

Agribusiness: Tanzania waits for sweet salvation

By The Africa Report, Charlie Hamilton in Bagamoyo

Posted on November 25, 2015 14:07

the africa report

The government's partnership with Swedish company EcoEnergy was touted as a flagship for foreign investment. NGOs say it is a land grab. Caught in the middle

for the past four years are the farmers due compensation.

Sitting in the shade of the late afternoon sun, Jumani Noobi absentmindedly presses the tip of his hoe into the sun-baked earth.

With the dry season drawing to an end, it has been months since the father of nine has been able to work his maize and rice farm in Gama Makani, a tiny village in the Razaba District, about 45km west of the seaside town of Bagamoyo.

[The Lands Commission] is not happy about the delay. The investors are not happy. The farmers are not happy

Noobi is one of some 1,300 residents caught in the middle of a contentious plan by Agro EcoEnergy, a subsidiary of Swedish agribusiness firm Eco- Energy, to move him off the land he and his family has worked for the past 18 years to make way for a \$620m sugarcane plantation.

“I will be happy if they just give me some money so I can join my family in Kigoma. I am just tired of waiting. I worry

they change their mind,” says the 62 year old, looking out over the arid scrubland.

Endless delays

Agriculture was meant to be a priority for this government. Outgoing president Jakaya Kikwete insisted in 2009 that “for the socioeconomic development of Tanzania, agriculture is everything.”



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The EcoEnergy project was announced in 2011, with those to be displaced told they could expect compensation within 18 months. It has stalled, hamstrung by red tape and legal delays.

Meanwhile, communities, the government and non-governmental organisations (NGOs) are arguing over the scheme's merits. The Razaba project involves the creation of sugarcane fields and a processing plant on a 22,300ha site. It had been seen as a flagship project for the government's attempts to bring foreign investment into the sector. It has also become a cause célèbre for some international NGOs.

ActionAid says the project is trampling on the rights of local people, and Biovision complains about the environmental impact that would result from the use of oil-based fertilisers.

The cane would be used to produce sugar both for the domestic and export market, as well as the biofuel ethanol. The company promises new roads and direct jobs for 2,300 local people, plus the employment of an additional 1,500 farmers working as outgrowers to cultivate cane on their own land.

Farmers currently living on the land for the project, which is owned by the Zanzibar government and was previously used as a cattle ranch, were due to receive cash compensation or be relocated to nearby farmland.

Agro EcoEnergy has budgeted around \$4m-\$5m for compensation payouts and relocation costs but has yet to announce details of where farmers will be moved.

“It’s not a question of if we should proceed with this project. It’s only a question of how,” says Agro EcoEnergy executive director Per Carstedt.

The plan was due to be rolled out in phases, with the first stage utilising around 8,000ha for the cane farm with an additional 3,000ha for outgrowers to work. Agro EcoEnergy has developed a \$96m training support programme spanning nine years to educate the Razaba farmers, who currently typically grow rice and maize.

The overall scheme, which has received financial backing from the African Development Bank, the International Fund for Agricultural Development and the Swedish International Development and Cooperation Agency, is due to include the construction of 160km of roads, 90km of power lines and 25km of irrigation canals.

When fully operational, the plant would process around 1m tonnes of sugarcane per annum, creating 125,000tn of sugar,

contributing 100,000MW of electricity to the national grid and producing 8m litres of ethanol.

“The capacity of the processing facility is specifically designed to be greater than the level of cane that we would produce, meaning we would be relying on the outgrowers to produce in order for the plant to hit its output targets,” says Carstedt. Prices paid by Agro EcoEnergy for outgrowers’ production would be monitored by civil society groups to ensure they would be fair, a key factor because outgrowers would have few alternate markets for their crops.

The similarities between this and Addax Bionergy’s project in Makeni – also, coincidentally, the hometown of Sierra Leone’s President Ernest Bai Koroma – are striking. There have been similar concerns over compensation and prices paid to farmers. Addax announced it would downsize its project following the West African Ebola outbreak last year.

Land grab

NGOs continue to find problems with the Razaba plantation. In March, ActionAid condemned it as a land grab, adding

that the planned outgrower scheme is unworkable because it would require smallholder farmers to secure additional funding to buy inputs such as fertiliser. The government angrily countered that the land was previously a state-run cattle farm and that the farmers never had ownership of it, reiterating that farmers will be compensated anyway.

One campaigner familiar with the project, but who asked not to be named, summed up the situation: “The plans outlined by Agro Eco-Energy are impressive, but there have been so many previous projects around Africa that look great on paper and when they come to be implemented, they fall short.”

In response, Agro EcoEnergy’s Carstedt explains what he sees as the strategic importance of his project: “Tanzania uses around 12kg of sugar per person per year. This is likely to rise as gross domestic product grows. This means the country is faced with a choice: it can spend hundreds of millions of dollars importing a substance it can easily make itself or it can satisfy its own demand and create thousands

of jobs in the process.”

Apparently convinced by this rationale, last year President Kikwete called for the construction of 10 new sugar plants by 2030 and launched a crackdown on illegal imports.

Despite tough talk, little progress has been made on realising those goals. Sugar smuggling remains prevalent, amid claims from industry groups that powerful vested interests are blocking the government’s efforts in order to protect an estimated \$100m generated through smuggling.

Obama’s input

Part of the impetus for the Agro EcoEnergy project came from the 2012 announcement by United States President Barack Obama of the New Alliance for Food Security and Nutrition at the 2012 G8 Camp David Summit, which aimed to partner wealthy Western nations with multinational corporations and African governments.

The partnership’s goal is to drive agricultural industrialisation in developing countries, with the target of

lifting 50 million people out of poverty by 2022. Some have criticised it for promoting deals that boost big business to the detriment of small-scale farmers.

Tanzania was among the first 10 African countries to sign up to the project, which committed governments to streamlining procedures for setting up new operations, specifically, easing tax and regulatory requirements plus setting aside large tracts of fertile land.

In exchange, agribusiness multinationals such as Unilever, Monsanto and Cargill pledged to fast-track investment. The United States and other donors also vowed to provide additional aid funding to help develop the sector, with Britain set to donate more than £60m (\$92m) to Tanzania.

The Agro EcoEnergy scheme also chimed well with Tanzania's long-stated effort to attract big agribusiness firms. President Kikwete outlined his Kilimo Kwanza (Agriculture First) initiative in 2009, and it was followed in 2011 by the creation of the Southern Agricultural Growth Corridor of Tanzania (SAGCOT), a public-private development zone.

SAGCOT – which stretches almost 1,000km from Dar es Salaam through the Kilombero Valley, Ithemi District, Mbarali, Sumbawanga and up to Lake Tanganyika and the border with the DRC – aims to channel international funding and fast-track decision-making on projects.

Smallholders first

Biovision advocacy manager Stefanie Keller praised the international attention that the New Alliance scheme gave to supporting African agriculture but said smallholder farmers rather than agribusiness firms needed financial support.

“Instead of supporting global corporations which invest in large-scale industrial agriculture projects, countries and development partners should rather support projects that empower small-scale farmers by strengthening their access to affordable agricultural practices.”

Benedict Mongula, an associate professor at the University of Dar es Salaam's Institute of Development Studies, also worries that big business is drowning out the voice of smallholders. “There is always a risk that the government

will come under pressure from investors saying they are not getting the land that they need. Up until now, the government has concentrated on utilising former state land for SAGCOT projects rather than privately owned land.

The government continues to downplay concerns about Agro EcoEnergy's project. "The difficulty comes from a series of court cases which have slowed down proceedings. We had expected a court judgment on the number of people entitled to compensation in June, but it has not yet arrived", says Tanzania's commissioner of lands, Moses Kusiluka.

"[The Lands Commission] is not happy about the delay. The investors are not happy. The farmers are not happy, but they will get their compensation, with interest. There is a resettlement plan. It just takes time."

In Gama Makani, Jumani and his family must wait. After almost five years of promises, waiting is the one thing he can be certain of. ●