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Based on Evidence from Two Recent Studies

1. Nature and Magnitude of Land Acquisitions in Tanzania: Analyzing Role of Different Actors, Key Trends and Drivers in Land Acquisitions

Mangasini A. Katundu, Innocent M.A. Makungu & Shakila H. Mteti

And

2. Land Leasing for Large-Scale Agricultural Investment in Tanzania: Processes, Opportunities and Challenges

Samwel J. Kabote, Elliott P. Niboye and Justin J. Ringo

Introduction

In the past decade, Tanzania, in an effort to achieving higher economic growth and poverty reduction, has been leasing large tracts of land to foreign investors for large-scale agricultural investment. The premise behind this trend is that large-scale agriculture can increase productivity mainly because it employs improved technologies more than many small-scale farmers could do (Blumenthal 2009). Also foreign investors are attracted to leasing large tracts of land due to an increase in food demand, a need for shift from fossil fuel to biofuel energy, and also due to economic crisis in the global north (Cotula *et al.* 2009; Areziki, Deininger and Selod 2011).

As such, Tanzania presents a good case of large-scale land acquisition in East Africa were more than 172 foreign investors have acquired huge chunk of land (LRRRI 2011; TIC 2012). For example, in a leasing process began in the year 2005 and was concluded in 2009, large tracts of village lands (8210.68 hectares) in Kisarawe District in the Coast Region of Tanzania, has been appropriated by foreign investors— the Sun-Biofuel Tanzania Limited— mainly for *Jatropha* production to export biofuel energy back home, and not for domestic use (Kambote, Niboye and Ringo 2014).

One of the justifications for these land appropriations is that the phenomenon focuses on the idle land which is less important for rural livelihoods. However, uncultivated land in rural Tanzania and elsewhere is critical for firewood collection, as source of medicinal plants and water, grazing area, graveyards, and also as a source of building materials (Matondi, Havnevik and Beyene 2011). Thus, large-scale land acquisitions pose serious threats to the human rights of host communities by denying land users access to vital natural resources, undermining local livelihoods, jeopardizing food security, and exacerbating tenure insecurity (Cotula 2011), and even displacement. Troubles and conflicts among investors and the host poor have been evident.

Cotula *et al.* (2009) observed that primary and secondary data on land acquisitions in Africa, including Tanzania, is scarce and often of limited reliability. Of the two studies upon which this policy brief is based, one was set to assess the nature and magnitude of land acquisitions in Tanzania, thereby analyzing the role of different actors, key trends and drivers in land acquisitions, and the other one to assess processes, opportunities and challenges of land leasing for large-scale agricultural investment in Kisarawe District of the Coast Region, Tanzania.

The former one attempted to answer the following questions: What are the nature, characteristics and magnitude of land acquisitions in Tanzania? Who are the key actors in the Tanzania's land acquisition process? What are the key trends in the Tanzania's land acquisition? Which forms of land acquisition and accumulation are currently taking place in Tanzania? What are the factors behind the current Tanzania's land acquisition process? What are the challenges brought by the current process of land acquisition in the country? Which policies and strategies may be adopted to ensure a win-win scenario among different actors in Tanzania's land acquisition process for rural development? The latter one aimed to meet the following specific objectives: (i) to assess processes and roles of different actors involved in International Land Deal negotiations; (ii) to assess employment created by Sun-Biofuels Tanzania Limited in relation to poverty reduction; and (iii) to examine potential or existing strategies necessary for creating a win-win situation to reduce poverty among small-scale farmers. It was important to focus on employment creation because it was the only promise which was fulfilled by Sun-Biofuel Tanzania Limited.

Methodology

To generate data for the study that assessed to assessed the nature and magnitude of land acquisitions in Tanzania, both qualitative (focus group discussions, key informant interviews and observation) and quantitative (survey) methods as well as documentary review were used. The study covered Arusha, Pwani, Morogoro, Iringa and Dar es Salaam. Purposive sampling was used in selecting four categories of respondents, i.e., smallholder farmers, foreign investors, government officials, and community or clan elders and/or leaders were selected. The sample size for the study was 417 respondents. Quantitative data were analysed using the Statistical Package for Social Sciences and Micro Soft Excel (MS-Excel) computer software whereas Analysis of Variance (ANOVA) was applied to establish comparisons between localities in each study area. Multiple regression analysis was used to determine factors influencing land ownership among smallholder farmers in Tanzania.

Likewise, the study conducted in Kisarawe District of the Coast Region was based on data generated using both qualitative (FGDs that involved 30 smallholder farmers and key informant interviews that involved 17 smallholder farmers) and quantitative (survey involving 180 respondents) methods that were employed sequentially.

Findings

Katundu *et al* (2014) in the assessment of the nature and magnitude of land acquisitions in Tanzania indicate that until the past 16 years, most scholars still believed that the country was under-populated and therefore its land was under-utilised. The myths of a vast under-populated-cum-under-utilised land, transfer of technology and skills, creation of employment, and poverty alleviation in the host communities are found to be the major drivers of the current changes in the trend of land acquisition in the country. Consolidating data from Tanzania Investment Centre (TIC) data base (2012), the study also observed that in the past 16 years, investments in Tanzania's farmlands increased significantly from 49 in 1996 to 462 in 2011. Investments owned by foreigners increased from 17 to 172 during the same period while joint venture investments increased from 45 to 191.

Employment increased from 19,745 jobs in 1996 to 79,101 jobs in 2011 (Figure 1). However, this increase in employment opportunities is not enough to ease the country's high unemployment rate, which is going worse among the youth, including the educated youth and stood at 2.3 million in 2005 (1.3 million Women and 1.0 million Men) equivalent to 12.9 per cent of the labour force (URT 2005). Level of unemployment in Tanzania increased from 12.9 per cent in 2005 to 13.4 per cent in 2010 with females who were unemployed reaching 14.3 per cent and males 12.3 per cent (Beyadi 2010)). These unemployment rates are well above the acceptable rate of 4–6% and the only option open to most new labour force entrants is to become self-employed (ILO 2011).

FDI inflows increased from U$463.4 Million in 2000 to U$695.5 Million in 2008 (URT 2009: 17), equal to an increase of only U$232.1 Million. Evidence did not show significant impact of FDI on the level of poverty reduction among the host communities. Observation, FGDs and Surveys indicated that poverty in the districts where FDI is taking place is still high, as shown by the low level of availability of food, clean and safe drinking water, shelter, sanitation facilities, education, access to information, access to services. Communication networks like access to newspapers, TV sets, radio reception, etc is narrow and there were only very few electricity connections (about 40% of the households) — most use solar power. In urban areas, 29.7 per cent of households were connected while in rural areas only 2 per cent of households were connected to electricity (URT 2009). Further to poor connectivity, power shortage, lack of finance to lay down the infrastructures, problem to access electricity is exacerbated by the fact that many people live in temporary huts that they cannot afford to pay installation costs and the resulting bills.

This study (Katundu *et al* 2014) established that the government and its agencies are the main actors playing a leading role in land acquisition and administration in Tanzania. Non-Governmental Organisations (NGOs) and professional institutions are only its close partners. Others are foreign investors who have invested or want to invest in various sectors of the economy. Data on land acquisition in Tanzania, however, is segmented due to the fact that the Government has not been able to conduct census of the land owners in the country. Furthermore, while Chachage (2010) shows that Mufindi Paper Mills which own more than 10,000 ha of land was sold to Green Resources Ltd, a study by LRRRI (2011) shows that the company still owns some 10,000 ha of land. Common citizens own very small pieces of land ranging from 0 to 300 acres (120 ha) with an average of 9 acres (3.6 ha) per household. When divided to the number of adults in a household, the figure decreases to 1.5 acres

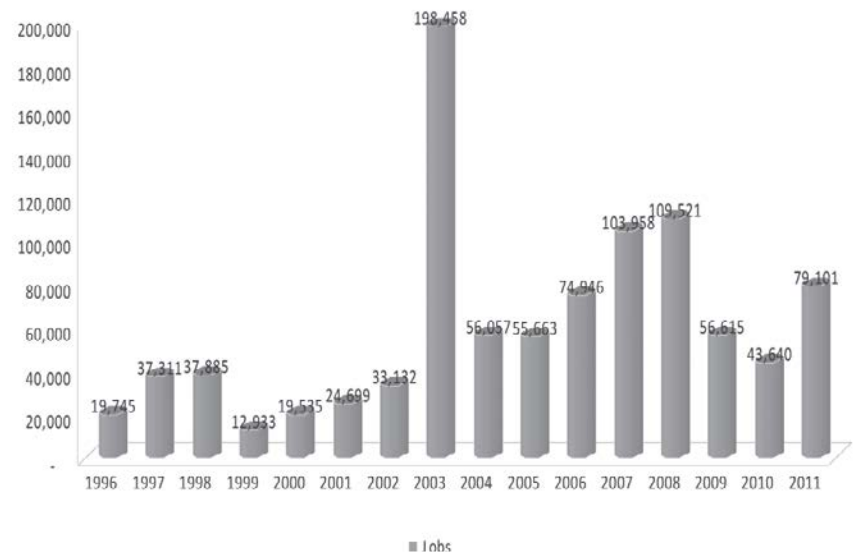

Figure 1. Trend of Job Creation in Tanzania (1996–2011)

(0.6 ha) per person. While that is the case, investors in Tanzania have acquired huge pieces of land ranging from 200 ha to 400,000, which is an average of 43,031 ha per investor, but leaving smallholder farmers surrounding major investments with very small land which cannot enable them even to meet the households' food requirements.

Among smallholder farmers who were evicted to allow for investments to take place, very few were adequately compensated. Evicted smallholder farmers were either compensated land or paid in cash. Most smallholder farmers that were interviewed in Kidabaga, Kilolo District and Mtibwa, Mvomero District reported having been paid very little compensation, which could not purchase a comparable size of land elsewhere. For example, in Mtamba Village (Kisarawe District) where jatropha project is operated, on average, land was compensated at less than Tshs 14,792 per acre (equivalent to US $ 9) (total compensation was less than 300m on 8,211ha).

Jatropha Plantations at Mtamba, Kisarawe District, Coast Region.

Photo taken during a field survey by Katundu *et al* (2011)

Land conflicts were also reported in most investment areas; for example, "New Land Crisis" between smallholders of Kidudwe Village and the Mtibwa Sugar Estate (MSE ltd.). Kidudwe villagers and The MSE ltd. each claim ownership of the 400 ha of land. According to the villagers, the crisis began in 1987 when MSE ltd. started developing their land. Since then, they had reported to the government but the crisis is yet to be solved.

Another issue noted by Katundu, Makungu, and Mteti (2014) was the long-term land lease of 99 years and above. Smallholder farmers were concerned with this term as it does not give them a chance in a near future to re-own land they have released to investors. On the other hand, investors insist that short tenures are not realistic as investment on land takes long time to pay back.

The study by Katundu *eta al* (2014) also revealed the exclusion of citizens during negotiations of the deals. Also in most surveyed villages, village land councils meetings (where important decisions regarding land at the village level are made) are not held regularly. Yet, deals are made and signed by the Village Executive Officers (VEOs) and fake minutes are being written. Villagers interviewed reported that most land deals involved a lot of confidentiality. Deals are concluded during night between few village officials and the investors. In some occasions, politicians including Ministers and Members of Parliament also attend in an attempt to influence decisions.

Kambote, Niboye and Ringo's (2014) drawing from their findings on land deal processes in Chakenge, Mtakayo, Kidugalo, Marumbo, Mhaga and Mtamba villages in Kisarawe District in the Coast Region, reported a similar finding that Memorandum of Understanding (MOU) was signed between the investor and Kisarawe District Council. Yet, there was no effective feedback to the Village Councils about land survey, valuation and compensation to the extent that some village councils, for example, of Chakenge and Marumbo villages, did not even know the size of their village lands. Further, village councils in Mtakayo, Kidugalo and Mtamba did not know the size of the village land that was leased to the investor. The MoU also did not stipulate the mechanisms through which agreements including the investor's promises of creating jobs, managing the environment and engaging in development projects were to be implemented. As it was anticipated, many of the promises given by the investor during the leasing of the land were not implemented except providing few employment opportunities to the rural people, (i.e. to 2 – 6 per cent of villagers out of the total population in the villages). It turned out that the initial investor who leased the land stopped Jatropha cultivation after a year of its inception in 2009, and there was evidence that another investor had taken control over the farm.

The study also found out that during Village Assemblies, the District Council exerted influence through different means, including by lobbying and convincing the villagers to accept the proposed land lease and the proposed investment. The presence of the District's Member of Parliament, the District Commissioner (DC), and the Ward Councillors during the Village Assemblies overwhelmed the local peoples' capacity to negotiate and reach an agreement about leasing their land. Basically, the Member of Parliament, the District Commissioner and Ward Councillors are not part of the Village Assembly in Tanzania.

Policy Recommendations

The studis drew the following policy recommendations.

- There must be transparency in negotiations such that local smallholder farmers must be informed about and involved in all stages of negotiations related to land deals that they own or they surround. Seeking their free, prior, and informed consent is the standard to be upheld. Particular efforts are required to protect the rights of indigenous and other marginalized ethnic groups such as the minority tribes, widows, persons with disabilities and poor villagers. towards this end, the media and civil society can play a key role in making information available to the public.
- There must be respect for existing rights. Those who lose land should be compensated and rehabilitated to an equivalent livelihood. The standards of the World Commission on Dams provide an example of such policies. Drawing from their findings on land deal processes in Kisarawe District in the Coast Region, Kambote, Niboye and Ringo's (2014) comment

that "though it is clear that the process of leasing the village lands to the investor was somewhat in line with the village land laws of Tanzania, the existing regulatory and policy frameworks are weak in protecting people's rights on land. These need to be strengthened for people's benefits."

- There must be sharing of benefits in that the local community should benefit from foreign investments, be it in agriculture or mining sector. A good example is the Joint Venture between Villagers at Mawambala Village in Kilolo District with RUTUBA FARM.
- Environmental sustainability should be maintained through a careful environmental impact assessment and monitoring. There must be sound and sustainable agricultural production practices that guard against depletion of soils, loss of critical biodiversity, increased greenhouse gas emissions, and significant diversion of water for other human or environmental uses.
- However, at the same time, the land deal process in Kisarawe District in the Coast Region also violated the village land law by not giving room to the village assemblies to exercise their role of being village land managers. This means that there was exclusion of the voice from the people which needs to be integrated for effective decision-making on leasing the village lands. (Kambote, Niboye and Ringo's 2014). Thus, negotiations should start at the village level, where the land is found. There is also a need to decentralize some power to eliminate the possibility of corrupt practices during land leasing process.
- In this regard, government officials, especially at the village and district levels, should stop signing contracts (MoUs) on behalf of the villagers.
- Furthermore, the MoU between the investors and the villagers should not be the end by itself; instead, monitoring and evaluation mechanisms should be put in place to ensure effective implementation of the agreements so that positive outcomes can be realized at the end. This means that the capacity to formulate the MoU should be strengthened at the district level to reflect a win-win situation between the investor and the villagers.
- Concerning the nation's food security, it is advisable that the government should discourage investments which do not provide a detailed account on how they will assist in ensuring food security. In this connection, policy guidelines for biofuel production investment, is not only an essential but also an immediate requirement to guide and control the land leasing process for biofuel production and investment.
- Land tenure policy of 33, 66, and 99 years should be reduced to a maximum of 30 years only and there after land should be returned to the Government. And in the event that the investor ceases the activities on the leased land before the agreed period, the agreement and allocations of the land frameworks should categorically state that the leased land that is not being put to use should be returned to the villagers so that the villagers can continue using it.
- In addition, the government should ensure that the village lands are surveyed and a land use management system be established that can specify which area is potential for largescale biofuel investment and which one is for grazing, settlement and for smallscale farming. In this vein, the investors should adhere to the land use management system during the entire agreed lease period.

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