

After Defaulting on Loans, Kilombero Plantation Ltd (KPL) Goes up for Sale

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- Kilombero Plantation Ltd (KPL), the Tanzanian subsidiary of the Guernsey-registered Agrica Ltd., is up for sale after defaulting on loans from several financial institutions.
- KPL, heralded as the “best in class” player in the field of socially responsible agribusiness investments in Africa, received support from several development institutions, including Norfund, DfID, and the US-based Capricorn Investments.
- The Oakland Institute’s 2015 report, Irresponsible Investment: Agrica’s Broken Development Model in Tanzania, exposed the flawed development strategy and the heavy toll of KPL’s rice plantation in Tanzania’s Kilombero Valley on the local farmers.
- The findings included: KPL plantation dispossessed the local communities of their land and homes; and farmers engaged in contract farming with KPL drowned in debt and bankruptcy.

Oakland/London—Kilombero Plantation Ltd (KPL), a subsidiary of Agrica Ltd.—a British company registered in the tax haven of Guernsey is now for sale after defaulting on loans from several financial sources. This includes a US\$20m loan from the US Overseas Private Investment Corporation (OPIC) and US\$5.6m loan from Tanzania's National Microfinance Bank. Showcased as a success for G8's New Alliance for Food Security and Nutrition and the Southern Agricultural Growth Corridor of Tanzania (SAGCOT), KPL's charade and its devastating impact on the local villagers was exposed by the Oakland Institute in its 2015 report [Irresponsible Investment: Agrica's Broken Development Model in Tanzania](#).

The [report](#)'s research revealed the devastating impact KPL's 5,818 ha rice plantation had on the surrounding communities, including the loss of land, homes, and livelihood for over 400 households. Despite the harsh reality on the ground, Norfund, the UK aid department, OPIC, and the US investment firm Capricorn Investments (co-founded by eBay philanthropist Jeff Skoll) invested millions of dollars in Agrica.

KPL's resettlement and compensation process for expropriated families was widely commended, including by the Bill and Melinda Gates Foundation that claimed that it improved the lives of those affected. The Oakland Institute's investigation, however, revealed a very different reality. "Although KPL was portrayed as a responsible investment venture, its takeover of fertile land brought misery to local communities. Labelled 'squatters,' smallholders were forced off the land, lost their livelihoods, received a meagre compensation for their losses. Those working as contract farmers drowned in debt," said Anuradha Mittal, Executive Director of the Oakland Institute.

The project was also branded as an inclusive development scheme through its outgrower model based on System of Rice Intensification (SRI) technologies. However, local farmers who exclusively planted rice for KPL were required to purchase chemical fertilizers manufactured by the Norwegian fertilizer company Yara. They also had to sell the rice at a price determined by the company. KPL basically peddled chemical inputs to smallholders, leaving many in debt.

"The British government is at the forefront of pushing aid money through the private sector, particularly big finance, on the grounds that this can bring investment to African countries," said Nick Dearden, Director of Global Justice Now, "What this case shows, yet again, is that this strategy is a disaster for ordinary people. It creates highly unstable, vulnerable and unequal societies, where the richest cream off the profits, and the majority are left at the mercy of market forces," Dearden continued.

"KPL's fiasco follows a long list of failed big agriculture projects in recent years in Africa, including [Agrisol](#) and [Sun Biofuels](#) in Tanzania, [Karuturi](#) in Kenya and Ethiopia, [Nile Trading](#) in South Sudan, [Senhuile](#) in Senegal, and [Bukanga Lonzo](#) in the Democratic Republic of Congo. The true costs of these failures are borne by the farmers and communities who have lost their land and resources to such projects. In the case of KPL, it is also scarce public aid money that has gone wasted. This should serve as a reminder to donors and governments alike to refocus development efforts on family farmers and agroecological practices. It is time for real food and agricultural policies in Africa that will put local farmers at the center of development instead of giving away their land to foreign companies," continued Mittal.