminal at the port of Dar es Salaam.[39]

KPL also receives substantial financial and practical support from a wide range of development institutions. UNDP's Africa Training and Management Services (ATMS)'s support to KPL involves a number of management contracts,[40] including the secondment of two staff to KPL–a Crop Production Manager responsible for land clearing, crop production, husbandry, and harvesting; and a Rice Mill Manager responsible for harvest and post harvest management.[41]

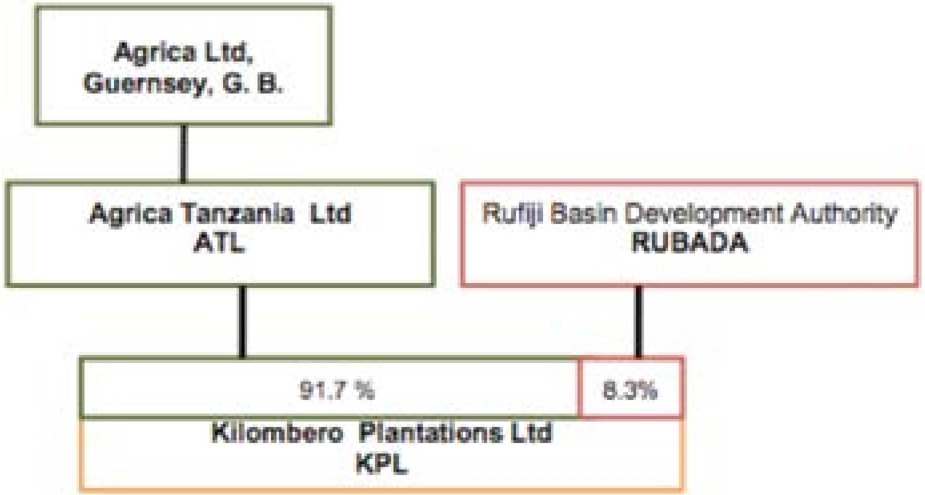
In 2013, Justine Greening of DfID announced a $10 million loan to KPL to help finance the smallholder programme and a rice husk gasification plant for irrigation purposes. At the announcement, Greening said, "responsible investment provides prospects and economic opportunities for communities. It is sensible for us to work with business to make sure their plans help local communities."[42] DfID's support is undertaken in partnership with not-for-profit agro-investor AgDevCo, which is specialized in identifying, developing, and arranging early-stage financing for sustainable agricultural and agri-processing business opportunities in Africa.[43] AgDevCo is funded among others by the Rockefeller Foundation, USAID, the Alliance for a Green Revolution in Africa (AGRA), the Directorate-General for International Cooperation (DGIS) of the Dutch Ministry of Foreign Affairs, and DfID.[44] A representative from AgDevCo also sits on the board of KPL's parent company Agrica (see Appendix 2).[45] KPL has also received additional support for its outgrower program from the African Enterprise Challenge Fund (AECF) and USAID. More details on this are provided in the section on KPL's outgrower model.

reduction. Norfund's investment capital is allocated via the Norwegian government's development aid budget and the fund has so far invested $10 million in equity in Agrica.[31] Both Norfund and Capricorn have their own representatives sitting at the board of Agrica (see Appendix 2). [32]

AAC is an agri-business investment fund, managed by Mauritius-based Pearl Capital Partners. It was established jointly by the Gatsby Charitable Foundation, the Rockefeller Foundation, the Bill and Melinda Gates Foundation, and investment bank J.P. Morgan to finance 'high-potential' enterprises in Africa. Between them, they have made a $25 million impact investment into the fund. The United States Agency for International Development (USAID) provided a 50 percent debt guarantee to J.P. Morgan's investment in the fund.[33] Pearl Capital Partner claims that AAC's investment into Agrica was "critical in catalyzing the project, enabling the company to purchase the farm and attract an additional $25 million in investment."[34] The size of AAC's investment into Agrica is not known.

In 2008, KPL completed the acquisition of its 5,818 ha farm property, commonly known as the Mngeta Farm. The farm was originally started in 1986 as a project between former Tanzanian president Julius K. Nyerere and Kim Il Sung through a Tanzanian-North Korean government joint venture (KOTACO). KOTACO surveyed the farm, cleared the property, built 185 km of roads and approximately 290 km of drainage ditches, and started to produce rice on approximately 2,500 ha. After investing over $25 million in the unfinished project, KOTACO was liquidated in 1993, leaving the farm and its equipment with RUBADA.[47] In 1999, the Mngeta farm was contracted to Kilombero Holding Company (KIHOCO). KIHOCO was never able to commence production on more than 400 ha, and after falling five years behind in rent payments, it was forced off the farm in August 2007. This opened up an opportunity for Agrica. The KPL public-private partnership acquired the Mngeta farm from RUBADA for $2.55 million in September 2008, paying 50 percent in cash and converting the remainder into an 8.3 percent shareholding in KPL. With further investment expected from Agrica, RUBADA's holding is to be reduced to five percent or less.[48]

FIGURE 1: KPL'S OWNERSHIP STRUCTURE[49]



After completing the land acquisition, KPL commenced operations to redevelop the Mngeta Farm. By importing minimum-tillage farming technology, the stated aim is to be the lowest-cost domestic producer of environmentally sustainable rice.[50] Agrica claims that its focus on the triple bottom line–profit, people and planet–as well as the attention it pays to ensuring maximum development impact and offering rational return expectations to its investors sets it apart from other agricultural investment projects.[51] As of 2011, the company had invested more than $30.5 million in the KPL project on re-clearing and harrowing 4,229 ha of land; levelling 3,000 ha; acquiring a fleet of tractors, planters and combine harvesters; constructing a 6,200 m^2 warehouse, six ton per hour rice mill, 2,000 ton automated cleaning and drying facility, housing, offices, and workshops; installing irrigation on over 215 ha; and launching a smallholder program (further discussed in section on value-chain integration).[52]

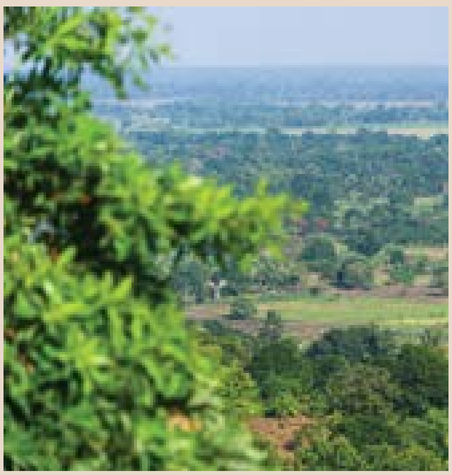
In KPL's third planting season (2011), the farm produced approximately 13,500 tons of rain-fed paddy (unmilled rice) from 4,178 ha, and became East Africa's largest single rice producer.[53] At full production in 2017, it is expected that the farm will produce 53,000 tons of paddy, which according to the company would increase current national production by about 4.5 percent.[54] KPL has developed its own wholesale rice brand named "Mama Mchele" (Mrs. Rice) and sells most of its production at the farm gate to more than 180 direct buyers from around Tanzania.[55] In Dar es Salaam, KPL sells to direct buyers from its warehouse and on commission through brokers in the wholesale grain markets.[56] According to company documents, KPL also plans to explore opportunities for export to neighbouring countries.[57]

In July 2010, KPL's parent company, Agrica, was granted Strategic Investor Status by the Tanzanian government. The Strategic Incentives include exemptions from taxes and duties on fuel and imported equipment, including Agrica's biomass plant and irrigation system.[58] In 2011, the company stated its intent to further near-term investment to acquire an additional 5,200 ha of land, 20 km from Mngeta for future expansion of KPL in order to leverage management, equipment, and processing capacities.[59] However, in an email in 2015, Agrica's CEO, Mr. Coleman, asserts that KPL no longer plans to expand beyond its Mngeta Farm, in part due to what is considered to be a challenging business environment.[60]

The transition period from the KOTACO era until KPL entered the scene in 2008 had allowed surrounding villages to expand their land use through settlements, grazing, and cultivation on the idle land. This caused a "crisis of eviction" in the area upon KPL's arrival.[61] There are three villages directly adjacent to the KPL plantation–Mngeta, Mkangawalo, and Lukolongo–which have been affected by the redevelopment of the farm.

BOX 3: KILOMBERO VALLEY

The Mngeta farm is located in the south-eastern part of the Kilombero Valley, in the Morogoro Region, about 450 km from Dar es Salaam. Agriculture is the leading economic activity in the area with rice, maize, cassava, and pulses as the principal crops for family farmers. Pastoralism is also widespread. The Morogoro region is commonly referred to as one of the "food baskets" in Tanzania and its high fertility makes it an area of great agricultural potential. For this reason, the area is targeted as a priority destination for investments under SAGCOT, especially for the production of rice and sugarcane.[62]



View of Kilombero Valley. © Greenpeace

Creating Space for the Nucleus Farm: Land Dispossession and Resettlement

The eviction crisis associated with the redevelopment of the Mngeta farm was set in motion by a 2008 government order instructing villagers residing or farming within an area comprising approximately 25 percent of the plantation to vacate the land. While some abided the eviction orders, many villagers resisted claiming that they were the rightful users of the land.

In response to the looming conflict, KPL commissioned various studies with an aim to better understand the dynamics of the continued occupation of some of the farms' areas. These included, among others, the "Mngeta Farm Squatter Survey Report."[63] The report, which was finalized in early 2009, revealed that the situation was complex and socially sensitive with a considerable number of people living and/or farming within the proposed plantation area.[64] Hence, the cleaning of drains and re-clearing of land for farm cultivation by KPL would result in the economic displacement of these people with adverse impacts on their livelihoods.[65] In October 2009, the farm was visited by the Tanzanian Prime Minister as part of his mission to promote the Kilomo Kwanza initiative of which KPL later became a showcase project. While touring the farm, the prime minister allegedly directed district authorities to resolve the issue of villagers obstructing the farm operations, although urging them to do it "in a proper manner" and refraining from the use of force in the process.[66]

The Resettlement Action Plan

Against this background, KPL embarked on the process of removing villagers from the project area by preparing a Resettlement Action Plan (RAP). The RAP, informed by the World Bank guidelines for involuntary resettlement (IFC Performance Standard #5 on Social and Environmental Sustainability), explained that in two of the three villages adjacent to the plantation, Mngeta and Lukolongo, 230 households were directly affected by the proposed KPL activities.[67] These households, according to the RAP, utilized an area comprising about one-quarter of the Mngeta farm and had a population of 1,258 people.[68] The RAP pointed out that the affected households would face one or a combination of the following: loss of homes and auxiliaries; loss of farmland; loss of access to water supply; loss of income and livelihood; and loss of crops.[69]

To manage these negative impacts, the overarching objective of the RAP, as explained by KPL, was to:

> "…provide an agreed plan for the resettlement of persons who will be affected by the project implementation. Moreover, the plan will provide a road map for resolving displacement, resettlement, and compensation issues related with the project implementation by ensuring that livelihoods of the Project Affected Persons (PAPs) are improved or restored to pre-displacement levels prevailing prior to the beginning of project implementation."[70]

The RAP suggested a combination of measures to be taken to minimize the impact on affected households, regardless of the legality of their tenure. These included compensation payments for the loss of crops and fences; construction of new settlement areas and houses; and the provision of alternative farming plots.[71] In addition, the RAP specified that "care will be taken to find good individual solutions for each affected household so that none of them are forced to accept uniform standard solutions that they are unsatisfied with."[72] The RAP is well aligned with World Bank guidelines for physical and economical displacement related to large-scale land acquisitions: the guidelines provide that when displacement of people "cannot be avoided," such displacement should be geared towards restoring or improving the livelihoods of affected populations.[73]

Some observers note that forced displacement through these guidelines is framed as an opportunity for progress for populations who are dispossessed of their land.[74] The guidelines further assume that land acquisition for large-scale agribusinesses is the primary vehicle to achieve agricultural development. Thus, evicting small-scale farmers may be an unavoidable but necessary cost for progress. The important question is how the affected population views these so called opportunities for progress.

Resettlement and Compensation in Practice: A Process Fraught with Contention

The RAP estimates that of the 230 affected households, 80 suffered from the loss of homes and land, whereas the remaining 150 lost access to farming land only.[81] These households were therefore all considered eligible for compensation by KPL.

In Tanzania, the land legislation requires payment of full, fair, and prompt compensation to any person whose right of occupancy, recognized long-standing occupation, or customary use of land is revoked.[82] The compensation must be based on a valuation process, which should take into account the market value of the property, loss of accommodation, disturbance allowance, transport allowance, and cost of acquiring alternative land.[83] Although the law provides some safeguards with regard to compensation, there is no legislation in Tanzania governing resettlement processes specifically. Hence, as one government valuator has been quoted as saying: "…in most cases it is up to the people themselves to find a new place."[84] Nevertheless, in the case of KPL, based on a valuation process adhering to the above regulations, affected households were to receive cash payments and/or in-kind compensation.[85] In case of the latter, compensation was to include items such as land, houses, building materials, and/or financial credits. [86]

The resettlement and compensation process undertaken by KPL [87] has been widely commended and the company is often regarded as a role model for agricultural investors.[88] An analysis commissioned by the Bill and Melinda Gates Foundation claims that the resettlement process has improved the lives of project affected people.[89] The same study argues that one of KPL's key strengths is the trusting and good relationship it has built with adjacent communities.[90]

The Oakland Institute's interviews with villagers in the surrounding communities between 2011 and 2015, however, reveal that the land acquisition and compensation process has been, and still is, fraught with contention: "The whole process has been like a dictatorship" one villager stated.[91]

BOX 4: CORPORATE SOCIAL RESPONSIBILITY: KPL'S COMMUNITY DEVELOPMENT

As part of its agreement to lease the land and to move towards corporate social responsibility, KPL promised the three villages surrounding the farm an annual TZS 50 million ($29,000) community development fund.[75] The money is divided among villages according to the population in each village, with the intent to support development projects decided upon by villagers themselves. KPL is to ensure that the funds are spent wisely, supplying building materials for communal projects rather than cash donations, and overseeing the construction through the farm's building department.[76] The disbursement of development funds is subject to a "good neighboring relationship" between KPL and the villagers. [77] Surrounding villages are expected to cooperate with KPL and do "everything they can to protect the farm from thieves, vandals, and squatters." If the villages are unable to fulfill their obligations as good neighbors, parts of the fund might not be disbursed.[79] According to Agrica's CEO, Mr. Coleman, the fund has so far contributed to a new school (two classrooms) and teacher's accommodation in one village, a new health center, and clean water projects in three villages.[80]

2 in 1 houses built for teachers at Mbasa primary school.
© Oakland Institute

2 classrooms built at Mbasa primary school.
© Oakland Institute

Inside view of classroom at Mbasa primary school.
© Oakland Institute

Manual pump well built at Mbasa primary school.
© Oakland Institute

Indeed, villagers complain that there is a significant mismatch between KPL's framing of the process and what really took place.

Let us first consider the 150 villagers who were dispossessed of farmland after KPL's redevelopment of the Mngeta farm.

These 150 villagers had three main options:[92]

1. KPL would find new land of up to three acres in a nearby area,
2. They would secure alternative land themselves whereby KPL would compensate a maximum of TZS 30,000 ($17) per acre, or
3. KPL would pay cash compensation at market value.

In addition, KPL offered to assist with farm preparations for the first year on the new land.[93] However, several villagers reported that after losing land to KPL, they were forced to accept compensation, which left them with less land as compared to what they had before. One villager explained:

> "They asked me 'do you want money to buy land yourself, or do you want us to give you a new land area?' Then they told me that if I wanted to buy new land myself, the value for a three-acre area would be TZS 90,000 ($49.77). Therefore I decided it was more secure to be compensated with new land of three acres, even though I had an 11 acre farm before."[94]

Other villagers who opted for cash compensation complained that the amount they were offered for their farms did not reflect the value of land in the area. The RAP points out that for the "Mngeta Farm project the Valuer adopted TZS 30,000 ($17) per acre based on the current market price at Mkangawalo" (one of the adjacent villages) as a reference for land compensation payments.[95] However, villagers reported that the compensation they were offered amounted to only TZS 10,000 ($6) per acre, without receiving any clarifying explanation on how the valuer/company arrived at this amount.

It is unclear why the villagers received only one third of the value indicated in the RAP. According to Carter Coleman, the sum of TZS 10,000 ($6) per acre was only paid out to compensate for claims on uncultivated land larger than 3 acres. However, even if the full amount of TZS 30,000 ($17) was paid, it is obvious that the land value determined for compensation is strikingly low. At 2014 prices, this amount is the equivalent of the price of 25 kg of rice in a Tanzanian market.[96] The compensation offered is also very low when compared to rental prices for equivalent land in the vicinity as it doesn't even allow renting a parcel for one season: A villager explains that "before KPL came here it was possible to rent land for TZS 20,000 ($11) or 30,000 ($17) per acre per year, but now, you need to pay TZS 100,000 ($55) per acre. For me, that is too expensive, so it will not be possible for me to do this anymore."[97]

Productive agricultural land can be bought for $6,000 to $11,674 per acre in the USA, over $2,000 in Brazil and $400 to $600 in Zambia.[98] When compared to what investors pay to access productive land in other parts of the world, the amount offered to villagers who lost their land for this project raises serious questions about a project that claims to bring development and provide fair compensation to the people it has displaced.

> *"Since I had 5 acres I was given TZS 50,000 ($27.65) in compensation. I also received some compensation for the trees I had on the farm, but it was not enough. I have a family to take care of, so it was not good. I felt very bad for them."*
>
> —Villager, November 2014[99]

The development of the project has had an inflationary effect on the local land market, which makes it highly difficult for locals to rent agricultural land today. If taking into account that KPL has gained entry to high quality land, and thereby preventing future utilization of the land by Tanzanian smallholders, the compensation practice becomes even more questionable. Villagers who suffered from land dispossession faced significant costs as they tried to re-establish their livelihoods. Interviews on the ground indicate worsened conditions within some of the households both in terms of income and food security.

Furthermore, the RAP stressed on multiple occasions that there were sufficient areas of land in the surrounding villages to accommodate the resettlement process.[100] This was, however, in stark contrast to the general perception among villagers in the area who stated that good land was scarce, and with the redevelopment of the Mngeta farm, the situation had worsened.[101] This perception seemed to have influenced villagers during the compensation process. One respondent said:

> "They gave us some choices. They said that if you don't want to be given TZS 10,000 ($6) per acre, you can be given land. However, the problem is that the land they were offering us is full of water, so many of the people who

> chose land instead of cash were actually not compensated at all, because the land was not suitable for any type of cultivation. At that time I did not know, I only knew that there is a shortage of good land here, so I was thinking, where could they possibly send us? With this in mind, I thought it would be safer to accept cash payment."[102]

Some villagers deny being given any choices and were told by the village government that there was a shortage of land in the area and that the land that was previously available had been acquired by KPL. The villagers were directed to accept monetary compensation for their lost assets and advised to go and find a new place for farming activities themselves.[103]

New Settlement Areas: Not Fulfilling the Promises of the RAP

As part of the resettlement plan for the 80 households, which lost both houses *and* farming land, KPL indicated that it would construct new residential houses and auxiliaries at new settlement sites.[104] One of these sites is located within a relatively densely populated, 389 ha area, which KPL decided to excise from the farm so as to reduce the need for resettlement and to save costs (the area within the red border in Figure 2 below). Twenty households were to be moved to new housing in the red area, and the remaining households were to be moved to new houses within the green border outside the farm. The new two room houses were to be constructed with fired bricks, a timber roof structure, a cement floor, brick walls, iron roofing sheets, an outside toilet, and kitchen rooms. In addition, these 80 households were to be re-allocated three acres of prepared land in order to regenerate their livelihoods.[105] According to the RAP, the resettlement would ensure that displaced people would maintain or even improve their standards of living.[106]

However, villagers in one of these new settlement areas (Mbasa) expressed widespread discontent with the housing situation. One critical issue is the location of the area, which was excised by KPL for the resettlement. During the rainy season, the area usually floods making it a hazardous place for residence. Although the KPL management seemingly has been aware of this issue for several years, they had, as of November 2014, failed to deal with the issue. Video evidence provided to the Oakland Institute shows water inundating the new houses. One of the resettled villagers explained:

FIGURE 2: THE MNGETA FARM AND AREAS FOR RESETTLEMENT

> "When the water is coming into the house we have to stand up the whole night without sleeping because the whole house is covered with water. When the flood was at its worst here, some of our animals were dying and it is dangerous for us, and especially the children, to move around. It was a disaster."[107]

A recent investigation reports similar incidences at other resettlement sites constructed by KPL.[108] As for the housing structures, villagers expressed anger towards the company as what was presented to them as a development dream quickly turned into to an unpleasant reality.

> "They came and took our land and houses, but promised to give us new modern homes where we could live with our families, and then this is what they gave us. This is not a home. KPL has only brought us misery."[109]

With two small rooms (approximately 3.5m x 3.5m) separated by a narrow hall, the houses do not live up to the expectations created by KPL, and more importantly, to the everyday needs of the villagers. Comparing their new houses to what they had prior to the resettlement

Mbasa resettlement area. © Mikael Bergius–Oakland Institute

process, villagers claim that although the new buildings may be made of modern materials, their previous houses were able to "accommodate a large family, they were much more practical and met their needs, and were located in a better area."[110] Respondents also expressed dissatisfaction with the new houses being crammed together in a small area–"as in a camp" –and wondered why KPL did not build the new houses in the areas wished for by the individual households.[111] Recall from above that the RAP promised to "find good individual solutions" so that none "are forced to accept uniform standard solutions that they are unsatisfied with."[112]

The company also explained in the RAP that resettled households and existing households within the designated resettlement areas would be provisioned with sub-titles so as to legally own the land where they live.[113] However, according to the respondents, as of November 2014, no villagers have received titles to the land or have any proof of ownership to the new houses.[114] Hence, it seems pertinent to ask whether these villagers have received any compensation at all considering they may not be the de-facto owners of the new houses or have ownership rights to the land on which the houses have been built. Responding to this, Mr. Coleman, in email communication with the Oakland Institute, claimed that the land and houses are under the ownership of the villagers themselves.[115] The issue remains unclear and requires further investigation.

In addition, not all households dispossessed of their houses and land were provided with alternatives, as promised in the RAP. One villager explained that she had been informed that her household was among those that had to be resettled and that she would be allocated alternative housing. However, as of November 2014, no new house had been provided to her household. As she explained:

> "I was not given a new house to stay. When they came here, they told me that if I provided land for KPL they would build me a new house and also compensate me with the same amount of land that I gave to them. But they did not do that; they just threw us out of there and gave us a little money in order to survive."[116]

This household has incurred considerable costs associated with their resettlement and they have since been moved out of the Mngeta farm area and were forced to rent a house. This is hardly in consonance with the RAP, which explicitly states that new housing will be built at an early stage to ensure that affected people "will not incur any costs related with renting houses or structures for accommodation."[117]

Flooding of Mbasa ressettlement area in March 2014 (photos taken by local villagers)

While it is uncertain as to how many villagers were impacted in this manner, research reveals that this is not a unique case.[118] Moreover, many of the resettled villagers have so far not received alternative farming plots, as promised by KPL, causing adverse impacts on household food security.[119] In 2010, villagers sent a letter to KPL reminding the company of its obligation to fully compensate people affected by the project.[120] Five years later, this obligation has yet to be fulfilled. In addition, some of those who did receive alternative land complained that the new land was difficult, or even impossible, to farm because of its location in an area of constant high water table.[121] This has forced some villagers to rent land to sustain their livelihoods, while others who could not afford the rent payments have been forced into cheap cash labour.[122] One villager explained:

> "Life now is very bad as compared to before. Previously I was able to earn money from my own farm, but now I have to earn money by doing various small jobs for cash. So life these days is very different, it is more uncertain. For example, before I was able to cultivate my own food, but now I need to buy the food with the small income I have."[123]

Lack of Information and Transparency

Some villagers are critical about the lack of information and transparency during the compensation process. They allege that KPL mostly dealt with the village government, while little information trickled down to the villagers themselves. For example, respondents explained that they have "no idea about how the compensation amount was decided, and that they were just informed that you are supposed to receive this money and if you don't want it, off you go," without knowing any details about how their properties had been valued.[124] This lack of information has caused frustration and distrust among villagers, who accuse KPL for randomly evaluating villagers farms and for providing too low compensation as compared to the value of each farm. Feeling insulted by the compensation that was offered, one respondent stated: "I could not take the money; I would rather die poor than taking it."[125]

Some villagers had difficulties in accessing the compensation they were entitled to. Affected villagers were supposed to receive compensation from KPL either through bank transfers or through cash payments, which were to be made in a formal procedure in the presence of Village and Ward officers.[126] In interviews, villagers explained that KPL instead paid the compensation to the village government, which in turn was responsible to pay the villagers. One villager said, "I don't know any of the details; I was just given the money from the pocket of the village leader."[127] This different procedure caused problems and may have compromised the compensation process. The same villager continued:

> "When they finished the valuation of our farm, we were not told about how or when the compensation would be paid to us. When we saw some of our neighbors getting their compensation, we made a follow-up with the village government and we were given TZS 120,000 ($66). We went back to the village government and asked why we received such little amount for the big land area that we had. But we were given no answers. After following up several times, the village leader eventually gave us another TZS 300,000 ($166) straight from his pocket. From the day we were removed from our land and until now, this is the only compensation we received and it took nine months. And we were also promised a new house since they demolished our old home, but we never received any. Now we are renting a house instead."[128]

Villagers expressed great negativity when describing their experiences with the project, which was painted as an opportunity for progress and development that has failed to materialize on the ground. One villager summed up his experience in strong language:

> "Previously, people had their own farms and their own houses and were able to live relatively decent lives. Now, many of these no longer own land or houses. To me, KPL has only brought misery. It is like they dug a hole, and threw me in it. They did not bring to us any development, only losses. After KPL arrived, my life has become like hell. Every day, our situation is slowly getting worse and worse."[129]

Hassam rice mill, Mngeta. © Greenpeace

Value-Chain Integration: Harvesting More Than Rice?

KPL introduced a smallholder program in 2009 to complement the production of rice on their nucleus farm. An expert from India established SRI demonstration plots, and trained KPL staff and 15 pilot farmer families in the SRI technology (Box 4).[130] In 2011, with financial support from Norfund, KPL expanded the program to 265 families.[131] In May 2011, KPL was awarded an African Enterprise Challenge Fund (AECF) grant of $750,000 to scale up the SRI program.[132]

The AECF was established as a special partnership initiative of the Alliance for a Green Revolution in Africa (AGRA). AGRA provides administrative and logistical support and is the legal entity for contracting purposes on behalf of the AECF, while day-to-day management is performed by the KPMG International Development Advisory Services.[134] With the AECF grant, KPL expanded its smallholder program to 1,350 farmers in 2012 and added an additional 3,225 farmers in 2013.[135] The program also receives support from USAID's Feed the Future program, which financedthe training and salaries of extension officers, as well as farmers training in crop finance. [136]

According to KPL, the SRI program had trained a total of 6,527 farmers in new farming methods by 2014.[137] KPL reports that the introduction of SRI is contributing to lift smallholders from subsistence to surplus agriculture, with farmers reported to double or even triple their yields from one to two tons per hectare to four and six tons per hectare.[138] KPL extension officers organize groups of 25 farmers[139] to conduct "farming classes" on demonstration plots.[140] Once trained, individual farmers are provided with a package of improved seeds and inorganic fertilizers and commit to cultivate 1/4 of an acre of their own land using SRI practices. The training is a simplified form of SRI as the only SRI principle applied is sparse planting in a square grid.[141]

After one year of training, farmers are eligible to become outgrowers for KPL and receive production loans.[142] The loans are provided by local microfinance institutions (MFI's) such as the National Microfinance Bank (NMB) and Youth

BOX 5: THE SYSTEM OF RICE INTENSIFICATION

The System of Rice Intensification (SRI) was originally developed in Madagascar in the 1980s as an organic system of interrelated practices, which resulted in astonishing yields and large savings on external inputs. The system is based on transplanting single, widely-spaced, very young seedlings, reducing irrigation rates (alternate wet-and-dry practices), frequent weeding with a rotary hoe, and the use of organic fertilizers. Due to the wide spacing between seeds, plant density in a SRI system is much lower than with conventional planting. This reduces competition between plants and allows them to develop an extensive root system which leads to increased uptake of soil nutrients and more efficient water use. In spite of reduced plant density, the density of productive shoots is assumed to be greater than in conventional systems resulting in increased yield and straw production. To sum up, the following are the main SRI principles:

SRI crops. © Mikael Bergius–Oakland Institute

- Early, quick and healthy plant establishment;
- Sparse planting in a square grid resulting in reduced plant density;
- Improved soil management through levelling, enriching with organic matter, and weeding; and,
- Reduced and intermittent water applications alternated by drying.

SRI is not necessarily an organic farming approach. At KPL, it is used in combination with the application of agro-chemicals.[133]

Self Employment Foundation (YOSEFO).[143] KPL has also partnered with the Norwegian fertilizer company Yara, for the supply of inorganic fertilizers as part of the production loan extended to outgrowers.[144] As of 2014, about 800 farmers (out of the 6,527 trained) had partnered with KPL and received production loans through the outgrower scheme.[145] According to KPL, the scheme requires between 2,500 and 5,000 outgrowers for it to be commercially viable.[146]

The Outgrower Contract

The outgrower scheme is mediated by a debt relation, which terms are set out in a contract between KPL and the farmers. Whereas outgrowers stay on their land, they agree by contract on what to grow, how to grow it, what to do with the final product, and the price they receive. "If you take a loan you are obliged to accept the tools offered by KPL. Even if you don't want them, or need them, you must accept them in order to get the loan," a farmer said.[147] Both farmers and SRI extension officers question the application of inorganic fertilizers in an area where soil fertility is high.[148]

A sample contract from the 2012/2013 farming season includes the following conditions:

- The outgrower will be granted a loan of TZS 400,000 ($220).
- The outgrower shall use this loan only in the production of rice through SRI practices.
- From this amount, the outgrower must buy an input package of TZS 194,000 ($105).
- This package includes 12 kg of Saro 5 rice (TZS 24,000-$13); inorganic fertilizers including Yara Mila cereal 50 kg (TZS 50,000-$27) as basal fertilizer and Yara Urea 50 kg (TZS 50,000-$27) for top dressing; and weeding equipment (TZS 70,000-$38).
- The outgrower will repay parts of the loan in cash before the harvest (see below) while the remaining debt is to be repaid in terms of paddy.
- The paddy must meet the stipulated quality and will be bought (2013) at a price of TZS 6,000 ($3) per debe (approximately 20 kg).
- The price is non-negotiable and regardless of the market price.

Many of the farmers who entered into the outgrower arrangement report doing so with great expectations. In general, they were happy with the training they received, witnessing that the new farming methods contributed to improved yields. In fact, outgrowers have been found to outperform the KPL nucleus farm in terms of productivity per hectare.[149] The prospective outgrowers were convinced that joining the scheme would greatly improve their lives through increased productivity, secure markets, and higher incomes. A villager reported, "I thought that by having that loan, combined with the new knowledge on SRI, my situation would improve significantly."[150] However, what appeared to be a lucrative opportunity soon turned into a debt burden for many of the outgrowers.

Burdens of Debt

As indicated above, parts of the loan had to be repaid before the harvest. Within two weeks of receiving the initial loan of TZS 400,000 ($220), the first of a total of ten instalments of TZS 15,000 ($8) for five consecutive months was to be repaid.[151] This cost was difficult to absorb for many outgrowers who lack cash and face many expenses at the start of the farming season. Many respondents faced a constant worry within their respective households as to whether they would be able to repay the loans in time.

When outgrowers signed the contracts, they were told that the price for the repayment of paddy was to be fixed based on the market value of paddy at the time. However, on reaching the harvesting period, farmers complained that the actual price they received from KPL had changed downwards.

One reason for this change appears to be alterations in the national price policy. To protect local producers of rice, the East African Community has a Common External Tariff (CET) of 75 percent on imported rice. However, during the first half of 2013, the Tanzanian government exempted 130,000 tons of rice from CET.[152] The government claimed that despite being self-sufficient in rice, Tanzania was forced to continue rice imports due to artificial rice shortages caused by hoarding by rice traders.[153] Nevertheless, the tariff exemption resulted in a dramatic downfall in wholesale prices by 54 percent by June 2013.[154] KPL asserts that despite this downfall in prices (local paddy price was claimed to be at TZS 4,000 ($2.16) per debe (20 kg), and in adherence of its contractual promises, they still paid outgrowers TZS 6,000 ($3.24) per debe.[155] However, farmers report that they were required to pay the price for the changed market conditions. As one of the former outgrowers stated:

> "Suddenly they added extra buckets of rice to what we originally were supposed to pay. Although the contracts said that they were to buy the rice from us for TZS 6,000 ($3.24) per debe, they only bought it for TZS 3,000 ($1.62). They just told us that market conditions had changed."[156]

Rice for sale at the Morogoro Market. © Greenpeace

The market volatility, inflicted in part by the government policy, is undoubtedly a pressing challenge both for the KPL and smallholder rice producers. However, in the outgrower relationship, smallholders are the most vulnerable and they are forced to shoulder a significant part of the loss by selling their rice at below market prices. This violates contractual arrangements. This issue raises the question whether the prices set out in the outgrower contract are non-negotiable only for the least powerful. It illustrates the problem of asymmetric power relations often inherent in contract farming arrangements. As one of the outgrowers said while discussing the price adjustments from KPL: "When that happened, I realized that these people are only exploiting me and taking advantage of the fact that we are the inferior and they are the superior ones."[157]

The reduced prices offered by KPL intensified the debt problem for many outgrowers and fuelled discontent. Although many farmers were able to increase their production with the new techniques, they explained that most of the gains disappeared in debt repayments.

According to a farmer:

> "I was just about able to clear my debt to KPL, but when I had repaid everything I remained with no rice and no money. I even had to use some of the rice I had saved for food to pay back the loan. So in order to feed my children I was forced to earn additional income on the side by selling some small things I make."[158]

Other outgrowers were not as fortunate and were forced to sell their lifeline and high-valued livestock in order to generate the necessary repayment funds, while others outright defaulted on their loans. According to company documents, one of the MFI's experienced a default rate of close to 50 percent in 2013.[159] In these cases, the villagers explained, the MFI approached the defaulters to reclaim their debits. A villager explained:

> "If a person is not able to repay his debt, then KPL informs the MFI. Then they [the MFI] will

come and take his belongings, like his bed, bicycles, and mattress, anything of value. Many people here have suffered from this situation. Some people have even been forced to sell their house."[160]

According to interviews, the bright future and improved income imagined by farmers when joining the outgrower scheme has not materialized. While there seems to be a general appreciation of the SRI training with farmers recording improved yields,[161] respondents unequivocally described the outgrower scheme as a nightmare. Consequently, respondents claimed that after participating for a year in the scheme, many outgrowers did not want to be involved anymore. This is part of the reason why no farmers are receiving loans in the current farming season (2014/2015).[162] One of the former outgrowers summed up his experience with the KPL:

> "When I realized that taking part in this brought me more costs than benefits, I decided to quit. In fact, I gave them more than what I got back. It is much better to work by yourself than to be working for thieves. That is what they are."[163]

Expressing similar sentiments, another villager said:

> "Before I entered into the outgrower scheme, my life was not very easy, but it was ok. After joining the scheme, my situation became much harder. It was stressful to think about the loan and about not being able to get enough harvest. I was not free."[164]

Instead, it has been claimed that many farmers utilize their new knowledge in SRI, but have found alternative ways of organizing to get access to credit services and marketing their produce. In addition, some respondents suggested that the structure of the agreement that outgrowers enter into with the KPL tends to disproportionately benefit the better-off segments of the community who are able to absorb the costs involved with the contract. Typically, these outgrowers have one or several sources of off-farm incomes, which help overcome hurdles related to debt servicing as described above. This, to some extent, contradicts other investigations into KPL indicating that further research into equity dynamics in the local context is required. [165]

Woman weeding in rice fields near the KPL plantation. © Greenpeace

Farmers' Autonomy at Risk

Lastly, the monopolistic relationship between KPL and the outgrowers shows the risks for farmers to surrender their autonomy regarding what and how to produce and where to sell their products. Most aspects of production are–via debt–tightly controlled by the company, thus offering little space for experimentation by the farmers. Indeed, farmer adaptation and experimentation are two central tenets of SRI.[166] KPL's SRI program, however, is argued to be more of a "package to be adopted, rather than adapted, by smallholder farmers."[167]

This model may contribute to a shift away from farmer-centred agricultural practices towards practices mediated by agribusiness interests,[168] as exemplified by KPL's collaboration with Yara for the supply of inorganic fertilizers. This shift risks undermining farmers' autonomy as their role is transformed from being a farmer to being a laborer on their own land without making any major management decisions.[169] This threat is of major importance to former KPL outgrowers who were interviewed for this study. One of them said:

> "Through the contract, we were forced to accept technologies that we don't really need to get a good harvest. All decisions about farming were made by KPL. You are to do this and you need to do it this way. Because I was in debt I had to do it the way they demanded. I did not feel free, because you have your own farm and everything, but you are dictated by someone else. Because of this, I have sworn to myself to never do business again with KPL."[170]

Nevertheless, while no farmers received production loans this farming season (2014/2015), KPL is currently working with investors and local banks to re-establish the outgrower scheme. According to Agrica CEO, Mr. Coleman, KPL hopes to link the majority of the SRI trained farmers to KPL through a paddy purchase agreement by the 2015/2016 farming season.[171]

Employment

The potential generation of new employment opportunities and the resulting rural income diversification is often cited as an outcome of the establishment of large-scale plantations.[172]

In the early encounters between KPL and the villages surrounding the Mngeta farm, new employment opportunities were upheld as one of the major positive

KPL staff. © Greenpeace

impacts of the investment. According to KPL, the company employs approximately 270 people full time as of May 2015.[173] In an interview with a Tanzanian newspaper, Agrica CEO, Mr. Coleman, has been quoted as saying that the "injection of the cash payroll has transformed the area" surrounding KPL's plantation.[174]

Permanent workers include accountants, guards, secretaries, drivers, combine harvester operators, rice millers, and supervisors, while casual labourers perform weeding tasks and occasionally paddy harvesting. Minimum wage in agriculture in Tanzania is set at TZS 3,846 ($2.2) per day and TZS 100,000 per month ($58).[175] KPL asserts paying about 20 percent and five percent above the minimum wage for permanent workers and casual laborers respectively.[176] However, paying slightly above the agricultural minimum wage does not mean that wages received by workers are remunerative and fair. One respondent who had been working as a security guard complained about the low salary: "I quit the job because the salary could not support my family. I protected the company's property worth millions of dollars and see what I got back."[177]

Anecdotal evidence, in fact, alleges that KPL underpays some of its casual labourers. On several occasions, respondents reported salaries for casual workers ranging between TZS 2,000 ($1) and TZS 3,500 ($2) per day. Yet, villagers continuously look for employment at the plantation as they try to solve desperate short term needs for cash incomes. One former employee struggling to treat her sick family members said:

> "The low pay at the plantation did not provide me with sufficient income for my daily needs, and especially not in a situation where my family is sick. But I still took the job because I was desperate for money at that time, and I would do it again if the need is there. However,

KPL is taking advantage of the poverty in the villages here. We are overworked, and they benefit from exploiting their poor workers."[178]

Along with low wages, casual workers also reported lack of proper protective working gear such as gum boots, overalls, gloves, and hats. Some workers complained about skin rashes and body itching–with no access to medical checkups/treatment–due to exposure to various forms of in-field threats (e.g. snake bites) and hazardous agrochemicals.[179] In addition, there is frustration among the local villagers that KPL gives preference to outsiders instead of local people for permanent positions.[180] Against this background, it is difficult to see how the new employment opportunities have been transformative for the local communities.

Environmental Concerns

The KPL plantation is established in the Kilombero Valley flood plain, an area of about 7,967 km^2, which accounts for approximately 20 percent of the total Kilombero Valley area. The flood plain has very high ecological and biodiversity value and comprises a myriad of rivers, which make up the largest seasonally freshwater lowland floodplain in East Africa.[181] The area, which includes KPL's plantation, has been added to the RAMSAR convention of wetlands of international importance[182] (see Box 3). Large-scale agricultural production in this area represents a significant threat to the natural habitat and biodiversity resulting from an increased usage of various agrochemicals as well as water for irrigation.[183]

In order to boost production, KPL plans to harness the nearby Mngeta River to install a large-scale irrigation system for an expected cost of $25 million.[184] In January 2011, the company commenced sprinkler-irrigated rice trials on 215 ha, which proved to be successful and it expects to complete the construction and installation of the overhead hydro-powered irrigation system in 2017.[185] According to a recent Environmental and Social Impact Assessment (ESIA), KPL plans to use irrigation in both the rainy season and the dry season in order to produce up to three crops per year.[186] KPL has been allocated water permits from the Rufiji Basin Water Board[187] to divert up to 50 percent of the Mngeta River dry season flow for irrigation, which would

Part of the Ramsar Convention wetland site. © Greenpeace

Mngeta River. © Greenpeace

allow irrigation of about 3,000 ha while keeping the river flow within sustainable levels.[188] This allocation is in clear contradiction with the strategic Environmental and Social Impact Assessment for the SAGCOT initiative, which recommends that all large-scale irrigation developments in the Kilombero Valley be postponed until there is a better understanding of both water availability and the water requirements of the complex floodplain ecosystem and downstream users. Moreover, it warns that amidst absence of accurate and reliable data on water flows in the valley's river systems, long-term yield is relatively low, especially during dry season.[189] As for the Mngeta River specifically, irrigation experts claim that the river is already experiencing effects of climate change.[190] KPL's irrigation ESIA acknowledges several of these concerns, but concludes that the potential negative impacts of the irrigation project would be negligible if closely monitored and properly managed via various mitigation measures. Nonetheless, KPL's irrigation plans urgently require more independent research to investigate the potential long and short-term effects these might have on the ecology of the floodplain and downstream users. This is especially relevant in the context of SAGCOT where several more irrigated commercial farms are planned and their aggregated impact may be significant.[191]

The construction of the new irrigation infrastructure has reportedly stirred some additional conflict between KPL and villages located in proximity to the plantation. The construction work requires KPL to block one of the roads crossing through the plantation, which connects two villages on either side, forcing villagers to take a detour when travelling between the villages. Some villagers have responded to this by digging a ditch across the main road leading to KPL's farm to prevent KPL cars from reaching and leaving the farm.[192] In addition, some villagers have been accused of attempting to set one of KPL's machines used in the construction work on fire.[193] Mr. Coleman claims that a public meeting held with the villagers contributed to cool down the conflict.[194] The villagers interviewed, however, are of a different view and report that the conflict over the road remains alive even after the public meeting.[195]

There are also serious concerns that prolonged use of inorganic fertilizers along with pesticides and herbicides might result in the presence of their compounds in soil and water.[196] This concern intensifies during the rainy season when chemicals can be washed into the nearby rivers and streams and the surrounding wetland, which are used by local communities for a wide range of livelihood purposes. At the plantation, KPL has adopted a broad mixture of chemicals to control pests and weeds, including Monsanto's infamous non-selective weed killer Round-Up.[197] The company claims that it adheres to best practices to minimize agro-chemical usage at the farm and that it will avoid applying agro-chemicals during the rainy season.[198] It is unclear how the proposed irrigation plans affect agro-chemical run-off.

Nonetheless, local communities surrounding the plantation allege having experienced several negative effects from KPL's agro-chemical application regime due to drifting and surface run-off.[199] According to villagers, the application of agro-chemicals by plane has negatively affected surrounding farmer's crops and raised health concerns as they contaminate water wells, which are used for drinking and other domestic purposes.[200]

In 2010, more than 600 farmers from the surrounding villages collectively wrote a letter to KPL complaining of crop losses and illness following aerial spraying of agro-chemicals. KPL commissioned the Tropical Pesticide Research Institute (TPRI) in Arusha to investigate the issue. TPRI found evidence that glyphosate drift had settled into adjacent rice, maize and vegetable farms causing crop failures. As a result, by December 2011, 518 farmers had been compensated for the damages that were made to their farms.[201] However, several villagers claim that many who were affected failed to receive the compensation that they were entitled to. A local maize farmer said in an interview:

> "The chemicals from KPL drifted into my farm and destroyed my maize. That season I was not able to harvest anything because the whole farm was destroyed. So I had to wait for the rain to remove all the chemicals and then start all over again. I had to carry all the costs for this myself, so our household economy was negatively affected and it also led to a shortage of food in the household that year."[202]

Due to recurring complaints, KPL has in recent years adjusted its spraying regime by introducing a buffer zone on the plantations' edges so as to avoid agro-chemicals from aerial spraying drifting into neighbouring farms.[203] Yet, some respondents still complain of crop damage from KPL's spraying activities.[204]

Crop spraying on the Agrica rice plantation. © Greenpeace

Conclusion

Agrica, through its KPL project, is considered to be a "best in class" player in the field of agribusiness investments in Africa. Often portrayed as a truly responsible investment, it is upheld as how to marry profits, people, and planet in a way which produces win-win outcomes. For this reason, the project has received considerable financial and technical support from various development institutions. However, the research presented in this report highlights the mismatch between the showcasing of Agrica/KPL as an agribusiness angel, and the actual experience of local communities.

Many local villagers report adverse impacts on their livelihoods resulting from KPL's acquisition of land in the area. KPL's adoption of a resettlement action plan–promising to improve or restore the livelihoods of people who have been dispossessed of land and/or house–has in many instances failed to safeguard the interests of local people. Instead of improvement, or at least restoration, villagers report losses. In fact, the relationship between local villagers and KPL seems to be moving towards a breaking point following a gradual deterioration since KPL entered the scene in 2008, as observed through the Oakland Institute's successive field work in recent years.

This is further intensified by the value-chain component of the project which seeks to integrate farmers as outgrowers. This component was to be a manifestation of KPL's move towards social responsibility. Despite being repeatedly presented as a success story, the outgrower scheme has left many farmers in despair, struggling with debt repayments. Some farmers, reportedly, even defaulted on their debt obligations forcing them into distress sales of various belongings, and in the worst cases, their homes. These problems relate to the outgrower contracts, and not to the SRI methods and extension which most farmers seem to appreciate and benefit from. Against this background, it is difficult to see how the new employment opportunities have been transformative for the local communities.

Lastly, there are environmental concerns associated with intensified agricultural production in an area of high ecological sensitivity. Future plans to utilize the nearby Mngeta River for a large-scale irrigation system at KPL are worrisome in a context where there is limited reliable information on dry season water flow and future climate change effects. Increased usage of agro-chemicals has already had detrimental impacts on surrounding small-scale farms.

This report illustrates the difficulties in creating beneficial synergy and balance between the interests of smallholder farmers and those of large-scale agribusinesses. It indicates that training and support directly targeted towards farmers have the potential to yield more than good harvests, but also improving incomes and food security. In the case of KPL, smallholders trained in SRI methods have been found to outperform the plantation in terms of productivity per hectare. Against this background, it seems pertinent to question the role of large-scale farms in agricultural development as they tend to create more problems than they solve–even when they attempt to include small-scale farmers in their strategy. This is especially relevant in the broader Tanzanian context of Kilimo Kwanza and the SAGCOT initiative and cast serious doubt on the substantial aid money directed towards supporting large-scale agribusinesses.

Appendix 1: Research Methodology

This report draws on desk review of literature and field research carried out in Tanzania on several occasions between 2011 and 2014. The primary intention of the report is to provide local communities surrounding KPL's plantation a platform to share their views about the project.

Several field research trips were necessary to ascertain the findings over time, especially given Agrica, its CEO and several stakeholders' claims of good practice and positive outcomes. When the Oakland Institute researchers initiated the work, they did expect to come across positive stories bearing in mind how the company had been portrayed internationally. It was therefore surprising to experience the strong sense of negativity among respondents, and in the villages in general, towards KPL.

The researchers did not specifically "go looking for" wrongdoings and the negative. Sampling was done in collaboration with village authorities. The research team employed theoretical sampling whereby the interviewees from distinct populations, such as outgrowers, people who lost land, and others who had been involved/impacted in one way or another with the plantation, were selected who could contribute to the interview questions by providing background knowledge, facts, evidence, and share first hand experiences.

KPL was willing to share some of the company documents which assisted the researchers. The main findings of the report were shared with Carter Coleman, the CEO of the company, who responded by email on May 29, 2015. Apart from an update on the number of permanent employees, none of Mr. Coleman's communication was incorporated into the report. Much of his response is his word against the word of the locals - his interpretation of reality vs. villagers interpretation of their reality. Mr. Coleman's response is being made public at the same time as this report.

Without the cooperation and openness of the villagers we met during fieldwork this report would not materialize. In total we interviewed over 40 community members from the three villages – Mkangawalo, Lukolongo and Mngeta – located directly adjacent to KPL's plantation. Interviewees included evicted villagers who lost both houses and farms, evicted villagers who lost only farms and KPL past and present workers. The interviews were complemented with focus group discussions with groups of villagers as well as meetings with several key informants. Secondary data was collected through literature review of the KPL reports and public communications, as well as various documents of the government of Tanzania and civil society organizations. Direct observation was used to study the plantation, its environment and the working conditions of the staff.

Lastly, there is a great tension surrounding the issue of agricultural investments in Tanzania. Due to this, several of the community members that we met did not want to be identified for fear of recrimination. To protect the identity of our respondents we have decided not to include their names and pictures. We have also omitted the name of the village from where each quoted respondent comes from.

Appendix 2: Agrica Board of Directors[205]

- Carter Coleman (Agrica) – Founder and Chief Executive Officer
- James Cameron (Climate Change Capital) – Chairman
- Nick Browne (Agrica) – Founder and Non-Executive Director
- Ion Yadigaroglu (Capricorn) – Non-Executive Director
- Alan Chang (Capricorn) – Non-Executive Director
- Alan Boyce (Adecoagro) – Non-Executive Director
- Sven Arild Andersen (Norfund) – Non-Executive Director
- Daniel Hulls (AgDevCo) – Director

Endnotes

1 Foreign & Commonwealth Office and Department for International Development. 2013. "Tanzania and the UK forge new partnership on trade and investment. *UK Government.* https://www.gov.uk/government/news/tanzania-and-uk-forge-new-partnership-on-trade-and-investment (accessed January 8, 2015); Styger, Erika. 2012. *Evaluation of System of Rice Intensification (SRI) Program*. http://sri.ciifad.cornell.edu/countries/tanzania/TanzaniaEDS_TripReport0512.pdf (accessed December 5, 2014).

2 See for example: Bill and Melinda Gates Foundation. 2012. "Developing the rice industry in Africa: Tanzania assessment." Interreseaux. http://www.interreseaux.org/IMG/pdf/20120803_Tanzania_rice_value_chain_analysis_external_.pdf (accessed February 4, 2015); All Africa. 2013. "Tanzania: Rice Growers in Kilombero Smile All the Way to the Bank." *All Africa,* http://allafrica.com/stories/201310141190.html (accessed January 9, 2015); Keyworth, Marie. 2013. "The Challenges of Boosting Tanzania's Rice Production." *BBC*. http://www.bbc.com/news/business-25451119 (accessed January 14, 2015).

3 Nakano, Yuko, Tanaka, Yuki, and Otsuka, Keijiro. 2014. "Can Contract Farming' Increase Productivity of Small-Scale Cultivation in A Rain-fed Area in Tanzania?" University of Tsukuba/National Graduate Institute for Policy Studies.

4 KPL. 2009. "Report for Environmental Impact Statement: Redevelopment of Rice & Bean Cropping Mngeta Farm, Kilombero Valley." Dar es Salaam: KPL.

5 *Ibid*; Direct communication with villager, November 3, 2014.

6 SAGCOT – ERM. 2013. "Strategic Regional Environmental and Social Assessment." Dar es Salaam.

7 West, Jennifer. 2012. *Can linking small and large scale farmers enhance adaptive capacity?* In Inderberg, T.H., Eriksen, S., O'Brien, K., Sygna, L (eds),"Climate Change Adaptation and Development: Transforming Paradigms and Practices." London: Routledge, 2014.

8 FAO. 2012. "Trends and Impacts of Foreign Investment in Developing Country Agriculture – Evidence from case studies." Rome: FAO. http://www.fao.org/fileadmin/templates/est/INTERNATIONALTRADE/FDIs/Trends_publication_12_November_2012.pdf (accessed February 4, 2015).

9 McKeon, Nora. 2014. "The New Alliance for Food Security and Nutrition: A Coup for Corporate Capital?" Amsterdam: Transnational Institute. http://www.tni.org/briefing/new-alliance-food-security-and-nutrition (accessed February 4, 2015).

10 See for example the Oakland Institute's Special Investigation Phase One: Understanding Land Investment Deals in Africa. Available at http://media.oaklandinstitute.org/special-investigation-understanding-land-investment-deals-africa.

11 SAGCOT. 2011. "Investment Blueprint". Dar es Salaam: SAGCOT.

12 McMichael, Philip. 2013. "Value-Chain Agriculture and Debt Relations: Contradictory Outcomes." *Third World Quarterly.* 34:671-690; McKeon, Nora. *The New Alliance for Food Security and Nutrition: A Coup for Corporate Capital? Op. Cit*.

13 FAO. *Trends and Impacts of Foreign Investment in Developing Country Agriculture – Evidence from case studies. Op. Cit.*

14 TNBC. 2009. "Ten Pillars of Kilimo Kwanza." Dar es Salaam: TNBC.

15 *Ibid;* TNBC. 2009. "The Kilimo Kwana Resolution." Dar es Salaam: TNBC; SAGCOT. *Investment Blueprint. Op. Cit.*

16 The Guardian. 2011. "Jk to Unveil Historic Farm Initiative Today." *The Guardian,* http://www.ippmedia.com/frontend/?l=25566 (accessed January 10, 2014).

17 SAGCOT. *Investment Blueprint. Op. Cit*.

18 Bergius, Mikael. 2014. "Expanding the Corporate Food Regime - the Southern Agricultural Growth Corridor of Tanzania - Current and Potential Implication for Rural Households." Aas: Norwegian University of Life Sciences.

19 Agrica, 2011."Sustainable African Agribusiness." Guernsey/Dar es Salaam: Agrica. Document outlines Agrica's business plan in Tanzania and was disclosed directly to the Oakland Institute.

20 Bill and Melinda Gates Foundation. *Developing the rice industry in Africa: Tanzania assessment. Op. Cit*; All Africa. "Tanzania: Rice Growers in Kilombero Smile All the Way to the Bank." *Op. Cit;* Keyworth, Marie, "The Challenges of Boosting Tanzania's Rice Production." *Op. Cit.*

21 McMichael, Philip. "Value-Chain Agriculture and Debt Relations: Contradictory Outcomes." *Op. Cit*; McKeon, Nora. *The New Alliance for Food Security and Nutrition: A Coup for Corporate Capital? Op. Cit*; Smalley, Rebecca, Sulle, Emmanuel, Malale, Lameck.2014. "The Role of the State and Foreign Capital in Agricultural Commercialization: The Case of Sugarcane Outgrowers in Kilombero District, Tanzania." Cape Town: PLAAS. http://www.plaas.org.za/plaas-publication/FAC_WP106_Tanzania_sugar (accessed February 4, 2015); White, Ben et al. 2012. "The new enclosures: critical perspectives on corporate land deals" *Journal of Peasant Studies.* 39: 619-647.

22 SAGCOT. *Investment Blueprint. Op. Cit*; See Bergius, Mikael. *Expanding the Corporate Food Regime - the Southern Agricultural Growth Corridor of Tanzania - Current and Potential Implication for Rural Households* for a critical analysis of the SAGCOT initiative.

23 New Alliance for Food Security and Nutrition. 2012. "G8 Cooperation Framework to Support The New Alliance for Food Security and Nutrition in Tanzania: G8.

24 Agrica, *Sustainable African Agribusiness. Op. Cit.*

25 *Ibid.*

26 *Ibid.*, p. i.

27 Tenga, Willy R., and Lusugga, JM Kironde. 2012. "Study of Policy, Legal and Institutional Issues Related to Land in the Sagcot Project Area." Washington: World Bank. (unpublished work).

28 OECD. 2011. "Working Party on Agricultural Policies and Markets – Structural Change in Commodity Markets – Private Financial Sector Investment in Agriculture – Case Studies."

29 See CDP website: https://www.cdp.net/en-US/Programmes/Pages/Members-List.aspx (accessed February 18, 2015).

30 Agrica, *Sustainable African Agribusiness. Op. Cit.*

31 *Ibid.*

32 Agrica. 2014. "Team – Directors." Agrica. http://www.agrica.com/html/directors7.html (accessed February 19, 2015).

33 See http://www.thegiin.org/binary-data/RESOURCE/download_file/000/000/424-1.pdf (accessed February 18, 2015).

34 See Pearl Capital Partners webpage: http://pearlcapital.net/our%20investments.php (accessed February 18, 2015).

35 Grow Africa. 2014. "Agricultural Partnerships take root across Africa - 2nd Annual Report on private-sector investment in support of country-led transformations in African agriculture." p.157 http://www3.weforum.org/docs/IP/2014/GA/WEF_GrowAfrica_AnnualReport2014.pdf (accessed February 4, 2015).

36 *Ibid.*

37 Carter Coleman, e-mail message to the Oakland Institute, February 10, 2015.

38 Bergius, Mikael. *Expanding the Corporate Food Regime - the Southern Agricultural Growth Corridor of Tanzania - Current and Potential Implication for Rural Households. Op. Cit.*

39 Grow Africa. *Agricultural Partnerships take root across Africa - 2nd Annual Report on private-sector investment in support of country-led transformations in African agriculture" Op. Cit.*

40 AMSCO. "Welcome." http://www.amsco.org/; AMSCO. "ATMS Newsletter – August Edition." http://www.amsco.org/atms/downloads/ATMS_Newsetter-August_2012.pdf (accessed January 8, 2015).

41 *Ibid.*

42 Foreign & Commonwealth Office and Department for International Development, *Tanzania and the UK forge new partnership on trade and investment." Op. Cit.*

43 AgDevCo. "About us." http://www.agdevco.com/about_us.php (accessed January 8, 2015).

44 AgDevCo. “Funding Partners.” http://www.agdevco.com/funding_partner.php (accessed January 8, 2015).

45 Agrica. *Team – Directors. Op. Cit.*

46 KPL. *Report for Environmental Impact Statement: Redevelopment of Rice & Bean Cropping Mngeta Farm, Kilombero Valley. Op. Cit.*

47 Agrica. *Sustainable African Agribusiness. Op. Cit.*

48 *Ibid.*

49 *Ibid.*

50 *Ibid.*

51 OECD. *Working Party on Agricultural Policies and Markets – Structural Change in Commodity Markets – Private Financial Sector Investment in Agriculture – Case Studies. Op. Cit.*

52 *Ibid.*

53 Agrica. 2012. “Setting the standard for sustainable agriculture in East Africa.” http://www.riceforafrica.org/downloads/Meetings/gm5/S2-2.GM5_Agrica_KPL_EN.pdf (accessed December 17, 2014).

54 Agrica. *Sustainable African Agribusiness. Op. Cit.*

55 Carter Coleman, e-mail message to the Oakland Institute, February 10, 2015.

56 Agrica. *Sustainable African Agribusiness. Op. Cit;* Carter Coleman, e-mail message to the Oakland Institute, February 10, 2015.

57 Agrica. *Sustainable African Agribusiness. Op. Cit.*

58 Agrica. “Our History.” http://www.agrica.com/html/background.html (accessed January 8, 2015)

59 Agrica. *Sustainable African Agribusiness. Op. Cit.*

60 Carter Coleman, e-mail message to the Oakland Institute, February 10, 2015.

61 Chachage, Chambi. 2010. “Land Acquisition and Accumulation in Tanzania.” PELUM. p.12. http://www.commercialpressuresonland.org/research-papers/land-acquisition-and-accumulation-tanzania (accessed February 4, 2015).

62 SAGCOT – ERM. *Strategic Regional Environmental and Social Assessment. Op. Cit*; SAGCOT. *Investment Blueprint. Op. Cit.*

63 KPL. 2009. “Farm Squatter Survey Report.” Dar es Salaam: KPL.

64 *Ibid.*

65 *Ibid.*

66 All Africa. 2009. “Tanzania: Govt orders 2000 people out of farm.” Cape Town: All Africa. http://allafrica.com/stories/200910190372.html (accessed February 4, 2015); Chachage, Chambi, *Land Acquisition and Accumulation in Tanzania.Op. Cit.*

67 KPL. *Resettlement Action Plan: Redevelopment of Rice and Bean Cropping at Mngeta Farm, Kilombero Valley, Kilombero District, Morogoro Region, Tanzania*.” 2010.

68 *Ibid.*

69 KPL. *Resettlement Action Plan: Redevelopment of Rice and Bean Cropping at Mngeta Farm, Kilombero Valley, Kilombero District, Morogoro Region, Tanzania. Op. Cit.*

70 *Ibid.* p.ii.

71 *Ibid.*

72 *Ibid.* p. 39.

73 World Bank. 2012. “Performance Standard 5: Land Acquisition and Involuntary Resettlement.”

74 McMichael, Philip. 2011. “The Food Regime in the Land Grab: Articulating ‘Global Ecology and Political Economy’.” Sussex: LDPI.

75 Agrica. *Sustainable African Agribusiness. Op. Cit*; Direct communication with villager, November 3, 2014.

76 KPL. *Resettlement Action Plan: Redevelopment of Rice and Bean Cropping at Mngeta Farm, Kilombero Valley, Kilombero District, Morogoro Region, Tanzania. Op. Cit.*

77 Carter Coleman, *Mngeta Farm Community Development Fund.* Letter to villages surrounding Mngeta Farm, February 11, 2009.

78 *Ibid.*

79 Carter Coleman, *Mngeta Farm Community Development Fund. Op.Cit.*

80 Carter Coleman, e-mail message to the Oakland Institute, August 5, 2013.

81 KPL. *Resettlement Action Plan: Redevelopment of Rice and Bean Cropping at Mngeta Farm, Kilombero Valley, Kilombero District, Morogoro Region, Tanzania. Op. Cit.*

82 Sundet, Geir. 2005. “The 1999 Land Act and Village Land Act: a technical analysis of the practical implications of the Acts.” Paper presented at the Symposium on Implementation of the 1999 Land Acts Courtyard Hotel, Dar es Salaam.

83 KPL. *Resettlement Action Plan: Redevelopment of Rice and Bean Cropping at Mngeta Farm, Kilombero Valley, Kilombero District, Morogoro Region, Tanzania. Op. Cit.*

84 Bergius, Mikael. *Expanding the Corporate Food Regime - the Southern Agricultural Growth Corridor of Tanzania - Current and Potential Implication for Rural Households*, p.107. *Op. Cit.*

85 KPL. *Resettlement Action Plan: Redevelopment of Rice and Bean Cropping at Mngeta Farm, Kilombero Valley, Kilombero District, Morogoro Region, Tanzania. Op. Cit.*

86 *Ibid.*

87 KPL estimates that the total cost of the resettlement action has amounted to $543.000 which is about 1.8 percent of the total investment made into the project as of 2011. See Agrica. 2011. “Agrica Tanzania: Social Responsibility and Smallholder Project”. Dar es Salaam: Agrica.

88 Bill and Melinda Gates Foundation. *Developing the rice industry in Africa: Tanzania assessment. Op. Cit*; Keyworth, Marie. “The Challenges of Boosting Tanzania’s Rice Production.” *Op. Cit.*

89 Bill and Melinda Gates Foundation. *Developing the rice industry in Africa: Tanzania assessment. Op. Cit.*

90 *Ibid.*

91 Direct communication with a villager, November 1, 2014.

92 KPL. *Resettlement Action Plan: Redevelopment of Rice and Bean Cropping at Mngeta Farm, Kilombero Valley, Kilombero District, Morogoro Region, Tanzania.*” *Op. Cit*; Chachage, Chambi. *Land Acquisition and Accumulation in Tanzania. Op. Cit.* According to Carter Coleman, cash compensation was only provided for uncultivated land.

93 KPL. *Resettlement Action Plan: Redevelopment of Rice and Bean Cropping at Mngeta Farm, Kilombero Valley, Kilombero District, Morogoro Region, Tanzania. Op. Cit.*

94 Direct communication with a villager, November 1, 2014.

95 KPL. *Resettlement Action Plan: Redevelopment of Rice and Bean Cropping at Mngeta Farm, Kilombero Valley, Kilombero District, Morogoro Region, Tanzania*, p.36. *Op. Cit.*

96 Reliefweb, http://reliefweb.int/sites/reliefweb.int/files/resources/MONTHLY_PRICE_WATCH_AND_ANNEX_SEPTEMBER2014_0.pdf (accessed May 15, 2015).

97 Direct communication with a villager, November 4, 2014.

98 See for instance Rogers, Joshua. 2014. “Dirt Cheap? Investors are Ploughing into Farmland, Here’s Why”. Forbes. http://www.forbes.com/sites/joshuarogers/2014/09/23/dirt-cheap-investors-are-plowing-into-farmland-heres-why/ (accessed April 13, 2015); Big Picture Agriculture. 2011. “A Comparison of Farmland Prices Around the World”. Big Picture Agriculture. http://www.bigpictureagriculture.com/2011/06/comparison-of-farmland-prices-around.html (accessed April 13, 2015); White, Anna. 2014. “African farming is the new frontier for brave investors”. The Telegraph. http://www.telegraph.co.uk/finance/economics/10901154/African-farming-is-the-new-frontier-for-brave-investors.html (accessed April 13, 2015).

99 Direct communication with a villager, November 2, 2014.

100 KPL. *Resettlement Action Plan: Redevelopment of Rice and Bean Cropping at Mngeta Farm, Kilombero Valley, Kilombero District, Morogoro Region, Tanzania. Op. Cit.*

101 Direct communication with villager, November 3, 2014; Herzler, Doug. 2015. “What Kind of Big Results? In the rush for land in Tanzania, how will the CFS Tenure Guidelines be applied?” Unpublished Draft prepared for the World Bank Land Conference.

102 Direct communication with a villager, November 2, 2014.

103 Direct communication with a villager, November 3, 2014.

104 KPL. Resettlement Action Plan: Redevelopment of Rice and Bean Cropping at Mngeta Farm, Kilombero Valley, Kilombero District, Morogoro Region, Tanzania. *Op. Cit.*

105 *Ibid.*

106 *Ibid.*

107 Direct communication with a villager, November 4, 2014.

108 West, Jennifer. *Can linking small and large scale farmers enhance adaptive capacity? Op. Cit.*

109 Direct communication with a villager, November 4, 2014.

110 Direct communication with a villager, November 4, 2014; Direct communication with villagers, November, 2012

111 Direct communication with villagers, November, 2012.

112 KPL. *Resettlement Action Plan: Redevelopment of Rice and Bean Cropping at Mngeta Farm, Kilombero Valley, Kilombero District, Morogoro Region, Tanzania. Op. Cit.* p.39.

113 *Ibid.*

114 Direct communication with a villager, November 4, 2014.

115 Carter Coleman, e-mail message to the Oakland Institute, February 10, 2015

116 Direct communication with a villager, November 4, 2014.

117 KPL. *Resettlement Action Plan: Redevelopment of Rice and Bean Cropping at Mngeta Farm, Kilombero Valley, Kilombero District, Morogoro Region, Tanzania*, p.37. *Op. Cit.*

118 Direct communication with a villager, November 3, 2014.

119 Direct communication with a villager, November 3, 2014; Direct communication with villagers, November 2012.

120 Chachage, Chambi, *Land Acquisition and Accumulation in Tanzania. Op. Cit.*

121 Direct communication with villagers, November, 2012.

122 Direct communication with villagers, November 3-4, 2014; Direct communication with villagers, November 2012.

123 Direct communication with a villager, November 4, 2014.

124 Direct communication with a villager, November 3, 2014.

125 Direct communication with a villager, November, 2012. 126 KPL. *Resettlement Action Plan: Redevelopment of Rice and Bean Cropping at Mngeta Farm, Kilombero Valley, Kilombero District, Morogoro Region, Tanzania*, p.55. *Op. Cit.*

127 Direct communication with a villager, November 3, 2014.

128 *Ibid.*

129 Direct communication with a villager, November 3, 2014.

130 Styger, Erika. *Evaluation of System of Rice Intensification (SRI) Program*. *Op. Cit.*

131 Carter Coleman, e-mail message to the Oakland Institute, February 10, 2015.

132 de Lapérouse, Philip. 2012. "Case Studies on Private Investments in Farmland and Agricultural Infrastructure." High Quest Partners; Bill and Melinda Gates Foundation. *Developing the rice industry in Africa: Tanzania assessment. Op. Cit.*

133 Agrica. "Setting the standard for sustainable agriculture in East Africa." *Op. Cit.*; Aune, Jens B et al., 2014. "Opportunities for Support to System of Rice Intensification in Tanzania, Zambia and Malawi." Aas: Noragric. http://www.nmbu.no/sites/default/files/pdfattachments/noragric_report_no._71.pdf (accessed February 4, 2015); Stoop, Wilhem. 2014. "Comprehensive agronomy as a pre-condition for seed and food sovereignty: implications of SRI principles for strategic policy issues." Conference paper presented at: Food Sovereignty: A Critical Dialogue, January 24, 2014. http://www.iss.nl/fileadmin/ASSETS/iss/Research_and_projects/Research_networks/ICAS/88_Willem_Stoop.pdf (accessed February 4, 2015).

134 AECF. "About AECF." http://www.aecfafrica.org/about-aecf (accessed December, 17, 2014).

135 KPL. 2014. "Smallholder System for Rice Intensification (SRI)." Dar es Salaam: KPL.

136 AMSCO, *ATMS Newsletter – August Edition*. *Op. Cit*; Styger, Erika. *Evaluation of System of Rice Intensification (SRI) Program*. *Op. Cit.;* Bill and Melinda Gates Foundation. *Developing the rice industry in Africa: Tanzania assessment. Op. Cit.*

137 Nakano, Yuko, Tanaka, Yuki, and Otsuka, Keijiro. *Can Contract Farming' Increase Productivity of Small-Scale Cultivation in A Rain-fed Area in Tanzania? Op. Cit.*

138 Agrica. "Smallholders." http://www.agrica.com/html/project2.html (accessed December, 12, 2014); KPL. 2014. "Smallholder System for Rice Intensification (SRI)." *Op. Cit.*

139 *Ibid.*

140 Direct communication with a villager, November 2, 2014.

141 *Ibid*; Aune, Jens B et al., *Opportunities for Support to System of Rice Intensification in Tanzania, Zambia and Malawi*. *Op. Cit.*

142 Nakano, Yuko, Tanaka, Yuki., and Otsuka, Keijiro. *Can Contract Farming' Increase Productivity of Small-Scale Cultivation in A Rain-fed Area in Tanzania? Op. Cit.*

143 KPL. 2014. "Smallholder System for Rice Intensification (SRI)." Dar es Salaam: KPL. ; Nakano, Yuko, Tanaka, Yuki, and Otsuka, Keijiro. *Can Contract Farming' Increase Productivity of Small-Scale Cultivation in A Rain-fed Area in Tanzania? Op. Cit.*

144 West, Jennifer. *Can linking small and large scale farmers enhance adaptive capacity? Op. Cit.*

145 KPL. *Smallholder System for Rice Intensification (SRI)*. *Op. Cit.*

146 *Ibid.*

147 Direct communication with a villager, November 1, 2014.

148 West, Jennifer. *Can linking small and large scale farmers enhance adaptive capacity? Op. Cit.*

149 Nakano, Yuko, Tanaka, Yuki, and Otsuka, Keijiro. *Can Contract Farming' Increase Productivity of Small-Scale Cultivation in A Rain-fed Area in Tanzania? Op. Cit.*

150 Direct communication with villager, November 2, 2014.

151 Nakano, Yuko, Tanaka, Yuki, and Otsuka, Keijiro. *Can Contract Farming' Increase Productivity of Small-Scale Cultivation in A Rain-fed Area in Tanzania? Op. Cit.*

152 Aune, Jens B et al., *Opportunities for Support to System of Rice Intensification in Tanzania, Zambia and Malawi* ; *Op. Cit*. West, Jennifer. *Can linking small and large scale farmers enhance adaptive capacity? Op. Cit.*

153 Oryza. "Self-sufficient Tanzania imports rice due rampant hoarding says minister." http://www.oryza.com/content/self-sufficient-tanzania-imports-rice-due-rampant-hoarding-says-minister (accessed February 17, 2015).

154 Aune, Jens B et al., *Opportunities for Support to System of Rice Intensification in Tanzania, Zambia and Malawi* ; *Op. Cit*. West, Jennifer. *Can linking small and large scale farmers enhance adaptive capacity? Op. Cit.*

155 Agrica. "Setting the standard for sustainable agriculture in East Africa." *Op. Cit.*

156 Direct communication with a villager, November 1, 2014.

157 Direct communication with a villager, November 3, 2014.

158 Direct communication with a villager, November 2, 2014.

159 KPL. *Smallholder System for Rice Intensification (SRI)*. *Op. Cit.*

160 Direct communication with a villager, November 3, 2014.

161 Direct communication with villagers, November 1-4, 2014; KPL. *Smallholder System for Rice Intensification (SRI)*. *Op. Cit.*

162 Carter Coleman, e-mail message to the Oakland Institute, February 10, 2015; KPL. *Smallholder System for Rice Intensification (SRI)*. *Op. Cit.*

163 Direct communication with a villager, November 3, 2014.

164 Direct communication with a villager, November 2, 2014.

165 West, Jennifer. *Can linking small and large scale farmers enhance adaptive capacity? Op. Cit.*

166 *Ibid.*

167 *Ibid.*

168 Borowiak, C. 2004. "Farmers' Rights: Intellectual Property Regimes and the Struggle over Seeds" *Politics & Society, 32*(4), 511-543. doi: 10.1177/0032329204269979.

169 Hendrickson, M. K and Heffernan, W. D. 2002. "Opening Spaces through Relocalization: Locating Potential Resistance in the Weaknesses of the Global Food System.", *Sociologia Ruralis, 42*(4), 347-369. doi: 10.1111/1467-9523.00221.

170 Direct communication with a villager, November 1, 2014.

171 Carter Coleman, e-mail message to the Oakland Institute, February 10, 2015. It is not clear if, and how, these plans will differ from the production loan system KPL has adopted up until now.

172 Deininger, Klaus and Byerlee, Derek. 2011. "Rising Global Interest in Farmland – Can it Yield Sustainable and Equitable Benefits?" Washington: World Bank; IFAD. 2009. "The Growing Demand for Land: Risks and Opportunities for Smallholder Farmers." IFAD Governing Council. http://www.ifad.org/events/gc/32/roundtables/2.pdf (accessed February 8, 2015); Oakland Institute. 2012. "Tanzanian Villagers Pay for Sun Biofuels Investment Disaster." http://www.oaklandinstitute.org/land-deal-brief-tanzanian-villagers-pay-sun-biofuels-investment-disaster (accessed February 8, 2015).

173 Carter Coleman, e-mail message to the Oakland Institute and Greenpeace, May 29, 2015.

174 Haonga, Michael. 2011. "Firm shows how to `farm at end of a long dirt road`." *The Guardian*. http://www.ippmedia.com/frontend/index.php?l=30211 (accessed February 19, 2015).

175 MyWage.org. "Tanzania." http://m.mywage.org/tanzania/home/income/minimum-wage (accessed January 9, 2015).

176 Carter Coleman, e-mail message to the Oakland Institute, October 10, 2011.

177 Direct communication with a villager, November 16, 2012.

178 Direct communication with a villager, November 2, 2014.

179 Direct communication with villagers, November, 2012.

180 Direct communication with villagers, November 1-4, 2014; KPL. *Report for Environmental Impact Statement: Redevelopment of Rice & Bean Cropping Mngeta Farm, Kilombero Valley. Op. Cit*.

181 SAGCOT – ERM. *Strategic Regional Environmental and Social Assessment. Op. Cit*.

182 *Ibid.*

183 *Ibid.*

184 Agrica. *Sustainable African Agribusiness. Op. Cit*.

185 KPL. 2014. "Environmental and Social Impact Assessment Report for the Proposes Irrigation Expansion at Mngeta Farm, Mngeta Village, Mngeta Ward, Kilombero District, Morogoro Region, Tanzania."

186 KPL. *Environmental and Social Impact Assessment Report for the Proposes Irrigation Expansion at Mngeta Farm, Mngeta Village, Mngeta Ward, Kilombero District, Morogoro Region, Tanzania. Op. Cit*.

187 The Rufiji Basin Water Board are under the Ministry of Water. Its main functions include: Monitoring of water uses including the operations of the Mtera and Kidatu dams, Monitoring of the Water Resources (availability and quality), Issue of Water Rights and consents to discharge waste water, Conflict resolutions, Holding stakeholder meetings, Researches pertaining of Water Resources Utilisation and Regulation, Administration of the water utilisation law in the basin including collection of various water user fees, To educate and mobilize water users on matters concerning water resources management, Make liaison with other relevant sectors on Water Resources Management, Any other Water Resources Management issues in the basin.

188 KPL. *Environmental and Social Impact Assessment Report for the Proposes Irrigation Expansion at Mngeta Farm, Mngeta Village, Mngeta Ward, Kilombero District, Morogoro Region, Tanzania. Op. Cit*; KPL. *Report for Environmental Impact Statement: Redevelopment of Rice & Bean Cropping Mngeta Farm, Kilombero Valley. Op. Cit*. In his May 29, 2015 email, Carter Coleman stated that KPL water abstraction will never be more than 34% at any one time.

189 SAGCOT – ERM. *Strategic Regional Environmental and Social Assessment. Op. Cit*.

190 West, Jennifer. *Can linking small and large scale farmers enhance adaptive capacity? Op. Cit*.

191 SAGCOT. *Investment Blueprint. Op. Cit;* SAGCOT – ERM. *Strategic Regional Environmental and Social Assessment. Op. Cit*; SAGCOT – ERM. *Strategic Regional Environmental and Social Assessment. Op. Cit*.

192 Direct communication with a villager, November 3, 2014.

193 Carter Coleman, e-mail message to the Oakland Institute, February 10, 2015.

194 *Ibid.*

195 Direct communication with villager, November 3, 2014.

196 KPL. *Report for Environmental Impact Statement: Redevelopment of Rice & Bean Cropping Mngeta Farm, Kilombero Valley. Op. Cit*.

197 *Ibid.*

198 *Ibid.*

199 Direct communications with villagers, November 3 - 4, 2014.

200 KPL. *Report for Environmental Impact Statement: Redevelopment of Rice & Bean Cropping Mngeta Farm, Kilombero Valley. Op. Cit*.

201 KPL. 2012. "Environmental Audit Report.

202 Direct communication with a villager, November 1, 2014.

203 Carter Coleman, e-mail message to the Oakland Institute, September 5, 2013; Direct communication with a villager, November 3, 2014.

204 Direct communication with a villager, November 1, 2014.

205 Agrica. *Team – Directors. Op. Cit.*