Eastern Africa Farmers' Federation

# Investigation of Win-Win Models for Agricultural Land Investments in Uganda

## A case of Tilda (U) Ltd and Rice Out-grower Schemes


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## Table of Contents

# CHAPTER ONE

# INTRODUCTION

## 1.1 Background to the Study

The last few years have seen a surge of interest in foreign acquisitions of land for agricultural use in developing countries, which led to fears of "land grabbing", especially because of the generally large size of the announced or realized agreements and the lack of transparency and incompleteness of contracts (Cuffaro and Hallam, 2011). Land grabbing has been defined as large scale land acquisition - be it purchase or lease - for agricultural production by foreign investors (GRAIN 2008; Cotula et al. 2009; Daniel and Mittal 2009). In Uganda and across the East African region, large scale investment in land is on the increase and is a source of interest to researchers, farmers' organizations, political economists and policy makers. In part, this interest hinges on the fact that both short term and long term implications of large scale land acquisitions are not yet clear as evidenced by the lack of coherency in responding to this new phenomenon. In fact, while inter-governmental agencies and government authorities have proposed principles for responsible large scale land-based investments, producer organizations and social movements have generally been more skeptical of the possibility of achieving "win-win" outcomes.

The genesis of large-scale land acquisitions can be traced back to the start of economic reforms after the civil strife of the late 1970s to mid 1980s in Uganda. Prior to this, only a few large scale land investments had been made in the country, most notably in the plantation crops of tea and sugarcane, and the annual rice. From the early 1990s, the Ugandan Government started pursuing a strategy of neoliberal economic restructuring and privatization according to the tenets of the 'Washington Consensus[1]' under the stewardship of the International Monetary Fund and the World Bank. As the drive to attract Foreign Direct Investments (FDI) picked momentum, the Uganda Investment Authority (UIA) was formed to attract and ensure that investors were supported to set up operations in Uganda. Investors seeking to invest in the agricultural sector were facilitated by UIA to obtain land under the Uganda Land Act of 1998 that allows the sale of land to non-Ugandan entities on a leasehold basis. Allowing investors access to land was seen as one of the means of meeting the "Poverty Eradication Action Plan" (PEAP) in support of the "Plan for Modernization of Agriculture" (PMA) which was put in place to achieve 'poverty eradication through a profitable, competitive, sustainable and dynamic agricultural and agro-industrial sector' (MAAIF, 2000), to be achieved by converting subsistence into commercial agriculture.

Large scale land acquisitions in Uganda like elsewhere are characterized by taking over control of land through either rights of use-valid for a specified period of time or outright transfer of ownership rights by natives to national or international (foreign) investors. The

[1] The term 'Washington Consensus' describes a set of ten specific economic policy prescriptions that constitute the "standard" reform package promoted for crisis-wracked developing countries by Washington, D.C.-based institutions such as the International Monetary Fund (IMF), World Bank, and the US Treasury Department.

land grab argument is shaped by the distinctive nature of the transactions which are characterized by the large size of land involved; the geographic location of the land involved (often very fertile land owned by communities which subsist on the same land); the lack of transparency and incompleteness of contracts and the nature of the investors who seek to produce food or crop for their home markets. Large-scale land acquisitions have been documented to result in the violation of human rights, particularly rights of women; flout the principle of free, prior, and informed consent of the affected land users (natives); ignores the impacts on social, economic, and gender relations, and on the environment; avoid transparent contracts with clear and binding commitments on employment and benefit sharing; eschew democratic planning, independent oversight, and meaningful participation (Oxfam 2011). For the purpose of this study, land grabbing is defined as taking possession of and/or controlling a scale of land for commercial/industrial agricultural production which is disproportionate in size in comparison to the average land holding in the region. This definition focuses on the abusive practices in the process of acquiring the land as well as the distributional aspects of the phenomenon and its impact on the political economy and the local and national populations' right to resources for both today and the future.

### 1.2 Large- scale land acquisitions

Whereas the surge in large-scale land acquisitions was initially described in neutral or even enthusiastic terms by intergovernmental organisations, including the World Bank and various United Nations (UN) agencies, the tone has become increasingly sceptical, and even critical. There is growing fear that this new wave of investment will do more harm than good if land grabbing is not regulated or stopped. There are few documented examples of large-scale land acquisitions that have resulted in positive impacts for local communities. By comparison, there are many examples – from the media, academia, civil society and the intergovernmental bodies – that point to land deals which have failed to provide benefits and have destroyed livelihoods and undermined human rights (OXFAM, 2011).

Governments concerned about stability of food supplies are promoting acquisition of farmland in foreign countries as an alternative to purchasing food from international markets. Recipient countries like Uganda, Kenya and Tanzania are welcoming the new wave of foreign investment in anticipation of increased volumes of Foreign Direct Investment (FDI) and are implementing policy and legislative reforms to attract more investors. Whereas large-scale land investments may present economic opportunities for the local populations, they are also sources of potential challenges and risk. Increased investments may bring macro-level benefits (GDP growth and government revenues) and create opportunities for raising local living standards. For poorer countries with relatively abundant land, incoming investors may bring capital, technology, know-how and market access, and may play an important role in catalysing economic development in rural areas (Cotula et al., 2011).

Given the dependency of local communities on land for their daily sustenance, any process that reduces the amount of land at their disposal directly impacts their welfare and may threaten their economic as well as food and nutritional security. In Uganda over 70 percent of the rural countryside is made up of smallholder farmers and any attempts to give away land may have several implications. Given that the number of people who are food insecure in

Uganda has increased from 12 million in 1992 to 17.7 million in 2007 with agricultural growth declining across most agricultural enterprises to 2.6 percent (MAAIF, 2010) compared to a population growth rate of 3.5 percent, the attention is shifting from producing for the market and ensuring that people have enough food.

Uganda's Ministry of Agriculture Animal Industry and Fisheries (MAAIF) has confirmed that agricultural productivity will continue to drop given the low levels of use of productivity enhancing inputs (MAAIF, 2010). In the recent past any observed spikes in agricultural production in Uganda were attributed to opening up of new fields by farmers (Nkonya et al., 2002) which emphasize the usefulness of land as a safety-net to not only rural but also urban households. While proponents of large-scale land investments continue to argue that large scale investments are in line with the government's drive to modernize and develop the agricultural sector, evidence is scanty as to whether large scale investments in land necessarily result in better welfare for rural farm households. There is conclusive evidence that Uganda's population growth rate has outpaced agricultural growth rates which are very low and unstable –implication is that per capita food production will continue to decline (MAAIF, 2010).The critical questions to be asked then are (a) who is being given concessions to own agricultural land? (b) For whom is he/she producing and lastly (c) how are smallholder farmers being impacted by these land transactions?

### 1.3 Problem statement

Whereas many development stakeholders lack consensus on the implications of large scale land investments, there is need for a multidisciplinary, theoretical and methodologically innovative approaches to examine the ramifications of large scale land acquisitions on poverty and overall sustainable development for farming communities. Land grabbing, a term sometimes used to mean large-scale land investment is of interest and concern to a wide variety of stakeholders due to the agrarian nature of the Ugandan economy. Government authorities which propose principles for responsible land-based investments have often been found wanting in ensuring that the arrangement is Pareto-efficient. This is what continues to breed scepticism among producer organizations, social movements and farming communities as win-win outcomes are almost impossible to achieve. A comprehensive picture of what happens on the ground is still missing for Uganda's case. Because there are a set of both public and private factors that interact to decide the eventual outcomes of large-scale land investments in different communities, this study will be anchored in trying to draw a compressive logical picture which can inform policy actors.

### 1.4 Objectives of the Study

The general objective of this study was to investigate if large-scale land investments have win-win outcomes for both the smallholder farmer and the large-scale land investor using a case study of a rice out-grower scheme in Eastern Uganda. The Specific objectives of this study include;

i. To examine and understand the business arrangement between the investor and the smallholder farmers including any contractual terms, incentives from local or central governments and any document forms of land ownership.

ii. To establish the economic benefits that accrues to farmers as a result of being party to large-scale land investments.

iii. To identify the non-economic impacts of large-scale land investments on the community and assess any externalities arising out of this arrangement.

iv. To identify the challenges faced by smallholder farmers and large-scale land investors in implementing business arrangements.

v. To generate recommendations that will ensure investment models for win-win scenarios

### 1.5 Scope of the Study

Because the impacts of land transactions on local heritage, livelihood processes and ontologies are anchored in land but are yet to be fully understood or measured, there is urgent need to document foreign land acquisitions and how they alter power structures and relationships. This analysis is an effort to respond to this new knowledge gap.

Large-scale land acquisitions although characteristically a global phenomenon, have triggered a new wave of debate in East Africa due to the agricultural nature and land dependency of the majority of the population. Much of the rural population in this region-over 70 percent depends on land for their livelihoods and food security. Large-scale land acquisitions do not only pose a threat to livelihoods but to the entire heritage of this population. The nature of property rights systems prevailing in this region tends to make land acquisition processes unique and the resultant effects different from those observed in the industrialised world where private-to-private deals are common.

This study is designed to explore the relationships between farmers and large-scale investors. Tilda Rice Company is used as a case study for purposes of creating a better understanding of the phenomenon of large-scale land acquisitions and the impacts on farmers in the surrounding communities. The scope of this study will be limited to understanding the interactions between the smallholder farmers and the large-scale land investors.

# CHAPTER TWO

# LITERATURE REVIEW

## 2.1 Drivers of Large-scale land Acquisitions

While the drivers of large-scale land acquisitions have received some attention, the effects of the same phenomenon have not been studied widely despite the unprecedented rise in foreign direct investment (FDI) in Africa's arable land that has triggered new wave of debate about land grabbing. Proponents emphatically argue that land deals lead to economic growth, poverty alleviation, and environmental protection whereas detractors point to livelihood losses, cultural changes, land dispossession, and environmental degradation. However, an empirical basis upon which to prove or disprove such assertions is lacking.

It has argued that the dramatic rise in land acquisitions across Africa and elsewhere originates from three main drivers, which are reflected in the term 'the triple-F crisis': food, fuel and finance. The food price spikes of 2007/8 exposed the vulnerability of net food importing countries to commodity price fluctuation in global markets which resulted in many countries, including the Gulf States and several East Asian countries, to re-evaluate their strategies and secure land and water elsewhere, essentially turning to 'offshore' food production to supply their growing populations (Von Braun and Meinzen-Dick, 2009; Cotula et al., 2009; Cuffaro and Hallam, 2011). This food crisis plunged an extra hundred million people globally into hunger, from which most are yet to recover.

The second reason is the fuel crisis. Rising and fluctuating oil prices in the period 2007–09, and the realisation that oil producers may have hit peak oil production, created powerful incentives for companies and individuals to acquire land for the production of 'agrofuel' or biofuel' crops. Foremost among these are jatropha, oil palm maize and soybean for biodiesel; and sugarcane for bio ethanol. Globally, the World Bank found that 21 percent of land transactions in 2009 were for biofuel production, while the International Land Coalition's (ILC) puts this figure at 44 percent, twice as high as the World Bank figures (Hall, 2011).

The third reason advanced is the financial crisis. The meltdown in international financial markets in late 2009 and the subsequent recession led investors to consider those markets volatile and risky. Many sought to invest in the more tangible asset of farmland, with the promise that rising demand for food and fuel would make this a secure investment in an increasingly unpredictable global system. While some may have long-term plans for these investments, others are clearly speculators, bargaining on short-term gains. Private equity groups have established 'farmland funds', buying up portfolios of land in numerous countries and promising their clients returns of 30 percent per annum over a five-year period. This figure is entirely unrelated to actual farm production, but is based on cheaply acquired land and a gamble on projected growth in demand for farmland, which will create secondary markets for further transfers of these leases to other buyers.

## 2.2 What explains the concentration of land deals in Africa

Preliminary research results published in the report "Land and Power" by OXFAM (2011) indicates that 227 million hectares have been sold, leased or licensed in large-scale land deals since 2001, mostly by international investors. These land acquisitions are of particular interest in Africa because half of the global land deals happen in Africa yet over three quarters of the population derive their livelihoods on land. These land deals are not transparent and are shrouded in secrecy, the rights and needs of the people living on such land are ignored, leaving them homeless with no land on which to grow food and earn a living.

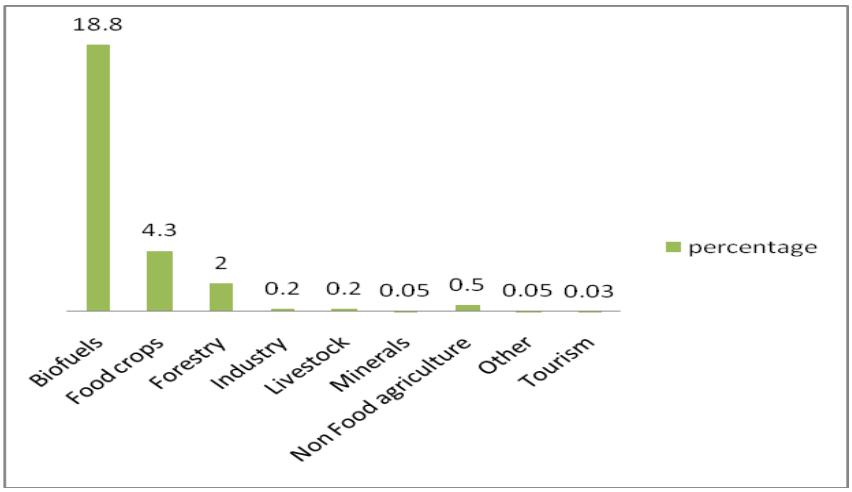


**Figure 1 land acquisitions by sector in Africa-Number of hectares (millions) cross-referenced**

Source :Land Matrix

The fact that Africa is has taken centre-stage in the large-scale land bonanza is no longer disputed. However one needs to appreciate the reasons fuelling large-scale land acquisitions. Many argue that Africa's land is virgin, uncultivated, and empty and is available. According to the World Bank (2009), much of Africa's land is under-utilised and ripe for commercialisation. In Uganda for instance land may be held under customary rights, with owners who can hardly afford to claim such land when given or leased out to a foreign investor who in return promises to create new jobs. Many such deals involve renewable leases ranging from twenty-five to ninety nine years, in return for small payments made to national, provincial or local government. Sometimes once-off compensation for local people is included (Hall, 2011). The ease with which foreign land investors acquire land explains why large-scale land deals will continue to increase.

The drive towards large-scale commercialised agriculture by national governments creates a need for Foreign Direct Investments in agriculture. Land transactions in many countries are facilitated by state agencies or a political connection which makes the whole process of land acquisition easy and often times expedited. For instance the Uganda Investment Authority

(UIA)[2], a semi-autonomous government agency operating in partnership with the private sector to drive national economic growth and development is tasked with attracting foreign investors and helping them secure factors of production including land. When land acquisitions are relatively made easy and transaction costs reduced to almost zero, land investors should be expected to come in large numbers.

With a world population estimated to rise to nine billion in 2050, developing countries with a competitive advantage in production of agricultural products are stepping up efforts to commercialise agriculture but are hampered by lack of capital. Large-scale land investors are a source of this much needed capital and governments are offering them concessions to encourage them to set up large-scale agricultural firms. According to the World Bank (2009), large-scale commercial agriculture undertakings will be critical in feeding the increasing world population.

Africa is poised to continue being a favourite destination for land investors because land is cheap and sometimes even free. Private equity groups explicitly sell their African farmland investment funds to prospective clients by pointing out that land on the continent is 'undervalued' and therefore an excellent investment (Hall, 2011). Proponents of large-scale land acquisitions continue to argue for land giveaways, leases or outright sales as means of enhancing agricultural transformation and global competitiveness. The downside to this argument is the fact that government and individuals are offering land to external investors at very low prices which is a departure from the context of the African Union/ New Partnership for Africa's Development (AU/NEPAD) Comprehensive Africa Agriculture Development Programme (CAADP which emphasizes support for the crucial role of smallholder farmers, particularly women. However rather than being given the desperately needed support to expand their farms and take up new production technologies, smallholder farmers risk being undermined by large-scale land investments (UNECA, 2007).

Producing food in countries like Uganda is considered much cheaper due to the abundance of cheap labour and water sources. Indeed, the land which has been highest in demand is the land which is close to water resources and therefore can be irrigated at a relatively low cost in infrastructures, and the land which is closest to markets from which the produce can be exported easily (Shutter, 2009). This has tended to generate friction mainly because natives also find such land suitable for their agricultural purposes

### 2.3 Effects of large-scale land deals in Africa

According to Anseeuw et al. (2012), the rural poor are frequently being dispossessed of land and water resources under customary tenure. While some cases reveal evictions from permanent farmland and houses, many cases also show how the resource base of rural livelihoods is being squeezed through loss of access to grasslands, forests, and marshlands

[2] The Authority was setup by an Act of Parliament (Investment Code Act Cap 92, of the laws of Uganda.) with the aim of promoting and facilitating private sector investment in Uganda.

that are customarily held as common property. The issue of commercial leaseholds over previously untitled land is also foreclosing opportunities for communities to seek and secure titles. Some large-scale irrigation schemes have resulted in increased competition and even conflict with local and downstream water users. Efforts to secure land for foreign investors in Uganda for instance have resulted in locals being evicted from their ancestral lands in total disregard of their livelihoods. In Mubende and Kiboga districts, a recent eviction exercise with the help of the Ugandan government displaced more than 20,000 people to make way for the UK-based New Forests Company to plant trees, to earn carbon credits and ultimately to sell the timber (Amnesty International, 2011). OXFAM (2011) has corroborated these claims in its recent publication. What raises concern however is the pattern of large-scale land acquisitions which are increasingly characterized by preferential terms for private foreign investors through leases and purchases which do not compensate the local citizens who end up paying a heavy price in terms of livelihoods and food security. In Uganda, despite the constitutional acknowledgement of customary tenure which supports the majority of the population, the weak legal protection of resources held under customary tenure makes local people vulnerable to dispossession as governments make land available to large-scale investors increasing vulnerability and poverty outcomes.

Whereas data on the effects of evictions arising out of large-scale land acquisitions are yet to be quantified and documented, it is obvious that large-scale land acquisitions increase the level of vulnerability of farm households that are evicted from their farmlands forcefully with no ample compensation and viable fall-back survival strategies. Such families become ideal candidates for conflict, food insecurity, and abject poverty. Often, evicted families that are not compensated have to struggle on their own to piece their lives together exposing them to higher rents, unemployment and health risks (OXFAM, 2011). Indeed, the poor are bearing disproportionate costs, but reaping few benefits, because of poor governance, including the weak protection of their resource rights, corrupt and unaccountable decision-making, the sidelining of their rights within trade regimes, and the policy neglect of smallholder agriculture - making women who are particularly- more vulnerable (Anseeuw et al., 2012).

Despite the mixed track record of large-scale agriculture in Africa, the perception that large plantations are needed to modernize the agricultural sector remains dominant among many decision-makers (Anseeuw et al., 2012).Although smallholder farmers may end up entering into production agreements as contract farmers, the size and terms of contracts differ widely and farmers often enjoy fringe minute benefits like a ready market for their produce at prices predetermined by the investors that are far below the real market prices.

Many of the effects of large-scale land deals have created conditions which disable good decision making while facilitating harmful land transfers. Intensified commercial interests in land are having a corrupting influence, undermining due process and driving regulatory and policy bias. Large-scale land give-aways and concessions are creating uncertainty for local landholders, aggravating their insecurity of tenure. Economically, land deals are fuelling the sidelining of smallholder agriculture, the current wave of land acquisitions further disables the

ability of smallholder producers to compete effectively and to influence agricultural and trade policies in their own favour (Anseeuw et al., 2012).

### 2.4 Does large-scale agriculture crowd out smallholder farming?

Jayne et al. (2006) argued that most small farms in Africa are becoming increasingly unviable as sustainable economic and social units. They further asserted that farmers in Africa more than in other regions of the world suffer from civil disruptions, political turmoil, HIV/AIDS, and weak support from their governments for agricultural science and technology, extension support, health and education. Furthermore, many African farmers are disadvantaged by the global agricultural trading system and the increasing privatization of agricultural research. In addition, there remains inadequate appreciation in current development strategies of the fact that most farm households in Africa control less than one hectare of land, that average farm sizes are continuing to decline steadily, and that the ability of most households to produce a sustainable livelihood from their farms is declining. This ties in well with the often stated fact that agricultural productivity in many developing economies, Uganda inclusive hasbeen declining (MAAIF, 2010). The world's foremost investors in land and agriculture-the 500 million smallholder households who invest time and money in food production and the maintenance and improvement of agricultural systems (Anseeuw et al., 2011), are not receiving the resources and technical assistance they need in order to bolster productivity. Apparently, governments short of resources are opting for large scale agriculture, seen largely as a solution to the problem of rural development. This is what is fuelling large-scale land acquisitions being facilitated by a policy bias, and indeed an ideological bias towards industrialised agriculture. Smallholder agriculture is seen as a lost cause (Anseeuw et al., 2011) and is increasingly being sidelined by governments. Indeed this trend is reflected in government's commitments towards agriculture in general, and to smallholder farming in particular. By appending their signatures to the Maputo Declaration in 2004, African governments pledged to spend 10 percent of their national budgets on agriculture. In practise, only four of the 53 country signatories had in fact done so by 2009 (Wambo, 2009).

Given the assistance being given to large-scale investors compared to the declining public investments in agriculture by government which would benefit smallholder farmers, one would argue that indeed large-scale agriculture has a crowding effect on smallholder agriculture-given that farmers are being disposed of land. Jayne et al.,(2006) warned that unless the policies of local governments, donors, and rich country governments are changed dramatically, the world may see increasingly frequent and severe economic and social crises in Sub-Saharan Africa with global repercussions. Thus, even from an insular and self-interested perspective, groups in the rest of the world would find it in their interests to pay attention to the challenges facing the smallholder farmer in Africa and other low-income regions of the world.

### 2.5 Scale and Trends of Large-scale land acquisitions in Uganda

A close review of recent stories on large-scale land acquisitions offers some insights on trends and key players. The trends indicate a pattern of investors with origins in Europe, India and China. Although land elsewhere has been acquired through Multi National Enterprises owned

by oil rich Gulf States, in Uganda private companies appear to be the major players who effect large-scale land acquisitions setting up extensive farms and use out growers or promote specific crop value chains to produce food for internal and external markets. Companies such as Tilda (Uganda) Limited produces rice, soya, and maize; Kakira Sugar Works Limited produces sugar while UK-based New Forests Company grows trees to earn carbon credits and ultimately makes timber sells when trees mature.

While the scale and trends are not heavily documented by researchers or policy makers, the media often reports about large-scale land acquisitions with emphasis on conflicts arising out such land deals and less about the scale and trends due to lack of accurate information sources. Because media reports are often accused of sensationalizing large-scale land acquisitions and are often accused of inciting the public, their reports may not be deemed to be of good reliable quality. This notwithstanding the media continues to play a significant role in reporting the phenomenon of land acquisitions by both foreign and local investors which has prompted case study analysis (Cotula et al., 2009; FAO, 2009b; GTZ, 2009; Smaller and Mann, 2009).

Without a well coordinated systematic pool of reliable data, it is hard to quantify the scale of land acquisitions, and assess the extent to which smallholder farmers are affected. For instance information about land deals which involves 'politically connected' firms or individuals may not filter through while details about government backed land leases, purchases or give-ways may not be divulged to the media easily. Therefore scarcity of well-documented and contradicting information limits the ability of civil society in negotiating and implementing deals and the ability of local stakeholders to respond to new challenges and opportunities (Von Braun and Meinzen-Dick, 2009).

While large scale land acquisitions are seen as opportunities for smallholder farmers, media reports indicate that pastoralists and others that have rights over land are getting a raw deal. This can be attributed to the diverse nature of players in the large-scale land acquisition bonanza. Local elites and land speculators purchase large tracts of land for speculative purposes (land concentration), and foreign investors evict farming communities that depend on land for their livelihood. This is because such communities lack effective power to defend and claim their rights, or advance them. In other circumstances investors set up large farms with contract out-grower schemes. However, contract farming has been criticized, as being 'exploitative' to smallholder farmers (Baumann, 2000). As far back as the late 19th Century, there were "problems of monopsony or oligopsony[3]" with food processors and marketers in the United States to the detriment of contract farmers who lacked bargaining power (Runsten and Key, 1996) There is emerging evidence in Uganda to support the fact that smallholder farmers in out-grower schemes may be getting a raw deal.

[3] In standard microeconomics, where monopsonists or oligopsonists are assumed to be profit-maximizing firms, monopsony power leads to a market failure, due to a restriction of the quantity purchased relative to the (Pareto-) optimal competitive outcome. it is the Pareto outcome that appears to work against the interests of out grower farmers

## 2.6 Large-scale land acquisitions and Out grower schemes in Uganda

Land has been the most controversial issue in the issue of Foreign Direct Investment (FDI) in agriculture in developing countries like Uganda, mainly because large-scale land acquisitions are seen as strategies by foreign companies and other investors to internationalize agricultural production in poor countries. Given the complexities of property rights on land and the vulnerability of rural populations to manipulation by agents of foreign investors, there are more reasons to ask questions than not to. There is always the lingering fear that local residents will be evicted and dispossessed of their land on which they have survived for generations without being consulted or compensated appropriately and may suffer other losses that are not quantifiable like access to seasonal resources for non-resident groups such as transhumant pastoralists, or shifts of power from women to men as land gains in commercial value.

Impacts of large-scale land acquisitions appear to be on the rise in Uganda as a result of policy reforms to attract investment which is not pro-poor in nature and has resulted in land concentration although published evidence in this regard is thin on the ground. There is evidence which points to alterations in balance between smallholder farmers and large-scale farmers, often with both backward and forward linkages which could be positive or negative in nature. Farmers around large-scale plantations often enjoy the privilege of engaging in out-grower schemes which guarantees them a ready market for their harvest although the prices may not be optimal.

It is worth noting here that outgrower schemes have not necessarily resulted in positive outcomes for rural farming communities. In fact one can argue that smallholder farmers invest much more in the agricultural businesses set up by the so-called investors as the smallholders produce at high costs and sale their output at give away prices subsidizing the large-scale farmers in the process. Lastly large-scale investors in many instances qualify only by title but by the level of capital they invest. Often, they get the land freely or at negligible prices and are given tax holidays. This notwithstanding, outgrower schemes are a constant feature on the agricultural horizon which we need to comprehend for purposes of harmonizing benefits between smallholder farmers and large-scale land investors.

### 2.6.1 Large-scale Agriculture in Uganda

Peasant agricultural production has been the predominant economic activity since pre-colonial times before the demand for certain agricultural products like tea, sugar, cotton and coffee increased. Out grower schemes in Uganda developed as a response to the increased demand for raw materials and the desire by government to increase foreign exchange earnings through increased exportation of agricultural products grown and produced on government owned plantations although the official government policy in Uganda at the time continued to encourage smallholder farmers to produce and commercialise. However the political insecurity, mismanagement and lack of adequate resources of the 1970s and early 1980s resulted in a sharp decline of profits from commercial agricultural ventures which prompted government to sell off commercial plantations or create joint agricultural ventures with the private sector which sought to arrest the declining agricultural production and increase agricultural export volumes. For instance Mehta and Madhvani families of Asian origin,

entered into joint ownership with government to manage Lugazi and Kakira sugar estates respectively. The Metha family through the Uganda Tea Corporation managed most of the tea production while the Uganda Tea Corporation had about 900 hectares in production and was expanding its landholdings in 1989. The state-owned Agricultural Enterprises Limited managed about 3,000 hectares of tea, and an additional 9,000 hectares were farmed by about 11,000 smallholder farmers, who marketed their produce through the parastatal Uganda Tea Growers' Corporation (UTGC).

While disputes over land ownership are often highlighted when private foreign firms are involved in land deals, in Uganda, it appears that even in cases where government was involved as a majority shareholder in plantation holding in the 1970s and 1980s,local smallholder farmers appear to have been disposed of their land and were poorly compensated if at all. However due to the civil wars of the late 1970s and early 1980s, many of these plantations covering several thousand hectares of arable land were either abandoned altogether or remained in a "disputed" category because the foreign owners had been forced to flee the country and the natives were re-invoking their claim on the land in question. By 1990 many of these estates were being sold either to private individuals or companies by the departed Asians' Property Custodian Board as part of an effort to revamp the agricultural export base. After the ownership transfers had been affected, the new plantation owners created outgrower arrangements with smallholder farmers to step up the scale of production and profits.

2.6.2 Kibimba Rice Out grower Scheme: Background and Evolution

In the 1970s the Chinese initiated the development of rice schemes, with Kibimba rice scheme as a rice technology development scheme and the Doho rice scheme, in Butalejja district for seed multiplication and popularization of production. The Kibimba scheme, in Bugiri district covers over 600 ha .It was fully owned by the government of Uganda and was managed by both the ministries of Agriculture Animal Industry and Forestry (MAAIF)and Finance Planning and Economic Development (MFPED) until 1982 when it was closed down. Its closure gave birth to a Kibimba Rice Company- a government parastatal. Under this organization, farmers organized themselves into an out grower scheme for purposes of accessing credit and agricultural inputs like seed and fertilizer. The scheme also created a joint platform for farmers in the outgrower scheme to bargain for fair prices. Unfortunately, despite the benefits which rice farmers were getting from Kibimba Rice Company, it was privatized in 1996, resulting in workers being laid off. Tilda Rice Company (Uganda) Limited, a foreign owned agribusiness venture was licensed to grow and process rice at Kibimba and took over the ownership and management of Kibimba Rice Company.

Tilda Rice Company (Uganda) Limited grows rice but supplements its own production with output from out-growers to meet its enormous milling needs and the demand for rice at both domestic and international markets. Tilda had 650 hectares of arable land suitable for rice production and it was capable of producing up to approximately 4,000 metric tons of rice per year. However, it had installed an ultra-modern rice milling and processing facility with a capacity to process 40,000 metric tonnes of rice per year implying that the mill was operating below capacity and causing losses to the company. Through the out-growers’ scheme, Tilda

had contracted 600 farmers from Bugiri, Iganga, Busia, and Tororo districts. A few of those out-growers used Tilda's land while the rest of them relied on their own land for rice production. Together, these out-growers brought in about 3,000 metric tons of rice per year suggesting the expansion of the scheme to include more farmers.

### 2.7 Contract Farming in Uganda

Contract farming refers to a system where a central processing or exporting unit purchases the harvests of independent farmers and the terms of the purchase are arranged in advance through contracts. The terms of the contract vary and usually specify how much produce the contractor will buy and what price they will pay for it. The contractor frequently provides credit inputs and technical advice. Contracting is fundamentally a way of allocating risk between producer and contractor; the former takes the risk of production and the latter the risk of marketing. In practice, there is considerable interdependence between the two parties, the nature of which is subject to much debate. The allocation of risk is specified in the contract which can vary widely; some agree to trade a certain volume of production; in others the contract specifies price (which can be market price; average price over a period of time, difference between a basic price and market price etc.) but not amount (Baumann, 2000).

In Uganda contract farming is fairly common in areas surrounding large-scale commercial agricultural ventures such as tea states, sugarcane farms, commonly referred to as out grower schemes which supplement agricultural production and is seen by policy makers as a pathway to agricultural commercialisation. Examples include Kakira Sugar Works, Sugar Corporation of Uganda Limited, Kinyara Sugar Works, and Kibimba Tilda Rice Company. Contract farming offers several benefits to smallholder farmers such as improved access to agricultural inputs and output markets, promotion of market development initiatives and increased rural development. Therefore given these benefits smallholder farmers have more reason to be engaged in contract farming if an opportunity to do so is presented to them. Indeed, case studies on agricultural commodities like tea, sugarcane, cotton, oil palm, oilseeds and rice carried out in Africa, Asia, Central and Latin America have shown that smallholder farmers do enjoy such benefits (Masakure and Henson, 2005; Eaton and Shepherd, 2001; Key and Runsten, 1999; Porter and Howard, 1997; and Glover, 1987). Contract farming schemes are further credited for playing a key role in increasing the profitability of crop farming, reducing marketing risks, and opening up new markets for non-traditional cash crops at domestic and international levels (Wiegratz et al., 2007; Nalukenge, 2005; Sejjaaka, 2004; Tulip and Ton, 2002).

The glossy picture notwithstanding, Elepu and Nalukenge (2006) while studying contract farming, smallholders and commercialisation of agriculture in Uganda found that smallholder farmers experienced contractual problems in dealing with large agribusiness firms often resulting in smallholder farmers giving up contract farming. Contract farming is considered to be a system for self-exploitation of family labour 'replete with company manipulation and abrogation of contracts'. It is characterised by 'oppositional energies' evoked by contract arrangements; the way that contracts function both as a means of subordination and a point of resistance (Watts, 1990).

# CHAPTER THREE

# STUDY METHODS

## 3.1 Methodological Context

This study was carried out using a case study approach which involved collection of information about Tilda Uganda Rice Company, formerly-Kibimba Rice Scheme.

A qualitative descriptive research methodology was adopted to carry out an intense analysis of the selected case study to draw conclusions in the selected context. This study did not set out to investigate cause-effect relationships; rather emphasis was laid on exploring large-scale land investments and how they relate to smallholder farmers.

Typically this study examined the relationships between the large-scale investor and the surrounding communities to develop a thorough understanding of how they relate. An in-depth description of Tilda Rice Company as well as the smallholder outgrower farmers were evaluated, the circumstances under which they operate, the nature of their interaction, the benefits which they share and the overall motives of the large-scale investors.

## 3.2 Case Study

The study was conducted in Eastern Uganda, Bugiri district where Tilda Rice Company is located. The case study used was purposively selected because it could provide insights on the study objectives. In Uganda, out grower schemes are a common feature among cash crop producing large-sale firms. However rice was selected because it is a dual crop (cash and food crop) which has gained prominence in the last few years. The Kibimba rice growing area has undergone a number of transformations since a rice growing scheme was first opened by government in 1971. Tilda Rice Company, the firm currently managing the former rice scheme, buys rice from several outgrowers and employs a large number of people within Kibimba area. It was envisaged that the current firm set up would provide answers to most of the study questions.

## 3.3 Study Tools

### 3.3.1 Documentary Review

Because large-scale land acquisition is an emerging field in development economics, this study was informed by various publications from several organisations like the Land Matrix, International Land Coalition (ILC), International Fund for Agricultural Development (IFAD) and the Food and Agricultural Organisation of the United Nations (FAO).This literature reviews of secondary information was critical in developing a global as well as regional perspectives on large-scale land investments. The literature review did not only offer a basis for comparison but also provided grounds for drawing a comprehensive picture of land deals in the south and how they are impacting smallholder farmers.

### 3.3.2 Interviews with smallholder farmers, large-scale investors and other stakeholders

Focus Group Discussions were held with farmers to obtain a clear and more up-to-date understanding of how smallholder farmers interact with large-scale land investors. This study sought to develop a clear picture of how smallholder farmers in outgrower groups relate with the large-scale land investors and document any contractual obligations and benefits that accrue.

The Focus Group Discussions conducted had the following composition: farmers who were members in several to out grower associations, workers of Tilda Rice Company and community members. All categories included both men and women

Whereas a formal survey was not carried out, smallholder farmers in the outgrower category were asked questions relating to how their economic fortunes have evolved over time since they started interacting with the large-scale investors. The objective was to assess the costs and benefits that come with engaging in farmer-land investor arrangements and how this impacts household welfare in the short and long run.

A community interview guide was used to collect community perspectives about Tilda Rice Company; Community members were very helpful in drawing a comprehensive picture of the interactions between the community and the Company.

### 3.4 Study Limitations

While the study team did its best to fulfil the Terms of Reference (TORs) as provided by the Eastern African farmers Federation (EAFF), there were a number of limitations to contend with. First, the smallholder farmers are disgruntled and feel abandoned by both government and civil society. They were hesitant to provide us with the information we needed. Secondly, the managers of Tilda Rice Company were equally hesitant to respond to the questions we presented to them.

# CHAPTER FOUR

# RESULTS AND FINDINGS

The study set out to raise advocacy issues for policy change with regard to large-scale land investments in Uganda. The thrust of the analysis was focused on developing a thorough understanding of the business arrangements between the smallholder farmers and the large-scale land investor; identifying the economic and non-economic benefits which the smallholder communities enjoy as a result of the presence of this firm in their midst; and identify the challenges which prevent both the smallholder and large-scale land investors from maximising benefits from their interactions.

## 4.1 Business Arrangements

The outgrower schemes around Tilda Uganda Rice Company in Kibimba are of the Nucleus Estate-Outgrower scheme type comprising of Kibimba as a core estate and factory with smallholder farmers in the surrounding communities growing crops on their land which they sell to the factory for processing and onward marketing to domestic and international markets.

In order to gain a thorough understanding of the business arrangements between smallholder farmers and Tilda Uganda Rice Company, Focus Group Discussions (FGDs) were held with the outgrower farmers. They were asked to describe the business arrangements which existed between them and the rice company. It was discovered that despite the fact that Tilda Uganda Rice Company (hereafter referred to as the Tilda) purchases rice from farmers who belong to several outgrower groups, neither the individual farmers nor the out grower groups have any formal contractual business arrangements with Tilda. However before Tilda was licensed to manage Kibimba Rice scheme, the government parastatal (Kibimba Rice Company) used to have standing contractual agreements with the smallholder farmers which ceased when the scheme was sold to Tilda in 1996.

Because this study set out to investigate the nature of contracts, we asked smallholder farmers to identify the type of contract which they would prefer if they were given an opportunity to enter in a contract. There are three typical types of contracts; market specification contracts, resource-providing contracts and production management contracts which we discussed with outgrower farmers. They reported that Tilda does not offer any of the three types of contracts to smallholder farmers who produce and sale rice to the company. The smallholder farmers however said they would prefer the type of contracts which they had with the former government parastatal-Kibimba Rice Company. The contracts were resource-providing in nature and they specified the type of crop to be produced, the production practices to be used, and the crop output quality and standardization. All these requirements were achieved through the parastatal providing technical packages such as improved seed, inorganic fertilizer, water for irrigation, financial credit and agricultural extension services and trainings. Since the smallholder outgrower farmers had no role to play in the final marketing of the output-they were not very keen about market oriented agreements. They further reported that the resource-

proving contracts enabled them to learn new rice production technologies which they use to date.

### 4.2 Land Tenure and Demand and Supply of arable land

In the study area, it was affirmed that land is the most important source of livelihood for the entire population; it is an economic asset which has been appreciating in value over time. The predominant type of land tenure around Kibimba is customary tenure with few cases of emerging individualistic land ownership. Because the creation of this scheme left some natives dispossessed of land, plus the fact that the population has been increasing at an estimated rate of 2.8 percent and had increased from 266,900 in 2002 to 332,900 people in 2010 (National Census, 2002)-the supply of arable land for agricultural production has been declining while the demand continues to rise. The influx of migrant workers from other parts of the country has exacerbated this problem further as they need to grow crops for food and supplementary income.

Rice, the major commercial crop around Kibimba requires water for irrigation which only Tilda can provide to farmers. However unlike the old days when the parastatal was managing the rice scheme, smallholder farmers can only grow rice on Tilda owned land if they accept to sale all the rice to Tilda at maturity at a price fixed by the company which greatly affects the income which smallholder farmers get. Other crops like maize and soybean are grown on Tilda land with no preconditions. When asked why this was the case, the smallholder farmers reported that it was mainly because crops like maize tend to fetch very low prices on the market unlike rice.

A discussion with Tilda personnel confirmed that no agreements existed with smallholder farmers which were attributed to the nature of agricultural production as well as other factors. Enforcement and making sure that smallholder farmers adhered to the terms in contracts, the uncertainty of production due to sporadic weather patterns, division of value added between smallholder farmers and the contractor and the costs of monitoring and managing outgrower farmers were listed as some of the impediments to setting up agreements between the smallholder farmers and Tilda. The smallholder farmers interviewed lamented about their weak bargaining power with the investors. Indeed Lack of agreements as in this case rules out the only binding arrangement on either side and its absence puts the side with weak bargaining power (the smallholder farmer) at a disadvantage.

### 4.3 Economic and Non-Economic Benefits

The smallholder farmers appreciated the fact that Tilda Company is the major employer of the rural population in Kibimba although the pay is not as good as it should be. They also reported that Tilda provides land to the landless that can grow maize and soya for sale to external buyers other than Tilda through a land rental market arrangement. Smallholder farmers rent in land at a rate of 50,000 Uganda shillings per acre per season. The average acreage of land rented in by smallholder farmers for rice and maize, the major crops grown were estimated to be 8 and 10 acres respectively.

Part of the reason why Tilda is not popular in its neighbourhood is because it scrapped any vestiges of non-economic benefits which the communities enjoyed. Because Tilda is a private

company with managerial and financial autonomy unlike the former parastatal authorities, conflicts of interest often come up between the smallholder farmers and the Company. For instance Tilda provides a building which houses a clinic while the local government provides the drugs and members of staff but the community lacks a sense of ownership. The former Kibimba rice scheme had a primary school located on the scheme land, however when Tilda took over management, the school structures were knocked down although Tilda rebuilt the school outside the estate, a move not appreciated by some members of the community. The irrigation canals built when Tilda took over the scheme to demarcate its boundaries, according to the smallholder farmers has a lot of fish but Tilda management forbids them from fishing from the water canals and any attempt to do so may land a worker or community member into prison. It is clear that whereas there are very few non-economic benefits enjoyed by the community around Tilda, the authoritarian style of management strains the relationship between this private company and the community and creates a sense of disempowerment among the smallholder farmers.

## 4.4 Challenges

### 4.4.1 Challenges- Out growers

There several challenges faced by both the smallholder farmers and Tilda Rice Company. The challenges as advanced by the smallholder farmers included the following:

- First, the low wages paid by Tilda to casual workers have a cumulative negative effect. Instead of motivating smallholder workers to take on paid casual labour work, they instead opt to take on other economic activities like fishing and engaging in own farming instead of working for Tilda.
- Whereas hiring out land to smallholder farmers reduces land related constraints, Tilda's decision to withhold all rice produced on Tilda land is perceived as exploitative and reduces the potential welfare impacts farmers would get if they sold a share of their rice output to other traders at competitive prices.
- Lack of production agreements between smallholders out grower farmers is one of the biggest challenges. Farmers see this as a ploy by Tilda to exploit them and buy their output at less than optimal market prices which causes losses to the farmers and renders them poor with no hope of improving their living conditions.
- Credit constraints on the part of the smallholder out growers are a major challenge as they lack capital to increase their level of production and enjoy economies of scale. Although organised as outgrowers, with no binding agreements many smallholder farmers sale their rice to Tilda individually undermining their collective bargaining power.
- Lack of agricultural inputs like improved seed, inorganic fertiliser, and agricultural extension services as well as agricultural training opportunities have rendered the rice farmers laggards in terms of adopting new production technologies.
- Lastly, because the women are the most hired by Tilda because of their dire need for cash income, food and nutritional security needs at household level are sometimes affected negatively.

### 4.4.1 Challenges- Tilda Rice Company

Tilda as a company is a private and autonomous in nature which restricts its focus to generating profits. Most of the positive externalities which the community agitates for come at a price. Understandably, this is the major source of friction between the two entities-the outgrower farmers and Tilda Company. The community does not see any Corporate Social Responsibility (CSR) effort and perceives Tilda as being exploitative and opportunistic.

The history and evolution of this rice scheme has many implications for the problems/challenges it faces today. As a public venture, government ensured that surrounding communities enjoyed several benefits-schools, medical services, credit access, agricultural training, and provision of agricultural extension services and accessing agricultural inputs. While drawing contracts with Tilda, it is evident that continued provision of such services to the community was never discussed or if it was it has not been implemented.

This land was originally owned by this community-which worked it for their daily survival. During our interactions with the community elders, they reported that this land had a site where they carried out rituals headed by their cultural leader-the Wakhooli, however it was razed to the ground and they were later under compensated. Many community members lost land and were not well compensated. This created a lot of animosity towards the investors which continues to-date.

The casual labourers and out-grower farmers do not have any employment contracts. The Tilda management decided against signing contracts with the out-grower farmers or its casual workers. This closes any formal channels through which either group can raise grievances with the company management. This in part continues to breed animosity and conflict. Recently casual workers went on strike destroying rice fields, buildings and other production machinery while demanding for wage increases, indicating perhaps a need for Tilda management to address the grievances of the community.

Lastly, Tilda faces severe labour constraints as most of the workers are women, especially during the rainy season when casual workers have to attend to their gardens before they can take on tasks in Tilda rice fields.

### 4.5 Farmers' proposals

Smallholder farmers around the Tilda estate face a number of challenges as indicated above. They were asked to come up with proposals which they thought would improve the benefits they derive from interacting with Tilda.

i. The smallholder farmers proposed a change in the managerial structure of private company. They suggested a need to set up management committee on which they should have direct representation. The committee should over see distribution and use agricultural inputs. They further argued that the private company should be more involved in commercial processes but give the nationals an opportunity to take part in the running of the company.

ii. Improvement of working conditions for both casual and permanent workers. The smallholder farmers suggested that the private company should endeavour to improve the

terms of employment of all workers. Apparently all workers are hired on a casual basis and are paid the same wage irrespective of the work done. For instance a casual worker is paid on average Uganda Shillings 12,000 (equivalent to US Dollars 5.0) per week.

iii. Need to strengthen outgrower association. Although outgrower farmers understood the inherent problems that come with contractual arrangements, they proposed that the private company should mobilize them into registered outgrower associations, sensitize them about their obligations and facilitate them to produce to the standards set in the agreements. The private company should desist from dealing with individual farmers as this weakens the collective power of smallholder farmers.

iv. The farmers emphasized the need for government to take a leading role in the process of ensuring that both smallholder outgrower farmers and the private company come up with mutually beneficial formal agreements.

v. The district local government –especially the labour office as well as the production department should take interest in how the farmers are being empowered and facilitated to produce. They should bolster farmer efforts to have fair production arrangements.

vi. Lastly, the government leased out this land without taking into consideration the agricultural land needs of the ever growing population of the area. As the demand for land increases, government should revisit the agreement made with the private company so that communities around the estate can have access to land under a sharecropping arrangement

# CHAPTER FIVE

# CONCLUSIONS AND POLICY ISSUES

## 5.1 Conclusions

In theory, contracts should be the basis for specification of rights and obligations between outgrowers and contractors. However this study finds that smallholder farmers around Tilda have no formal agreements. The implication is that both parties find themselves in a vulnerable position where none can confer penalties for breach of provision of any service or good on either side. That aside, whereas some people have argued that contractual arrangements involving smallholder farmers are often weighted against smallholders and in favour of the investor (CDC,1989), lack of any form of contract puts the smallholder at a great risk and disadvantage compared to the investor. Overall commercialization of smallholder farming will only be achieved if all stakeholders including government, farmer organizations and other civil society groups recognize the need to formalize interactions between smallholder farmers and investors

Whereas the primary motive of setting up outgrower association is to improve market access, the current model employed by Tilda Rice Company does not empower smallholder farmers to access markets which have direct implications for the income earned from sale of crop outputs. Even as we continue to argue that local markets for agricultural produce are highly volatile and prices very unstable, if smallholder farmers locked in outgrower schemes lack means to negotiate fair trade arrangements with the investors, they stand to remain spectators with minimal returns flowing into their pockets. This has implications for the level of investment ploughed back into agriculture by smallholder farmers as they will remain reluctant to adopt new technologies and improve production efficiency on their farms.

The supply of inputs such as improved seed, inorganic fertilizer, agrochemicals such as pesticides and herbicides, credit and extension services is severely curtailed. It is expected that contract farming would provide a short to midterm solution in accessing such inputs, however this study finds that smallholder farmer around Tilda Rice Company receive no such assistance. The company despite having a vested interest in the productivity of smallholder farms does not make any effort to improve access to these vital inputs. Credit, one of the major impediments to smallholder farming is also not guaranteed yet it is one reason frequently given to justify why smallholder farmers should become out growers. In the end, smallholder farmers producing for this company appear not to derive any economic benefit save for the cash from crop sales, which would be achieved even in the absence of an out-grower scheme.

Lastly, despite the fact that land is in short supply around Kibimba area, land leased out to Tilda as well as customary land owned by smallholder farmers can play a complementary role in ensuring that rice output levels are adequate. Contracts should be drawn which address all

the pertinent land issues that may interfere with smallholder outgrower farming arrangements. While the investor appears to be procrastinating about formalising contractual farming arrangements, there is a need to appreciate the unique nature of customary land and hence devise means of entering such land into secure land use arrangements, as has been the case with individualised tenure with titles.

### 5.2 Policy Issues

This study brings a number of issues to the fore. First, the government, and other stakeholders need to come up with a strategy to establish guidelines for equitable utilization of land and other resources under large-scale viz-zis smallholder contexts. Given the nature of large-scale engagements in existence in Uganda, core national principles governing how large-scale investors should interact with smallholder farmers should be formulated. These principles should ensure that large-scale investors meet Corporate Social Responsibility (CSR) standards as agreed.Furtherstill, the standards should be formulated in an all inclusive and consultative climate including all interested parties.

Secondly, there is a need to have an implementation and monitoring agency to ensure that standards agreed upon are met and not left on shelves to gather dust. Although this study was unable to look at the memoranda of understanding signed between the Uganda Government and Tilda Rice Company, it is evident that no efforts have been put into place to ensure that the interaction between Tilda and the surrounding communities is mutually beneficial. Rather what comes out is that Tilda has such autonomy that it only comes up with managerial decisions in its favour disregarding the wellbeing of its neighbors.

Land based investments have a critical role to play in transforming developing economies. However protecting and ensuring that rights of natives are not violated is very important. To this end, sensitization of local populations in regard to their security of tenure and knowledge of the land use policy and law is very pertinent. Local communities should play an instrumental role in order to ensure that their human rights should take precedence over expeditious processing of land transactions which end up eroding the welfare of local communities.

To assume that large-scale agriculture will provide the missing impetus to catapult smallholder farming into the commercial realm is almost next to impossible. The glaring reality on the ground is that smallholder agriculture has been neglected for decades and government needs to increase public investments into this sector to trigger the necessary and desirable change. When large-scale agriculture is viewed as a silver bullet it creates a wrong impression –especially to the land investors who then take it upon themselves to trample upon the rights of smallholder farmers whom they are supposed to pull up from the absinth of agricultural decline mired by inefficiency and declining productivity.

From a rural transformation view point, wages paid to workers should be adjusted to tally with the quantity of labour they hire out to large-scale agricultural investors. While carrying out this study, it was evident that hired casual workers are paid less than optimal. However the mere fact that they go on to sale hire out labour under such non-conducive and exploitative conditions is indicative of the lack of other feasible ways of earning an income.

This clearly identifies a need to create other income generating sources of employment, which will make the rural labour market more competitive.

Within the context of the African Union, AU Land Policy guidelines were adopted in 2009, however oprationalisation still remains slow within the member states even though they strongly advocate for land laws and policies that protect the interests of land users. Government has to develop a concerted effort with the help of civil society agencies to integrate protection of land rights as well as promote responsible large-scale farming

In Uganda, a reasonable level of land rights awareness has been created by civil society, however abuse of rights of local communities still take place. It is not that local communities do not appreciate the advantages of having such large-scale investors in their midst-they do but investors and government officials gang up to oppress the local populace which breeds resistance and sometimes has stopped projects from taking off all together. It is therefore in the interest of investors, that large-scale land transactions are as transparent as possible and local communities are part of the land transaction process. Overall, the transactions should be well negotiated and devoid of any authoritative tendencies ensuring that benefits are equitably shared and production processes are sustainable.

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