

# FOREIGN AGRICULTURAL INVESTMENTS IN TANZANIA: DRIVERS OF LAND GRABBING OR SUSTAINABLE DEVELOPMENT?



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# TABLE OF CONTENTS

ACKNOWLEDGEMENTS	1
ABBREVIATIONS	5
1. INTRODUCTION	7
1.1 The Relevance of Land	7
1.2 Thesis Structure	10
1.3 Drivers of Foreign Land Acquisitions	11
1.4 Geography and Actors	14
1.5 The Land Grabbing Discourse	16
2. CONCEPTUAL FRAMEWORK	20
2.1 Sustainability and FDI in Agriculture	20
2.2 Sustainability and Sustainable Development	21
2.3 Major Theories	22
2.4 Sustainability and FDI in Agriculture	27
3. METHODOLOGY	31
3.1 Qualitative Research	31
3.2 Sampling	33
3.3 Interviews and Focus Group Discussions	34
3.4 Participant Observation and Alternative Methods	36
3.5 Preparation	37

3.6 Entry Challenges and Bureaucratic Procedures	37
3.7 Interpretation	39
3.8 Logistics	41
3.9 Ethical Considerations	42
4. LAND TENURE, LAND ACCESS AND BUSINESS ENVIRONMENT IN TANZANIA	44
4.1 Brief History of Land Tenure in Tanzania	45
4.2 Land Administration, Occupation and Use	47
4.3 Land Acquisition Process	49
4.4 Lessons from Past Experiences	51
4.5 Agricultural Investment Promotion	53
4.6 Obtala Ltd: Background	55
4.7 Silverlands Tanzania Ltd: Background	57
4.8 Non-corporate Foreign Farms	58
5. SUSTAINABLE INVESTMENTS	60
5.1 The Relation between Land and Future Generation	60
5.1.1 Preliminary Considerations	60
5.1.2 Non-binding Codes of Conduct in the Land Acquisition Process	62
5.1.3 The Relationship between Obtala and Land	65
5.1.4 The Relationship between Silverlands and Land	72
5.2 The Safeguard of the Environment	77
5.2.1 Preliminary Considerations	77

5.2.2 Sustainable Land Management	78
5.2.3 Obtala's Care for the Environment	80
5.2.4 Silverlands' Care for the Environment	83
5.3 Social Development	86
5.3.1 Preliminary Considerations	86
5.3.2 Social Responsibility is Free of Charge	86
5.3.3 Obtala's Social Impact	88
5.3.4 Silverlands' Social Impact	92
5.4 Economic Profitability	96
5.4.1 Preliminary Considerations	96
5.4.2 Major Trends of Profitable Farming	97
5.4.3 Obtala's Economic Sustainability	99
5.4.4 Silverlands' Economic Sustainability	101
6 CONCLUSIONS	104
6.1 Summary	104
6.2 Recommendations	106
APPENDIX A: List of Informants	113
APPENDIX B: Questionnaires	113
REFERENCES	117

## **ABBREVIATIONS**

CA	Conservation Agriculture
COSTECH	Commission of Science and Technology
FAO	Food and Agriculture Organisation
FDI	Foreign Direct Investment
GHG	Green House Gas
GOT	Government of Tanzania
GPS	Global Positioning System
MIGA	Multilateral Investment Guarantee Agency
NGO	Non-Governmental Organisation
NSSF	National Social Security Fund
OPIC	Overseas Private Investment Corporation
PA	Precision Agriculture
SAGCOT	Southern Agricultural Growth Corridor of Tanzania
SSA	Sub-Saharan Africa
SUA	Sokoine University of Agriculture
TANU	Tanganyika African National Union
TIC	Tanzania Investment Centre
UNDP	United Nations Development Programme
VETA	Vocational Education and Training Authority
WWI	World War One
WWII	World War Two

# **FIGURES**

Figure 1: Dimensions of Sustainability

Figure 2: Three-legged Stool

Figure 3: The Environment as the Overarching Dimensions of Sustainability

Figure 4: Obtala Ltd. in Morogoro Region

Figure 5: Silverlands Ltd. In Iringa Region

Figure 6: Farms and Ranches Targeted by the Research

Figure 7: Land Preparation at Magole Farm

Figure 8: Maasai Herdsmen with Livestock around Magole Farm

Figure 9: Land Preparation at Selous

Figure 10: Sweet Melons at Magole Farm

# 1.INTRODUCTION

## 1.1 THE RELEVANCE OF LAND

Land has always been a sensible topic to me. I grew up on a farm in the northern part of Italy, one of the most productive areas of our globe. My grandfather, and my great grandfather before him, had started farming on a small plot in the countryside surrounding my hometown by renting a bunch of acres owned by a local lord earl and over the years they managed to extend the area cultivated and eventually buy the entire property. Land represented an extremely valuable asset that could be used as a collateral to secure loans from the bank, guarantee the food self-sufficiency of the household and last, but not least, generate income. The same income my grandfather employed to send his kids to school and ensure them with a bright future. Margaret Mitchell in her masterpiece *Gone with the Wind* stressed very well its importance:

*“Land is the only thing in the world worth working for, worth fighting for, worth dying for, because it's the only thing that lasts”* [1936:134]

As a limited resource, land has been disputed since the origin of our times. Romulus killed Remus on his attempt to grab the designated area in which Rome would have risen. In the Netherlands, its scarcity has pushed Dutch to find a way to generate more land. By claiming it back from the sea, tracts of the territory have been enclosed by dikes to be cultivated: the *Polders*. The Land Rush of Oklahoma witnessed *sooners* and *boomers* engage a bloody competition to grab a piece of unassigned land, emblem of hope and new opportunities beyond the Frontier. The reality is that land is determinant to the human being, as claimed by Charles Kellogg:

*“Essentially all life depends on the soil”* [USDA Yearbook,1938:864]

Places on Earth in which land is not productive, thus not valuable and tradable, are more prone to suffer from food scarcity and poverty. Moreover, recent trends have witnessed that, when land is seized, grabbed or sequestered, the consequences for its people can be devastating. Farmers left without a plot to cultivate do not have crops to sell on the market, cattle herders deprived from pastures, witness their livestock to starve and



eventually die, hunters and gatherers chased away from bushlands lose their primary source of living. Land nourishes and provides shelter, this is why we cannot do without.

How land is essential for the human being clearly emerged in the last decade. Recent trends of population growth, increased food prices, diversification of investment portfolio and sustained demand for biofuels triggered a rush for the fertile ground of the Global South and particularly sub-Saharan Africa. Being land a limited resource, the contemporary *sooners* have been animated by the urgency to gain control of the best soils as fast as possible: “*Africa is the last Wild West. A virgin territory*” explains Ian Cox, an American entrepreneur based in East Africa [VICE 2013]. There is seemingly an abundance of land and ultimately opportunities in the continent, however it represents the last frontier thus the last chance for those eager to get a piece of its widely untouched landscape. The increase in foreign land acquisitions in sub-Saharan Africa has created contrasting opinions on the consequences brought about by the transfers of land, initiating a debate on the sustainability of foreign initiatives. On one hand, land acquired for agricultural investments can bring about a wide range of benefits to the recipient country in terms of employment, know-how transfer, increased income and environmental awareness [DEININGER et al., 2011; LIU, 2011; GUNASEKERA et al. 2015]. On the other hand, the majority of the scholars, sustained by media and NGOs, have shown concern about foreign land acquisitions taking place in developing countries of the African continent [GRAIN, 2008; VON BRAUN & MEINZEIN-DICK, 2009; AREZKI, 2011; AANSEUW, 2013]. This was followed by critiques and the idea that foreign land acquisitions for agricultural purposes bring about a negative impact for the countries in which agricultural investments take place. Displacements, threats to food security, human rights violations, irreparable damages to the environment and accusations of neo-colonial practices have been redundantly echoing since the contemporary land rush has started [ROBERTSON, 2010; HALL et al. 2015; GILBERT 2017; RASMUSSEN et al. 2018]. The phenomenon of foreign initiatives on farmland has been labelled as *land grabbing*, which negative connotation polarised the debate and contributed to examine only cases that brought about negative consequences for the local context. This approach

contributed to overlook those experiences able to better include the communities and endorse sustainable development goals. Moreover, its *hype* has provided a distorted picture of the phenomenon, which silenced important elements of foreign land acquisitions and prevented an analysis free from constraints [KAAG & ZOOMERS, 2014]

My interest about land issues related to agriculture developed over the years and found its natural death into the Tanzanian context. I have been in Tanzania several times in the last decade, remaining impressed by the agricultural potential of a country endowed with a relevant acreage of fertile land, water abundance and a strategic position on the Indian Ocean. Wondering how such a resource-rich country could be plagued by extreme poverty, I committed myself to find cases able to contribute to Tanzania's dependency reduction through agriculture. The country has been recently targeted by agricultural investments and large tracts of land have been transferred to foreign entities engaged in commercial farming. The literature reports that entire villages were displaced after companies evicted thousands of people from their ancestral land [KATUNDU et al., 2014; GILBERT, 2017]. Despite promises of employment and competitive salaries, villagers claimed unpaid wages and inadequate compensation for the land they gave up [KABOTE et al., 2014]. In Tanzania over 65% of the population is employed in agriculture which assures the food sustainability of the household, allows to pay school fees and to generate an extra income for further needs [WORLD BANK, 2018]. However, its significance goes far beyond the economic relevance. Land is vested with cultural and religious meanings which witness the bond between a certain community and the soil in which their ancestors were buried and spiritual symbols are found [SHIPTON, 1994]. Moreover, also when it seems to be unused or fallow, still it is determinant to pastoralists who graze their cattle or for communities, not necessarily involved in farming activities, which use land by collecting firewood or wild fruits and herbs [GILBERT, 2017]. When land is seized or bought, but not properly compensated, smallholders do not only lose their main source of livelihood, they are also deprived of their identity.

Tanzania has experienced cases of *land grabbing* linked to land acquisitions, despite foreign investments were praised to have the potential of developing socially, economically and environmentally the context in which they operated [SULLE & NELSON, 2009]. This study steps into a debate in which foreign investments in agriculture have been only taken into consideration to show their negative impact. The same acknowledges that foreign land acquisitions are associated with risks and opportunities, however its aim is to challenge the current debate according to which foreign land acquisitions only bring about disastrous consequences [COTULA et al., 2009]. This thesis' attempt is to demonstrate that in Tanzania foreign investors with a keen eye on the rights of the smallholders and eager to contribute to the sustainable development of the place in which they operate, represented an effective tool to pull poor out of poverty. Two case studies respectively conducted in Iringa and Morogoro regions, combined with further data harvested in Kilimanjaro, Manyara, Arusha, Iringa and Tanga regions, represent the core findings that support the argument elaborated in this thesis.

## 1.2 THESIS STRUCTURE

The thesis is organised in six chapters. The first chapter individuates causes and consequences of the recent land rush together with the magnitude of the phenomenon. It is analysed the concept of *land grabbing* and the contributions given so far by scholars and organizations that studied the land acquisitions. The second chapter presents a conceptual framework on how Foreign Direct Investments (FDIs) on farmland in Tanzania can bring about sustainable development. A theoretical discourse provides the tools useful to look at foreign land acquisitions from a different perspective. The third chapter explains the methodology employed in order to carry out the research and it refers to the logistic choices and the bureaucratic steps necessary to gain access to the field. The fourth chapter deepens the land tenure system of Tanzania and provides a picture on how foreigners can obtain land for investment purposes. On a second stage it is illustrated the position taken by the government of Tanzania and the policies drafted to promote foreign initiatives. The fifth chapter reports the data harvested in

the field during my six-months fieldwork in the country. Two case studies are used to answer the research questions, however side trips to other farms located in different areas of Tanzania contribute to give more exhaustive and complete answers on how a foreign investment in agriculture can be a driver of sustainable development. The sixth chapter represents a warning about one-sided evaluations of the phenomenon of FDI on farmland. Moreover, it concludes and summarises the research and gives recommendations on how sustainable development can be achieved and contribute to unlock Tanzania's agricultural and human potential.

### 1.3 DRIVERS OF FOREIGN LAND ACQUISITIONS

The recent wave of international foreign land acquisitions in developing countries is a global phenomenon, triggered by world-changing trends in the economy and in people's habits and preferences. This concept has been stressed by Zoomers [2010], who points at globalisation and neoliberalism as the roots of the contemporary land rush. The increasing globalised world has facilitated links between people and places, which enhanced the capacity of the individuals to uplift their network of activities on a global scale. At the same time, such intensification of relations makes distant locations being affected by each other's events. Therefore, the land rush is the result of many related phenomena that originated thousand kilometres away from the context in which land is acquired [GILBERT, 2017]. On the other hand, the liberalisation of land markets promoted freehold individual property aiming to increase the efficiency of land and foster investments. This resulted in a commodification of the resource, which significance is now subdued to its productive capacity [ZOOMERS, 2010].

In analysing the contemporary wave of land acquisitions, it emerges that the factors that spurred the phenomenon are many and diverse. However, land has mainly been requested for farming projects, fostered by the financial and food crisis exploded in 2008 [AREZKI, 2011]. The crisis spawned from the boom of agricultural products' prices alimented by the fast-growing population, the severe droughts experienced by the major producers of cereals, the increase in oil prices and the rampant demand for biofuels that

diverted staple crops from food markets to energy production [HOLT-GIMENEZ, 2008]. Moreover, financial speculations on commodities by traders played an important role in blowing up the prices, by betting on futures and taking advantage from the high volatility of farming produces [DE SCHUTTER, 2010; VARGAS and CHANTRY, 2011].

The effects of the crisis heavily impacted food importing countries, which food dependency was exacerbated by the ongoing global dynamics. Worried by the threats to their alimentary sustenance, food insecure countries of the middle and far east started combatting the volatility of commodities' prices by establishing off-shore farms in the developing nations of the Global South [ROBERTSON, 2010]. Investing in agriculture in land-rich countries, where inputs are cheap and abundant, represents a defence against market fluctuations and, at the same time, their fast-growing population. The recent land acquisitions in sub-Saharan Africa by capital-rich governments striving for their own alimentary security have shocked the international community. The early report published by Grain [2008:2], manifests a certain dismay about this “*crazy*” trend of producing food in areas of the world that have been plagued by famine for decades. This has also been reported by Rice [2009] who argues that Africa, a continent that has been struggling to feed its population and has been foreign aid dependent, cannot cope with the supply of food to foreign markets.

A second factor that contributed to the contemporary land rush is the involvement of financial corporations. Once the system collapsed after the 2008 crisis, financial institutions diverted their resources to a different sector. Pension, equity and hedge funds, burnt by the cracked derivative market, have invested on land to diversify their portfolio and reduce the risks related to the global economic environment. The rationale of the changing investment trends by financial corporations is attached to the growing demand of food and the recent popularity gained by biofuels. Once intuited the prospected potential of agriculture, land in developing countries started representing a strategic asset on which invest. The relative abundancy suggests to acquire the best farmland rapidly and exploit its dormant potential by lifting up the production at the maximum regime [HALL et al. 2015]. The political targets on biofuels and the increasing global demand

for food hence delineated land acquisitions as secure long-term investments to profit from [FRIIS and REENBERG, 2010]. Land acquisitions and related investments by financial corporations have concentrated land in the hands of few new actors in the now global agricultural scenario, threatening the small-scale agriculture pressured by the climbing prices of land.

The third factor that spurred the contemporary rush for farmland is the increasing interest in biofuels. Recent climate mitigation policies drafted by the EU, aiming at reducing the concentration of carbon dioxide in the atmosphere, have sustained the global demand for ecologic fuels. By definition biofuels are liquid propellant produced from biomass, either derived from agricultural or forest products and are reported to contribute to reduced greenhouse gas (GHG) emissions compared to fossil fuels [DUFÉY, 2006]. Biofuels production is a land-intensive activity as it requires vast areas to cultivate cereal, sugar or oily crops. This has led to the acquisition of relevant acreage of land in developing countries, alighting critiques and suspects on the effective sustainability of these initiatives. Two problems are associated with biofuel production. First, the establishment of plantations for biofuel subtracts land to staple crops. The replacement of food crops with fuel crops has been seen as a nonsense in the developing nations. One of them, known as *Jatropha*, was introduced to the market and widely cultivated to produce a green fuel to be exported. Although *Jatropha* is a drought tolerant plant, it better performs on good and irrigated soils, engaging a competition with food crops cultivated on farmland [HABIB-MINTZ, 2010]. As argued before in this chapter, countries that have suffered hunger and constantly risk alimentary crisis, should invest their resources in the attempt to achieve food self-sufficiency instead of destining their farmland to other purposes. Secondly, there has been an over excitement on the potential of oily plants for biofuels, which characteristics were largely unknown. *Jatropha* growers were considered pioneers as the crop had never been cultivated commercially, but only locally by smallholders for their own needs. This is explained by the high costs of maintenance of the plantation *vis à vis* the low yields given by the crop. In Tanzania this led to the failure and consequent abandonment of most if not all the companies involved in *jatropha* cultivation [WWF, 2009].

Last, but not least, two final minor factors, but relevant in the long run, have contributed to the recent land rush. The first is linked to population growth: “*Forecasts expect our planet to be home to 11.2 billion people by 2100*” according to Bongaarts [2016:409]. As population growth affects food production, the biggest challenge would be how to produce enough to feed it [ROBINSON, 2018]. The second responds to the changing food consumption patterns eased by fast-growing economies that led to a “*meatification*” of alimentary habits [ZOOMERS, 2011]. This trend has fostered land acquisitions for the production of grains rich in proteins such as soya with the purpose to feed livestock, with consequences on the environment and on the smallholders.

The main drivers that have spurred foreign land acquisitions, are diverse and multifaced. However, all of them originate from the urge of promptly respond to global changing patterns by acquiring land in countries in which soil is cheap and seemingly productive. The willingness to obtain quick profits at low costs, the concern to gain control of the land before the direct competitors and the lack of knowledge of the sector and the cultural context in which they operate, contributed to the bad reputation gained by these initiatives. I argue that this obscured the potential opportunities for the different stakeholders involved and contributed to overlook those cases able to be economically successful and to add value to the context in which the projects were carried out.

## 1.4 GEOGRAPHY AND ACTORS

The recent wave of foreign investments on farmland has targeted developing countries of the Global South, where production costs are lower and land is cheap [VON BRAUN and MEINZEIN-DICK, 2009]. The data collected by Land Matrix Project report that about 1600 deals were concluded worldwide, involving a surface of nearly 35000 ha. The portal groups the investments in relation to the area in which they took place and specifies the sector of operations. It emerges that the areas that have mainly been pressured by land acquisitions are Latin America, South-East Asia, Eastern Europe and sub-Saharan Africa and most of the states targeted are included

in the list of developing countries. Particular attention has to be reserved to the African continent, which has been under the spotlights of the foreign investors. According to the World Bank [2013], “*Africa has more than half of the world’s fertile yet unused land*” which has represented one of the major encouragements to invest in the continent. Moreover, despite the natural assets Africa possesses, its resources are claimed to be often operated below their potential [MILLS, 2010]. By considering the data available about Tanzania, the arable land accounts for 44.8% of the total surface and only 33% of it, is under cultivation, which explains the recent interest manifested by actors coming from outside the country [LAND MATRIX, 2019; WORLD BANK 2013]. The investors involved in the land acquisition process mainly come from the north, namely Europe and North America, but in the last decade it has been registered an increase in capital originated from the Middle East and the emergent economies.

The foreign entities accessing land are reported to be both private investors such as agribusinesses, energy companies and financial corporations, and public institutions such as foreign governments [DEININGER *et al.*, 2011]. Boundaries between public and private can be rather fluid, as deals signed between governments can be implemented by private enterprises [GRAIN, 2008]. Private and public sectors, instead of being two separate spheres, cooperate to satisfy the interests of each other: the private sector deals with the operationalisation of the investment and the government of the acquirer facilitates the deal with the receptive country by recurring to political and diplomatic means. A bigger role in the transaction is also played by the national agencies of the receptive country which are responsible to guide the investor and make sure that every step is accomplished according to the law. In the case of Tanzania, the TIC is the main institution involved in the process of foreign land-based investments and is vested with the responsibility to link the acquirer to the competent offices [COTULA, 2009].

Gilbert [2017] argues that the consequences of the land transactions affect another category of actors: the indigenous communities that populate the land allocated to foreign investors. Despite a wide range of rights recognises



protection to the original land holders, scarce informed consent and legal violations contribute to minimize the decisional power of this marginal category. Further dismay is manifested by Matondi et al. [2011], who argue that the agreements between local governments and foreign investors often overlook the priority of the local smallholders, *vis à vis* the necessity of foreign capital.

## 1.5 THE LAND GRABBING DISCOURSE

The recent wave of foreign land acquisitions has been labelled with the term *land grabbing*. The phenomenon is defined by Franco et al. [2013:3] as an “*illegitimate seizure of land from a person or people that leads to their expulsion from their land*” which vests the term with a negative connotation. This derives both from the impact of certain foreign land acquisitions and from their size. In the first case land grabbing takes place when the transfer does not respect human rights because occurred through means of force or violence either is featured by a non-informed consent and the land is not adequately compensated. In the second case, according to Rulli et al. [2013], a *land grab* is a land transfer involving more than 200 ha, whereas Franco et al. [2013] set the threshold to 1000 ha.

Land acquisitions are accused to relegate local communities to a marginal role, which highlights the scarce level of consultation and has denoted an uneven degree of inclusion. This explains that among the actors involved there are always winner and losers, a situation that adds a further degree of complexity to the problem of how to respond to *land grabbing* as it occurs [FRANCO et al., 2013]. Matondi et al. [2011], refer to land grabbing to describe the tendency of foreign investors to replace African smallholders with intensive farms which reshape the agricultural spaces. This takes place thanks to the mediation of African policy makers, who offer national land which is claimed to be largely underutilised. Cotula argues that beyond the possible macro-level benefits, land acquisitions hamper the access to resources to the local communities [2009]. Moreover, models of industrial agriculture, are destroying entire ecosystems and are responsible to the pollution of water sources, the erosion of the soil and the biodiversity loss

caused by monocropping [ANSEEUW, 2011]. The impact *land grabbing* has on the social and environmental spheres has been stressed by McMichael [2011:15]: “*It represents an agroimperial development trajectory premised on sacrifice: of land and its inhabitants to a financial calculus represented as a necessary global good*”, achieved through the eviction of farmers from their ancestral land. Land deals that are featured by scarce informed consent, result in disastrous consequences for the local smallholders who do not understand the details of the contracts. Von Braun and Meinzein-Dick [2009] explain that land grabbing takes place in a framework in which the bargaining power in negotiating land transfers is on the side of foreign actors. As a consequence, compensation for land is often not prompt and not adequate and promises of employment and community development do not take place accordingly [VON BRAUN & MEINZEIN DICK, 2009]. In support to the *land grabbing* narrative, empirical cases have proved the effects of land transfers for agricultural investments which contributed to reinforce the position of the public opinion on foreign land acquisitions [SULLE & NELSON, 2009; TWOMEY et al., 2015; GILBERT, 2017].

The narrative on *land grabbing* is solid and difficult to challenge because combines theoretical analysis with empirical findings. This reinforces the position of the academic wing claiming that foreign initiatives on farmland in Africa represent land seizures and negatively impact the local context. Despite the debate on foreign investments on farmland has been dominated by this narrative, a residual part of the literature has adopted the opposite approach. Indeed, according to Deininger et al. [2011], the recent interest on agricultural land can contribute to eradicate hunger by improving production. The World Bank does not deny the risks related to international land acquisitions, however it stresses that access to good information and the adoption of an “*open and proactive approach*” [2011:Preface xv] can ensure that land transfers take place in accordance with human rights and projects are properly implemented, a combination that generates sustainable results. A more straightforward analysis is provided by Gunasekera et al. [2015], who briefly mention the risks related to foreign investments in agriculture and mainly focuses on the potential benefits. According to his analysis, FDIs on farmland can represent an occasion of growth for the context in which they operate in terms of know-how transfer, employment

opportunities and improved infrastructures which favour a better access to markets. Moreover, foreign investors can make a better use of land by increasing the production and filling yield gaps. A more careful approach has been adopted by Liu, who explains that FDI in agriculture in Africa have the potential to create benefits for the local population. However, the mentioned conditions cannot arise automatically, but need to be favoured by a social-goal oriented business model and sustained by an institutional framework prone to welcome foreign investments and link them with the smallholders [LIU, 2014].

A third wing of scholars aimed at showing distance from the stances taken so far. Kaag and Zoomers argue that the phenomenon of land grabbing has been hyped as the academia and the media together with prominent NGOs, exaggerated the magnitude of the land deals worldwide. The facility with which this label has been given to foreign investments in agriculture, has influenced the public opinion and contributed to kill the debate on the rise. [KAAG & ZOOMERS, 2014]. Empirical support to this stance has been provided by Abdallah et al. [2014], who question the magnitude of the phenomenon in Tanzania by explaining that only a small percentage of land requested was effectively allocated and developed. Moreover, excluded the widely known cases of land grabbing which refer to biofuel investments (SEKAB, AGO, Sun Biofuels, Bioshape above all), most of foreign food producers accessed land before cultivated by state companies and privatised in 2006. By accessing titled land that had been occupied by previous investors, it is possible to avoid dispossessions or induced sell-offs. In some other situations, smallholders can remain in control of their land through the development of outgrowing schemes [HALL et al., 2017]. According to Liu, giving local smallholders an active role through a partnership, can be the most effective way to ensure positive and sustainable effects on the targeted communities while leaving the landscape widely untouched [LIU, 2014].

This study recognizes that FDI in agriculture have largely contributed to lead to cases of *land grabbing* in the contexts in which they operated. However, it draws from the idea that the misuse of the term *land grabbing* is real and contributed to depict negatively and without distinction any foreign land acquisitions for agricultural purposes, despite their potential to

be drivers of sustainable development. The literature about the topic is featured by a series of recommendations that range from effective actions against land grabbing enunciated by the Land Coalition, to the idea that foreign investments should be encouraged only if capable of reducing hunger and malnutrition [DE SCHUTTER, 2011]. The shortcomings about the current debate on *land grabbing* and foreign land-based investments in agriculture can be individuated on two different layers: first, the tendency on focusing only on those cases that brought about land seizures, human rights violations and environmental degradation, second the lack of empirical findings in support of the alleged benefits brought about by foreign land deals. Drawing from the risks related to the land acquisition process and the opportunities of development associated to foreign land-based investments, it can be epitomised that experiences creating a more sustainable scenario exist and these can serve regional institutions and foreign investors as a positive example.

## 2.CONCEPTUAL FRAMEWORK

This chapter aims to provide a conceptual framework able to evaluate the outcomes of foreign investments in agriculture involving land transfers. The literature often speaks about sustainability when referring to the desired result of such initiatives. It represents a broad concept which significance is attached to many different spheres and ranges from the capacity of a certain business to be financially successful to the effort of caring about the environment and respect the human rights of the local communities enhancing their social and economic status. A sustainable foreign investment in agriculture is conceived as the best-case scenario that can be raised through initiatives of commercial agriculture, opposed to situations of *land grabs*, which represent the least desired outcome. Sustainability as a term has been widely employed in the literature, however its conceptualisation is still vague and it is not yet clear how to achieve such a result. Therefore, this chapter aims to collect the most relevant contributions on sustainability related to foreign investments in agriculture and explain the multiple meanings attributed to the term. Guided by theoretical analysis on the significance of the concept, this section provides a framework to distinguish between what is sustainable and what is not, laying the fundamentals for the evaluation of the empirical case studies examined during the fieldwork in Tanzania.

### 2.1 SUSTAINABILITY AND FDI IN AGRICULTURE

The debate on foreign land acquisitions in sub-Saharan Africa originates from the proclaimed or questioned sustainability of foreign agricultural investments. The World Bank states that foreign initiatives in agriculture have the potential to be sustainable, however the results often are not optimal, thus the observance of a set of principles is prescribed. The report “*Rising Global Interest in Farmland: can it yield sustainable and equitable outcomes?*” considers the term sustainability being complementary to equity and responsibility. Therefore, a foreign investment is considered sustainable when it brings about desirable social and environmental impacts, it is responsible when it respects the law and the human rights and, by fulfilling

the best industrial practices, it brings about equitable outcomes to be shared by the stakeholders involved [DEININGER et al., 2011]. According to Anseeuw et al. [2013], the extent to which commercial agriculture in developing countries can be responsible, equitable, therefore sustainable, is examined under the political, socio-economic and ecological angle. Sustainable outcomes are achieved through the employment of instruments, which, despite their argued effectiveness, are the only alternatives available to ensure benefits to take place. This analysis makes the concepts to overlap. The meaning attributed to sustainability adheres with its counterparts of equity, inclusiveness and responsibility, marking a decisive difference with the contributions given by other scholars. Robertson states that the sustainability of a foreign initiative in agriculture is attached to the financial success of the investment and depends on the content and implementation of each agreement related to land transfer and relative development [2010]. It emerges that the term sustainability, despite being massively used in the literature to refer to the desirable outcomes of foreign investments in agriculture, lacks a proper and uniform definition able to delineate its boundaries. Before discussing whether or not a foreign investment in agriculture can or cannot be sustainable it is necessary to do a step back and analyse the concept as something detached from the phenomenon of foreign land acquisitions for farming purposes. The following section gives a definition of sustainability by explaining how the concept was first employed and which factors should be taken into account when referring to it.

## 2.2 SUSTAINABILITY AND SUSTAINABLE DEVELOPMENT

The multiple meanings attributed to sustainability by scholars studying foreign investments in agriculture are linked to the lack of a proper and universally agreed definition of the concept. The terminology can create confusion. The topic is very broad, an aspect that suggests to be careful when using the terms in order not to diminish its importance.

Conventionally the academia refers to sustainable development by considering the definition contained in the Brundtland Report released by

the UN World Commission on Environment and Development held in 1987 and named after its chairperson:

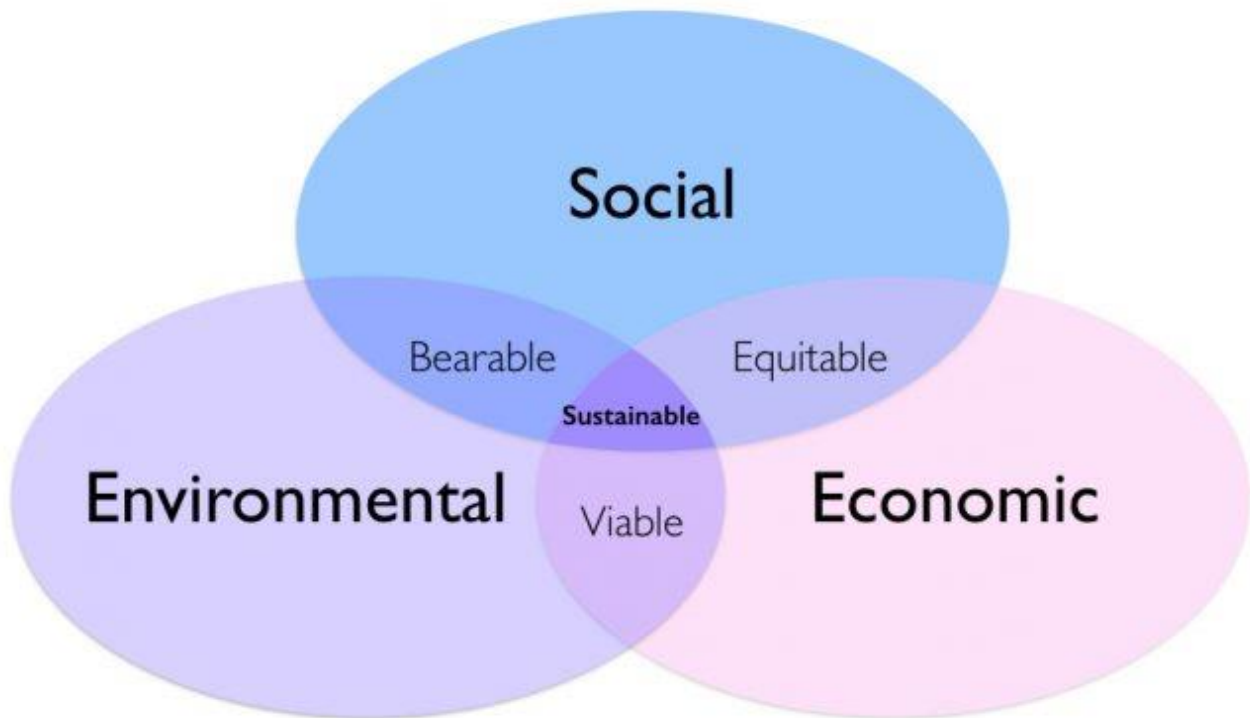
*“Sustainable Development is development that meets the needs of the present without compromising the ability of future generations to meet their own needs”* [WILLERS, 1994:1147]

The result of the Brundtland Commission represents the first definition of sustainable development and the Report resulted from it has contributed to give to the term the widespread recognition it enjoys today. This definition has a focus on long-term generation effects and addresses two urgent topics namely the issue of environmental degradation related to economic growth and the need of the mentioned growth as a tool to combat poverty [ADAMS, 2006]. The Brundtland Commission has been followed by enthusiasm and commitment in defining a concept of interest through the creation of initiatives and the foundation of think-tanks devoted to the topic. The contributions given in the last thirty years stems from Brundtland Report and bring about more and further elaborated ideas to define a concept that Gibson described as a challenge to conventional thinking and practice and covering all the core issues of decision making [KEMP et al., 2005; GIBSON, 2006]. The literature is packed with valuable contributions, overtime enriched with new elements or questioned in relation to their validity and credibility. The Brundtland Report, despite considered the most important milestone of sustainable development, was accused to be vague and incomplete, thus spurring further research able to come out with more elaborated definitions. Kuhlman and Farrington [2010] argue that since the Brundtland Report there have been two main developments in the conceptualisation of sustainability: the first is the Triple Bottom Line approach, whereas the second is represented by the classification of sustainability in weak and strong. The next section provides an overview of these major definitions and relative critiques.

## 2.3 MAJOR THEORIES

The Triple Bottom Line concept elaborated by Elkington stems from the idea that sustainability is composed by three different dimensions which

partnership and cooperation can lead to win-win-win strategies able to benefit the environmental, social and economic spheres [ELKINGTON, 1994]. These dimensions are the three pillars of sustainability which presuppose that development takes place considering the planet, the people and the profit [HANSMANN et al., 2012]. According to this view, sustainability is achieved when the three pillars are balanced and in equal harmony. This concept can be graphically supported to be clearer.



*Fig.1 Dimensions of Sustainability*

The Venn diagram shows that the overlap of the three dimensions creates a situation that balances the economic interest of profit with the respect for the environment and brings about equitable outcomes for the people involved. The graphic representation of the concept can be considered a fancy way to simplify a concept that it is far more complex. The critiques to this approach of sustainable development draws from the multifaced features of each dimension and its incapacity to integrate them. These flaws contributed to coin the metaphor of the Three-Legged Stool which ability to maintain the balance depends on the equal length of its wooden legs: if one



is longer or shorter than the others, the stool sways. Likewise, if one of the pillars is too weak, the other two will prevail at its expenses.

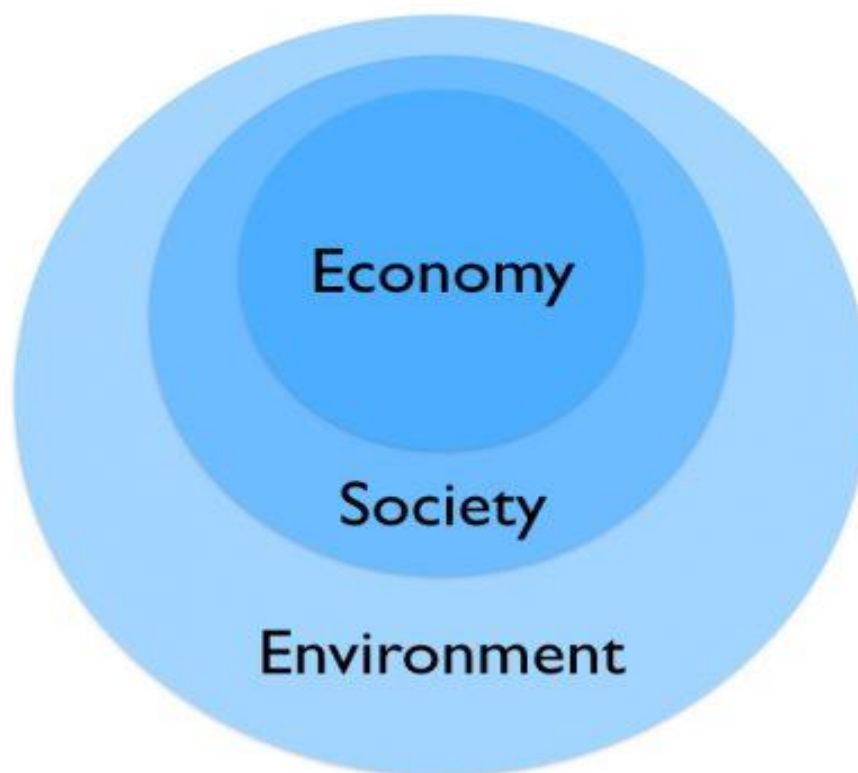


*Fig. 2 Three-legged Stool*

Scholars have spoken about this flawed model in terms of trade-offs that can be made between environmental, economic and social dimensions. In practice the difficult combination of the three pillars is overcome by governments and businesses by recurring to trade-offs decisions often made to the detriment of the environment [ADAMS, 2006]. This has been further reinforced by Kuhlman [2010] who argues that the three-dimensional approach contributes to obscure the environmental aspect and privileges the economic and social sphere:

*“Let us consider a hypothetical project which scores very well on the environmental dimension but rather poorly on both the social and the economic one. This might easily lead a policy-maker to conclude that the*

*project is, on the whole, not a good idea. A two-dimensional approach might bring about the opposite judgment: its environmental benefits come at a cost in terms of welfare. The environmental dimension may thus receive less weight in a three-dimensional approach. Indeed, some authors explicitly state that the three dimensions should receive equal weight. Since socio-economic aspects are mostly about the well-being of the present generation and environmental ones are about caring for the future, this means the former become twice as important as the latter” [KUHLMAN, 2010:3439]*



*Fig. 3 The Environment as the Overarching Dimensions*

This proposes an alternative view of sustainable development which refers to a bi-dimensional approach opposing the environmental sphere to the socio-economic one. According to Kuhlman [2010], such a conceptualisation of sustainable development reduces the competition among the different dimensions and vests them with the same degree of importance. It also adheres to the original definition of sustainable development given by Brundtland who considers the component

“development” as the capacity to satisfy people’s well-being in the present while caring about the future. A second critique explains that the dimension referring to the environment should be put on a higher level as source of both the social and economic pillars [DAWE and RYAN, 2003].

Adams [2006] confirms that the three pillars cannot be treated as equivalent for two specific reasons: first, the economy is a product of society which makes them being strictly interconnected as argued before by Kuhlman. Second, the environment should be considered as a dimension that underpins the formers, since it is the overarching element fostering the existence of the remaining two. This reinforces the idea that sustainability based on the Triple Bottom Line struggles to guarantee the coexistence and cooperation of the three pillars and finds obstacles in case of practical application. However, it can be seen as a theoretical representation which, despite not being flawless, simply explains that sustainability is achieved by balancing the interests of each single dimension.

The concept of trade-offs made scholars speaking about weak sustainability, where trade-offs are allowed and strong sustainability, where trade-offs are restricted or forbidden. These theories go alongside with the idea that the global system is composed by capital, intended as a stock that generates goods and services for the human being. Capital is formed by four components: the natural capital represented by the natural resources, the ecosystems and the beauty of nature; the human capital, which consists of the baggage of knowledge, skills and cultures of the individuals; the human made capital or simply the man-made products and services; finally the social capital that encompasses the relationship of trust, cooperation and reciprocity of the individuals [ELKINS et al., 2003]. The difference between weak and strong sustainability lays in the concept of substitutability of natural capital [PELENC, 2015]. Weak sustainability postulates that natural and manufactured capital are interchangeable as technology can correct human-made damages in nature. What accounts according to this view is that the total amount of capital is maintained or increased, no matter if natural resources can be exhausted as they can be replaced by man-made capital which re-establishes the balance in terms of capital stock [HOPWOOD et al., 2005]. On the other hand, strong sustainability endorsed

by ecologists and natural scientists does not allow trade-offs to take place and “*can be seen as a series of thresholds that must not be crossed*” [KUHLMAN, 2010:3443]. Beyond the ethical consideration, the critiques addressed to weak sustainability are supported by the idea that the destruction of natural capital is irreversible as it hampers many processes that are vital to the human being, contributing to the disappearance of species and ecosystems that cannot be regenerated [ELKINS, 2003; DIETZ and NEUMAYER, 2007]. Moreover, natural capital is necessary to produce manufactured capital, proving once more that there are not any relations of interchangeability. The ongoing debate on the validity of such interpretations, alimnts the lack of clarity lingering on the essence of sustainability and obstacles this study to obtain a suitable framework for its purposes. However, it introduces the concept of capitals which, as argued in the next session, represents a constraint to the measurement of sustainability but also the gateway to an arbitrary conceptualisation of the topic that draws both from the praised shortcomings and the existing contributions provided so far by scholars.

## 2.4 SUSTAINABILITY AND FDI<sub>s</sub> IN AGRICULTURE

In 2015 the UNDP agreed on a vision that led to the Sustainable Development Goals, a set of 17 objectives to be achieved by 2030 [UNDP, 2018]. The achievement of the Goals is subordinated to the balance of the three pillars of sustainable development as described by Elkington, endorsing the idea that the harmonic relationship between profit, people and environment is the key strategy to reach sustainability. The critique this study makes is that sustainable development is not something that can be portrayed as black and white, as it is more nuanced than such an oversimplified representation. Despite the claimed flaws of the Triple Bottom Line approach, what it emerges is not a problematic tripartition that obscures a dimension at the advantage of the others as argued by Kuhlman, rather the main shortcoming is related to the achievement of a perfect balance.

“*Win-win-win strategies will be a major feature of the business environment as we move towards the 21st century*”, states Elkington [1994:99]. Sustainability can be interpreted as a win-win-win situation, a formula widely employed to refer to foreign land acquisitions. Borrás speaks about win-win outcomes achieved when the profit of the investor is balanced with the needs of the poor people of the receptive country [BORRAS & FRANCO, 2014]. Liu [2014] speaks in terms of win-win situation as something that originates from the complementarity of the investors and local farmers’ interests. An earlier policy brief also published by FAO [LIU, 2009] speaks in terms of *land grabbing* and win-win as the opposite results of the same initiative, endorsing, once again, that the outcomes of foreign land acquisitions can only be totally negative or totally positive, unsustainable or sustainable, black or white. The fundamentals of this argument lay in the problematic definition of win-win-win scenarios. If we think about sustainability in terms of a situation in which all the dimensions are equally satisfied, we assume that every dimension obtains the same amount of gains. According to Nash’s Game Theory, a win-win scenario takes place when cooperation and compromise lead to a situation in which the participants equally draw benefits from the game [NASH, 1953; MYERSON 1999]. However, as in any other competitive economic environment, this is unlikely to occur [FAIRHEAD et al., 2012]. In commercial agriculture, as in any other competitive economic environment, can be identified two different types of behaviour: the fair type and the selfish type. Fairness is described as self-centred inequity aversion. Inequity aversion means that people resist inequitable outcome; they are willing to give up some material payoff to move in the direction of more equitable outcomes. On the other hand, selfish type of people, only pursue their material interest and do not care about other goals [FEHR and SCHMIDT 1999]. The example assumes a bi-dimensional scenario featured by the social and economic pillar, but what changes by applying it to the Triple Bottom Line is only the coefficient of difficulty of a game in which the participants are three and not two anymore. This suggests that compromises can lead to more sustainable outcomes, which entails a solution where all the parties attain satisfactory results. The achievement of a perfectly balanced scenario needs to be excluded as stated by Fairhead et al. [2012]

and also because many components of the total amount of capital available on the planet cannot be attributed with a quantifiable value. The conclusion that this study draws is that, in absence of further developments on the topic, sustainability cannot be defined as a hard science, which contributes the actors to likely act in an arbitrary way trying to balance environmental, social and economic dimensions. In a situation in which the literature advocates a redefinition of the concept able to find methods to provide accurate data on the stock of capital, this study has made its own decision to apply a concept that, despite being rather shallow, has enough theoretical fundamentals able to construct a valid and clear argument. Thus, this thesis intends to measure sustainability in a qualitative way based on the evaluations from a series of witnesses provided by different actors involved in, affected or concerned by a foreign investment in agriculture. Therefore, drawing from the multigenerational relevance highlighted in the Brundtland Report and the concept of triple dimensionality of sustainable development coined by Elkington, this study considers the sustainability of a foreign investment in agriculture as the capacity to “*create value both inside and outside the walls of the company*” and “*developing strategies that balance competition and cooperation, designing and delivering products and services that meet social and environmental needs*” which presume that a compromise is reached through the willingness of giving up some material gains in the name of bearable, equitable and viable results [SUSTAINABILITY 2018]. Referring to Levanen et al. [2015] attempt, this study uses a set of 10 indicators to measure the capability of FDI in agriculture in Tanzania to promote sustainability in ecological, social and economic dimensions underpinned by the pillar of “intergenerationality” coined by Brundtland. In this study, the care for future generations is both considered as the desired result achievable by respecting the mentioned dimensions and as a dimension itself, which fulfilment is strictly related to the land acquisition process.

**No. Sustainability Indicators for FDI in agriculture**

**Intergenerational Indicators**

1	Is land accessed without compromising the sustenance of future generations?
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**Environmental Indicators**

2	Do the farming practices adopted contribute to minimise pollution and preserve the integrity of the ecosystems?
3	Are the farming practices adopted able to avoid waste of natural resources?
4	Are initiatives aimed at combatting desertification and climate change promoted?

**Social Indicators**

5	Are more and better jobs created?
6	Are infrastructured and social services improved?
7	Do know-how transfer and promotion of talent take place?
8	Is there an overall improvement of local people's life conditions?

**Economic Indicators**

9	Do the companies recover from the initial investment?
10	Do the practices employed generate more turnover while minimising costs?

*Table 1. Indicators for the analysis of the sustainability of FDI in agriculture*

### **3. METHODOLOGY**

This chapter highlights the methodological choices made in order to carry out the research fieldwork aimed at finding sustainable cases of foreign investments in agriculture that was conducted in Tanzania between February and August 2018. It refers to the tools available in order to harvest and elaborate data, making it clear how and in which specific context they have been adopted. The chapter also explains that the research has relied on qualitative methods and provides the reasons on why such an approach better fits this study than the employment of quantitative analysis.

A relevant section of the chapter is devoted to the operationalisation of the research. It explains the required procedures undertaken to be able to conduct data collection in a safe and legal way. Moreover, it focuses on the practical aspects of field-based research: how to establish a network, the human approach adopted to be trusted and gain entry, the importance of language and geographical knowledge in organizing the logistics. The decision to explain in detail the practical aspects of conducting field-based research, responds to the need of showing the challenges faced both during the preparatory phase and the actual fieldwork. Constraints undermine the regular flow of the research and contribute to relevant resources losses that can be avoided by the preliminary knowledge of the fieldwork site. As such, the familiarity with the local context proved to be determinant in addressing the challenges faced during the research and overcome situations of distress.

#### **3.1 QUALITATIVE RESEARCH**

Data have been collected by employing qualitative methods namely semi and un-structured interviews, focus group discussions and participatory observations. The decision to adopt a qualitative approach responds to the flexibility of the mentioned methods and their capacity to describe many different dimensions of a certain phenomenon. Indeed, qualitative methods have the interpretative capacity of defining a phenomenon that cannot be expressed by numbers. The relevance of qualitative research has been stressed by Sofaer [1999:102]:



*“If we focus research only on what we already know how to quantify, indeed only on that which can ultimately be reliably quantified, we risk ignoring factors that are more significant in explaining important realities and relationships. Qualitative methods help provide rich descriptions of phenomena. They enhance understanding of the context of events as well as the events themselves”*

The descriptive capacity supports and fosters the emergence of aspects that would remain hidden by vesting a phenomenon only with mere numerical significance. The wide coverage of qualitative methods allows a more detailed and peripheral vision towards a more meaningful and in-depth explanation. Becker explains that the advantage of qualitative research is to be found in the attempt of finding more interconnected processes and causes [BECKER, 1996]. Moreover, besides the scientific motivations, the decision to adopt a qualitative approach, responds to practical needs. Indeed, the attempt to find cases of sustainable foreign investments in Tanzania, presents a major issue: how to define and measure sustainability? The previous chapter endorses the Triple Bottom Line theory, which considers sustainability as a scenario in which the dimensions described by Elkington are perfectly balanced. The chapter also recognises that the theory has struggled to provide an accurate system able to quantitatively measure the level of sustainability of a given phenomenon. Therefore, drawing from the absence of a rigorous method to assess sustainability, the thesis qualitatively defines a sustainable scenario brought about by a foreign investment in agriculture. This is done by combining observation with the testimonies collected from a wide variety of actors directly involved or affected by farmland transfers and investments.

The lack of rigour of qualitative research has raised critiques about its epistemology. Schuermans argues that qualitative research can be easily contaminated by the preconceptions of the researcher, which raise doubts on the overlap of the description of a phenomenon and its reality. Moreover, it is associated with the risk of subjective interpretation that can be brought about by the background or the social identity of the researcher. These shortcomings question the effectiveness of qualitative research and contributed to create *“the imaginary binary between ‘true’ and ‘reliable’*

*science, on the one hand, and 'false' and 'unreliable' creativity, on the other hand*" [SCHUERMANS, 2013:3]. The risk of transforming a qualitative study in a bastion of personal beliefs is concrete and has been recognised not only by the supporters of quantitative research, but also by convinced scholars devoted to qualitative approaches. Becker considers qualitative researchers aware of the shortcomings and calls for precision and attention, whereas Larsen advocates for transparency as a tool able to prove the credibility of a study. Four strategies are employed by this research to check the validity of the sets of qualitative data collected: first, member checking, which consists in reporting back to the respondents the information given by them and seeking for critiques and confirmation, second, disconfirming evidence, by obtaining answers that differ from the ones before received, third, triangulation, which presupposes the gathering of multiple perspectives in order to obtain a general picture of a phenomenon and make information converge, fourth, thick description, which adds to the reports of the respondents the accurate accounting of the procedures followed during and after data collection [KUZEL & LIKE, 1991].

### 3.2 SAMPLING

The selection of the interviewees followed the principles of purposive sampling, a technique which assumes that decisions concerning the individuals to be included in the study are deliberately made by the researcher [OLIVER, 2011]. The samples are shortlisted according to specific criteria such as the knowledge of the respondents about a certain topic or the capacity to participate and contribute to the research. In relation to the aim of the study, purposive sampling can be carried out by applying different strategies. Being this research devoted to find sustainable cases of foreign farmland investments in Tanzania, it employed what Palys defined "stakeholder sampling", a system that consists in the identification of major actors involved or affected by a certain phenomenon [PALYS, 2008]. The categories targeted by the fieldwork represented the management figures of the companies, the local employees, the village leaders, national government officers and smallholder farmers and pastoralists. Different groups are likely to have contrasting interests, therefore this strategy was useful to favour the emergence of diverse perspectives and individuate if

they can converge or are completely incompatible. Moreover, considering the single-faced version of such land acquisitions and investments given by the literature, I found useful employing extreme or deviant sampling. This strategy allows to compare cases that achieved opposite results. Once assessed the sustainability of a certain investment, the same is paired with a case of land grabbing cited in the literature. The system is useful to provide general guidelines on how to achieve a best-case scenario and make recommendations to be observed by further investors to come and policy makers.

Sampling strategies can be effective to portray a phenomenon, however they are also associated with inconveniences related to the availability of the individuals targeted by the research. Organizing interviews and group discussions requires time and patience. Most of the informants, namely managers, local employees and officers were interviewed during their working hours and they often needed to cancel an appointment because of work responsibilities and lack of enough time to dedicate to my questions. This factor was determinant in adopting a flexible approach prone to adapt my research to the rhythms dictated by the interviewees. Often confirmation of an appointment was made few hours before the meeting, which required me to be able to mobilise quickly and under a severe resource constraint. Many times it happened that nobody showed up at the appointment or the key informants had unexpected that prevented them to reach the place agreed for the interview and asked to shift the meeting on another day. All of these factors slowed the research and contributed to relevant money and time losses. In some cases, the procrastination of a meeting forced me to abandon a case study that was consuming my resources without bringing about satisfactory results.

### 3.3 INTERVIEWS AND FOCUS GROUP DISCUSSIONS

The methods mainly employed to collect information about sustainable foreign investments in agriculture in Tanzania were interviews and focus group discussions. According to Gill et al., [2008:292] interviews have the purpose “*to explore the views, experiences, beliefs and/or motivations of individuals on specific matters*” considering their capacity to achieve a deeper understanding of a phenomenon when little is known about its

details. Excluding standardise interviews that are featured by closed questions, this qualitative research made use of semi-structured and unstructured interviews. The choice to use less structured interviews addresses the need to let the respondents navigate their perspectives and feelings and to brainstorm and contribute with further information not explicitly requested by the interviewer. The open-ended nature of the questions asked during semi-structured interviews, allows both the interviewer and the respondent to discuss a certain topic more in detail. I prepared the questions before my trips to the field, handing in questionnaires both in English and Swahili language to the respondents so that they could also read the questions. However, often semi-structured interviews lost entirely their structure when the respondents added information that were not entailed by the questionnaires, but proved to increase value to the research. Interviews have been employed to collect information from managers, companies' employees, national government officials and smallholder farmers and pastoralists. On the other hand, the remaining categories targeted by the research, namely village leaders and officers, were involved in focus group discussions. According to Gill et al., [2008] focus group discussions can be used to collect information on general views. In my initial plan I did not consider focus group discussion as a method for my research and village council members and leaders were expected to be individually interviewed. However, during the first meeting with village authorities, spontaneously they gathered around me expecting for a focus group discussion. I was not prepared for it, but surprisingly it revealed to be more effective and yielded much more information than I had expected. The advantages brought about by the group discussions were related to the accuracy of the information provided. Indeed, it happened that statements from an individual were corrected by the others and, when doubts arose, they discussed together to find the right answers to provide to my questions. This experience convinced me to employ focus group discussions in each meeting with local authorities and officers, where possible.

### 3.4 PARTICIPANT OBSERVATION AND SOCIAL NETWORKS

Besides interviews and group discussions, participant observation has been included into my research with the aim to obtain a more complete set of the data gathered by employing other methods. According to Becker and Geer [1957:28], this occurs by participating to people daily lives “*either openly in the role of researcher or covertly in some disguised role*” both observing what happens and listening to what is said. Following these guidelines, I observed the surrounding environment before and after the interviews aiming to grasp determinant details concerning the treatment of the employees, the status of facilities such as canteens, toilets and warehouses and the quality of the equipment provided to guarantee security on the job place. Observation was also employed in relation to the farming practices adopted by the company, trying to evaluate their compatibility with the environment. By participating to the planting and harvesting phases and working side by side with the employees of the companies, I could observe the working condition to which they are subjected and the relationship with their supervisors.

Besides the conventional research methods, I employed an alternative way to gather data that entails the use of social networks. After each trip to the field I started posting on Facebook and Instagram a picture and a short report about the results emerged from interviews and group discussions, by concluding with a provocative question about the debate I had to deal with. The comments under my posts harvested a lot of comments from Tanzanian friends containing different opinions about the information reported. Users often engaged proper debates about the topics at stake, from which emerged relevant information as it was a group discussion or an interview. Considered the importance of the contributions given by users, I decided to interview those people able to raise interesting and original views about the questions. Most of the respondents were friends located in Morogoro, therefore we could meet up and discuss different opinions more in detail. Such an initiative allowed to access contributions and point of views that would have otherwise been out of reach.

### 3.5 PREPARATION

The fieldwork-based research was conducted in association with the Department of Forest and Environmental Economics of Sokoine University of Agriculture of Morogoro. The decision to locate myself in Morogoro responds to two major reasons, both scientific and practical: first, Morogoro is the headquarter of SUA, the most important institution of higher education devoted to agricultural subjects, including sustainable rural development and agricultural economics. Several research projects related to *land grabbing* and foreign land-based investments have been undertaken by scholars working at SUA, which represented an advantage in terms of opportunities of networking and exchange. Second, Morogoro region is known for its agricultural vocation, and is home to several foreign projects which entailed land transfers. When researching for potential case studies during the proposal writing stage, I found many foreign farms established in the region that could fit my research.

Morogoro is called “*Mji kasoro ya bahari*” which translates into “city short of an ocean”, a nickname aimed at highlighting its strategic position in the geography of Tanzania, despite unable to ship its products and depending on the seaport of Dar es Salaam. Being only few hours drive from Tanzania’s economic capital, which is home to most of the administrative offices and governmental agencies headquarters, I could combine data collection at the farms and mobilise when in need to interview national government officers. At the same time Morogoro is the gateway to the Southern Highlands, the most productive area of the country for what concerns staple crops. Considered that a consistent part of my research took place in Iringa region, where recently foreign investments on land have boosted, the possibility to travel from a research site to another was eased by the decision to establish myself in Morogoro.

### 3.6 ENTRY CHALLENGES AND BUREAUCRATIC PROCEDURES

Most of the preparation for my fieldwork was accomplished before my journey to Tanzania, however several procedures could only be fulfilled

upon my arrival in the country. The process turned out to be more than exhausting because of a series of factors I had underestimated before. By the time I applied for research associateship I was in the Netherlands and I was required to indicate in which regions and districts I expected my research to take place. Based on the literature reviewed during the research proposal writing phase, I filled the form by mentioning Mvomero District in Morogoro, Kilolo District in Iringa and Arumeru District in Arusha as probable fieldwork locations. Before submitting, I specified that changes might have occurred after confronting with my local contact and supervisor. Indeed, after an initial meeting, we agreed that it would have been better for me to expand my study area in order to find cases better able to fit my research. Unluckily, the enrolment document provided by SUA after my payments, concerned only the districts aforementioned, therefore I was asked to prepare a paper, signed and stamped by my local supervisor, stating the reasons of research site change. The document was supposed to be then reviewed respectively by the Principal of the Department of Forest and Environmental Economics, the Director of the Postgraduate Studies, the Deputy Vice Chancellor and the Vice Chancellor Academics. The approval from the Vice Chancellor Academics is an official permit allowing to do research at the regional level and represents a research clearance permit by which he gives allowance to research associates on behalf of the Government of Tanzania (GOT) and the Commission of Science and Technology (COSTECH). All foreign researchers who are not associated to a Tanzanian institution, have to apply to COSTECH and pay 500 US\$ to obtain their research clearance and be allowed to collect data that will be used out of the country. After that, they can apply for a residence permit (class C) for research purposes and pay 550 US\$ more and become residents for a period of 2 years. I did not know about these rules and when, before coming to Tanzania, I looked for contacts and information in The Netherlands and Italy, students with research experience in the country suggested me to pay for a tourist visa, leave the Tanzania few days before the expiry date and come back once crossed the border with a new visa. However, land issues represent a sensitive topic in the country and access to information is only allowed to those in possession of the necessary documents. Interviews to governmental officers and entry to the companies

are denied otherwise. Moreover, attempting to carry out research with a tourist visa represents a clear violation of the law that can be punished with arrest and expulsion from the country.

Before leaving Italy, I obtained a tourism visa valid to enter in Tanzania and I was told at the Tanzania Consulate in Milan that I was supposed to obtain a residence permit upon my arrival at SUA. Once at SUA, the administrative office of the Postgraduate Studies ensured me that they would have forwarded my residence permit request to the immigration. However, two weeks later I discovered that those in charge of doing that, had completely forgotten to submit my details. Therefore, I was required to collect the necessary papers requested by the immigration office of Morogoro and, after finalising further payments, I managed to obtain my residence permit which, together with the clearance letter from the Vice Chancellor of SUA, allowed me to start conducting research in accordance to the law. The release of research clearance, consented me to carry out fieldwork in the regions I asked permits for. Once fulfilled the administrative steps, I had a meeting with the head of the Regional Administrative Secretary of Morogoro who undersigned the permit issued by the Vice Chancellor and obtained clearance letters from the districts interested by my research. Last, but not least, these documents need to be shown at the village level to be authorised to get information from local officers and inhabitants. The same procedures had to be applied in each region I collected data. Doing research in Tanzania can be a daunting task: the slow and heavy bureaucracy contributed to make me waste important resources such as time and money, forcing me to be unproductive for the first three weeks of my stay in the country.

### 3.7 INTERPRETATION

Upon my arrival at SUA my local supervisor offered an interpreter able to guide me during the trips to the research sites and translate from Swahili to English the information released by the informants. An interpreter would have been useful to ease and lighten my job as a researcher thanks to his/her native knowledge of the local environment and language. Considered my fluency in Kiswahili and the familiarity with the Tanzanian context, I



decided to refuse to be flanked by a person whose work would have impacted on the identity of the research and on my restricted financial availability. Besides the scientific relevance of my study, I considered important, if not determinant, the human impact of the fieldwork on my person, which would have been diminished through the mediation of an interpreter acting as a barrier between me and local context. Therefore, I employed the first three weeks of my stay in Tanzania refining my Swahili, building my networks and organizing the logistics.

Approaching my informants in Swahili proved to be an effective choice which positively impacted the research. First, people showed appreciation of my effort to talk to them in their mother-tongue; second, by personally approaching the informants, I could minimize any suspects they had about me and the purposes of my research. People wondered why I came from far to investigate about dynamics that do not affect me. Through my personal explanation I assured them about my intents. Third, I could dictate the pace of the discussions and interviews without depending on the operate of another person able to shape my research at his/her own will and involuntary manipulate my data.

During group discussions and interviews, I needed to gain the trust of the informants by explaining the purpose of my research and confirming that I was not a journalist, neither an activist nor a spy. In order to allow people to feel at their ease, I used to ask personal questions such as ethnic belonging and making jokes about commonplaces to it referred or introducing myself by using their native language. This made people laugh and contributed to build a relation of mutual trust decisive to enable them to provide detailed information and enjoy the conversation. Since the beginning of my fieldwork I really cared about the relationship between me and the interviewees. Establishing a direct wire with them facilitated me to come back to them whenever I wanted, meet them for lunch or for a drink and obtain the information I needed at that given moment.

### 3.8 LOGISTICS

An important organisational aspect of my research fieldwork concerned accommodation and transports. Before my arrival in Morogoro, I did not know whether the university would have assigned me a room at the campus. Thanks to a relative working for a Catholic NGO, I obtained a room at the Salesian Novitiate in the neighbourhood of Kihonda located in the periphery of Morogoro Town. The Salesian house was my main accommodation for the six months I spent in Tanzania and its proximity to SUA main campus allowed me to easily reach the university library by public means of transport, namely *dala dala* and *bajaji*, when in need to review some literature or to transcript data. Another advantage represented by my accommodation in Kihonda was the possibility to organize daily trips to the field in order to carry out interviews and group discussions. The farms in which I collected information in Morogoro region were located in a range of maximum 60 kms, making it possible for me to leave Kihonda in the morning and come back in late afternoon. Considered that a relevant part of my research also took place in Iringa, Manyara, Kilimanjaro and Tanga region, I needed to arrange accommodation for the period spent away from Morogoro. In Iringa I was hosted by expatriate friends located in Kilolo and Ifunda, whereas in Tanga I booked a guest house in town for the few days I spent in the region. For what concerns the research conducted in Manyara and Kilimanjaro, I organized daily trips to the farm from Arusha, where a friend had invited me to share his room.

Most of the farms visited during the fieldwork were located in very remote areas in the countryside, which required me to organize trips in advance by studying the itinerary and calculating the time necessary to go and come back before it would have become dark. In most of cases, public transports did not reach the farms targeted by my research, therefore I needed to rely on moto-taxi also known as *boda-boda*. *Boda-boda* represents the fastest way to travel in East Africa; they can easily deliver people and goods no matter what are time and environmental constraints, however they are also considered as one of the main causes of death in many countries. Tanzania is not excluded, according to the Guardian, the people affected by accidents registered in the country in the period between 2008 and 2015 amounted to

almost 35000, including dead and irreversibly injured [THE GUARDIAN 2017]. The chance to run serious risks while travelling in the country is concrete and the only precaution a commuter can take is to roughly inspect the vehicle before boarding and obtain a recommended *boda-boda* driver for his transfers. Therefore, in each location interested by my fieldwork I relied on a trusted person, most of the times suggested by friends who had a long relationship with him. Another issue concerning logistics in Tanzania, regarded timing. Indeed, public buses do not start their journey until they are not fully packed. In order to undertake an itinerary of 20 kms it is necessary to calculate both the time needed for the journey and the time spent at the bus stand waiting for passengers. This contributed to relevant time losses if not cancellation or postponement of appointments. Last, but not least, logistics constraints were hampered by the rainy season which featured the fieldwork conducted in Morogoro. Most of the research in Morogoro took place between March and late April, a period of the year in which the region experiences heavy rains. On one hand, the rainy season overlapped with the planting phase in most of the farms I visited, which translates into the chance to interview as many employees as possible and witness how operations are carried out in the busiest period of the year. On the other hand, the rainy season was associated with the inconveniences represented by occasional floods and slippery mud on the rough roads taken to reach farms.

### 3.9 ETHICAL CONSIDERATIONS

The fieldwork research in Tanzania needed to combine the scientific relevance of the study with the sensitivity of land issues and foreign investments in agriculture in the country. At the beginning of my fieldwork I had a meeting with a regional officer in Morogoro who was in charge to provide the necessary documents to allow data collection in Morogoro region and link me with the stakeholders. In the initial approach he showed reticence in sharing information and wanted me to frankly explain the real purpose of my research. The suspiciousness around my fieldwork's topic required me to be clear about the research objectives. Officers, both at local and national level, wanted to be sure that the information they were sharing

would have not been used to give a factious representation of the facts. I made clear since the beginning that I was not intentioned to obtain scoops or information willing to compromise the people regarded by my research. I often found myself repeating that my stay in Tanzania was devoted to the research of sustainable cases of foreign investments able to create a scenario in which the benefits of the activity undertaken by a foreigner, resulted to be better spread among the different categories. Moreover, for what concerned the land allocation, despite the involvement of political manoeuvres in past cases of land grabbing, my scope was to examine situations that led to purchases of titled land and did not entailed evictions or scarce informed transactions.

Villagers and farms' employees often asked for their identity to be omitted, others did not have any objection of being mentioned by name and surname. In order to make the research more coherent and organic, the identity of the interviewees remains hidden in this thesis. Names are mentioned only when strictly necessary to better understand the context and the human networks linking people who turned out to be determinant for the success of the research.

## 4. LAND TENURE, LAND ACCESS AND BUSINESS ENVIRONMENT IN TANZANIA

This chapter provides an overview on Tanzania's land tenure system and how its socialist legacy still shapes the way land is managed nowadays. The understanding of the legal framework related to land acquisitions is determinant to comprehend how properties can be bought, leased or rented by foreign entities. It explains under which conditions land is given to foreign investors and which criteria needs to be fulfilled in order to be eligible for investing in Tanzania. In particular, the chapter starts with an historical *excursus* of the land tenure systems adopted by the former administrators, which helps to understand how land is organized. The chapter proceeds by outlining how land is categorized in Tanzania and how it can be allocated to different actors. In particular, attention is devoted to the modalities by which land can be acquired by foreigners and under which conditions. I found indispensable to report the different procedures contemplated by the law in a detailed way. The literature about land acquisitions and agricultural investments in Tanzania refers to the land acquisition process rather thoroughly. Nevertheless, it does not consider the complete range of options available to foreigners in order to access land. This plays an important role in preventing the academia and the public opinion to provide the complete picture about foreign investments in agriculture. By telling only one side of the story, the understanding of the phenomenon turned out to be flawed by preconceptions and distortions. In order to avoid an erroneous interpretation, this chapter acknowledges the risks associated to the practices reported in the literature and recognizes their hazardous employment. However, it also demonstrates that the Tanzanian legislation on land provides tools and mechanisms aimed at minimizing the risks associated to *land grabbing*. Last, but not least, the regulatory framework is supported by empirical cases of land acquisitions occurred in Tanzania and ended up to be labelled as *land grabs*. This section is important to understand how *land grabbing* occurred. On the other hand, the case studies of the research outline how to avoid foreign investments to be *land grabs* and how such investments can instead be drivers of sustainable development.

## 4.1 BRIEF HISTORY OF LAND TENURE IN TANZANIA

Tanzania's land tenure system is featured by legal pluralism, a situation by which different legal systems interact [SULLE, 2017]. Before the colonial rule, land was administered under customary law which disposed how land could be accessed and used. Since the colonial period Tanzania has experienced a centralisation of state control on land which was enforced by the British who overtook Germans after WWI. The land tenure regime was established in Tanzania in 1923 by the Land Ordinance which disposed all land in the country to be public and passive of occupation only under the explicit consent of the Governor. The Governor could allocate land by issuing a granted title of occupancy valid for a period up to 99 years. Alongside with this system of statutory land tenure, the colonial government regularised the position of the indigenous occupants by granting occupation to smallholder farmers and pastoralists used to administer land under customary law. Customary law was thus accepted and incorporated by the British and administrated by the customary courts. However, both the courts and the law were subordinated to the colonial state executive and passive of intervention in case of perceived unjust or immoral sentences [SHIVJI, 1998]. After the WWII, emerged the urgent need for the colonies to be self-sustainable. The widely agreed perspective was to proceed to a modernization of agriculture and draft reforms able to guarantee the achievement of economic development for the colonies. The report sent by the East Africa Royal Commission in 1955 individuated in the land tenure and related use the main constraint to the mentioned modernization. Therefore, it advocated a renovation of the land tenure system through a process of Individualization, Titling and Registration (ITR) of land rights able to favour a shift from customary to freehold tenure [SUNDET, 2006]. This intent was strongly opposed by TANU (Tanganyika African National Union) and its leader Nyerere who manifested his dissent in *Mali ya Taifa*, a paper published in 1958:

*“In a country such as this, where, generally speaking, the Africans are poor and the foreigners are rich, it is quite possible that, within a eighty or a hundred years, if the poor African were allowed to sell his land, all the land in Tanganyika would belong to wealthy immigrants, and the local people*

*would be tenants. But even if there were no rich foreigners in this country, there would emerge rich and clever Tanganyikans. If we allow land to be sold like a robe, within a short period there would only be a few Africans possessing land in Tanganyika and all others would be tenants”* [NYERERE, 1958:55 in SUNDET 2006:4]

On the one hand, Nyerere was opposing an unregulated land market which would have driven to a commodification of land. On the other hand, he demonstrated the willingness to put effort in eradicating traditional and consuetudinary tenure, conceived as the main responsible of the backwardness plaguing the new-born Tanganyika. Nyerere’s objective was to pursue a socialist way able to embody a classless African society claimed to be existed in the past, in which people lived and worked communally: the *Ujamaa*. Officially included in the political agenda by the Arusha Declaration of 1967, the *Ujamaa* pursued the nationalization of the means of production and encouraged people to move in villages to start collective farms able to favour agricultural modernization and economic development. Considered the scarce results obtained by the Arusha Declaration, the encouragement to move in collective villages became an order. From 1973 to 1975, a series of military operations relocated millions of Tanzanians without any criteria of cultural or geographical identity. It was in this period that the villages gained their administrative configuration: village councils and village assemblies were established during the *Ujamaa* and nowadays still represent the core mechanism of direct democracy featuring villages’ political and administrative schemes. During the early 80’s followed a period of liberal economic policies aimed at solving the economic struggle brought about by the *Ujamaa*. The negative results of the villagization highlighted the incapacity of small-scale agriculture to contribute to the modernization of the farming sector and guarantee development. This advocated the need of medium and large-scale agricultural initiatives able to fix the damages of 20 years of ineffective socialist policies. Furthermore, smallholders denounced the scarce tenure security brought about by the *Ujamaa*. Indeed, alongside with the order to contribute to the well-functioning of the communal farms of the villages, smallholder farmers were given an individual plot which, however, was often subjected to reallocation. The Agricultural Task Force of 1982 aimed at individuating

the shortcomings of previous policies and favour large farms to establish and ultimately increase tenure security among the smallholders. Considered that all the land in the country was perceived to be Village Land, it emerged the difficulty to spot free plots to be allocated for large-scale farming purposes. The solution contrived by the Task Force comprehended the issuing of village titles able to allocate land to village governments which would have sub-leased plots to villagers. The scope seemed to strengthen tenure security among smallholders, but in practice acted as a tool aimed at eroding the land under the village jurisdiction in order to obtain free areas to be allocated for large-scale farming purposes. Conflicts increased and land started to be perceived as an increasingly scarce resource after the titling process had started. Therefore, the current Tanzania's National Land Policy resulted from the necessity to reform and modernize a flawed land tenure system. At the beginning of the 90's a Presidential Commission of inquiry into Land Matters was established and named after its chairperson, Professor Issa Shivji. The new land policy, which incorporated some elements of Shivji's Commission, was adopted in 1995 and codified in 1999 resulting in the Land Act and Village Land Act.

## 4.2 LAND ADMINISTRATION, OCCUPATION AND USE

*“All land is public and vested in the President as trustee on behalf of the citizens of Tanzania”* [The Land Act 1999:41]

The Land Act and Village Land Act came into force in 2001 and provide the general framework regulating land rights [SUNDET, 2005]. The aim of the acts is to remove the dualistic nature of land rights that prevailed in the colonial period and introduce an important reform that entails the legal equality of customary rights of occupancy and granted rights of occupancy [SULLE & NELSON, 2009]. The Land Act establishes three categories of land: Reserved, General and Village Land. Reserved Land is land set aside for national parks, conservation areas for wildlife and environmental protection, marine and forest reserves and accounts for the 30% of all land of Tanzania. Village Land is land that is demarcated by the boundaries of



the villages of Tanzania established between 70's and 80's by the local government's legislation. General Land is defined as land which is not Reserved nor Village Land and may include "unused or unoccupied" Village Land. It represents a residual category as it accounts for only 2% of the land of Tanzania.

Under the jurisdiction of the Village Land Act, Village Land is held under customary law of occupancy and it is further sub-divided into three categories. The first category is communal village land which is land occupied and used for the needs of the community. It is where schools and markets are built and it is prohibited the allocation for individual use. The second category refers to land meant for individual occupation and use, being it for a single person or a family. The third category, also known as reserved Village Land, is land established for future communal or individual purposes [ISAKSSON and SIGTE, 2010]. Village Land is under the managerial authority of the Village Council which consists of the members politically elected by the Village Assembly, comprehending all the villagers who reached the legal age for voting. The Village Council has the power to allocate land to Tanzanian individuals or companies by issuing a certificate of customary right of occupancy. Village Land cannot be allocated to foreigners and is exclusively held under customary rights of occupancy, which perpetuity makes it being inheritable and transmissible. The Village Council can allocate land plots not exceeding 50 acres, which require the involvement of the district authorities, whereas land allocation of more than 250 acres requires the approval of the Commissioner of Land in the Ministry of Lands, Housing and Human Settlements Development<sup>1</sup>. The literature does not mention any restrictions for land allocations conducted at the village level and exceeding 50 acres, assuming that villages can allocate up to 250 acres [SULLE, 2009]. A further contradiction emerges with respect to the unit employed to quantify land transfers, as the same procedure is described by referring to ha [SULLE, 2017; TENGA & MRAMBA, 2008]. During the research fieldwork, measurement at the village level were done in acres, whereas companies expressed both in terms of acres and ha.

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<sup>1</sup> Information released from a village leader in Morogoro region.

General Land is under the supervision of the Commissioner of Lands and can be held both by Tanzanians and foreigners under a granted right of occupancy valid for a period up to 99 years renewable upon expiry. Where granted rights of occupancy are to be created for non-citizens, the land needs to be identified, designated and gazetted for investments purposes and allocated to the TIC which issues a derivative title of occupancy for the foreign investor [TENGA & MRAMBA, 2008]. The Land Act clearly states that a non-Tanzanian is not allowed to own land, save for investment purposes under the Tanzanian Investment Act. Considered that Village Land cannot be allocated to foreigners and Reserved Land is meant for conservation purposes, investments in agriculture are strictly limited to General Land.

### 4.3 LAND ACQUISITION PROCESS

Foreigners can obtain land for investment purposes which belongs to the category of General Land. There are two legal ways by which a foreigner can be granted right of occupancy on General Land in Tanzania and this can be done only by applying to the TIC, which, established by the Tanzania Investment Act of 1997, registers the land under its name.

- 1- Under the TIC, a foreign investor can be allocated General Land that has been already listed in the TIC land bank or can look for desirable General Land held under granted right of occupancy by a Tanzanian individual or company. In the first case, the land made available by the TIC through its land bank is former unused Village Land which status had previously been changed by the TIC itself. Such land is reported to be listed and set aside for foreign investments. However, it is argued that the practice is not in use as the TIC failed to create a stock of General Land to be allocated to foreign investors. In the second case, the foreign investor has to individuate a property for sale and, once agreed with the title holder on the acquisition, the seller submits the existing title deed to the Ministry of Lands, Housing and Human Settlements Development. The title is re-issued as land for investment purposes under the TIC which proceeds to the creation of a derivative

right for the investor. A foreigner willing to obtain land in Tanzania must apply to the TIC, which is a one-stop facilitation centre aimed at controlling the nature of the investment, the feasibility of the business plan and the minimum capital availability. Indeed, the threshold for projects in which the majority of the stakes is owned by non-Tanzanian citizens, is set to 500000 US\$ to be invested in a time span of 5 years. If the investor meets the requirements, the TIC grants a certificate of incentives and proceeds to provide assistance and guidance in further steps of the process [ISAKSSON and SIGTE, 2010]. As the foreign investor fails to meet the conditions agreed upon on granting the derivative title, the TIC can claim back the land and compensate for the development made on that land.

- 2- The other method by which a foreign investor can be allocated General Land, is contained in the Village Land Act, which sets out the procedures of transferring Village Land into General Land. This can be allowed by the president of Tanzania or a minister on his behalf, exclusively if it is in the public interest. The process of transferring Village Land into General land is long, complex and the land status can hardly be reverted in the future as the customary right of occupancy is extinguished [NELSON et al., 2012]. As a first step, the foreign investor individuates a suitable area and submits the proposed project to the district authorities, which, after an evaluation, link him to the targeted villages. At the village level, the investor makes his intentions known before the Village Council, which consults the land use plans to make sure that the land transfer does not affect current and future needs of the community. It is compulsory for the foreign investor to consult the TIC and the district before undertaking negotiations at the village level. At the same time, the Minister publishes a notice on the proposed transfer in the Gazette, which is sent to the Village Council. The notice aims at soliciting information about the location, the extension and the use included in the proposal [TENGA & MRAMBA, 2008]. The Village Assembly gathers and obtains explanations about the details of the transfer from the Commissioner of Lands or an authorised officer, occasionally accompanied by the investor himself. It is in this occasion that the

community is informed about the project and related details. The approval of transfer is given by the Village Assembly if the land to be ceased is less than 250 ha. If the area is greater than 250 ha, the Minister decides whether the transfer should be approved or refused, always taking into account the recommendations made by the Village Assembly. Before the transfer takes place, the Village Council has to decide with the Commissioner of Land about the compensation to be paid by the foreign investor. Once reached an agreement, the President proceeds to transfer Village Land into General Land. The Ministry of Lands, Housing and Human Settlements Development issues a granted right of occupancy for investment purposes under the TIC, which produces a derivative right for the foreign investor.

Apart from derivative rights, foreign investors have two further options to gain access to land in Tanzania: through long leases and joint ventures.

- 1- Using a long lease, a foreign investor enters into lease agreement either with a citizen or non-citizen who has been granted a title of occupancy. The duration of the lease shall be 10 day less than the period for which the granted right of occupancy has been issued.
- 2- Pursuing a joint-venture, a foreign investor joins a Tanzanian entity which in turn needs to own 51% of the shareholding of the company. The land interested by the investment needs to be General Land on which the Tanzanian entity enjoys a granted right of occupancy. If the company is willing to register under the TIC, the investment threshold is set to 100000 US\$.

#### 4.4 LESSONS FROM PAST EXPERIENCES

The transfer from Village to General Land has been associated with cases of land grabbing. According to Isaksson [2010], this practice is exposed to risks for the local communities as the transfer occurs in a framework of scarce informed consent in which the members of the Village Assembly are not aware of their rights or do not properly understand the details of the deal [NELSON et al., 2012]. Furthermore, the decision has been often influenced by pressures from high ranked officers pushing for the transfer to take place.

A greater problem is also associated with the amount to be paid for the land obtained by the foreign investor. Isaksson reports that in several cases compensation was not prompt and adequate or based on shallow esteems. Moreover, promises of employment and provision of social services did not take place accordingly. Last, but not least, the transfer from Village to General Land is linked to threats to food security and displacements. Inaccurate assessment of the land use plans can create situations in which land becomes a scarce resource hampering the self-sustainability of a community [NELSON et al., 2012]. Land labelled as “unused” or “unoccupied” can still be considered by certain categories as a determinant source of living as pastoralists might graze their cattle and villagers collect firewood for personal use. Tanzania’s recent investment experiences turned out not to be sustainable and soon were labelled as land grabs. Vast portions of Village Land have been transferred to foreign companies which conducted the procedures in a non-transparent way and made promises that were not fulfilled. This is the case of Bioshape, a Dutch company involved in the acquisition of 34000 ha of woodland for jatropha cultivation in coastal Tanzania. The process of land transfer was flawed by scarce informed consent by the villagers who did not understand the legal implication of a deal that would have extinguished their customary right. Once the company obtained access to the land, only a small area was planted with jatropha. Most of the land, covered by natural forest, was harvested for selling timber, which represented the main activity carried out on the property. Few years later, the company declared bankruptcy and abandoned the project, leaving the local staff with unpaid wages and permanently landless. A similar situation involved the Swedish SEKAB, a company involved in sugar cane production for bioethanol that acquired 22000 ha along the coast of Tanzania. Soon the project collapsed because of lack of financial availability and the company abandoned. Differently from Bioshape, the land transfer had not been finalized by the time SEKAB declared the failure of its operations. This leaves the original land holders with a glimmer of hope, as they can obtain their land back considered that the land status has not changed [NELSON et al, 2012]. In the case of the British Sun Biofuel, involved in jatropha cultivation, the project also failed to take off and, by the time the company declared insolvency, it was sold to a mysterious buyer.

Sun Biofuel had managed to obtain a derivative title for the land acquired from the villages and, despite the abandonment of the project and the consequent sell-off, the land could not be returned to villages as the status had already changed. Villagers denounced that compensation for land was not prompt and adequate, whereas others claimed that no compensation ever took place at all [CARRINGTON, 2011].

Considered the risks associated to the transfer from Village to General Land, the companies selected for this thesis obtained land already listed. In the case studies examined during the research fieldwork, the foreign investors accessed General Land previously held under granted right of occupancy by Tanzanian citizens or foreigners provided with a derivative right issued by the TIC.

## 4.5 AGRICULTURAL INVESTMENT PROMOTION

In 2000 Tanzania launched the Development Vision 2025 which advocates for better life conditions for its citizens to be attained by 2025 [SIRILI, 2014]. The policy targets five attributes that the country should be endowed with: high quality livelihood; peace, stability and unity; good governance; a well-educated society and a competitive economy capable of producing sustainable growth and shared benefits. “*A modern rural sector and high productivity in agricultural production which generates reasonably high incomes and ensures food security and food self-sufficiency*” represents the backbone strategy to raise the general standards of living for Tanzanians [TANZANIA DEVELOPMENT VISION 2025, 2000:16]. The Development Vision further reports that “*agriculture [...] continues to be dependent [...] on backward technologies. Thus, agricultural production is low and erratic*” [TANZANIA DEVELOPMENT VISION 2025, 2000:10]. Considered as the foundation of Tanzania’s progress since Nyerere’s time, agriculture is placed on the forefront by national policies aimed at favouring a farming revolution initiative. At this purpose, in 2009 the former President Kikwete launched Kilimo Kwanza, a ten-pillar strategy able to accelerate agricultural transformation in Tanzania [BERGIUS, 2012]. Kilimo Kwanza is reported to include a holistic set of policy tools and strategies triggering a

green revolution and capable to favour agriculture commercialisation, improve cultivation methods of small-scale farmers and assure country's food self-sufficiency [MBUNDA, 2016]. The implementation of Kilimo Kwanza was facilitated through the establishment of the SAGCOT programme, inaugurated at the World Economic Forum Africa summit (WEFA) in Dar es Salaam in 2010. Introduced by Yara in collaboration with AGRA, Prorustica and AgDevCo in occasion of the World Economic Forum (WEF) held in Davos in 2009, the concept of agricultural growth corridors addresses multiple bottlenecks at once by coordinating a range of investments and interventions in a defined geographical area endowed with high agricultural potential [KAARHUS, 2011]. This lays the foundations for sustained impact on a greater scale envisioning benefits for smallholder farmers, food security and environmental conservation [JENKINS, 2012]. Likewise, SAGCOT is defined as a public-private partnership that strives to develop the Tanzanian farming sector by fostering sustainable agricultural investments in the country's Southern Corridor able to transform African agriculture from subsistence farming to profitable entrepreneurship [KAARHUS 2011; LUGANGIRA, 2016]. Through Kilimo Kwanza and SAGCOT, the aim of the Government of Tanzania is to attract 2.1 billion US\$ of agribusiness investments within 2030 [SAGCOT 2018]. SAGCOT covers approximately one-third of mainland Tanzania, including the regions between Sumbawanga and Dar es Salaam. It is organized according to a cluster model which facilitates the connection between smallholders or out-growers and large-scale farms, guaranteeing the participation and the benefit sharing of a wide range of stakeholders. In order to stimulate investments to take place, the TIC has identified a series of suitable sites within the SAGCOT with the purpose to put them on tender to either be accessible by foreigners and nationals. The Government of Tanzania is targeting the allocation of 350000 ha within SAGCOT by 2030 which entail the transfer from Village to General Land to be listed under the TIC, a practice which is not free of risks [SUNDARAM, 2013]. In order to avoid flawed assessment and negatively impact the communities, a thorough process of acquisition comprising six steps is set. In addition, the Government of Tanzania has confirmed its commitment in making sure that the land rights of village communities are respected and that land allocations to agribusiness are

transparent and occur prior a full informed consent and prompt and adequate compensation.

Most of the farms visited during the research fieldwork were located in the SAGCOT, namely in the regions of Iringa and Morogoro. Among them only Silverlands, located in Ihemi cluster is partnering with SAGCOT.

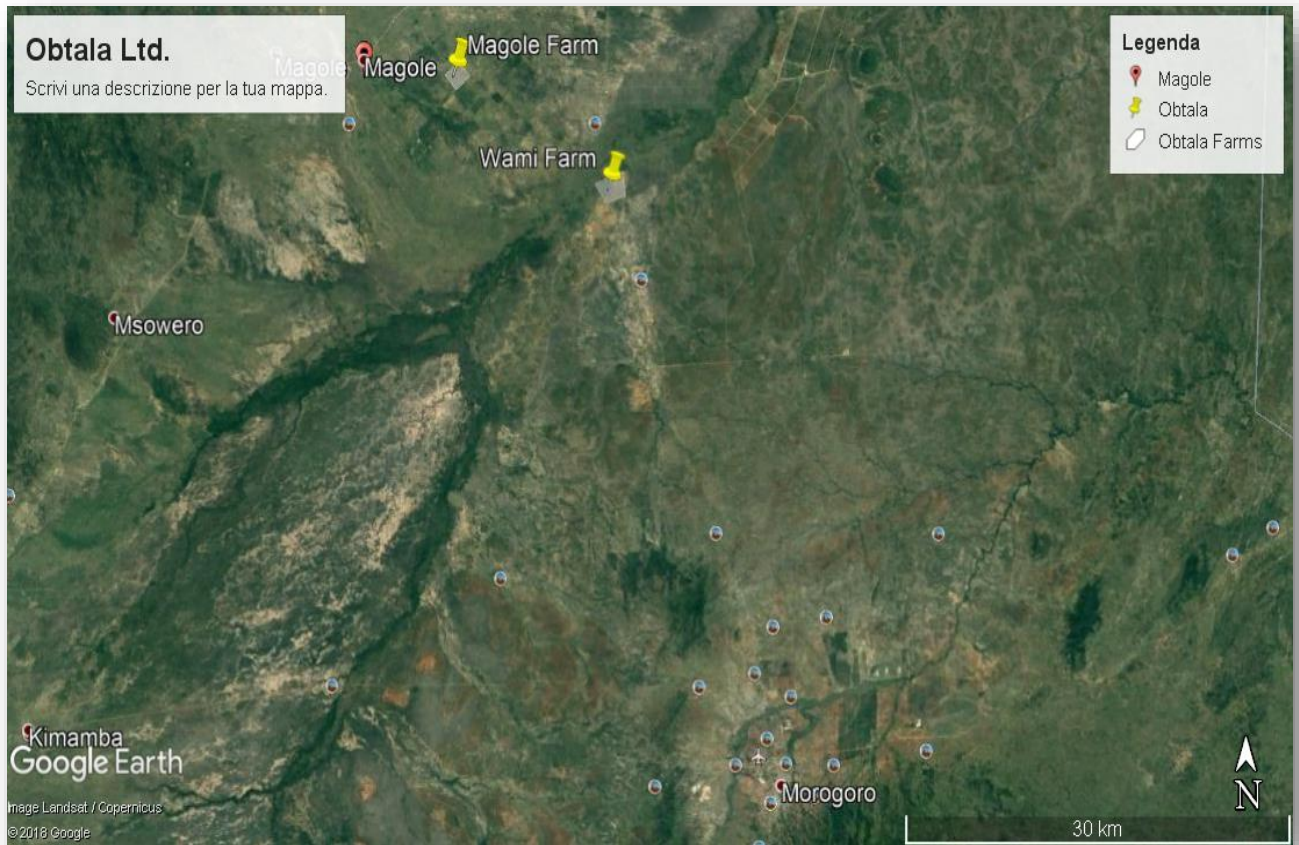
The next paragraphs provide a profile of the companies targeted by the research, which focus was on corporate large-scale projects recently undertook in Tanzania. As such, the main case studies interested Obtala and Silverlands for two reasons. First, as corporate large-scale farms at their first experience in agriculture, they were under the spotlights for the risks associated to *land grabbing*. Second, the committed investment, the vast area accessed and the potential turnovers vested the companies as potential drivers of sustainable development. Side information were collected by involving non-corporate foreign farms, which had been often neglected by the literature both as *land grabbers* and drivers of sustainable development. The decision to involve further actors in the research contributed to provide a clearer picture about the consequences of foreign investments in agriculture in Tanzania.

## 4.6 OBTALA LTD: BACKGROUND

Obtala is a London Stock Exchange AIM listed company engaged in agriculture and forestry in Tanzania, Mozambique and Gabon [ALIGN RESEARCH, 2017]. Obtala runs its operations in Tanzania through the subsidiary company Montara Continental. Obtala's operations in Tanzania date back to 2011, when the company accessed land in Ruvuma region with the purpose to establish farming activities. After conducting trials on different crops, constraints related to a difficult access to the market and the low productivity of the soil, pushed the company to relocate. In 2014, Obtala shifted its farming operations to Morogoro region, where it accessed 1735 ha distributed in two different production sites to start a horticultural project, namely Magole and Wami Farm. Magole farm, located in Milama village of Dakawa ward, is a 195 ha property on which Obtala, besides the farming activities, has established a food processing and packaging plant. The



remaining 1540 ha constitute Wami farm, located in the Wami-Luhindu village of Dakawa ward, just few km south to Magole Farm in direction of Morogoro Town.



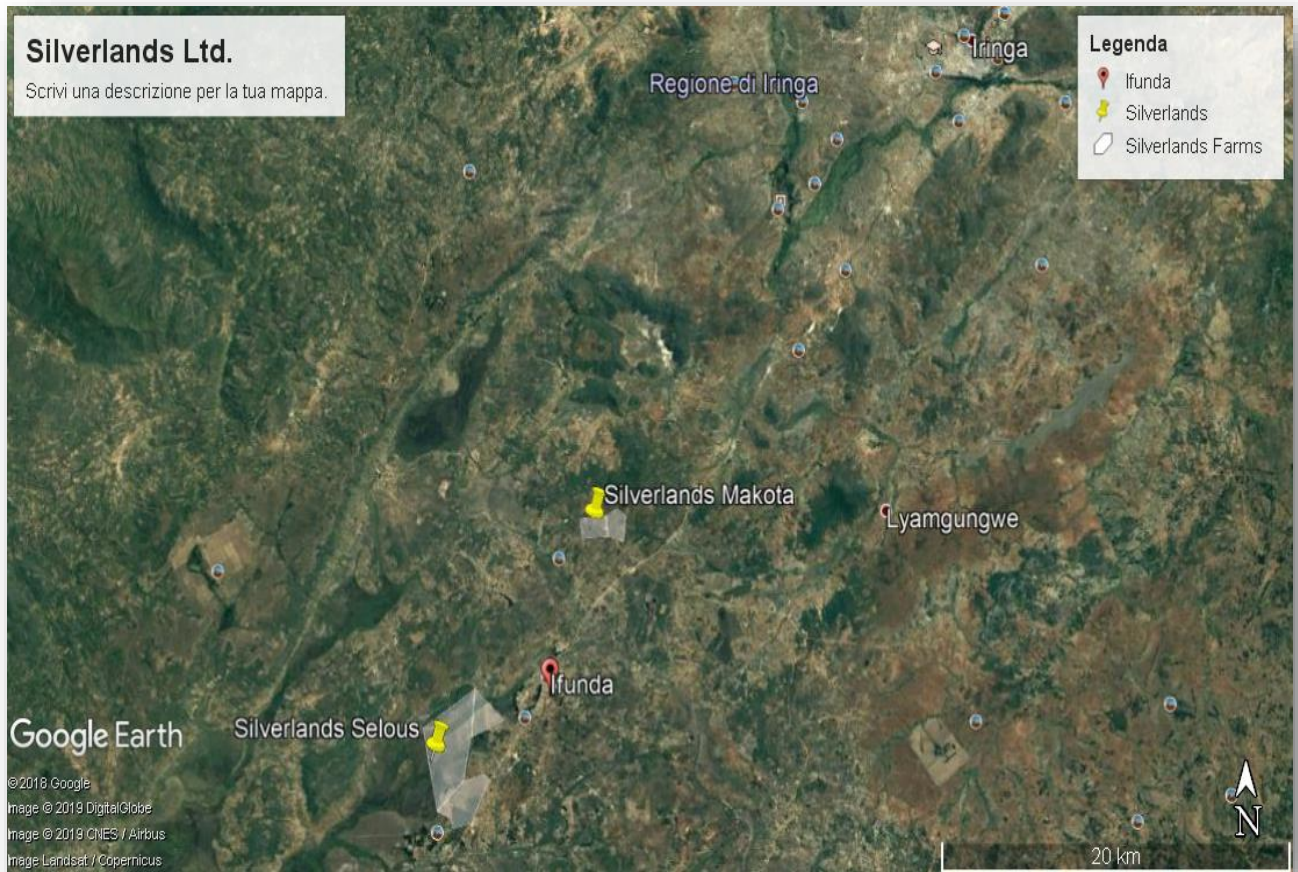
*Fig. 4 Obtala Ltd. in Morogoro Region*

Obtala's name in the literature is associated to the investment case undertaken in Ruvuma region, which yielded suspects and critiques about the way it was implemented. Indeed, the company is accused to have concluded a questionable joint venture with a Tanzanian enterprise involved in a non-transparent allocation of 50000 ha of Village Land. This is claimed to have contributed to relocations and threats to the food security of the community involved. The empirical findings achieved by the research fieldwork concerning Obtala's operations in Morogoro clash both in terms of modus operandi and outcomes with the farming project established in Ruvuma. Hence, it is worth specifying that this thesis acknowledges what is reported by the literature, but at the same time it does not take any stances with regard to the investment case undertaken in Ruvuma. Therefore, the

legacy left behind by past projects of the companies targeted by this study has to be considered irrelevant for the purposes of the thesis.

#### 4.7 SILVERLANDS TANZANIA LTD: BACKGROUND

Silverlands is a sub-fund of Silverstreet Capital, a British private equity investment company which operates across the agricultural value chain in six sub-Saharan African countries namely South Africa, Swaziland, Mozambique, Namibia, Zambia and Tanzania. In Tanzania the company invested in Silverlands Ndolela Ltd and Silverlands Tanzania Ltd. Silverlands Tanzania Ltd consists of two production centres: Selous Farm Cropping and Livestock Division also known as “Selous” and Makota Farm Poultry Division. Selous originates from the acquisition of two contiguous farms in Iringa region, namely Ifunda and Iganga of 673 and 810 ha respectively, and Makete farm in Njombe region sizing 1410 ha. On the other hand, Makota, established for the development of a poultry breeding and poultry feed project, arises on a 300 ha property located in Makota village in Iringa region, few km northeast to Selous. The research fieldwork concerned the impact of Silverlands Tanzania Ltd and took place in the farms located in Iringa region. Due to logistic and time constraints, no interviews were carried out in Makete. It is worth noting that Silverlands Tanzania Ltd and Silverlands Ndolela Ltd, despite being agricultural projects undertaken by the same fund, represent two different investment cases. Silverlands Ndolela Ltd is not the subject of this study, thus any references to the short form of Silverlands Ltd in the next chapters explicitly refer to Silverlands Tanzania Ltd.

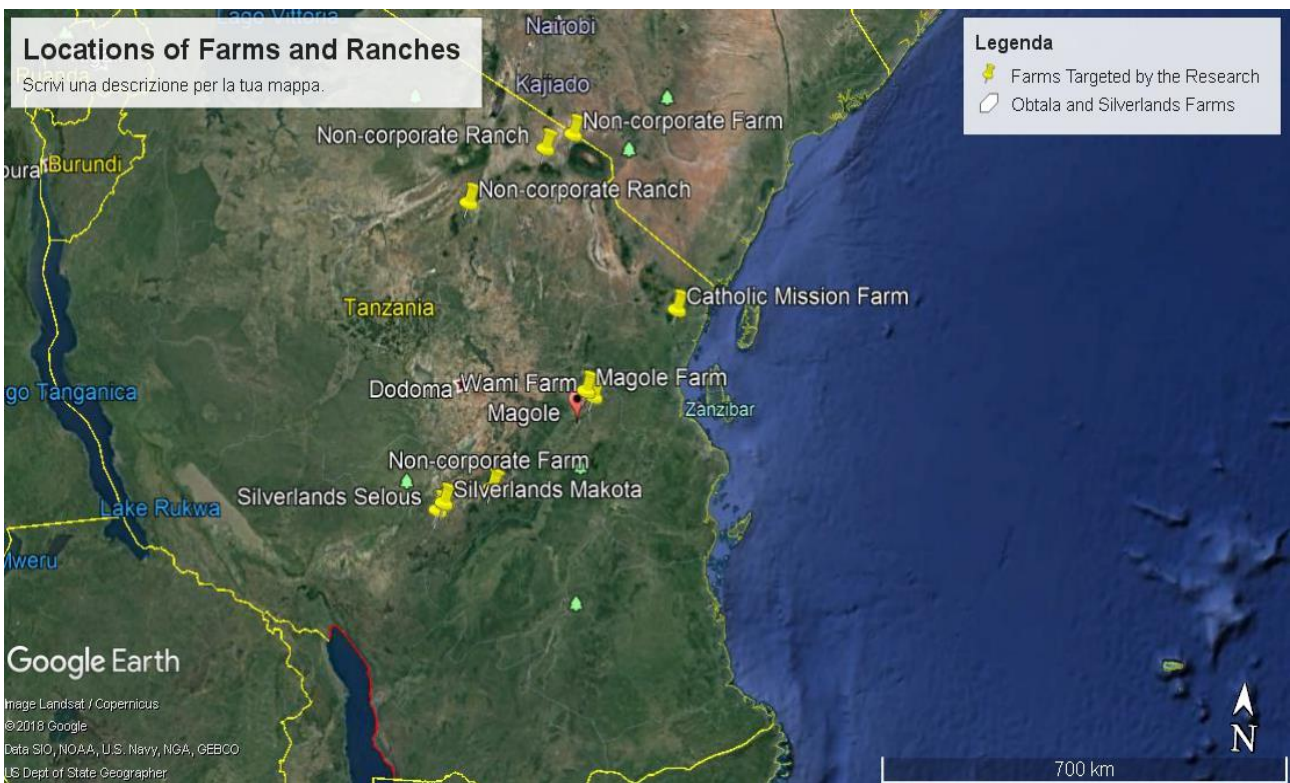


*Fig.5 Silverlands Ltd. in Iringa Region*

## 4.8 NON-CORPORATE FOREIGN FARMS

The research also involved five further foreign investors located in Iringa, Arusha, Manyara, Kilimanjaro and Tanga region, engaged in livestock keeping and mixed agriculture. Differently from Obtala and Silverlands, these are family farms for what concerns the former four, whereas the latter is owned by a Catholic congregation. The properties in question had been accessed in different periods of time by the current owners and belong to the category of General Land, on which existing farms had been operative before. The likely lower committed investment and the absence of a structured social responsibility agenda make non-corporate farms being less exposed to the media, the academia and the national politics, which might obscure their role in the agricultural landscape of Tanzania. Different business models scored similar outcomes in the social and environmental

sphere of sustainable development. However, what marked a substantial difference is the economic and financial sustainability between corporate and non-corporate farms. The absence of complete data about the profitability of Obtala and Silverlands yielded major concerns about the capacity of the latter to yield profits in the long run; a legit doubt that arises when looking at early experiences of large corporate investors in agriculture in the country. The empirical evidences collected during the six-months research fieldwork in Tanzania allow to individuate the necessary requirements a foreign investor in agriculture should comply to in assuring sustainable development to take place.



*Fig. 6 Farms and Ranches Targeted by the Research*

## 5. SUSTAINABLE INVESTMENTS

This chapter is dedicated to the empirical data harvested during the six-months research fieldwork in Tanzania and it is organized in four sections each corresponding to a dimension of sustainability. In chapter two of this thesis, the definition of sustainable development combines Brundtland's emphasis on intergenerational effects with the Triple Bottom Line coined by Elkington. In a business environment, this translates into an approach aimed at balancing the pursue of profit with the long-term impact on environment and people. Based on the information gathered from the interviewees, this chapter explains how the companies targeted by the research are perceived to be drivers of sustainable development. In particular, the first section discusses how the strategies adopted during the land acquisition process are made according to the intergenerational needs of the surrounding villages. The second section describes how techniques of conservation agriculture based on ecological principles prevent soil degradation and contribute to maintain biodiversity. The third section reports how the presence of a foreign investor can bring about positive social impact, assessed on the perceived improvement of people's livelihood conditions. The fourth and last section, explains the means foreign investors employed in their quest for profit. Being it the ultimate purpose of their economic activity, the success of a business is determinant in bringing about sustainable development. At the end of the chapter, this thesis will be able to answer the following question:

- *Which empirical evidences frame foreign investments in agriculture as drivers of sustainable development in Tanzania?*

### 5.1 THE RELATION BETWEEN LAND AND FUTURE GENERATIONS

#### 5.1.1 PRELIMINARY CONSIDERATIONS

According to Brundtland, sustainable development is development that meets the needs of the present without compromising those of future generations. The intergenerational dimension of sustainable development

fits the triple bottom line, witnessing the complementarity of the concepts elaborated by Brundtland and Elkington. The care for future generations is embedded in the three pillars of the bottom line and their proper implementation can lead to long-term benefits able to be enjoyed by the posterity. By fulfilling each dimension of sustainability, foreign investments in agriculture automatically contribute to satisfy intergenerational needs. First, practices of conservation agriculture guarantee less disturbances for the nature and maintain intact ecosystems. Caring about the quality of the soil, the cleanness of the water and the quality of the air consents future generations to live in a green and healthy environment, which, not being depauperated of its resources, can keep on assuring the sustenance of a certain community. Second, the presence of a structured corporate social responsibility agenda configures a foreign investment as a tool aimed at spurring social development among the communities in which it operates. This translates in a multitude of initiatives ranging from the provision of public services such as schools and hospitals, to the know-how transfer and all those projects aimed at promoting skills and talents. By giving up some material payoff investing in the human capital, impactful results will be achieved in the long run. Last, but not least, a profitable and sound business in agriculture assures a growing profit, which is the major purpose of a foreign investment. Moreover, it absorbs both skilled and unskilled labourers who in most cases can enjoy better salaries than average and be registered in social security funds, not accessible by workers operating in the informal sector. Better employment conditions and stipends translate in to expanded disposal income, thus brighter perspectives for the household. A successful agribusiness might decide to increase the production, further contributing to eradicate hunger and fill dietary gaps which result in healthier and less vulnerable future generations.

The intergenerational impact of foreign investments in agriculture has represented the major concern for scholars and organizations studying the phenomenon. Early researches have individuated land and the process of its acquisition as the *condicio sine qua non* for sustainable foreign agricultural investments to take place. Land transactions between investors and communities play a big role in influencing, if not determining, the future of next generations. Therefore, despite the complementarity discussed above,

the intergenerational effects of sustainable development are too important to be only conceived within the triple bottom-line. As such, this study first considers the “intergenerationality” as a single dimension when referring to foreign investments in agriculture in Tanzania. At this purpose, the next paragraphs provide the empirical evidences on how transparent land acquisition processes represent the preliminary aspect to be taken into consideration when speaking about sustainable foreign investments in agriculture in the country.

### 5.1.2 NON-BINDING CODES OF CONDUCT IN THE LAND ACQUISITION PROCESS

This study has individuated in the land acquisition process the key factor able to determine whether or not intergenerational needs can be compromised by foreign initiatives in agriculture.

*How can a foreign initiative in agriculture in Tanzania satisfy intergenerational needs and avoid to be considered a land grab?*

Considered that more than 65% of Tanzania’s population lives in rural areas, land constitutes the main asset and the primary source of living [WORLD BANK, 2018]. With an expected of more than 100 million people by 2050 fostered by almost 5 kids born per woman, the average farm size is destined to be dramatically eroded by the demographic boom [WORLD BANK, 2017]. The situation is further worsened by the increase of large-scale investments in agriculture, which in some cases contributed to subtract land from local communities, transforming masses of landless in labour force and urban dwellers. According to the Italian Catholic missionary who runs the farm in Tanga region, acquiring land from local communities can cause devastating effects in a 30 years-time. Each village in Tanzania, besides land occupied for individual or public purposes, possesses a stock of land set aside for future needs and, if given up to foreign investors, can be considered lost forever. “*When in the early 2000s we started looking for a farm to buy, able to produce food for the congregation, we received many offers from village authorities and individual smallholder farmers. However, aware of the risks associated to the acquisition of village land, we refused and finally*

*bought a registered property of about 300ha” confessed the missionary. He further explained: “Often smallholders are prone to give up their land when promptly and adequately compensated, as money are perceived as a more attractive asset than land. The appetite for cash results from the lack of awareness about the consequences of losing land”. The market value of village land ranges between 250 and 500\$ a hectare, which represents a consistent amount of money for the household. However, “as we experienced in the past, the compensation paid to the smallholders increases their condition of economic dependency instead of representing an input towards better life conditions, as in most cases individuals in rural areas do not have bank accounts and lack a formal education on how to administer their personal finances”.*

The example provided by the Missionary raises two main questions. First, early foreign investments in agriculture in Tanzania cannot justify the acquisitions of village land with the creation of jobs for the landless smallholders, as this is unlikely to satisfy all the new-born labour induced by village land transfers. The 200 ha farm employs 40 people daily, joined by seasonal labourers during the harvest, who come from the nearby village. In this case the presence of a commercial farm represents an added value for the community as the land acquired for the operations was a vacant farm established in the past for investment purposes. Villagers have not given up their land to quench the quest for cash neither they were induced to do so. The smallholders have now the chance to decide whether to be employed or to keep on dedicating full time to their agricultural activities. Yet, the congregation farm offers job opportunities for the exceeding labour in the village embodied by young generations, which might not be absorbed by small-scale farming.

Let us now consider the opposite scenario in which the 200 ha farm originates from village land acquired from the smallholders. With an average farm size of 1.8 ha per household [FAO, 2013], 111 families would give up their land for the establishment of a commercial agricultural activity only able to assure permanent employment to 40 people. Assuming the situation in which the labourers of the company come from different households, still 71 families would remain without any sources of income



after selling off their land. The situation of dependency is worsened also for the few households able to have a member employed by the company. Land, besides being a relatively sure source of income, contributes to the alimentary sustenance of the household as villagers can produce their own food at low costs. When land is sold, former small-scale farmers get exposed to market fluctuations and allocate the majority of their disposal income to purchase food they cannot produce anymore. This witnesses the unsuitability of early models of foreign investments in agriculture which might not always fit the label of land grabs, but still cannot represent a viable path to provide sustainable development.

The second question raised by the missionary is linked to population growth. As stated before, rural households in Tanzania record an average of five kids born per woman, which per se already puts pressure on land available in the country. Set aside gender inequality upon inheritance, smallholders' farms are likely to be more and more fragmented in the near future. Indeed, the almost 2ha family fields gets subdivided in equal plot of 4000 m<sup>2</sup> (1 acre ca), which still can assure the alimentary sustenance of the household. However, if such land is sold to a commercial foreign farmer, the posterity will be without a plot to cultivate and in need to search for alternative income-generating activities more likely to be found in urban centres. Foreign investments in agriculture have long been praised to be sources of development, however, the modus operandi in the land acquisition process plays a bigger role in laying the basis for the care of future generations' needs and, thus, for the establishment of a sustainable business.

The testimonies released by the missionary interviewed, provide a conceptual background useful to understand how commercial foreign investors can assure that intergenerational needs are respected when operating in a more competitive economic environment. On the same wavelength, the foreign farmers of Iringa and Arusha explained that the land accessed to carry out their activities is general land which titles date back to the colonial period. None of them had considered the acquisition of village land, aware of the risks associated to a practice that can expose foreigners to unpopularity among the surrounding communities and make local smallholder farmers more vulnerable to future events. The next paragraphs

report how the land acquisition processes followed by Obtala and Silverlands comply with all these guidelines and put on the forefront of their agenda the prerogatives of future generations.

### 5.1.3 THE RELATIONSHIP BETWEEN OBTALA AND LAND

As reported in the previous chapter, Obtala conducts its operations on two plots, namely Magole farm and Wami farm. Magole farm is the first production site established by Obtala in Morogoro region and it is located in Milama village, which is part of Dakawa ward. According to the authorities of Milama, the area covered by the farm was transferred to Obtala after an agreement between the firm and the previous title holder was reached. Milama's village executive officer, whose testimony was confirmed by the members of the village council, explained that Obtala obtained granted rights of occupancy of Magole farm from a retired Tanzanian politician who accessed the property in 1991 and decided to sell it in 2013. The plot that constitutes Magole Farm, falls under the category of General Land for investment purposes. As such, it is administered under the jurisdiction of the Ministry of Land, Housing and Human Settlements, which in the late 80's, established 15 plots in Milama village to be allocated for commercial purposes. According to the authorities, two of them have been occupied, whereas the remaining 13 are still vacant and await for an investor to come. The village executive officer explained that the presence of Obtala and the fact that it acquired a relevant quantity of land, does not represent a constraint for the inhabitants of Milama. Indeed, the village is endowed with plenty of Village Land under the jurisdiction of the village authorities, which was reported to be enough both for current and future uses. At this purpose, another member of the village council explained that the land of Milama is subjected to a clear partition, by which Village Land cannot be put under pressure by large scale agricultural investments that can be easily undertaken on the vacant plots administered by the Ministry of Land, Housing and Human Settlements. Such a situation of abundance does not represent a concern to Milama's authorities, who consider Obtala's presence as an added value for the context in which it operates and advocate for more investors to come in the remaining plots of General Land. Different

is the situation concerning the second area accessed by Obtala and constituting Wami Farm. According to the Village Executive Officer and Agricultural Extension Officer of Wami-Luhindu village, located in Dakawa ward, such land falls under the category of General Land and it is occupied under granted right of occupancy by the former President of Tanzania Ali Hassan Mwinyi. On this land he established Fahudu farm long time before the research fieldwork took place. Thanks to the collaboration with Fahudu's manager, who is also Mwinyi's right-hand man in Wami-Luhindu, it emerged that the operations of Fahudu farm are about to be transferred elsewhere, making space to Obtala's projects. Early information received by Obtala's field managers reported a partnership between Obtala and Mwinyi able to explain how the company accessed such land. However, the same information was denied by Fahudu's manager, who explained that he is not aware of any partnerships between the firm and the former President of Tanzania. He concluded that the land on which Fahudu farm was located, was leased to Obtala which established what is now known as Wami Farm. It is not clear whether the former President Mwinyi has economic interests in Obtala's activities in Morogoro region through the ownership of shares in Obtala's subsidiary Montara. What matters is that the land on which the company's activities are carried out has not been generated by converting land belonged to the village of Wami-Luhindu and compromising current and future needs of its inhabitants. The field managers of Obtala did not know in depth all the details of the land acquisition process. Moreover, the existing sales office of Dar es Salaam was closed few months before the research took place and the office dealing with the farming activities of Obtala, which is located in Morogoro, did not possess enough information to provide satisfactory answers to my questions. All the managers interviewed explained that land was accessed through leases and was not acquired from the villages in order to avoid any induced sell-offs or grabs. This found confirmation in the discussion I had with the village authorities. Despite the lack of precise information about the status of Wami Farm, it was proved that Obtala only accessed registered land for investment purposes acquired or leased from individual regular title holders who carried out their own activities before. According to Obtala's managers, the modus operandi adopted in the land acquisition process responds to two

criteria. First, the decision to acquire General Land prevented the company to negotiate with the village authorities and the smallholders the transfer of their land for commercial purposes. Aware of the risks related to land grabbing and witnessed the uproar of early investments that entailed the acquisition of Village Land, Obtala pursues a policy in which the care for future generations represents a fundamental point in assuring sustainable development to take place. Second, Obtala operates in an area of Tanzania in which land disputes increased in the last decades. Fostered by climate change and demographic trends, they resulted in lack of mutual understanding between farmers and pastoralists communities. By accessing land already listed, the company does not subtract it to the mentioned categories and prevents to aliment the escalation of violence recently experienced. This was confirmed by a group of farmers interviewed in the targeted villages. According to a young smallholder in Milama, the presence of Obtala does not represent a constraint to its agricultural activity. He explained to have quit his job at the company after having accumulated enough wealth and technical experience to upgrade his family farming business. In search for more land to expand the original area cultivated by his relatives, he submitted an official letter to the village council, which allocated to him the amount of Village Land requested. On the same wavelength, an elder member of the community explained that he does not have the strength and the financial potential to expand his farming business. However, he claimed that if he had the interest in doing so, the Village Council would have allocated land to him without any problems as there is a stock of unused Village Land that was not interested by Obtala's operations. The positive attitude with which the local farmers welcomed Obtala is determined by the fact that the Company did not affect the land rights and the sustenance of the local farmers. The land abundance in Milama and Wami-Luhindu villages was confirmed by the numerous Village Land allocations I witnessed while queuing with smallholders at the village offices. This suggests that there is an available stock of unused land reserved to the needs of the inhabitants of Milama and Wami-Luhindu.



*Fig. 7 Land Preparation at Magole Farm*

The approach adopted by Obtala in accessing land in Morogoro, can be considered as contributing to safeguard the needs of future generations by maintaining intact the land allocated to the villages by the existing legislation, allowing the posterity to fully enjoy the resources according to their necessities. The intact stock of Village Land can be equally accessed by pastoralists and farmers upon request, which is a step forward to the pacific cohabitation of different ethnic groups with contrasting instances. However, contrary opinions were raised by the Maasai community of Milama and a group of scholars with whom I discussed the status of the land

accessed by Obtala in Wami Luhindu. The interview with one of the Maasai elders, made emerge contradicting information compared to what farmers and village leaders had reported before. The interviewee explained that he used to live on Obtala's land until 1987. After that the government registered the plot and allocated it to a politician, he was forced to move out of the property and received no compensation. He said that this did not represent such a big concern as his family obtained 400 acres of land administered by the village authorities, which is now held under customary right of occupancy under the name of his brother. Things worsened in the last few years. Indeed, climate change and the increasing herd size of Maasai represents a threat to their survival. He said that the main challenge is represented by the dry season when green grass is scarce and he is not allowed to graze in the land occupied by Obtala. Obtala has developed only a small part of its property and the rest is undeveloped and covered by green grass suitable for cows. Despite most of the land is not cultivated, Maasai are not allowed to enter the property to graze their herds. Some of them do not care and break the rules, but the interviewee said that it is risky nowadays as he could be charged with fines and asked to pay a lot of money. He explained that when green grass is not available, he takes the herds far away from home seeking for green pastures or in the unoccupied plots of General Land, but it can also happen that sometimes he introduces the cows in Obtala's land hoping not get caught. I asked him to evaluate the potential scenario in which Obtala would develop the entire land and other investors access the General Land which is currently idle. He explained that such a situation would represent a serious problem and would push him to reduce the size of his herd as he would not dare to introduce his cows into someone else property with the risk to destroy the crops and then be charged with a fine he cannot afford to pay. It emerged that Maasai have a deep understanding of the needs of foreign investors and their agricultural activities, however they are concerned about the less and less space available for their herds. Despite Obtala's commitment in favouring ethnic integration, such a situation can actually exacerbate the already difficult cohabitation between farmers and pastoralists. The interviewee explained that he does not attribute the responsibility of the isolation of his community to foreign investors, rather to the "Swahilis" managers who complain to the

authorities when Maasai herds are found grazing in Obtala's land. This contributed to favour the emergence of a cultural barrier between these two categories: farmers accuse Maasai of neglecting to adapt to more contemporary lifestyle, whereas Maasai depict "Swahilis" as false, incapable of conserving their cultural identity and prone to be exposed to the bad habits emerged by embracing the elements introduced by the western culture.

Doubts about the legitimate allocation of General Land in Wami-Luhindu to Obtala were raised by a group of scholars from SUA, with whom I discussed the investment case of the British company. According to them the property held under granted right of occupancy by the former President of Tanzania Mwinyi, is to be considered passive of reallocation to local farmers. Their argument was built on the idea that if the title holder does not cultivate the mentioned land, likewise he should not be allowed to draw benefits from such land by leasing it out to another investor. If land is leased out, it means that Mwinyi does not need this property or does not have either the interest either the financial capability to develop it accordingly. As such, the land should be redistributed among the smallholders of Wami-Luhindu village. However, the critic made by the scholars is not fully correct as the existing legislation allows a foreign investor to enter a long lease with a title holder for the most part of the right of occupancy of that land. The same land is passive of reallocation only in case left idle by the title holder, thus not directly cultivated neither leased out to a more capable investor.



*Fig. 8 Maasai Herdsman with Livestock around Magole Farm*



Obtala has accessed land by complying to the regulations established by the Tanzanian law. This brought about a scenario in which the land entitled to the villages has remained completely untouched, maintaining the stock of Village Land intact for the use of future generations. In particular farmers and village leaders manifested their satisfaction about Obtala's modus operandi. However, pastoralists showed concern about the prospected increase of large-scale foreign investor that might threaten the sustenance of their herds. In the near future, the occupation of the current unused plots of General Land in Milama risks to push Maasai to graze their herds further and further from their settlement and oblige them to reduce the number of cattle. This is attributed to the bigger acreage needed by grazing herds, compared to farming activities. As such, Maasai themselves started projecting the substitution of low productive cows with better breeds and adopting a zero-grazing system in which livestock are confined in ad-hoc built paddocks. This trend risks to shift the nomadic lifestyle of pastoralists to a more sedentary one, undermining their cultural identity.

#### 5.1.4 THE RELATIONSHIP BETWEEN SILVERLANDS AND LAND

Detailed information about the land acquisition process were provided by the compliance manager, who explained that Selous and Makota were acquired from former investors. Selous farm represented the major production site of Selous Farming Limited, a company founded in 2005, whereas Makota was a flower farm owned by a Tanzanian citizen. The compliance manager of Silverlands explained that the acquisition of registered land responds to specific directives aimed at avoiding villagers to sell off their land. When the company spotted Tanzania as a suitable destination for its investment, was also aware of the fate of early farming investments in the country and the controversies related to the way land was purchased. Therefore, the decision to buy registered land responded to the explicit will to prevent any cases of land grabbing to take place. The compliance manager also stated that Silverlands is keen on assuring better life conditions for the people affected by its operations, both in the short and the long run. The acquisition of Village Land would have clashed both with the aim and the code of conduct of the company. Silverlands' farming

activities in Iringa region are concentrated in Ifunda and Lumuli ward for what concerns Selous farm, whereas Makota farm has been established in Ithembi ward. Each ward is formed by a variable number of villages which are affected in many ways by the farming operations of Silverlands. For what concerns Ifunda ward, the information was released by the Ifunda Agriculture Extension Officer and more details provided by the Leader of the village of Banda Bichi, which directly borders with Silverlands. The Agriculture Extension Officer said that the land accessed by the company in Ifunda was registered under a title issued during the colonial period and had different owners before Silverlands came. This witnesses how the commercial status of the plot does not originate from a recent conversion of Village Land, rather it is the result of an old legislative provision that survived until today. Despite Silverlands accessed the mentioned land through transparent means and by purposively avoiding risky land transfers entailing village land, the company needed to deal with the legacy left behind by previous title holders. According to the village leader of Banda Bichi, the land was owned by a Greek farmer who sold it in 1978 to a Tanzanian citizen. In 2005 the plot was acquired by Selous Farming Limited and finally purchased by Silverlands in 2015. The interviewee explained that problems arose in 2005 when Selous Farming Limited acquired the farm with the purpose to clear the land and engage in commercial agriculture. Since 1978, the previous owner had not developed the entire plot and allowed smallholder farmers to settle within the property and cultivate the land which was still unused. In a 30 years-time, farmers built their houses on that land and had children who eventually took them over in their farming activities. The new generation started considering that land as a personal property, despite lacking any official documents proving the actual customary right of occupancy. People who were allowed to establish there, after many years, considered that land as belonging to them, perceiving their status as a sort of customary right acquired overtime. However, when land is titled only the title holder has the right to claim it and any other undocumented concession is to be considered as invalid. On the other hand, General Land occupied for more than 20 years can be held under customary law by the occupants, thus passive of reallocation. By the time the plot was sold to Selous Farming Limited, the new owner found an undefined number

of households occupying the land he had just acquired. In presence of an entire community refusing to abandon the land they were cultivating, forced evictions occurred, contributing to embitter the relationship with the close villages. According to the Agriculture Extension Officer, such a situation arose in a framework of legal breaches. Indeed, the people allowed to establish themselves into the property should have been informed about the conditions of the deal. On the other hand, the forced evictions occurred in 2005 represented a drastic measure that shaded bad light on the new investor. The Agriculture Extension Officer also explained that if land is not developed according to a specific plan or left fallow, the government is in charge to confiscate and redistribute it to the local communities or the occupants. However, this is not a common practice and it is not clear what the law disposed by the time land was kept unproductive between 1978 and 2005 and whether the land had been occupied for more or less than 20 years. When Silverlands acquired the property in 2015, it needed to make explicit that it did not have any responsibilities in what had happened 10 years before. The same story was confirmed by some members of the Village Council of Muwimbi, who reluctantly spoke about the land claims of the early 2000s. They recognised that the situation created upon land transfer in 2005 resulted from the approximate concessions made by the previous owner and the empty spaces left by the law. This, combined with the harsh reaction of the new investor, not willing to reach any compromises with the occupants, contributed to initiate a relation of mutual scepticism and lack of cooperation. The situation changed when Silverlands came and demonstrated the willingness to prove the non-involvement in past events and engage in a dialogue with the surrounding villages. Aware of the evictions occurred in the early 2000s, Silverlands tried to find a solution able to mediate the needs of the local people with its commercial activities and the legitimate right on the land acquired. At this purpose, people from the villages had been allowed to collect firewood and mushrooms in Silverlands bushlands. Both the authorities of Banda Bichi and Muhimbi explained that Silverlands accessed land which allocation is under the jurisdiction of the Ministry of Land, Housing and Human Settlements. Therefore, the deal was a private issue between the former title holders, Silverlands and the competent institutions, about which the local authorities

did not have any decisional power. The mentioned authorities also explained that the land accessed by the company does not impact the sustenance of the surrounding villages, as the area under examination had been established for commercial purposes long time before.



*Fig. 9 Land Preparation at “Selous”*

Similarly to what the authorities interviewed in Morogoro declared, land in the area is not a scarce asset for the current and future needs of the villages. However, differently from Magole and Dakawa wards in Morogoro, where General Land for investment projects was declared to be still abundant, Ifunda and Lumuli do not have much more land to allocate to investors. The authorities of Banda Bichi and Muwimbi explained that there are not any other vacant plots for commercial purposes and the remaining villages of the mentioned wards are also experiencing an increasing pressure on their General Land.

The farmers in Ifunda and Lumuli ward did not have much to complain about Silverlands operations and praised the commitment of the company to socially and economically develop the local context. Not all farmers in the mentioned wards were aware about the change of property in the land occupied by Silverlands and most of them still thought that Selous Farming Limited was the occupant. As such, at the village office of Muwimbi, the authorities and some farmers evoked an event happened in the mid 2000s, when two kids trespassed the fences and were caught fishing in the wetland inside the property. They reported that those kids were beaten almost to death by the watchmen of Selous Farming Limited and one of them forced to eat the raw fish he had fished. Many members of the community both in Ifunda and Lumuli spoke about the event as a dramatic story that shook the tranquillity of the wards, reporting the terrible psychological consequences suffered by the mentioned kids. Some other farmers lamented the fate of those who were evicted by Selous Farming Limited, claiming that land rights were violated. All these complaints date back to a period in which Silverlands was not the investor, thus not responsible of the mentioned facts. Those aware of the change of proprietors in the farming plot of Selous reported that Silverlands is a more tolerant and helpful interlocutor, prone to intervene to solve land disputes that arose when beaconing the property. A small group of farmers, confirming the information released by the village authorities of Muwimbi, stated that Silverlands accessed land without any irregularities and put effort in solving past conflicts. However, they lamented that the company did not proceed to operate a restitution of the land occupied by the farmers evicted by Selous Farming Limited. At this purpose, Silverlands could have considered the position of the farmers

evicted by Selous Farming Limited and offered them to re-engage in their activities on the land they used to occupy.

Differently from Obtala, Silverlands has successfully implemented an out-growing scheme. Smallholder farmers are recruited by the company, which relies on their supply of soya and maize for the production of chicken feeds. Therefore, local growers are encouraged to maintain their land and to put effort in making it as much productive as possible. As explained by Liu, leaving local farmers in control of their land represents the most sustainable model that foreign investors in agriculture can adopt. Indeed, such an approach does not contribute to reduce resource access and loss of livelihood. In the third section of this chapter, the thesis explains in a more detailed way how such a system represents an effective tool in implementing the social dimension of sustainable development.

## 5.2 THE SAFEGUARD OF THE ENVIRONMENT

### 5.2.1 PRELIMINARY CONSIDERATIONS

The triple bottom line outlines the environment as the overarching dimension of sustainable development. Despite Elkington considers all the three pillars to be of equal importance, further studies aimed at finding a more specific definition of sustainable development, have delineated the environment as the bedrock from which the society and the economy draw their origins. According to FAO, crop and livestock production represents the major sources of water contamination, air pollution and land degradation, contributing to loss of biodiversity, catalyse climate change and undermine human health. However, the effects of agricultural activities on the environment can be mitigated and, in some cases, agriculture can even represent a successful tool in reverting the mentioned effects. As such, foreign investments in agriculture have to fulfil a range of conditions able to assure that the environment in which they operate not only does not get irreversibly spoilt, but also is regenerated. Therefore, the second step towards sustainable foreign investments in agriculture to take place is the minimization of disturbances to the environment and the adoption of practices able to preserve ecosystems and increase the fertility of the soil.

At this purpose, the next paragraphs explain through the support of empirical evidences how regenerative and precision agriculture can represent a successful method to mitigate the negative effects of farming activities.

### 5.2.2 SUSTAINABLE LAND MANAGEMENT

This study has individuated in farming methods the main factors able to influence the correct implementation of the environmental dimension of sustainability of foreign investments in agriculture in Tanzania.

*How can a foreign initiative in agriculture operate in accordance to the natural environment?*

Practices of conservation agriculture (CA) can be considered the key drivers able to assure that foreign farming investments take place in accordance to environmental standards. According to FAO [2008] “*CA is a farming system that promotes maintenance of a permanent soil cover, minimum soil disturbance (i.e. no tillage), and diversification of plant species. It enhances biodiversity and natural biological processes above and below the ground surface, which contribute to increased water and nutrient use efficiency and to improved and sustained crop production*”. Giller et al. [2009] consider CA as a tool able to solve the chronic problems of low-productivity, soil erosion and climate change in SSA. At the same time, CA works only when certain agronomic practices are applied simultaneously, making it an “*holistic package*”. According to testimonies released by two foreign ranch owners respectively located in Iringa and Arusha region, the attention to the nature is the *leitmotiv* of their commercial activity. They explained that economic interests need to be pursued in accordance to the environment in which they raise their cattle and grow their crops. As custodians of the land, their commitment combines the regeneration of degraded land with the maintenance and defence of the biodiversity: “*When I bought this ranch, it was in terrible conditions due to overgrazing and lack of crop rotation. I strived to remedy to the advanced stage of soil erosion and scarce productivity through practices ascribable to CA*” explained the ranch owner from Iringa. The cattle keeper from Arusha confessed that he inherited a

colonial farm from his family and made his best to preserve the integrity of its natural beauties. It emerged that the environmental dimension of sustainability can be achieved by implementing practices that mimic nature and minimize the shocks to the ecosystems caused by human activities. The ranches in Iringa, Arusha and Manyara succeeded in employing livestock to revert desertification. By adopting the holistic management concepts elaborated by Alan Savory, cows are rationally grazed in a way that favours grassland restoration and carbon sequestration. CA might also include practices ascribable to precision agriculture (PA), a farming system that uses high technology to increase productivity and efficiency, while minimizing the impact on wildlife and environment. Side testimonies from a farm owner in Kilimanjaro region confirmed that the employment of satellite view allows to obtain a complete range of information about the condition of the soils and the interventions required. Such a thorough tracking consents to minimize the risk of mistakes or unnecessary passages, which consequences would be poured on the environment. The owner also stressed the importance in understanding the features of the environment in which a farmer operates. *“The slopes of Mount Kilimanjaro have been pressured by deforestation driven by the increasing farming activities that prosper on its fertile volcanic soil. This results in threats to biodiversity and relevant changes of climatic conditions that are melting the snow cap on top of the mountain”*. At this purpose, the owner has also planted a considerable number of trees on the farmland of his property.

It emerged that the non-corporate foreign farmers operating in Tanzania demonstrate a certain attachment to the context in which they live. The natural beauties of the environment seem to be the real driver of their choice to invest in the country. The mentioned decision goes beyond the potential profitability of the land purchased and it relates to the love of a countryside lifestyle which is enriched by the landscapes and sceneries surrounding their farms. This makes them dedicate time and resources to the conservation of the environment. Audubon stated that *“the world is not given by fathers, but borrowed from children”*, stressing the strong bond between the intergenerational and environmental dimensions of sustainability. As such, the ultimate purpose of foreign commercial farming activities is to consign the land they hold today, intact to future generations that will be able to



harvest the ripen fruit of their effort and enjoy the natural beauties of the environment as their predecessors did.

These examples report how commercial farms owned by foreign private individuals in Tanzania succeeded in guaranteeing the safeguard of the environment, if necessary, even at the expenses of the profitability of their farms. The combination of CA, PA and initiatives of reforestation provide the ideal framework in which a commercial farmer should operate to be sustainable. When the foreign actors are corporate firms in search of high margins, the commitment to the environment and the preservation of natural beauties might not be taken for granted. Managers and shareholders do not have the emotional attachment to the context in which their company operates, if compared to private individuals examined before.

### 5.2.3 OBTALA'S CARE FOR THE ENVIRONMENT

The pests and diseases manager and the crop production manager of Obtala confirmed that the focus on the environment is a priority for the company, which combines conservational practices with precision farming. He explained that PA represents an important asset in rationally managing the resources at their disposal and minimize wastefulness. This is of particular importance for what concerns water and fertilizers. Water in Morogoro is a scarce resource during the dry season. The absence of irrigation schemes able to exploit the capacity of perennial rivers presents a major constraint to agriculture and encourage a cautious use of water. For what concerns Wami Farm, water can be easily pumped from the nearby Wami river which borders the property. Different is the situation for what regards Magole Farm, which cannot have access to any water courses in the proximity of the fields and required to dig boreholes able to provide a constant supply. In a country in which water access for agricultural purposes represents a major constraint to farmers, Obtala's *ethos* is to make use of this precious resource as efficiently as possible. At this purpose, the company established a drip irrigation system able to supply the plant with the exact amount of water needed for its biological needs, avoiding any misuses. A drip irrigation scheme also allows a rational use of fertilizers, which mismanagement might represent the major cause of pollution. When fertilizers are applied

with the wrong timing and are given in the wrong quantities, this affects the nutrients uptake by the plant and results in losses through leaching, runoff and volatilization. The missed uptake of nutrients such as nitrogen and phosphorus can determine serious damages to the environment in terms of eutrophication of water bodies. Moreover, a high concentration of such nutrients in the water represents a concrete threat to surrounding communities, which often depend from the mentioned water bodies for what concerns drinking water. This system of drip irrigation allows the implementation of a practice called fertigation, which allows an oculate use of both. The farm manager emphasised the importance of conservation practices and how these are implemented. First of all, land needs to be covered as much as possible when it is not cultivated in order to maintain soil moisture and adequate temperature under which microbial activity is optimal. Moreover, a permanent coverage of land prevents soil erosion to take place as wind and water can be powerful forces able to remove topsoil when the land is bare. The protection of the soil surface can be done through the use of cover crops or simply by reducing tillage and leave crop residues on the soil letting them operate as a natural mulch. The manager also stressed the importance of minimising tillage which, besides representing a major disturbance for the soil, can release consistent amount of carbon dioxide in the atmosphere and foster soil erosion.



*Fig. 10 Sweet Melons at Magole Farm*

The pests and diseases manager added that the environmental responsibility endorsed by Obtala is not limited to the day-to-day work at the farm. Rather, it is further implemented beyond the walls of the company through initiatives aimed at improving the natural environment surrounding the nearby villages. At the district level Obtala has the plan to plant 150000 trees around schools, hospitals and prisons as part of its commitment in environmental protection.

The interviews with the managers of the company and techniques of participant observation detected the commitment of Obtala in operating according to environmental standards. However, between the information reported by Obtala's website and the reality there are some inaccuracies, which have been corrected by recent measures. The company recently dismantled a drying plant that was alimented by wood harvested in the nearby forest land. This was reported not only to be inefficient, but also contributing to deforestation and CO<sub>2</sub> emission in the atmosphere, thus negatively impacting the environment. The commitment in promoting sustainable practices mentioned in the website, is thus partially incorrect as the company was aware since the beginning that such plant would have resulted in environmental degradation.

#### 5.2.4 SILVERLANDS' CARE FOR THE ENVIRONMENT

Likewise, Silverlands' model includes a series of practices attributable to CA and PA plus a joint effort in reducing import of materials, which contributes to combat carbon dioxide emissions. The compliance manager explained that good land management practices are fundamental in sustainable agriculture. As such Silverlands operations include minimum tillage, which reduces soil erosion and contributes to build up organic material. Organic matter improves soil's fertility through an increased cation exchange capacity, enhances soil's water holding capacity, which reduces leaching of nutrients, erosion and maintains the soil humid, preventing water wastefulness. The formation of organic matter is also favoured by the spread of poultry manure collected from the chicken houses of Makota farm. The use of poultry manure allows Silverlands to recycle the organic waste produced in the chicken units, which partially substitutes

commercial fertilizers. Chemical fertilizers, despite accounting on 50% of world's food production thanks to their capacity to boost yields, are responsible to soil acidification, air and water pollution and mineral depletion of the soil. A reduced and more rational use of chemical fertilizers results in relevant economic saves and even greater environmental benefits. At this purpose, Silverlands does periodical soil samples useful to show soil's nutrient deficiency. Thanks to the auxilium of farming machineries equipped with GPS system, the application of fertilizers occurs according to the results of the soil tests communicated to the GPS and operationalised by the machine. A minimised use of fertilizers is achievable not only by recycling organic waste and by obtaining a satisfactory set of data about soil status, but also by recurring to specific agronomic practices. At this purpose Silverlands makes use of intercropping and crop rotation, that combine or alternate legumes, which have the capacity to fix nitrogen in the soil, with other families of crops. Silverlands also promoted crop rotation among the affiliated communities of out-growers, previously accustomed to monoculture. Monocropping is detrimental to the soil as it remains bare during the fallow period and gets poorer and poorer. Moreover, it contributes to loss of biodiversity and eliminates biological control, making the soil weak and the crop more susceptible to pests and diseases. Since crop rotation has been introduced, smallholder farmers collaborating with Silverlands, not only improved their economic condition, but managed to enhance the quality of their soils and become more resilient to natural hazards. The compliance manager also emphasised the effort Silverlands has devoted in locally grow the produces required, reducing import. The decision to cultivate soya positively impacts the environment in terms of carbon dioxide emissions cut by the minimised need of transports. As mentioned in the previous chapter, before Silverlands promoted soya production in Tanzania, the most used source of protein for animal feeds was constituted by fish meal from Lake Victoria, which is more than 500 km far from Ihemi. Soya, as a source of protein is a determinant grain for the poultry business conducted in Makota and the possibility to self-cultivate it eliminates the need to import it from other countries or use substitutes that are produced faraway.

On the other hand, the cultivation of soya for animal nutrition has been considered as the major factor driving deforestation around the world. In Brazil the increase of the area under soya production has driven the clearance of vast areas of Amazon rainforest, contributing to biodiversity loss. The growth of the poultry and livestock sector associated with changes in alimentary habits in Tanzania might yield similar results. The introduction of soya in the country is to be attributed to Silverlands, which has individuated the increased consumption of chicken meat and spotted protein deficiencies in such meat processed country wide. Alongside with these trends, the company contested the health and environmental impact of previously used protein sources such as fish meals. Such concentrates originate from Lake Victoria and are claimed to threaten the survival of the endemic species and being vehicle of Salmonella. Soya has been defined by the management of Silverlands as the occasion to raise chickens with better nutritional values without exposing the environment and the consumers to serious risks. As long as the crop is employed in the rotation with maize, which is the staple food consumed by the majority of Tanzanians, benefits in terms of production, income and soil fertility can be achieved. However, if soya production for animal feeds purposes increases, two major issues can arise. First, more natural areas will be cleared to make space to monocropping of soya that drives to biodiversity losses and environmental degradation. Second, agriculture will not contribute anymore to the sustenance of the people, rather to the fattening of livestock, which meat is not affordable to all Tanzanians. Therefore, soya production can be a source of development for the local communities both directly and indirectly. Nevertheless, the long impact of the cultivation of this crops are associated with serious environmental risks that can determine the damages of the nature as experienced by Brazil.

## 5.3 SOCIAL DEVELOPMENT

### 5.3.1 PRELIMINARY CONSIDERATIONS

Foreign investments in agriculture have been praised to be an important source of social development for the context in which they take place. Employment opportunities, better access to markets, enhanced provision of social services and better infrastructures are just some of the advantages brought about by foreign farming initiatives in Tanzania. In some cases, the mentioned social development represented the token paid by early pioneers to convince local governments to provide authorization for business. In other occasions, promises of social development have been used as a *do ut des* formula aimed at obtaining land from smallholder farmers in exchange for jobs, schools, hospitals or any sorts of measure advocated by the land owners. This chapter has discussed how such a trade-off increases the dependency of the small-scale farmers, instead of representing an occasion of development. It emerged that if land is traded for social benefits, even when adequately compensated, the effects of the mentioned benefits are likely to be unevenly enjoyed. In particular job creation has heavily accounted on the social development concept elaborated by corporate large-scale farming investors. However, the equation is detrimental to the local population as social development as such is achieved through a land trade-off that is inversely proportional to population growth patterns: more people mean more pressure on land, which is scarce because fragmented and given up to foreign investors, whose activities cannot absorb all the labour in excess. Rather, social development needs to be interpreted as something that increases people's sustenance capacity instead of subtracting it.

The next paragraphs explain how a sound business and a structured social responsibility agenda can be effective in improving livelihoods without asking anything in exchange.

### 5.3.2 SOCIAL RESPONSIBILITY IS FREE OF CHARGE

The approach adopted by early investors in agriculture in Tanzania interpreted the contribution to social development as a bargaining chip for land. According to a professor of Sokoine University of Agriculture, this

model of development is totally ineffective and represents a certain degree of danger for current and future generations of Tanzanians. Animated by evident disappointment, he said that he was involved in studying land grabbing cases occurred in Tanzania's coastal region in which smallholder farmers were induced to give up their land in exchange of better life conditions. He was particularly dismayed by one of these cases, in which the company had just abandoned the project, leaving masses of farmers without land and jobless. The professor reported that the corporate social responsibility the company was supposed to endorse was scarcely implemented and the main construction project undertaken and accomplished regarded the building of toilets. "This was ridiculous and seriously offensive" he stated "Land was traded in exchange of toilets. How can we speak about social development?". Similar critiques were raised by a lecturer, who manifested doubts about the capacity of foreign investors in agriculture of being drivers of social development. "Promises of better life conditions can bring us back to colonialism, when civilization was the token paid for our land". During the case study conducted in Tanga region, the interviewee explained that social development can only be achieved by giving up some material payoff which needs to be combined with the willingness to improve the life conditions of the surrounding communities. An hospital, a school of agriculture and 40 people permanently employed represented the social goals achieved by the Catholic farm. If this can be taken for granted for what concerns a religious congregation committed to charity, it might not be the same for commercial farms. The ranch owners in Iringa and Manyara regions made their best to enhance the livelihood of the nearby villages. In the first case, besides employment opportunities, local people are allowed to harvest wood within the property free of charge and building materials are given to the ward and village authorities when in need. Last, but not least, the company sponsors a football team by providing all the needed equipment. In Manyara, Arusha and Kilimanjaro, the farm owners have a relation of mutual support with the nearby villages, in which the companies support the communities with social impact works. Moreover, the low-input models adopted by the mentioned ranch owners allows to absorb consistent number of people that would have been replaced by massive use of mechanisation. According to the employees interviewed



in the ranch in Iringa region, the presence of a foreign investor has represented an occasion to learn new farming practices and introduced them to an innovative way of doing business. On the same wavelength, a group of villagers explained that almost 30 people have permanent employment since the business had been established, contributing to expand their disposal income and improve their life conditions. One of them explained that formal employment gave stability to him and his family. Thanks to his salary he could pay for accommodation at the boarding school in which his kids were studying and open a business for his wife. Moreover, he explained that a formal job allows him to join the social security system and accumulate money that will be paid when retired.

### 5.3.3 OBTALA'S SOCIAL IMPACT

At Obtala the commitment in developing the social context in which the company operates is on the forefront of its structured agenda. According to the pests and diseases manager, the company employs 80 permanent workers such as field supervisors, machine operators, watchmen and general labourers. During the high season, when the load of work increases, additional 200 workers are recruited. Field supervisors, such as assistant managers and quality control managers, are selected by advertising the job and hired after interviews. It can also occur that interns (i.e. from SUA or similar higher education institutions) can become part of the team after 8-12 weeks of internship. Operators and drivers are promoted from inside the company. It means that a general worker becomes an operator and is selected to obtain a certification at the institutions offering trainings such as SUA or VETA. They need to hold a diploma of form 4 and be able to understand basic English to attend workshops and interpret illustrative brochures of the machines they have to manoeuvre. For what concerns general workers, there is no consideration of the level of education achieved. They receive basic trainings from supervisors and are recruited from the villages in which Obtala operates. During the high season, workers increase as also seasonal labourers are hired. Obtala keeps a register providing the details of each worker in terms of efficiency and proficiency and, seeking for new employees or seasonal workers, prefers recruiting those with a long

working story with the company. According to the village authorities of Milama and Wami-Luhindu, employment opportunities provided by Obtala represent an important form of social development. Moreover, the employment at Obtala offers better working conditions and benefits if compared to the informal job market.

According to a tractor driver, his job at Obtala has been a great occasion to improve his livelihood. He started working for Obtala in 2011 when the company was still in Songea. When Obtala transferred its operations in Morogoro region, he decided to join and a new contract was provided. Despite missing secondary school education, he had relevant experience in operating farming machines, enough to be kept and labelled as a skilled worker by Obtala's governance system. Thanks to the salary he gets (400000 TZS per month, ca 160\$), he managed to build a house for him and his family in Iringa and an additional house for his parents. Moreover, he can afford to pay school fees to his two children and guarantee them good standards of education. Currently he lives in the company's compound where a small house is provided to him and dinner served every evening, while breakfast and lunch are consumed at the canteen, located close to the farm facilities. He confirmed that food is paid by the company and also injuries while working are of concern of Obtala which provides assistance and economic support for the hospital fees. When asked what he would change in his job, he replied that everything is fine as it is. His life has been massively improved by Obtala and without this opportunity he would have never managed to build up a family and provide his kids with relevant opportunities. He also confirmed that he would like to work for the company forever as his job represents an important and sure source of income and other benefits such as trainings and workshops are provided to allow him grow personally and professionally. On the same wavelength was the irrigation supervisor. He started working for Obtala in November 2013 and after a brief period of trial he was hired as a general worker. He confessed that when he was hired, he did not have much knowledge about the daily tasks, but managed how to learn and be appreciated by the managers who increased his salary over the years. He currently earns 180000 TZS (75\$) per month and explains that his stipend is determinant to him and his family. A sure income is the main reason why being employed at Obtala increas

value. Before this job, he used to practice agriculture at home, which not always can be a reliable source of income as climate change, body conditions and scarce technology endowments can lead to crop and economic losses. Being employed is much better as the income is fixed and a stable amount of money every month enable him to provide shelters to his family and invest in his farm for the future. At Obtala he receives breakfast and lunch while dinner is consumed at home in Mvomero Town where he lives. Positive feedbacks were also given by an unskilled worker, who started working for the company in 2014. Due to family constraints she studied until the second class of primary school and after that started doing informal work at home. She confessed that job opportunities in Mvomero District are not many and having a stable income from a formal employment reduces the risks related to domestic agriculture, which she still practices by recruiting someone doing it on her behalf. She also added that Obtala pays higher salaries than average and it has registered all the employees in the national social security fund, the NSSF, which guarantees severance payment.

Further information was released by a 20 years old farmer of Milama: *“I worked one year with Obtala and I had the occasion to save enough money to invest in my own farming activity”*. He also added that his experience with the company allowed him to enhance his knowledge: *“I learnt how to prevent crop diseases and avoid harvest loss. When seminars and workshops take place at Magole farm, I often participate as they represent the occasion to improve my skills and boost my profit”*. The members of the village council explained that the employment opportunities offered by Obtala helped many youths who were jobless before. It emerged that employment for youths is not necessary a life-time status, rather an occasion to earn enough money and acquire competences able to uplift domestic agriculture to a higher level.

Know-how transfer is considered an important element of social development by the authorities of Milama and Wami-Luhindu. In both cases, the presence of a foreign investor engaged in large-scale commercial agriculture offers the opportunity to get in touch with new technologies and more efficient farming practices. Obtala, as part of her commitment in

bringing about sustainable development, offers periodical trainings and workshops to employees and smallholder farmers coming from the nearby villages. According to the pests and diseases manager, Obtala trains local farmers about good crop management, in particular Obtala's staff provides workshops on how to treat the most common plant diseases and avoid Army Worms and Tota Absoluta, respectively plaguing maize and tomatoes. Moreover, farmers can ask for advices and formation is provided free of charge. The members of the village council who joined the group discussion in Milama declared that the possibility to access free workshops has increased their capacity in achieving more abundant harvests. In Wami-Luhindu the agriculture extension officer and the village executive officer stated that Obtala's commitment in transferring knowledge has convinced youths about the potential of agriculture in uplifting life standards. *"Unemployment and poverty are the main drivers of rural-urban migration"* explained a retired teacher in Wami-Luhindu *"Youths would rather hustle at the dala-dala stands of Morogoro town, Dodoma or Dar es Salaam instead of dedicating to domestic agriculture. Becoming a boda-boda driver or a dala-dala conductor represents a more attractive alternative than the hard life in the fields"*. Echoed by other villagers attending the discussion at the village office of Wami-Luhindu, the presence of a commercial farming investor in the area can revert this trend. Job opportunities can slow the exodus from the countryside and know-how transfer can lead a transformation of small-scale agriculture from a subsistence practice towards a more oriented income generating activity.

The enthusiasm of the village authorities of Milama and Wami-Luhindu has also been fostered by the social impact works that Obtala promoted in the nearby villages. The company contributed to the restoration of Milama's primary school and bought cement to upgrade Dakawa secondary. Obtala also allocated resources to favour the electrification of Milama dispensary. According to the nurse who manages the structure, thanks to Obtala the dispensary succeeded in relying on constant energy supply since 2017, when it was linked to TANESCO (Tanzania Electric Supply Company), the Tanzanian energy company. The nurse said that now more services can be offered to patients as since electricity has been supplied, doctors and nurses can use tools which facilitate their job and improve the standard of the

services provided. Last, but not least, Obtala donates every year fresh food to the Morogoro hospital, the nearby dispensaries and elderly houses.

Obtala also dedicates particular attention to the promotion of the local talent and the pacific cohabitation of different ethnic groups by organizing every year a football tournament. The pests and diseases manager explained that this initiative is meant for two purposes. First, it is a way to favour more cohesion among the different ethnic groups of the surrounding communities which contributes to avoid conflicts between farmers and pastoralists. The community building purpose of the tournament is achieved also by awarding the winner with a cow and the other teams with smaller prizes. The manager explained that in an area in which the relationships between farmers and pastoralists are deteriorating, this initiative brings them together with no regards for the ethnic belonging and their respective lifestyles. The mixed nature of the teams makes the farmers and pastoralists cooperate for the same objective and unifies them despite their diversity. Second, the tournament aims to promote talent among the villages. In this occasion a local TV is invited to broadcast the football games, representing a chance of exposure to some players who can be and offered to join more competitive teams. The promotion of talent is also favoured by Obtala's commitment in spreading the importance of sports among the surrounding communities. The company owns a football team which competes in the amatorial leagues of Tanzania. Nevertheless, Obtala has the ambition to improve the current roster and be able to join the Tanzania Premier League in a few years-time with a group of players coming from the nearby villages.

#### 5.3.4 SILVERLANDS' SOCIAL IMPACT

Silverlands' main effort in achieving a positive social impact is represented by the establishment of out-grower schemes that help the company in growing high-value crops such as soya. Silverlands has created hubs in different locations of the Southern Highlands of Tanzania, through the cooperation with NGOs such One Acre Fund, farmer's cooperatives and religious institutions like Caritas and World Lutheran Relief. Smallholder farmers can thus deliver their harvest to collection centres managed by the abovementioned entities, in which the produce is weighed, graded, paid and

collected by Silverlands' trucks to be taken to its processing plant. Out-grower schemes represent an effective tool able to guarantee social development while maintaining smallholders in possession of their land and put them in the condition to make it more productive. The positive social impact of this partnership between Silverland and the small-scale farmers can be evaluated on two different layers. First, farmers are guaranteed with a secure market on which they can sell their crops. This eliminates risks related to postharvest losses and avoids intermediaries to exploit farmers' difficulty in accessing the market by paying low price for the produce. Second, the introduction of soya, guarantees smallholders to cultivate a new crop that worth much more on the market and can contribute to higher incomes. This comes together with a process of know-how transfer through which smallholders are instructed about farming practices and market mechanisms. Agricultural extension programmes are delivered thanks to the synergy of Silverlands with its partner organizations through workshops and trainings able to enhance out-growers' knowledge and income.

According to the compliance manager, know-how transfer and skills development is a central concern of the company, which is committed in creating young professional able to operate in the poultry sector. On the other hand, increased awareness about good poultry practices and the spread of better chicken breeds is determinant in guaranteeing that poultry keepers can improve the quality and the nutritional values of the meat and eggs produced nationwide. At this purpose, Silverlands has established a training centre that offers workshops to students and small poultry keepers in Makota Farm. The centre can accommodate up to 12 people, who undertake a full immersion programme that lasts one week and aims to deliver an exhaustive knowledge about poultry production. During a meeting between Silverlands Managers and the Lutheran World Relief I joined, it emerged that the company works close to its partner organizations trying to increase the number of students that can access the training programme offered at Makota Farm. A student from Tanga region explained his interest about the poultry sector and the decision to carry out his fieldwork at Silverlands' poultry training centre. He confirmed that all the costs were covered, including meals and the needed equipment was provided by the company. The positive social impact of Silverlands' extension programme offered at

Makota Farm was praised by an enthusiast lady who works at the poultry training centre. She explained that the workshop provided at Makota are an instrument able to improve small-scale poultry keepers' income. It emerged that besides students coming from technical schools and universities, a consistent number of participants is constituted by adults raising poultry at the domestic level. Most of them are women, who are in charge of the household and raise chicken at home. She stated that the trainings offered at Makota ranges from business management, health and hygiene and represent a tool able to empower women, by increasing their income and independence.

Among the employees, the feedbacks received about the working conditions were totally positive. Formal employment is perceived as a status that benefits that benefits workers. According to the lady working at the training centre at Makota Farm, being employed by Silverlands presents relevant benefits if compared to the informal market. She confirmed that the salary is competitive and it can increase over the years together with her experience and knowledge. Moreover, the presence of a legal contract sets the daily working hours, comprehends the right to have 30 days leave per year and the registration at the NSSF. According to a woman employed at Selous, job at Silverlands has enhanced her life conditions as she could build a proper house and abandon the shack made of grass and mud in which she lived before. She also confirmed that employment at the company presents relevant advantages if compared to the informal market as the salary is guaranteed and also paid when the employee is sick and cannot work. On the same wavelength was a tractor driver who explained that his dream to work with agricultural machineries has been fulfilled at Silverlands. After starting as a tanny boy, the company recognised his commitment and offered him trainings and the possibility to obtain a tractor license. He explained that the presence of a foreign company able to employ and empower so many people in Ifunda ward, represents an important source of development in the area. Jobs are no longer scarce and life standards have improved in reaction to the competitive salaries paid at the company. The last interview with a Silverlands employee was carried out with a woman in charge of the cleanings at the training centre of Makota farm. Beyond the improvements that her jobs brought to her life standards, her commitment was awarded by

the company with a certificate and a prize in cash. This story had emerged before my interview with her, when a friend had told me that her sister was celebrated for her commitment and reliability at Silverlands. The employee also confirmed that the salary she earns every month allowed her to buy a plot on which build her own house. Moreover, she stated that Silverlands pays for every employee the transfer from the village to the respective farms of duty and this results in monthly savings that expand her disposal income.

Silverlands is perceived as a driver of social development also by the village authorities of Muwimbi, Banda Bichi and Makota. According to Castor, the village leader of Makota, job opportunities offered by Silverlands represent a determinant effort in improving the livelihood of the surrounding communities. Moreover, the knowledge transfer about poultry practices, has contributed to increase the incomes at the household level. The village authorities of Muwimbi particularly appreciated the attention received by Silverlands. According to their testimonies, the company's managers often communicate with the local government's office to understand which kind of support is advocated by the community. When infrastructures or specific services are needed, the authorities send a letter to Silverlands' compliance office and the company makes its best to fulfil the request of the nearby village. According to their words, Silverlands has contributed to provide desks for the primary school, paint for the walls, bought 20 foot-balls and invested 25 million TZS (10.000\$) in order to upgrade the local dispensary. Moreover, 42 beds were bought for the secondary school in Lumuli.

According to the village leader of Banda Bichi, Silverlands has contributed to create a climate of dynamism and hope in Ifunda. He recognised that Silverlands' financial support to the surrounding villages has contributed to endow the local administration with better infrastructures and social services. However, the biggest impact of Silverlands' operations is related to shifts in people's attitude: *"Before Silverlands came, employment was an issue and life was hard"*. He further explained that that the majority of youths in Ifunda was jobless: *"People were without ambition, thus prone to be vulnerable to bad habits. Boredom was the main cause of excessive alcohol consumption, violence and the financial struggle dragged them into theft"*. It emerged that Silverlands' merit was to give a chance to escape from



the previous condition of apathy and poverty featuring this context. According to the village leader of Banda Bichi, people now are more committed in achieving success than dedicate themselves to questionable occupations. He also pointed out that Silverlands created both direct and indirect job opportunities. He mentioned the example of the *boda-boda*, the local moto-taxi, which boosted their turnovers since workers need to reach the farms every day, twice a day. He concluded: “*People in Ifunda do not have time to waste. Their job keeps them occupied and focused on their own future. This is not anymore a dangerous and unhealthy place as it was before the investor came*”.

## 5.4 ECONOMIC PROFITABILITY

### 5.4.1 PRELIMINARY CONSIDERATIONS

The Triple Bottom Line considers the quest for profit as the last dimension of sustainable development. The economic sustainability of a certain project represents the main interest of a foreign investor and is determinant to the proper implementation of the other dimensions of sustainability. Most of the early foreign initiatives in agriculture in Tanzania did not succeed to be drivers of sustainable development because went bankrupt. As unprofitable businesses, they did not have sufficient resources to be allocated to environmental protection, neither to assure better living standards to the surrounding communities. During the research fieldwork, the collection of information about the economic integrity and profitability of the companies targeted by the studies, turned out to be a daunting task. Two main constraints operated as obstacles in assessing the economic sustainability of Obtala and Silverlands. First, both the companies were still at an early stage of their operations and trials and experiments were being conducted to understand the suitability of the land in relation with a certain crop and the responses of the market. Second, I did not have access to any quantitative data about the turnovers of the companies, which hampered a thorough and precise assessment of their financial status. The economic sustainability of Obtala and Silverlands is still something *in fieri*, which will need to be evaluated as the companies become fully operative. Therefore, the

information provided about the profitability only represented assumptions and needs to be further verified in the future. As such, this section aims to respond to the following question:

*Which are the strategies employed by foreign investors in agriculture that guarantees the well-functioning of their business and a growing profit?*

The next paragraph explores the major trends followed by foreign investors in agriculture in Tanzania in trying to achieve financial success and contributing to sustainable development.

#### 5.4.2 MAJOR TRENDS OF PROFITABLE FARMING

*“Doing farming in Tanzania is not easy and may require years to completely recover from the initial investment”*. This was the redundant statement repeated by foreign farmers. The main constraint is represented by the condition of the land the foreign investors accessed. In most cases the land acquired had not been cultivated for years, resulting in lush bush that needed to be cleared. Where minor developments were in place, improper practices had depauperated the soil in such a way that a consequent replenishment would have requested time and financial resources. This chapter has discussed how the employment of high-tech such as GPS systems had been used to minimize disturbances to the soil and fertigation systems avoid misuse of water and fertilizers, thus reducing the environmental impact of agricultural operations. Likewise, these choices can result in relevant economic saves that avoid waste of fuel and expensive inputs such as commercial fertilizers. The mentioned technologies are often combined with last generations agricultural machineries able to plough, plant or harvest a considerable amount of hectares daily and thus guarantee high production standards. On the other hand, machineries and technology can represent a long-term investment that not every foreign investor can confront with. At this purpose low-input farming has been seen as an alternative as it requires less capital and increasing hand-labour, simultaneously contributing to the profitability of the business and to create employment. From the interviews with the foreign non-corporate investors operating in Kilimanjaro, Manyara, Arusha, Tanga and Iringa, it emerged

that the receipt for an efficient and profitable business is funded on the knowledge of the cultural and economic context of Tanzania. Second, planning was reported to be determinant, even though execution, environmental and country risks undermine the success of a project. Third, the informants explained that technology can represent an important input in facilitating the daily work and prevent resources loss. However, where technology can be replaced by hand labour, this might be preferred. According to the ranch owners in Arusha and Iringa, low-input farming represents a profitable way to run their ranches. Being involved in dairy farming, they chose extensive methods rather than intensive production. Indeed, a grazing herd needs far less mechanisation if compared to confinement of the animals operated in zero grazing intensive systems, which require machines and suitable buildings that can be put in place only upon consistent investments. In such a way the animals can find their food autonomously, without depending on human produced feeds that require the employment of considerable resources. On the same wavelength was the ranch owner in Manyara, who keeps a cross-bred Boran-Zebu cattle for meat purpose. She explained that this breed is totally grass fed in the grazing pastures of the property. Thanks to the high conversion rate of forage into meat that features Boran cattle, no supplements are required, representing consistent savings and the possibility to achieve higher margins. Moreover, the free-range system adopted did not require any investments in terms of machineries and buildings. Rather it offered employment opportunities to Maasai herdsman, who take care of the livestock and live within the ranch according to their traditional uses and customs. A slightly different approach was adopted by the farm owners in Tanga and Kilimanjaro, where the necessity to cultivate vast extensions of crops required the introduction of advanced technology in terms of machineries and other inputs. Despite so, many activities are still conducted without the support of advanced technology, that can be efficiently substituted by human labour. This is attributable to the fact that spare parts of certain machineries can hardly be found in Tanzania, thus requiring to import the pieces needed. Moreover, the lack of skilled labour about specific mechanical issues makes it difficult to maintain the mentioned machines constantly operative. The profitability of the mentioned activities is severely undermined by constraints originating

from the scarce support and cooperation of the institutions. All the farmers interviewed lamented the difficulty in renewing their working visa, due to the fragmented and inefficient bureaucratic system. Furthermore, complaints were addressed to the overzealousness of a wide range of national agencies involved in revenue collection and hygienic standards. Foreign investors denounced the severe fines received, pointing out that they resulted from misunderstandings originated from contradictory information received by the appointed officials.

#### 5.4.3 OBTALA'S ECONOMIC SUSTAINABILITY

According to Obtala's Align Research brief [2017], the company has invested a total of 10 million \$ in its farms in Morogoro region as a result of an agreement concluded upon land acquisition. The initial investment financed a partial clearance of the land, the construction of boreholes and dams for water storage, the purchase of machineries and the establishment of a drying facility, a pack house and a cold storage facility. In the long run the project of the company is to establish high-value orchards, which take 6 to 7 years to be fully productive. In order to cover the operation and administration costs during the unproductive years, Obtala has focused on sweet melons and cash crops able to generate cash flow and finance the establishment of 900 ha of orchards. By the time of the research fieldwork, conducted in the first half of 2018, the company had not started to establish orchards and the area dedicated to sweet melons corresponded to 25ha. The initial plan was to cultivate 80ha of annual crops and plant 50ha of orchards by 2017 and reach up to 500ha of cultivated land by 2018. The manager of the agricultural operations explained that several constraints slowed down the progress expected by the company, despite the possibility to access high-inputs. First, the black cotton soil of Magole Farm turned out to be hard to prepare and not particularly suitable for the selected crops. Second, the initial strategy to produce dried fruit and vegetables ended up to be a failure, as dry products are not locally appreciated. Moreover, the drying plant was alimented by wood, contributing to high CO<sub>2</sub> emissions and deforestation, negatively impacting the environment. As a result, the plant was dismantled and the production of dry food abandoned. Third, when sweet melons started

to be the main produce grown at the farms, further obstacles played a role. The manager lamented the inefficiency of the infrastructures and the heavy bureaucracy of Tanzania. Bad road conditions threaten the safety of the produces during their journey to the port, whereas the lack of prompt clearance by the authorities undermines a punctual shipping of the mentioned produces. The struggle of the company to achieve its goals became topic of discussion among villagers and people daily transiting to Dakawa and Magole. The continuous changes operated by Obtala alimented rumours of imminent abandonment of the project. According to the boda-boda drivers standing at the VETA (Vocational Education and Training Authority) junction, between Dakawa and Dumila, the dismantling of the drying plant was interpreted as the failure of the company. A bus driver carrying passengers from Morogoro to Gairo explained that he heard from his wives, employed at Obtala's office in Morogoro Town, that the sales office of Dar es Salaam had been recently closed. He manifested doubts about the financial integrity of Obtala, echoed by passengers that took advantage of this second-hand information to gossip about the fate of the company. The discussion seriously risked to misdirect the research and pollute the findings I had obtained so far, safe encouraging me to deepen the real status of Obtala for more precise information. The agricultural operations manager confirmed that Obtala had been operating below the expectations because of lack of knowledge of the local context and scarce information about the soil status. The manager said that this slowed down the schedule planned by the company upon its arrival in Morogoro. By the time of the first interview, he also confessed that the activities were far from being successful and trials were being conducted to find the right crops to alternate with sweet melons. Towards the end of my fieldwork, when the first rounds of sweet melons were being harvested, optimism about abundant yields led to the preparation of more land to be dedicated to the cultivation of remunerative cash crops. The manager of the farming operations explained that the farms accessed by Obtala have potential, however there are many factors at stake in hampering an efficient agriculture to take place. Despite the company had estimated a range of constraints risking to slow and undermine the success of the operations, the manager further explained that agriculture is not such a systematic activity as the variables at play are

plenty and not easy to control. Financial firms are a rather new actor in the agricultural landscape and their approach is often detached to the reality. The manager wanted to make clear that the market niches to fulfil by Obtala might not always find a positive response in practice. The land acquired offers different soil patterns and the adaptation of a certain crop might not be immediate, thus requiring time, studies and trials that contribute to resource losses and to slow down the achievement of the scheduled goals. He concluded by confirming that Obtala's operations in Morogoro continue without any doubts and results will be achieved at some point in the near future. The process had only been slowed because of the mentioned underestimated variables, but production had been increased from 2017 to 2018 and this represented a positive sign for the upcoming years. The initial struggle experienced by Obtala has not prevented the company to implement its corporate social responsibility agenda, neither to compel to environmental standards. However, as declared by the manager and the village authorities, further social impact works are expected by the nearby communities as Obtala's turnovers grow.

#### 5.4.4 SILVERLANDS' ECONOMIC SUSTAINABILITY

According to Silverlands' ESG Report [2018], the fund has invested 53 million \$ in Makota and Selous farms. The report states that consistent profits and social benefits will be achieved in the long run, contributing to make any early evaluations evanescent. The initial investment has been used to renew and improve the existing infrastructures and to purchase machineries for the agricultural operations at Selous and put in place the poultry units and feed mills in Makota. By the time the fieldwork took place, further land was being cleared to expand the poultry business, which is the core activity carried out by the company in Tanzania. The report also states that the long-term perspective of the company is supported by the patient investors backing the projects and not interested in pursuing short-term goals able to compromise future more consistent achievements. Further confirmation can also be found in the OPIC [2014] (Overseas Private Investment Corporation) and MIGA's [2014] (Multilateral Investment Guarantee Agency) reports, which witness the 10 years coverage of equity

and debts over expropriation and political risks of 49 million \$. The assessment of Silverlands' economic sustainability is thus to be postponed when the company will be fully operative. This did not prevent Silverlands' to implement its corporate social responsibility agenda also based on the support of grants from social funds such as the World Poultry Foundation which allocated 3.6 million \$ in 2017. According to MIGA's report [2014], further social benefits will be achieved in terms of employment creation after five years from the beginning of the operations, increasing the current 683 workers to 925. Silverlands' compliance manager explained that the focus of the company is to fix the gap in the poultry and poultry feed value chain through the introduction of better breeds and feeds. This is closely attached to Tanzania's changing alimentary habits with an increase in chicken meat and eggs consumption. Tanzania's trending dish is *chipsi kuku* or *chipsi mayay kuku* (chips and chicken or chips and eggs) especially among the young generations. The widespread of protein rich diet is not only the result of different patterns of preferability among youths. The rise of a middle class and the general increase of the disposal income in Tanzania has fostered the consumption of chips and egg. These trends have been further confirmed by the substantial increase of day-old chicks and tonnes of feeds sold by Silverlands in 2018, mitigating doubts about the capacity of Silverlands to be economically sustainable. In terms of efficiency, the company adopts the latest technology available in terms of GPS, feeds quality control and central pivot irrigation. However, where technology can be substituted with hand-labour, this is still done. During my visit at the farm I could spot a numerous group of employees harvesting cobs from maize plants and removing the grains by using hand-powered tools. My dismay about such a practice was cooled down by the compliance manager, who explained that hand-labour can efficiently substitute a combine harvester. She further explained that hand-labour is abundant and the employment of a machine would replace more than 100 people. Moreover, a machine represents a consistent mobilisation of capitals and spare parts and technicians are not easily found in the country, confirming the statements release by fellow foreign investors interviewed before. On the same wavelength of Obtala's Managers, she confirmed the bureaucratic constraints of doing business in Tanzania and the scarce level of

coordination of the administrative offices, resulting in massive loss of resources. The early results have shown that the company has targeted the right niche of the market and that growth trends registered can contribute to the profitability of the business. However, considered the early stage of the operations, this research could not harvest enough data about the effective economic sustainability of the investment, spurring further studies in the future to deal with the topic.



## 6. CONCLUSIONS

This last chapter summarizes the entire study and provides conclusions and recommendations on the basis of the empirical evidences collected during the research fieldwork.

### 6.1 SUMMARY

World's changing trends have driven an increase in land acquisitions for agricultural purposes in the developing countries of the Global South. The rush for land has earned the infamous label of land grabbing, which describes a situation in which soil is taken by means of violence or deceit from the smallholders. Foreign investments in agriculture have thus been accused to exacerbate food insecurity, increase economic dependency and contributing to environmental degradation and climate change. All these factors put together led a consistent part of the academia and the NGOs to declare the unsustainability of foreign investments in agriculture in developing countries. Indeed, the praised potential of development with which such initiatives were vested by a minor group of researchers, had not found any empirical results, yet it yielded the opposite desired outcome. This position polarised the entire discourse about the topic, until a more rational approach has invited to be cautious in evaluating a phenomenon that is far more multifaceted. My study acknowledged the risks associated to foreign land acquisitions in the Global South and recognised that the approach adopted, in the majority of cases had negative impacts on the context targeted by the operations. However, personal beliefs committed myself in finding initiatives that managed to be sustainable, thus pursuing profit while caring about people and nature. As such, I dedicated a six months fieldwork to seek for cases that could not only confirm my hypothesis, but also find practical application to the potential of development praised by a residual number of scholars. Tanzania has provided fertile ground for the fieldwork to take place, as land transfers to foreign investors have increased in the last decade. The research targeted a wide range of actors that were involved in or affected by such initiatives and

their testimonies were crucial to build up a discourse that challenges the mainstream view of foreign investments in agriculture in the country.

The research entailed two UK-based corporations that acquired land in Tanzania with the purpose to diversify their investment portfolio and mitigate the risks related to financial markets. Beside these major actors, the study has targeted five further foreign family-based farming businesses. Established in different periods of time, the latter did not rise in response to changing global trends, rather embodied a lifestyle choice, ultimately paired with the quest for profit. Only for what concerns the case of the farm examined in Tanga region, land was acquired to generate income to finance and support charity programmes initiated long before in the central part of Tanzania. The decision to include further farms in the research might not sound pertinent to the thesis, which purpose was to find sustainable agricultural investments emerged in reaction to specific global phenomena. However, the inclusion of cases that were totally disconnected to the mentioned trends, favoured the emergence of insights that turned out to be determinant in understanding the conditions under which foreign investments in agriculture in Tanzania can yield sustainable results. Moreover, the comparison of two different types of actors allowed this study to elaborate a personal and totally debatable position about the features a foreign initiative in agriculture in Tanzania should be endowed with in order to face future challenges and satisfy intergenerational needs.

The companies targeted by the research put effort in safeguarding intergenerational needs. All the businesses taken into consideration by the study have been undertaken on General Land, thus land set aside by the Minister of Land, Housing and Human Settlements Development and the TIC for investment purposes. Information released by the village authorities confirmed that no transfers from Village Land were undertaken, thus maintaining smallholder farmers in possession of their assets. The empirical data collected during the research fieldwork also witnessed that the foreign investors in agriculture taken into account managed to establish a business that complied to social and environmental standards. The surrounding communities together with the companies' employees manifested their satisfaction about the social benefits brought about by the presence of

foreign investors. On the other hand, farm managers thoroughly explained how the business fulfils environmental obligations that were verified by observing the farming practices employed. Doubts arose with regard to the economic sphere. Non-corporate farm owners declared their companies to be profitable, despite a series of difficulties in conducting a business in Tanzania and the required time to recover from the initial investment. The same cannot be said about Obtala and Silverlands. The former had been struggling in finding the right crops to be cultivated and the market niche to target due to a scarce knowledge of the local context. For what concerns the latter, information about its economic sustainability were based on a limited set of data. Reassurance about the companies' profitability were based on forecasts and assumptions that will need to be verified as the company becomes fully operative. Overall, the early stage of Obtala and Silverlands' operations represented a constraint that hampered an exhaustive evaluation of their financial conditions.

## 6.2 RECOMMENDATIONS

The data harvested during the research fieldwork in Tanzania provided empirical fundamentals in support of the development potential of foreign investments in agriculture. Moreover, they confirmed that land grabbing can be avoided if a set of non-binding codes of conduct is respected. The difference between the cases analysed and early experiences of foreign investments in agriculture in Tanzania that earned the label of land grabbing, is indeed the *modus operandi* adopted in the acquisition process. By accessing General Land, foreign investors can obtain a property that is explicitly established for investment purposes. When vacant, it is assigned by the competent authorities in charge to administer it. If occupied by an investor willing to abandon, an agreement needs first to be reached by the seller and the buyer. This mitigates any risks related to the conversion of Village Land, a process that extinguishes smallholders' consuetudinary right to land and might bring about severe consequences to their current and future sustenance. The hype described by Kaag and Zoomers [2014] has thus obscured those enlightened investors that purposively avoided to access Village Land, aware of the outcomes yielded by early experiences.

Therefore, it is the adoption of non-binding codes of conduct that prevents a foreign investment in agriculture to be labelled as a *land grab*. When these guidelines are followed, intergenerational needs are not compromised and a peaceful cohabitation of foreign investors and smallholders is achieved. The arbitrary nature of the codes of conduct is also reflected into the capacity of a certain business to bring about sustainable development. The implementation of its dimensions depends to which extent material gains can be sacrificed for the sake of social and environmental goals. The cases reported in this research involved a group of farmers that committed themselves in enhancing the life conditions of the surrounding communities and put effort in carrying out their activities in a way that could assure the natural functioning of the ecosystems. This was done at their own expenses and it was the result of a constant dialogue with the village authorities about the needs of a certain community. The endorsement of environmental and social goals is strictly related to the capacity of a certain business to be profitable and thus destine economic resources to the implementation of specific projects and initiatives. When a farming activity ceases to generate satisfying turnovers, environmental and social standards cannot be guaranteed anymore, making the stool sway.

The study demonstrates that not all foreign investments in agriculture in Tanzania are land grabs, yet they can be drivers of sustainable development for the context in which they are undertaken. This occurs under certain conditions ascribable to the extent a foreign investor wants to be fair, thus willing to sacrifice part of the profit to endorse environmental, social and intergenerational goals. For what concerns large scale financial firms such as Obtala and Silverlands, a structured corporate social responsibility agenda is put in place to attain better living standards for the surrounding communities. With regard to non-corporate foreign investors, the achievement of the mentioned goals occurs in a more informal way that yields similar results.

Nevertheless, land grabbing for Tanzania risks to be yet to come. The research demonstrated that a foreign investor accessing general land can prevent land seizure to take place and lay the basis for a sustainable farming business. However, general land is scarce as it constitutes only the 2% of

the total land of Tanzania. This situation might lead foreign investors to negotiate with the villages the transfer of their land, a practice that yielded unsustainable results in the past. Considered that Tanzania aims to achieve the status of a middle-income country by 2025, the development of the farming sector by favouring FDIs is at the backbone of its strategy. Through the establishment of the SAGCOT, the GOT has endorsed the responsibility to increase the land at the disposal of foreign investors. 350.000 ha of unused Village Land are thus supposed to be transformed into General Land to be allocated to the TIC and ultimately to foreign investors, a practice that it is not free from risks. FDIs in agriculture in Tanzania are needed and advocated to reduce malnutrition and food insecurity, increase yields in order to feed a fast-growing population, expand the country's GDP and revenues and uplift smallholders' life conditions through the supply of inputs and the improvement of market mechanisms [BERGIUS et al. 2018]. SAGCOT's website reports that the GOT is committed to protect land rights and any Village Land transfers into General Land involves unused, thus unproductive, soil. The same states that such change of status will occur only under prior informed consent of the communities, prompt compensation and defined share of benefits through a partnership model. However, the sustainability of GOT's SAGCOT project is undermined by two major risks. First, the conversion of allegedly unused Village Land can compromise intergenerational needs. Chapter four explained that unused village land is often labelled as land set aside for future communal or individual uses. The allocation of such land to foreigners can be free from risks in the present, but constitute land scarcity problems in the long run as the population increases. Second, as argued by Sundaram [2013], the foreign actors that manifested interest in investing in the SAGCOT are international corporations operating on a large-scale model based on monoculture. This risks to reshape the agricultural space and concentrate the land in the hands of few major producers and contribute to environmental degradation.

This thesis, drawing from the empirical evidences encountered during the fieldwork in Tanzania and on the basis of future challenge, provides two main recommendations.

First, acknowledged the necessity of foreign investments in agriculture, the transfer of Village Land to General Land for investment purposes has to consider the needs of future generations. Therefore, such a process has to make sure that the conversion of unused Village Land will not pose problems of land access and scarcity able to undermine the sustenance of the posterity. Surveying unused land of each village targeted by the project in relation to forecasts of population growth is therefore crucial. Where re-allocations might present issues of land shortages in the long run, such land should remain under the control of the mentioned villages. Same discourse for what concerns land that is allegedly unused, but still determinant for the livelihood of the communities. People from the villages might not use the land for farming purposes, but still being dependant for what concerns the collection of firewood or wild fruits. Furthermore, land can be vested with spiritual meanings by the mentioned communities, thus its manifested status of vacancy needs to be assessed in accordance to these criteria. Last, but not least, a target on hybrid or contract farming systems on the basis of what Silverlands did, establishes a partnership between foreign investors and smallholder farmers from which both can draw advantages. By following this path, less unused Village Land is reverted as foreign investors, besides their farming activities on the land by them accessed, can cooperate with the smallholder farmers and acquire their harvests. Being offered extension programmes and inputs, out-growers can cultivate the fallow land under the jurisdiction of the village and enjoy better market mechanisms, thus expanded profits.

The second recommendation that can be made is related to the dimension and the nature of the foreign investments. The post published by Stephen Carr “*African Agriculture: Does farm size really matter?*” [CGIAR 2013] has sparked a debate about the relevance of farm size in Africa. The discussion has yielded contrasting positions that opposed small-scale farming to large-scale corporate initiatives. The first group claims that African smallholders depend from agriculture as their main source of livelihood and when land is taken by commercial producers, rural-urban migration increases. This enlarges the population of unskilled dwellers in the cities, which cannot be absorbed by the formal job market. Moreover, despite the limited extension of land cultivated, most of the food in sub-

Saharan Africa is produced by this category of farmers. On the other hand, the second line-up positively welcomes rural-urban migration, which guarantees land to be taken by more skilled producers able to fill yield gaps. It is claimed that subsistence farming tends to be romanticised by western thinkers, whereas such a model keeps rural people poor and exacerbates land degradation due to retrograde practices. A final provocative comment well summarised the debate. Asking whether it is more beneficial if 150 small-scale farmers cultivate 1 ha each or 150 ha are given to a corporate giant and wait for the assigned quota of grains is like wondering whether it is preferable a giant pizza for 15 people or a single pizza of choice for every individual. The debate is still widely opened because it only considers two extremes that inevitably clash against each other. At this purpose, this study has individuated that medium-scale family farming should receive more attention in debate as it comes with some benefits. According to the data collected during the research fieldwork in Tanzania, medium-scale farms proved to achieve sustainable results as their counterpart corporate large-scale businesses did. However, the former demonstrated more stability and the capacity to last over the years, which could not be assessed for the latter due to the early stage of their operations and considered the fate of previous initiatives. Jayne and Muyanga [2018] state that medium-scale farms in SSA have stimulated more economic growth than large-scale corporations, being the drivers of the highest agricultural production growth rate around the world. Medium-scale farms are better connected to the local economy as they buy inputs and services from local businesses, mostly produce for the local market and bring new sources of know-how that can be shared with smallholder farmers. Jayne and Muyanga [2018] report that, where medium-scale farms prospered, followed buying depots by traders that benefit also small-scale farmers. This is the case of Tanga Fresh, a dairy processor that established milk collection centres in different locations of Tanga region where medium-scale dairy ranches have increased. Small-scale dairy farmers can deliver their milk to such centres that buy at the same price of their medium-scale counterparts. Similar situation happened in Iringa as the medium-scale foreign dairy farmer targeted by the research collects milk from the surrounding smallholders and deliver it to the processor in town together with his own produce. This situation guarantees local milk

producers to avoid losses due to the lack of cooling storage facility and means of transport. Medium-scale farms also guarantee higher yields than small scale producers, who can also benefit in terms of know-how transfer. Moreover, in comparison to large-scale corporations, the establishment of medium size farms (10-200 ha) does not risk to reshape geographical spaces. Large foreign investments in agriculture have been criticised also for their tendency to isolate communities: children could not cross the property to go to school and were obliged to walk longer distances or women impeded to walk through the foreign farms to reach the river from which they used to fetch water. This situation is worsened by the fact that the high security standards of such companies hamper outsiders to introduce into the property without being employees, which did not happen with regard to the medium-scale farms examined in my study. Medium-scale farms are often involved into mixed production, which does not threaten biodiversity as monoculture does. These farms represent the work place and the residence for their owners, who are more prone to care about the conservation of the environment and the beauty of the landscape. Last, but not least, medium-scale farms in comparison to large-scale ones, can represent an achievable objective for Tanzanian smallholders. The establishment of medium-size businesses is an example they can yearn for. According to Jayne and Muyanga [2018], the increase in medium-scale farms in SSA owned by African national is also attributed to the upgrade of smallholder farmers, proving that the transition is possible.

Tanzania is calling for foreign farming investments able to lead the agricultural transformation advocated by the GOT through SAGCOT. The allocation of land to large scale corporate farms risks to turn into a new wave of land grabbing able to drive to land concentration and economic dependence for the next generations. If such land were allocated to medium-scale foreign farmers, a smaller amount of village land would be reverted, thus maintaining its status and be entitled to be administered by the communities. The current legislation hampers medium-scale foreign farms to rise due to the high thresholds imposed by the TIC, which require a minimum amount of 500.000 \$ to be invested in a five years-time. As a result, this paves the way to big corporations able to raise capital from different sources while freezing out medium foreign investors. The latter



yield a concentration of resources in the hands of few foreign powerful entities that are likely to transform next generation of small-scale farmers into landless labourers. Likewise, the former favour know-how transfer, job creations and consequent increase of disposal income, but minimise unbalanced land distribution and minimise shocks to the context of operations. The added value brought about by medium-scale foreign investors has the potential to create a new generation of thriving Tanzanian entrepreneurs able to exploit the potential of the remaining unused land and be the protagonists of the country's agricultural transformation.

## APPENDIX A: list of informants

Managers and farm owners

Employees

Village authorities

Smallholder farmers

National Agencies Officials

Random informants

## APPENDIX B: questionnaires

### **Companies' managers and owners**

1. What is your name?
2. Where do you come from?
3. What do you produce?
4. Do you export your products?
5. Do you have water availability?
6. How weak Tanzania's infrastructures represent a problem?
7. Previous job/education background?
8. Why did you move/ invest in Tanzania?
9. How did you get contacts to start up your activity?
10. How did you access land? Who was the previous tenant/owner?
11. Under which conditions did you obtain land?
12. Which procedures were required to obtain land?
13. Which procedures were required to establish the business?
14. How is the relationship with the local population?
15. How do you select your employees?

16. How is the company seen by the surrounding villages? Did you face any problem?
17. How important is the knowledge of Swahili and the local context?
18. Which kind of obstacles did you find? Which challenges do you face every day?
19. To what extent do you contribute to the development of the local context? (employment, know how, food security, increased incomes, environmental awareness). Are the benefits spread as much equally as possible among the different categories of the community?
20. Would you suggest to invest in Tanzania? Under which conditions and which specific sector?

### **Companies' employees**

1	Jina lako nani?	What is your name?
2	Una miaka mingapi?	How old are you?
3	Kabila lako nani?	Which is your ethnic group?
4	Unatoka wapi?	Where do you come from?
5	Unakaa wapi?	Where do you live?
6	Umesoma wapi?	Where did you study?
7	Umesoma nini?	What did you study?
8	Hapa kupata kazi nzuri ni rahisi? Unafikiri kwamba kufanya kazi kwa kampuni hii umebahatikwa?	Is it easy to get a good job in this area? Do you think you are lucky working for this company?
9	Umeanza kufanya kazi hii lini?	When did you start working here?
10	Unafanya kazi gani hapa?	Which kind of job do you do here?
11	Unaipenda kazi yako?	Do you like your job?
12	Unafanya kazi kwa masaa mangapi kwa siku?	How many hours per day do you work?

13	Unafikiri kwamba kazi hii imeboresha maisha yako?	Do you think this job has improved your life conditions?
14	Umfanya kazi gani kabla kuwanza kufanya kazi kwa kampuni hii?	Which kind of job did you do before start working here?
15	Linganisha kazi ya zamani na kazi ya sasa. Nini ni bora?	Compare your previous job with the current one: which is better?
16	Unaweza kuonyesha maendeleo gani kazi hii amekupa katika maisha yako?	Can you show which improvements this job has brought in your life?
17	Umejifunza vitu vipya kufanya kazi hii? Vitu vipya umevyojifunza vinafaa?	Did you learn new things doing this job? Are they useful?
18	Kazi ya kampuni hii inaweza kusababisha maendeleo katika elimu yako?	Can this job enhance your knowledge and skills?
19	Unafikiri kwamba kufanya kazi hii unapata fursa zaidi katika maisha yako na maisha ya familia yako?	Do you think this job brings about more opportunities for you and your family?
20	Una mkataba wa kazi?	Do you have a job contract?
21	Unapata mshahara gani kwa kazi hii?	How much money do you get per month?
22	Una bima ya afya?	Do you have a health insurance?
23	Hungefanyi kazi kwa kampuni hii, unafikiri kwamba maisha yako yangekuwa magumu zaidi?	If you did not work for this company, would have your life been harder?
24	Ikiwa ungeweza kubalidisha kitu kimoja kwenye kazi hii, kingekuwa nini?	If you could change an aspect of your job, which one would it be?
25	Mpango wako wa muda ujao?	Which plan do you have for your future?
1	Nani ni miliki wa eneo ambalo kampuni limeanza kulima?	Who owns the land where the company is carrying out its operations?
2	Jinsi gani kampuni limepata eneo hili?	How the company obtained land?

3	Kampuni limepata ardhi ya kijiji au ardhi kutoka wizara ya Ardhi?	Did the company accessed Village Land or land allocated by the Ministry of Land (General Land)?
4	Eneo la kijiji linatosha kwa matumizi ya sasa na wakati ujao?	Is Village Land enough for current and future uses?
5	Watu wa kijiji wameboresha maisha yao wakati kampuni limeanza kulima?	Have villagers improved their lives since the company started its operations?
6	Kampuni limeleta maendeleo gani?	Which kind of improvements did the company bring about?
7	Kampuni limeleta shida gani?	Which kind of problems did the company bring about?
8	Ujumla mnafikiri nini kuhusu waekezaji wageni ambao wanapata eneo hapa? Ni kitu kizuri au kibaya?	What do you think about foreign investors obtaining land here? Is it positive or negative?

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