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## Abstract

Large-scale agricultural investments (LSAI) are common in today's globalised world and frequently involve outgrower schemes. A complex situation involving land conflicts, government bureaucracy and requirements for international best practice in resettlement is causing continuing delays to a Swedish LSAI in Bagamoyo district, Tanzania. A sugar cane factory is to be built and farmers in surrounding villages will be offered the opportunity to supply sugar cane as outgrowers to the investor, Bagamoyo EcoEnergy Ltd (EE), on the farmers' own land. The Swedish international development cooperation agency (Sida) provided support to the EE investment through credit guarantees for the ongoing initial phase of investment.

This thesis investigated farmers' perceptions of the planned outgrower scheme and the origins of these perceptions through interviews with farmers in two affected villages. The theoretical concept of *imaginaries* was used to analyse farmers' expectations as regards the outgrower scheme. Imaginaries are long-term visions where people imagine themselves in the future and are a powerful tool that can affect subjects' actions. Here, farmers' more concrete expectations were examined and set in relation to the risks that the farmers perceived.

It was found that, despite delays and risks, farmers expected a higher standard of living from the outgrower scheme. They expressed scepticism about the investor and were worried about the risks, but they regarded the outgrower scheme for sugar cane as a large part of the future. This imaginary was strongly influenced by the one-sided way in which information had been presented to the farmers. Poverty and lack of agenda-setting power are also limiting the farmers' choices – they essentially can only take this opportunity or stay in their current situation. Their high motivation for the EE outgrower scheme may be because it is regarded by all actors as the villagers' only chance to develop economically. The farmers' expectations and risk perceptions were problematised and compared here with the imaginaries of EE, which hopes to change local farmers' attitude towards farming as a business, and of Sida, which hopes for policy changes regarding land in Tanzania.

*Keywords:* outgrower schemes, large-scale agricultural investment, smallholders, Tanzania, expectations, imaginaries.

## Sammanfattning

Storskaliga markinvesteringar i jordbrukssyfte är vanliga i dagens globaliserade värld. Vid dessa investeringar tillämpas ofta kontraktsjordbruk. Genom markkonflikter, omständlig statlig byråkrati och åtagandet att följa en internationell hög standard vid tvångsförflyttningar har en svensk markinvestering i Bagamoyo-distriktet i Tanzania dragit ut på tiden. En sockerrörsindustri ska anläggas och lokala bönder erbjuds att bli kontraktsjordbrukare och sälja sockerrör till investeraren Bagamoyo EcoEnergy Ltd (EE), odlade på byarnas egen mark. Swedish international development cooperation agency (Sida) har bidragit med lånegarantier till EE för att de ska kunna starta investeringen.

Den här uppsatsen har undersökt hur böndernas förväntningar på storskaliga markinvesteringar ser ut och var förväntningarna kommer ifrån. Bönder från två byar har intervjuats och givit sin syn på risker och förhoppningar samt berättat hur de fått information om kontraktsjordbruket. Resultatet presenteras med hjälp av begreppet *imaginaries*. Begreppet innebär de långsiktiga visioner som visar vart människor ser sig själva i framtiden. *Imaginaries* påverkar människors handlingar för att nå sina visioner. De mer konkreta förväntningarna är beskrivna och sätts i relation till de risker som bönderna beskriver.

Trots förseningar och det risktagande som kontraktsjordbruket innebär, visar resultatet från fältarbetet att bönderna förväntar sig en högre levnadsstandard till följd av kontraktsjordbruket. Många bönder var skeptiska mot företaget och var oroliga över flertalet risker men den överväldigande majoriteten av bönderna ser sin framtid i det planerade kontraktsjordbruket. Den här visionen var tydligt influerad av det ensidiga sättet information presenteras till bönderna. Fattigdom och litet handlingsutrymme begränsar böndernas val. I stort sett har de valet att ta möjligheten till kontraktsjordbruk eller att behålla sin nuvarande situation. Den höga motivationen att bli kontraktsjordbrukare kan vara ett resultat av att kontraktsjordbruket anses av alla aktörer vara böndernas enda väg till ekonomisk utveckling. Böndernas förväntningar och de upplevda riskerna problematiseras och jämförs med de *imaginaries* som Sida och EE har. Sidas förhoppning är att långsiktigt kunna förändra landlagstiftningen i Tanzania. Investeraren EE hoppas kunna få de lokala bönderna att se på sitt jordbruk som ett företag.

*Nyckelord:* kontraktsjordbruk, storskaliga markinvesteringar, småbrukare, Tanzania, förväntningar, *imaginaries*.

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# 1 Introduction

Land deals are not a new phenomenon, but the investments being made in the African continent today are faster and greater than before (Abdallah *et al.*, 2014). They are driven by the food, fuel and energy crisis that the globalised world is now experiencing. These international, large-scale and top-down investments often take place in countries with weak legislation regarding land. In the agricultural strategy of outgrower schemes, a large capitalist company seeks to improve small-scale rural livelihoods by offering locals the role of contract farmers. This encounter generates complex issues connected to poverty, land rights and power.

The outgrower schemes create a new market for the farmers to sell cash crops but they also constitute a risk, since the smallholders might have to take out large loans and grow crops for an international market with fluctuating prices. Outgrower schemes are often a new experience for rural smallholders and introduce new possibilities, but also new challenges. There is often an aim to create a ‘win-win’ situation, but the question is whether a win-win situation can be achieved between smallholders and an investor. There is a lack of equal power relations between smallholders and a company, especially in economic terms and in agenda-setting powers (Locher & Müller-Böker, 2014). The more powerful commercial actor has the resources to realise its visions and can influence the visions of the locals into sharing its aims.

In connection with large-scale agricultural investments (LSAIs) and outgrower schemes, grand plans for local development are created and promises are made to locals. As a consequence, high expectations are often created among the locals, who see their chance to improve their life situation. Managing these expectations is often a problem for investors (Abdallah *et al.*, 2014). Expectations and images created among villagers regarding an investment can be seen as an indicator of how prepared the farmers are for this kind of investment in terms of being well-informed. When farmers describe their expectations, they put words to their future visions. These visions shape farmers’ actions today and become their objectives (Fairclough & Fairclough, 2012).

Land investments raise questions about who gets to decide what development means, who is poor or rich and who has the rights to the land. Land deals are an important issue in the globalised world, where LSAs are becoming more common, and are also supported by development aid.

This thesis forms part of a research project at the Swedish University of Agricultural Sciences examining LSAs in Tanzania.

### ***Aim and research questions***

The aim of this thesis was to *comprehend how smallholders in rural areas who will be affected by a large-scale agricultural investment envisage this future investment and how they perceive potential benefits and risks*. This was researched through a case study of an upcoming investment including an outgrower scheme in Bagamoyo District, Tanzania. The research questions studied were:

- What kind of information have farmers received concerning the planned outgrower schemes and from where do they get their information?
- What expectations do the farmers have, based on the information they have received regarding outgrower schemes?
- What risks do the farmers perceive in relation to the outgrower schemes and what has influenced these perceptions?

### ***Delimitations***

The intention with this thesis is not to give the complete background regarding the investment by Bagamoyo EcoEnergy Ltd (hereafter EcoEnergy or EE) in Bagamoyo, Tanzania, since it is a multifaceted process ranging over almost a decade. Hence, this is not a detailed case study of all aspects. The impacts of the investment are different in all villages affected, with some facing re-settlement and others the possibility of joining an outgrower scheme. Here the main focus was on the village of Misasi<sup>1</sup>, which is being targeted for the outgrower scheme. Less comprehensive material from the village of Kakora, which is also being targeted for the EE outgrower scheme, was used for comparison. The imaginaries of the investor (EE) and the Swedish International Development Cooperation Agency (Sida) were documented in the study as a complement to the farmers' imaginaries.

For a complex case like this, a lot of topics had to be omitted or left without further discussion. For example, the thesis does not further discuss findings in the material that involve the main investment and resettlement process. Land laws in Tanzania are complicated and are only described briefly here. Furthermore, there are various land and border conflicts that could not be explored fully in this thesis, since they would require much more detailed study and relate strongly to the resettlement part of the EE investment. Still, when talking to farmers, the resettlement process in the main investment area inevitably arose in conversation.

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<sup>1</sup>The name of both villages included in this thesis has been changed to provide anonymity.

The events in the project area are thus affecting the villagers' attitudes. For a specific discussion regarding the resettlement, see Kjellin (2015). Moreover, this thesis does not describe the current rice schemes in the villages of Misasi and Kakora in detail. For a more comprehensive understanding of the rice schemes in the villages, see Kjeller (2015).

This thesis investigated communication issues in the relationship between the investor and the farmers, but did not seek to clarify in detail how the investor is keeping the villagers informed. That is a topic to be investigated by others.



## 2 Methods

Since the aim was to investigate local people's perception of the EE investment, fieldwork in Tanzania was needed. The fieldwork was conducted over two months, October-November 2014, working together with another student in rural development from Swedish University of Agricultural Sciences (Agnar Kjeller). The main method was interviews. We shared all material and held all the interviews together, but with separate questions. Agnar's thesis provides a description of the rice scheme organisations in the villages and the collaboration between the farmers. My thesis presents a qualitative investigation of people's expectations. The two studies complement one another and together provide a deeper understanding on the situation in the villages before the start of the large-scale EE investment.

We conducted 19 interviews with locals in the villages of Misasi and six interviews in Kakora. Furthermore, we conducted two interviews with Sida officials and three with EE representatives. We met Sida and EE to get a wider perspective on the investment. We also had informal talks with locals in the villages and with consultants and representatives of EE. Few people were actually employed by EE, and therefore the EE informants consisted mainly of consultants. The farmers perceived consultants as EE representatives. The consultants working with the out-grower schemes are closely connected to EE and are employed to execute the plans of EE.

### *Interviews as a method*

When conducting interviews, it is important to remember that the interviewer is a co-creator to the conversation and affects the content (Kaijser & Öhlander, (Eds.) 1999). The interviewer and the informant may have different aims in the interview. The interviewer has a focus on the research and the informant might want to affect the outcomes of the research. Themes that do not fit the agenda of one or other of these parties may be avoided. Moreover, some informants may only answer the questions asked by the interviewer and not add anything, even if the question is not fitting. The outcomes of interviews can also be affected by social situation, background and cultural differences (*ibid.*).

Before the field visits I had not decided what theories I would use to analyse the material. I wanted to explore my findings first and then choose a theoretical approach (Robson, 2011). The findings also included text analysis and observations from the field. We made several field visits until we had clear categories in our material. Between field visits, we started to analyse and thematise our material.

I used semi-structured interviews, whereby I had prepared questions and themes but was flexible during the interview with follow up-questions and often switched the order of the questions (Robson, 2011). Since I was asking about perceptions of the future with outgrower schemes, which is a broad issue, I often had multiple similar questions regarding the perceptions and sometimes asked the same question twice. There is no correct answer to questions regarding attitudes and beliefs and the answers may differ depending on the exact words in the question (Robson, 2011). This means that no informant was asked exactly the same questions as anyone else. Most informants granted their permission for the interviews to be recorded, but some (one farmer and one EE representative) did not and their wishes were respected. Recorded interviews are preferable, since they provide more information and give the interviewer the chance to fully focus on the informant (Kaijser & Öhlander, (Eds.) 1999). During the few interviews where we were not allowed to record, we both took notes. We also took notes during informal talks instead of recording, in order to keep the informal atmosphere.

Anonymity was not requested, but I keep the informants anonymous in this thesis. Anonymity is the norm in research (Robson, 2011) and is applicable here since some informants expressed criticism of the investor. Anonymity allowed me to use all of the findings, without exposing anybody. At the same time, no informant had a problem stating his or her name. It is difficult to be sure that the informants understood exactly how the material was going to be used, even though we informed them that we were Swedish students writing our thesis. We also chose to keep the whole villages anonymous in order to further protect the informants, not only because of the company, but also outside actors.

In order to provide anonymity, I divided my informants from Misasi into the following groups: village leaders (three individuals), members of the rice scheme board (two individuals), vice-officials on the rice scheme board (three individuals) and members of the rice scheme with no board position (11 individuals). The last category I named 'farmers'. All villagers interviewed work in agriculture and all are farmers themselves, except for one village leader who is employed by the government.

Both my colleague and me were present at all interviews, but we divided the semi-structured interviews into two sections. Before the interview, we decided who should start. Sometimes we asked questions in the other's field if there was an opening for that, because we knew each other's areas of interest. If the conversation was going in a certain direction, the other person might take over. Since the rice scheme and the outgrower scheme for sugar cane are closely connected, it did not seem confusing for the informants to discuss both parts. We had a lot of help

from each other while sharing the interview experience. We gained a fuller picture and a deeper understanding, since we discussed the material a lot.

### *The selection procedure*

There are three villages that EE has selected for outgrowing and we visited two of these. The fieldwork was mainly concentrated to the village of Misasi. I wanted to interview locals regarding information and perceptions about the upcoming outgrower scheme. I could have interviewed anyone in the villages for this. My colleague, on the other hand, only needed people in the rice scheme or with knowledge regarding the rice scheme. We chose to talk with the people possessing information that we both needed, in order to gather as much information as possible in our limited time in Tanzania.

Apart from the recorded interviews, we also conducted informal talks with villagers where we asked what they knew about the rice scheme and the outgrower schemes. We quickly understood that the rice scheme farmers were also those with information about the outgrower scheme from EE and that made it more interesting for me to continue to speak with these informed farmers. Therefore, the informants were among the most well-informed in the villages about the upcoming outgrower scheme and their answers need to be analysed from that perspective. Furthermore, we talked to people who had left the rice scheme and also with one person who was just about to become a member. The informal talks became important to confirm that we were meeting the farmers most suitable for our purposes.

A smaller part of the research was conducted in the village of Kakora, where we spoke to some of the rice scheme board, a rice scheme member and a village leader. The contact information for the rice scheme in Kakora was handled through the EE office in Bagamoyo, which gave us the details for a person in the rice scheme board and that member gathered the other informants in Kakora for us. Since the perception of the outgrower scheme differed somewhat between Kakora and Misasi, this selection of informants was interesting. However, the number of informants in Kakora was also lower, which could have affected the results. There is a chance that the EE personnel directed us to a farmer who was more positive towards the company and with whom they had a good relationship. This might have affected my material by conveying a more positive view expressed by the Kakora farmers than might be held by other farmers in Kakora. Still, there are different preconditions in the villages. Since EE seemed to have a better relationship with Kakora farmers than Misasi farmers, the impact of the selection procedure might not matter for the conclusions.

### *Cultural issues*

In the fieldwork in the villages, we were ethical and cultural outsiders. The social standards in the local context did not apply to us (Ryen, 2004). All the villagers could see that we did not belong in the village. Being a woman from a different culture meant that I had to be prepared to be treated like a less important person

than my male colleague in some instances. This mostly happened outside the field research. The interpreter told me that most people we met in the field saw me as the other male student's wife. I did not feel the need to explain that we were two colleagues conducting interviews together, since I did not feel that the informants' answers would depend on whether we were married or not. My aim was to get answers to my questions, which I received. The interpreter did not treat my questions any differently and the individuals I was questioning seemed to answer me to the same extent as they answered my male colleague.

In the fieldwork, the farmers occasionally believed that we represented EE, no matter how much we tried to convince them that we were students. This is of course something that might have affected some of their answers. The impression that a few people suspected us of representing EE was mostly conveyed to us by the interpreter, but in one interview in particular a person directly accused us of being EE representatives. Another person did not let us record the interview, but was under the impression that we were journalists. We showed the informants our papers in Swahili stating that we were Swedish students conducting field studies. We also let our interpreter explain the situation.

The three interviews in which we were quite sure that people regarded us as EE representatives, were all very different from each other, although all three interviews took place in Misasi. One person was almost angry at us and upset about EE, one was sceptical about the plan of the investor but polite to us, and the third was a very positive couple that wanted to start growing sugar cane right away. The sceptical informants also had positive things to say, and the positive couple also had criticisms. Based on this, there was no standard behaviour by the informants who believed that we represented EE. In Kakora the informants seemed more familiar with the investor and it might have been easier for them to know that we were not working for EE.

## Interpreter

The Tanzanian population consists of around 120 tribes which speak many different languages, but almost everybody speaks the national language, Swahili. Working with an interpreter is often associated with difficulties and is usually not recommended. However, our fieldwork depended on the use of the interpreter, since we did not speak Swahili. Only a few informants knew English, and therefore the interpreter made the whole research process possible. An interpreter not only translates during interviews, but also contributes to research by sharing perceptions of the interview situation. In our case the interpreter also knew the local community and helped us understand cultural differences and set up meetings.

Our interpreter was not trained as an interpreter, but was a local who knew English and had earlier helped other Swedes doing field studies in the area. A risk while using an interpreter is that he or she might not understand everything that is said by informants, or is not able to translate everything. The interpretation can then affect the results of the research. Translating the villagers' words into English might have changed the meaning of some words, which can affect empirical

material (Ryen, 2003). Words might be used differently in Swahili and English and therefore create misunderstandings. To make up for this, we did all interview transcripts together with our interpreter back in Bagamoyo after the field visits. The quotes used in this thesis come from the transcripts that were made together with the interpreter and might not be the exact words of the informant. In some parts of the interview I knew that this might be a good quote and did a precise translation with the interpreter. Back in Sweden there were some parts that emerged as important which were not transcribed word-by-word, but the message was still the same in the quotes.

It is important for the research that the researcher and the interpreter understand each other and that the questions are presented to informants in a suitable way (Ryen, 2003). To ensure this, we showed our research questions to the interpreter and started the fieldwork with a pilot interview where we tested our questions. In rare cases we held the field interviews, or parts of the interviews, in English, but always in the presence of the interpreter. The interpreter was not used in interviews with EE employees and Sida staff.

One obstacle with having to go through an interpreter while performing a semi-structured interview is that follow-up questions are not always asked. I sometimes realised that I had misunderstood the interpretation in the field, or that the interpreter had misunderstood my question, and while listening to the interview it was clear that a follow-up question should have been asked. Some key informants were visited more than once, but some issues, such as details of the border conflict, were difficult to comprehend because of this.

## ***Observations***

Spending a long time in the same place doing fieldwork and conducting interviews means that the researcher has a good opportunity to complement the interviews with observations (Kaijser & Öhlander, (Eds.) 1999). Since we spent about three weeks in the villages, we were present in the villagers' daily lives. We did not engage in work tasks, but through the observations we gained insights into their life in the villages. The observations included visits to the rice schemes in both villages, the sites for the planned outgrower scheme, local transport to villages, living in a local guesthouse, eating food at local restaurants and also just spending time in the villages so that people became accustomed to our presence. We obtained proof of the ongoing land deals in the area when during dinner, we were offered the opportunity to buy land in Kakora. The somewhat infected relationship between pastoralists and farmers became clear when we saw cattle in the rice scheme.

To observe is not only to see, it also to explore taste and touch and to hear and smell (Kaijser & Öhlander, (Eds.) 1999). Observations can also be used for understanding the settings of the interviews and the context in which something is said. The observations were written down in field journals. Comparing this information with that obtained in our interviews gave a new view of the interview

material. Some things which the informants took for granted that we knew were clarified through the observations. Observations can also reveal things that are sensitive or difficult to talk about in interviews (Kaijser & Öhlander, (Eds.) 1999). Observations are performed during the interviews, when *e.g.* noting how the informant is dressed or which symbols are used. Since we shared the interviews, we were also able to make observations in the interview situations while the other person was asking questions. Making these observations during interviews made it easier to remember all of the almost 30 interviews as individual events.

The observations were used for a deeper understanding of the local context, but also helped us realise that everything said by villagers and EE did not always match and that the villagers could act differently from what they had told us or that we interpreted some issues in a different way from the villagers or EE. For example, EE told us that there was only one political party in Misasi, but we noticed a flag for another party.

It is also important to realise that the interpreter affected the observations. He helped us sometimes by explaining afterwards events that occurred in the villagers' life which we did not understand the meaning of when we witnessed.

### 3 Literature review

The work described in this thesis focused on the expectations that the farmers have for the planned outgrower scheme. The concept of outgrower schemes was explored and one way of analysing farmers' expectations is presented below. Some ideas on development and poverty are also presented.

#### *Expectations and imaginaries*

The theoretical approach to analyse the farmers' expectations and fears was the discursive term 'imaginaries'. An expectation is concrete, while the imaginary represents a long-term vision of the expectation and is less concrete. The imaginary symbolises the somewhat ideal picture of the context where people imagine themselves in the future. The future vision of 'a higher standard of living' can be said to be diffuse and vague and is therefore an example of an imaginary. A farmer can concretely expect that a large-scale investment in an area would lead to higher income, which can be spent on education for the farmer's children. That would be an expectation.

Imaginaries are often used as an analytical tool in discourse analysis. The imaginary "*...is used to represent a future possible world*" (Fairclough & Fairclough, 2012) and might also guide people's action to achieve their visions. In the present case the expectations of local farmers are included in the imaginaries, which are shaping the farmers' view of their future with outgrower schemes. Understanding imaginaries means to understand people's visions. Imaginaries are goal premises in arguments and to have imaginaries or visions creates action. Positive imaginaries motivate people to act in order to realise their expectations and reach their goals (*ibid.*). Imaginaries can look different from person to person, which can create different actions for different people. When the imaginaries become the future vision for a person, they guide the way even if risks must be taken to realise the aims. Some imaginaries become real, but most do not (*ibid.*).

In a study in Brazil, Wolford (2004) showed that imaginaries and future visions can be crucial for farmers' decisions regarding their future. There, spatial imaginaries were seen as a driving factor for farmers to join the Movement of Landless

Rural Workers in Brazil. The expectation of a better life was a major factor for action.

Imaginaries can also be used at a higher level when it comes to large investment in land. The word used to describe land investment creates different imaginaries. Land grabbing and land transactions are seen as two entirely different things, where one is negative and one is often seen as positive. People talking about a win-win situation in land investment often use the term land transactions and people critical of large-scale LSAIs use the term land grabbing (Bomah, 2013).

### *The concept of outgrower schemes*

Large-scale transactions in land for energy or agricultural production often involve the use of outgrower schemes. The concept of outgrower schemes is based on contract farming and the main purpose is to create a market for smallholders to sell their products (Glover, 1990). The buyer makes a deal with farmers, often a contract with fixed prices, and requests a certain quality and quantity of product. The deal is often formalised by a contract between the farmers and the buyer, but there are also examples from Tanzania of sugar cane factories not using contracts (Smalley *et al.*, 2014). Smallholders grow a crop, preferably suitable for smallholder production, required by a company or state actor and the larger actor provides the smallholder with the technology (Glover, 1984). To achieve an operating outgrower scheme, the smallholders must be provided with *e.g.* the opportunity to produce high yields, have suitable soils and water access, often through irrigation, and agricultural skills training. To have better possibilities of success, it is also necessary that the larger actor provides farm inputs, access to banks and suitable infrastructure.

Outgrower schemes fit well with the concept of market-led commercial agriculture since they are often performed at a large-scale level and are a common way to produce cash crops. Exactly how, where and for how long outgrower schemes have been used in agriculture is not easy to determine (Oya, 2012). Outgrower schemes and contract farming are wide concepts and one outgrower scheme may be very different from another. Outgrower schemes differ in size, crops, in how easy they are to join or leave, and if a company or the state is responsible (Glover, 1990). There may be complex arrangements, as proposed by EE for the Bagamoyo project, where farmers start companies and take out loans to join the outgrower scheme, or less formal arrangements where credits are paid in kind to smallholders and repaid through the harvest.

There is a lot of literature, which often consists of case studies, on contract farming and outgrower schemes as an agricultural development and poverty reduction method. The debate surrounding outgrower schemes is described as polarised by Oya (2012). The main debate is between representatives who see contract farming as an opportunity for rural farmers to have market access and the company making business, and those who consider contract farming as a way for big companies to exploit smallholders (*ibid.*).



Arguments for the benefits of outgrower schemes often highlight market access for smallholders in rural areas, which is created in connection with a large company. The company involved often supplies training, education and agricultural inputs such as pesticides and makes investments in infrastructure. This contributes local job opportunities, which creates 'development' through a larger local economy. It is often described as a 'win-win' deal for the company and the smallholders (*ibid.*). Outgrower schemes give the company control over the natural resources without the need to buy land or employ farmers. The buyer often does the processing and adds value to the product, e.g. through a sugar factory, which is impossible for smallholders. The farmers may have reduced cost for inputs and access to credits by working together with other farmers.

The main criticism of outgrower schemes is that they contribute to uneven development. The outgrower scheme benefits the richer farmers and the poorer farmers often stay poor, as shown in the Kilombero area, Tanzania, by Smalley *et al.* (2014). To avoid this happening, the outgrower scheme must be built on an understanding by the investor of the local culture and values (Abdallah *et al.* 2014). If the benefits are mostly to the company, the partnership with the farmers cannot be considered win-win. Opponents also highlight that the negotiations regarding the contract might not always be fair, since there is a great difference in power between smallholders and companies and their partners (Locher & Müller-Böker, 2014). Farmers often take loans to get involved, which makes them dependent on the company. Other factors that have been criticised in relation to outgrower schemes include gender issues (Glover, 1990), food security issues when growing a non-essential food crop (Smalley *et al.*, 2014) and weak land legislation (Abdallah *et al.*, 2014). When there are pastoralists on the land, land use questions become even more complicated. The company that starts an outgrower scheme can have a monopoly or monopsony of the local market (Glover, 1990). This can sometimes be beneficial to growers but is mostly negative, since the company controls the price. A monopsony situation is often required since the company does not want other actors to benefit from its investment in infrastructure or irrigation used for its products. There is also a risk when outgrower schemes lack formal contracts. This has been shown in examples from Tanzania (Glover, 1990; Smalley *et al.*, 2014).

### ***Development and poverty***

Following the Northern hemisphere's blueprint for development is often seen as the only way forward for Southern societies (Sachs *et al.*, 1992). In large-scale investments, the local residents are seldom seen as capable of developing their society and solving their own problems. At the same time, long-term development needs legitimacy and a bottom-up perspective to succeed (*ibid.*). Still, many aspects of local livelihoods are often not taken into consideration. Large-scale investors often come with a clear plan and are regarded as experts by local societies. This entails a risk that local livelihoods are not incorporated into the large-scale plans. It is often the case that the results may be a disappointment when Northern hemisphere actors try to imagine what poorer people need (*ibid.*).

As will be shown in this thesis, smallholder imaginaries are often focused on leaving poor conditions and achieving a higher standard of living. However, what poverty entails and who ‘the poor’ are has been the subject of much debate and research. Several words are used to describe poverty depending on whether the severity or the longevity of the poverty is in focus. Severity has been discussed in terms of whether the household is coping or not, *e.g.* by distinguishing between the “*submerged*” and the “*poor-but-coping*” (Hickey & Bracking, 2005). *Absolute poverty* is defined as living costs beneath US\$ 1 per day (Ravallion *et al.*, 2009). *Relative poverty* can be used to show income differences between different groups in society. *Chronic* and *transitory poverty* are defined from a time perspective. The chronically poor are those considered to lack the assets needed to use their voice politically and stay poor over periods of five years or more (Hickey & Bracking, 2005). Those considered as transitorily poor move in and out of poverty.

The global development towards capitalism has proven to be one of the driving forces behind structural poverty (Mosse, 2010). Some get out of poverty through this development, but most people stay poor. Mosse (2010) argues the poverty is seen in relation to others and discusses “*relational poverty*”. Poverty is not an isolated phenomenon, since it influences all parts of society and thus affects all people. Poverty can bring short-term thinking to a person since any job opportunity, even in an insecure and unfair system, is better than nothing. The poor often share aims with a more powerful actor and then give away control over their resources (*ibid.*). Through this, the poor person and the exploiter can share the same aims, even though the long-term effect is bad for the poor person and for society as a whole. The people who face acute unemployment are the least willing to work against bigger actors (*ibid.*).

The shared agenda between locals and investor is also seen when the poorest households accept insecure labour terms to have a new income opportunity (Locher & Müller-Böker, 2014). Poverty pushes people to work for others rather than for themselves, which creates dependency (Sachs *et al.*, 1992) and causes a lack of agency for the poorest (Hickey & Bracking, 2015). In this way, locals often see at least some opportunity in large-scale investments that could make their life better. In LSAIs, poor groups in society get involved in situations with a win-win perspective for both rich and poor parties. Both parties are said to gain from the deal, but only on the condition that the richer party gets a benefit from assisting the poorer party (Mosse, 2010). A fair win-win situation is seldom reached. This results in political unwillingness, or incapability, to tend to the poor according to their own situation, which constitute a problem in LSAIs (*ibid.*).

In this thesis I do not define whether the farmers interviewed are poor or not, or in what way they might be considered poor. Moreover, I do not discuss whether the smallholders in this thesis are in need of a higher standard of living or of changing their livelihoods. My aim is to discuss the smallholders’ view of this investment from their viewpoint and let them formulate their own expectations, describe their risk perceptions and get a picture of how informed they are regarding the out-grower schemes.

## 4 Background

In this section, the relevant background of this thesis is described. This includes the situation in Tanzania, with the focus on agriculture and land laws, the planned investment, the Sida funding and the villages involved.

### *Tanzanian land laws and a new policy*

Tanzania is considered by the UN to be one of the poorest countries in the world (UN Human Development Reports, 2013; Multidimensional Poverty Index). In Tanzania the agricultural sector is very important. About 80% of the population is involved with agriculture (CIA, 2002; The World Factbook). Most of these farmers are smallholders with a few acres of land. Land investment is therefore something that affects the whole population, which comprises almost 50 million people. There is no welfare state with social rights for people such as pensions and other social security. Corruption is substantial and is an obstacle to functional bureaucracy (Sida, n.d.; Resultatstrategi).

Under colonial rule, Tanzania did not have as many large-scale agricultural projects or foreign settlers as neighbouring countries (Abdallah *et al.*, 2014). How land in Tanzania is made accessible to foreign investors is not always a clear and transparent process. Rules and legislations are not always followed, and there are often uncertainties on village level as to how village land is made accessible (*ibid.*). The state has no full control over investments in their country. Abdallah *et al.* (2014) show that far from all of the investors who have requested land in Tanzania to date have actually acquired land. Most did not get the land, or backed out before the process was completed. There are also other factors like lack of funds and governance issues that cause failure to implement the investments (*ibid.*).

There are three categories of land in Tanzania: reserve land, village land and general land. Reserve land comprises about one-third of all land, village land about two-thirds and general land about 2% (Abdallah *et al.*, 2014). Reserve land is *e.g.* forest and game reserves and general land is governed by the state. Village land, regulated by the Village Land Act of 1999, is land that belongs to the 12 000 Tanzanian villages. Village authorities govern the land. If more than 250 ha of village land are to be allocated, *e.g.* for a foreign investment, a relevant minister in

the national government must allow the allocation (*ibid.*). The village land must then be transferred to general land. The final decision lies with the President of Tanzania, which is why any major investment in village land creates a long bureaucratic procedure. Transferred land cannot be made into village land again.

Villages can make their own decisions regarding village land, but the government can still transform village land into general land and sell it to other actors. Companies cannot buy land as a company; land is leased for a maximum of 99 years. A village land use plan must exist before the start of the investment (Abdallah *et al.*, 2014). Only around 1 000 villages in Tanzania have land use plans.

One problem with land investment in Tanzania is the uncertainties that arise when the land deal does not work out as planned. The land might not be used according to investment plans, which is common regarding biofuel investments. This leads to uncertainties about who has the land use rights, leading Abdallah *et al.* (2014) to conclude that the authorities do not have a full overview of the large-scale investments being carried out in Tanzania.

‘*Land for Equity*’ is a new policy by the Tanzanian government stating that the government of Tanzania will own about 10% of EE initially. When the process is complete, 18 years after financial closure, the government will have 25% ownership (EE website, 2015; Environmental development). Land deals are often more beneficial for the investor and the government is often paid too small an amount of money. With the ‘*Land for Equity*’ policy, the government can get a share of the deal for many years. Through the ownership the government is also included in the investment process. The ‘*Land for Equity*’ policy might become a directive in all future land investment in Tanzania (Sida press release, 2014).

The Tanzania Investment Centre (TIC) has the responsibility for encouraging foreign capital, for example in land investment (Abdallah *et al.*, 2014). President Kikwete, who was born in Bagamoyo District, has put increased focus on domestic and international investments in Tanzania. This resulted in the initiative ‘*Kilimo Kwanza*’, (*Agriculture First*) in 2009, which seeks to encourage LSAI (*ibid.*). The agricultural sector is to be modernised and commercialised, including small-scale farmers. This is why the EE investment fits well with the aims of the Tanzanian government.

‘*Big Results Now*’ is another state effort to achieve rapid commercialisation of small-scale farmers, for example through outgrower schemes (Smalley *et al.*, 2014). Sugar is a target crop and the EE investment is mentioned as an important part of ‘*Big Results Now*’. This means that the government of Tanzania is a supporter of the EE investment.

## ***The villages***

Tanzanian villages have elected village chairmen, who are supported by a Village Executive Officer (VEO) in each village (EcoEnergy, 2013a). The VEO represents the government and supervises government activities. There is also a village council with 25 elected members in every village.

### **Misasi**

Misasi has around 3 000 inhabitants in the village area. The bus ride to Misasi from Bagamoyo, which is the main town, takes about two hours. During the rainy period in March-May and at times of heavy rain it is often impossible to get to Misasi on the dirt roads. There is only one bridge in the area and if that is unavailable some extra hours are added to the drive to Bagamoyo. Sometime it is only possible to travel with motorbike. This makes Misasi quite an isolated village.

Misasi has a primary and secondary school, a small health centre and some solar panels that give a small amount of electricity. However, it has no mains water supply, no banks, no fixed telephone lines and only a weak cell phone signal. Education among the rice scheme farmers is seldom above primary school level, according to leaders.

A total of 1150 ha of village land in Misasi is to be used for the EE outgrower scheme (EcoEnergy, 2013a). Misasi borders on the EE estate land and some villagers own land in the main EE investment area. These farmers are already affected by resettlement issues. In the village, people make their living from agriculture, fishing, cattle herding and running small shops and local restaurants. The farms are mainly at subsistence level, but produce some surplus for selling. The most common crops are maize and rice, and supplementary crops are mangoes, bananas, pigeon-peas, cassava and vegetables. Sugar cane is grown to a very small extent in the Misasi area, for chewing by locals themselves. It is not a food crop and it is not grown like sugar cane for industrial use.

Before independence there were several sisel estates nearby. They started to decrease in profit and people moved to Misasi from the estates. According to an informant, villagers in the area moved closer to today's Misasi in 1961 since the railroad was finished by then. The railroad transported products to Dar es Salaam. Misasi was dependent on the railroad for transportation until some years ago. Misasi was registered as a village by the government in 1974. According to our informant, the villagers have a history of not trusting their leaders and the leaders have a history of exploiting the villagers.

### **Kakora**

In Kakora there are almost 10 000 people living, spread out in the area belonging to the village. The *dalla-dalla*, the local bus to Kakora from Bagamoyo takes about an hour and there is a tarmac road most of the way. This means that the road is weatherproof and is available the whole year around. A total of 1850 ha of village land is planned to be used for the outgrower scheme in Kakora (Eco-

Energy, 2013a). The village does have a short border to the EE estate, but the border is far from the village centre.

Kakora is a busier village, with more interactions with the outside world than Misasi. In Kakora there are two primary schools, one health centre, one bank and a good cell phone signal, but no secondary school and no mains power and water supplies. In the village, many people make their living from pineapple production, which is used as a cash crop. The buyers of the pineapples come with their own trucks and buy directly from farmers. Kakora is more of a small town than a village and the town is growing, mainly because of pineapple production (interview with village leader November 16, 2014). Many people want to benefit from pineapple production and grow cash crops. Therefore land investments by outsiders are common.

### *The EcoEnergy investment*

The area of land in Tanzania which is leased to foreign investors is somewhere between 200 000 and 1 million hectares (Locher & Müller-Böker, 2014). A large part of the biofuel investment that was once initiated has been abandoned today and now these investments are mainly in food production (Bomah, 2013; Abdallah *et al.*, 2014;). This is also what happened to the Swedish investor EE. The intention of SEKAB, the predecessor to EE, was to grow sugar cane for ethanol (Sulle *et al.*, 2009; Johansson, 2013), but now EE is focusing on producing sugar for the domestic market.

The EE project is located on the Razaba ranch area, where in 2007 SEKAB started negotiating and later leased 22 000 ha of land to start its investment (Abdallah *et al.*, 2014). This former cattle ranch, located in Bagamoyo district, northwest of Dar es Salaam, was previously rented by the government of Zanzibar in the 1970s but went bankrupt in the 1990s (*ibid.*). The Tanzanian government was still the owner of the land but local people, some of them formerly employed at the ranch, started to make their living from Razaba ranch by grazing cattle, hunting, charcoal burning *etc.* (SEKAB, 2008). A resettlement process is now prepared in order to make people leave and stop them using the land, in order to make way for the EE main estate. In addition to the estate, local farmers are to be contract farmers and grow sugar cane as outgrowers to support EE and their factory with sugar cane (EcoEnergy, 2013a). The sugar cane factory will process the crop and sugar will be sold on the domestic market. By-products will be ethanol and electricity for the national grid (*ibid.*). Construction of the sugar cane factory in terms of a mill is included in the EE investment.

The investment has faced criticism in both Tanzania and Sweden, much because of the Environmental and Social Impact Assessment, ESIA, process from 2008 (Matondi *et al.*, 2011). After the criticism and a rejected application to Sida for financial support, SEKAB sold its African companies. A project company, Bagamoyo EcoEnergy Ltd (here 'EE') was then created for the investment. In March 2014, Sida announced that it would support EE with financial security, a 'credit

guarantee' of 120 million SEK (Sida press release, 2014). The credit guarantee meant that it would be easier for EE to get other loans and start the investment through the early works programme.

EcoEnergy hoped to reach financial closure in March – June 2015, according to its representatives we met during our fieldwork. This has not yet happened. However, the struggle to reach financial closure has been going on for several years. There have been continual delays during the whole process. EE is now dealing with a number of issues in its struggle to reach financial closure, for example land and border conflicts, sugar trade regulations and land disputes with settlements (Development Today, 2015). While waiting for the process to be completed, EE has initiated an early works programme for the investment that includes clearing borders, setting up outgrower groups like rice schemes and infrastructure facilitation (EcoEnergy website, 2015; Project Early works).

EcoEnergy calculates that around 1 500 people will be involved as outgrowers, around 2 000 people will be employed by EE to work in the mill and on the estate, and up to 20 000 people can be employed as a secondary effect in transport and services around the mill (EcoEnergy website, 2015; FAQ). The EE estate in Bagamoyo is planned to produce 800 000 tonnes of sugar cane and the outgrowers up to 400 000 tonnes of sugar cane (EcoEnergy, 2013a). The people employed at the EE sugar cane estate will live in the surrounding villages (interview with EE representative, November 28, 2014). This means that the local communities will have a rapid increase in number of residents. About 300 people will have to be physically displaced from the Razaba ranch into neighbouring communities because of resettlement and another 1 000 people will lose their land inside the Razaba ranch (ActionAid, 2015).

### ***The EcoEnergy outgrower programme***

EcoEnergy is using an outgrower model from Swaziland and South Africa (EcoEnergy website, 2015; Outgrower development approach). It has been described as a combination of a management and engineering approach and a people-centred approach (Appraisal, 2013). The focus is on market access and infrastructure investment, and the smallholders will be trained in agricultural skills. The locals will be empowered into managing their own businesses and become commercial farmers. The EE outgrower plan consists of an outgrower farm section and an infrastructure section.

The infrastructure investment that will precede the outgrower start-up is planned to bring *“electricity, roads, flood protection, off-river storage, bulk water, bush clearing and land preparation for irrigation to the outgrower farms and their communities”* (EcoEnergy, 2013a). The government of Tanzania will pay for the infrastructure through loans supplied by AfDB and the International Fund for Agricultural Development (IFAD) (*ibid.*). Outgrower fields will be irrigated with water from the Wami river, using three methods (drip, centre pivot and overhead

sprinkler) (Appraisal, 2013). Since the Wami river has low flow during some months of the year, off-river storage of water is needed.

The outgrower farm section is based upon the fact that all farmers in the surrounding villages who are interested will have to start up companies together for sugar cane production. EcoEnergy has calculated that the companies must manage at least 100 ha of sugar cane plantation each (EcoEnergy, 2013a). There will be a need for 25-35 companies and it is estimated that at least 35-50 farmer members will be needed for each company. Start-up support for sugar cane growing will be provided through training and infrastructure investments, which have already started through the early works programme.

Farmers will also have to take out loans for start-up. Land will not be used as collateral; instead the supply contracts between the farmers and EE will be used as insurance for banks (interview with EE representative, November 13, 2014). Each farmer will have to borrow up to 30 000 USD from commercial banks in Tanzania (EcoEnergy, 2013a). The key features of the loans according to EE are the conditions of a two-year grace period and then nine years to pay back the loan (*ibid.*). In the first years, the profit for smallholders from the sugar cane will have to be used to pay back the loans (ActionAid, 2015). The first harvest of sugar cane is planned to happen 30 months after financial closure at the earliest (EcoEnergy, 2015). Until then, the farmers will have to rely on low wages from farm work, either on their own farms or as employees of EE. The exact type of sugar cane to be used in Bagamoyo district is being decided with the help of test farms in the area (EcoEnergy, 2013a).

EcoEnergy has chosen the areas for its outgrower scheme based on suitable soils, social factors, distance to the sugar cane mill and water access (EcoEnergy, 2013a). Two of the three selected villages are Kakora and Misasi. The planned area in each village for the outgrower scheme is 400-1850 ha. Through the outgrower programme, EE is aiming to make the locals into business people by changing the attitudes of the villagers (*ibid.*). The farmers will be empowered to start, own and manage their own commercial business. EcoEnergy will then provide a market for the outgrowers to sell their sugar cane.

To enable farmers with a low level of education to become business managers, EE has designed a training programme focusing on attitudes and agriculture skills (EcoEnergy, 2013a). The farmers will learn how to manage a business as a group, how irrigation works, how to take environmental considerations, how to organise, prepare business plans, about land rights, how to write contracts, about loans and how to sell their sugar cane. The training will result in the farmers being able to make decisions that are focused on managing their farms as companies. The training is already being initiated through rice schemes in the target villages.

The outgrower scheme plans comprise some risk taking by EE, which has assumed higher income for outgrowers than in comparable outgrower schemes (Appraisal, 2013). EcoEnergy also estimates that outgrowers will be able to produce



approximately 100 ton per ha of sugar cane (*ibid.*). This is a high value, since 80 tons per ha is the average for outgrowers in Tanzania and 60 ha is the average for smallholders. This will entail a risk of the smallholders failing to produce the amount of sugar cane needed for the EE factory and the outgrowers will then earn less money (*ibid.*). This could mean that the outgrower schemes are not profitable enough for the farmers, who might leave the outgrower scheme or get into debt.

### ***Rice schemes in the villages***

EcoEnergy has started work in the area and communication with the villagers, even though the investment is not in financial closure. This is due to the early works programme of the investment, which included the irrigated rice schemes that now exist in the villages of Misasi and Kakora, but also in other villages. The main information channel in the villages from EE is through the rice schemes. Rice and sugar cane are both grown in irrigated systems, which are going to be used in EE's large-scale investment. Smallholders in Tanzania seldom use irrigation, since it is expensive. Therefore training is needed, which EcoEnergy is providing for the rice scheme participants.

The rice schemes are said to be a way of testing the future plans of EE for organising farmers into groups, preparing for sugar cane production. EE started its rice scheme training in Misasi in 2013, while the EE support for the rice scheme in Kakora started in 2012. Both rice schemes were initiated by the District Council before EE made its commitment. In Kakora the rice scheme is about to be registered as a company. The rice scheme farmers will be encouraged to start up an outgrower company together and be role models for other farmers. Since EE is targeting the rice schemes, the members of those organisations are the best informed farmers in the area regarding the outgrower schemes. The rice scheme board in Misasi consists of six people and the rice scheme has 38 members, including the board. The rice scheme board in Kakora consists of eight people and it has 21 members in total. For more information about the history and organisation of these rice schemes, see Kjeller (2015).

### ***Sida funding***

In Sida's view, Tanzania's relationship with Sweden has been close since independence and Sweden is an important partner in development aid for Tanzania (Sida, n.d.; Resultatstrategi). Low productivity in agriculture is considered one of the factors contributing to the poverty in the country, together with unemployment, climate change and unreliable access to infrastructure. Sida has a budget consisting of 1% of the gross national income of Sweden (Billing *et al.*, 2012). The Sida strategy for the period 2013-2019 concerning Tanzania is to focus on sustainable development for investments in energy and agriculture and on the issue of education (Sida, n.d.; Resultatstrategi). Developing the agricultural markets, encouraging Tanzanians to start companies and working against poverty are important aims in the strategy. The long-term aim is to make Tanzania less dependent on Swedish aid. The strategy will aim to increase knowledge of human rights. The target groups are women, children and young people.

In the Sida strategy (Sida, n.d.; Resultatstrategi), three main targets of Swedish development aid to Tanzania are highlighted: (i) More job opportunities and development of the energy and agriculture sector; (ii) improved education and increased entrepreneurship; and (iii) consolidated democratic accountability and transparency, as well as increased knowledge regarding human rights. Job creation in the agricultural sector through entrepreneurship, education of farmers in commercial agriculture and the intention to be a role model for land investment make the EE investment fitting for Sida's development strategy.

Private sector involvement in Swedish development aid has been ongoing since Sweden started development cooperation in the 1960s (Billing *et al.*, 2012). In private sector investments, the initiative does not come from locals. The pro-poor growth that is desired often requires local legitimacy in order to be sustainable (*ibid.*). It is a common belief in Sweden that Swedish companies are carriers of good values and are natural partners in development aid, but there is no proof of Swedish companies' excellence in sustainability (*ibid.*). Another issue with the private sector as a development partner is the low level of transparency, since companies protect proprietary knowledge and business plans. Still, private sector involvement is a strategy to develop sustainability in new ways and the private sector is crucial in creating new job opportunities. The private sector has access to more financial capital than the development industry (*ibid.*). Monitoring becomes important, however, as Sida aid comes from taxpayers' money.

The Sida press release (2014) stated that the main reasons for supporting the EE investment were to stop the Tanzanian dependency on imported sugar and create job opportunities. Another important reason for Sida supporting the EE investment is that the standard for land issues, local involvement and resettlement might be improved through the '*Land for Equity*' deal between EE and the Tanzanian government (Sida press release, 2014). Sida, African Development Bank (AfDB) and IFAD all demand that EE use the highest international standards, so that the investment will become a role model for large-scale land investment and show how to transform these complicated processes (interview with Sida representative, November 28, 2014). Sida, together with AfDB, have had discussions whether a larger credit guarantee from Sida of 600 mSEK should be provided for EE (OmVärlden, 2014). A guarantee like that would make the EE investment the largest credit guarantee in Sida history. The EE project is estimated to be a 500 million USD investment (Appraisal, 2013).

As mentioned, the EE project is a special aid investment since it partly aims to change land investment strategies and requires a major credit guarantee. Sida has also identified several risks, some of which are mentioned in its decision regarding the first credit guarantee of 120 mSEK (Sida, 2014; Beslut om insats). The social risks that Sida identified are food security, risks with resettlement contributing to lower standard of living, pastoralists being worse off and a risk of long-term indebtedness or lost land for farmers. In its decision, Sida states that it will monitor the investment and will demand that the highest standards are met regarding *e.g.* land issues. However, there is no mention of how the monitoring

will be done in practice. The food security risks will be handled, according to Sida, with better methods for farming and the rice scheme projects by EE, in cooperation with AfDB and the government of Tanzania. This will ensure that farmers produce as much food as today while also producing sugar cane.

The investment as a whole, and the Sida support for the investment in particular, has been criticised by the media and international non-government organisations (NGOs), *e.g.* ActionAid (2009, 2015), Omvärlden (2014), Development Today (2015) and SVT Kommungranskarna (2014). The EE investment itself is criticised *e.g.* for not being transparent, not benefiting smallholders, lacking enough own financial capital and being a case of land grabbing. Sida is criticised for supporting a company with EE's history, which includes another attempt at an LSAI in Rufiji district in Tanzania (Sulle *et al.*, 2009). The criticism also concerns Sida risking Swedish taxpayers' money in a controversial investment. The critique from Swedwatch (2009) was that EE was going through with its plans and initiating test farms before the ESIA was finished. Swedwatch interpreted this as EE being determined to start the investment regardless of the ESIA results. Johansson (2013) mentioned risks with fertilisers, lower biodiversity and problematic water access in the area.

In 2013, Sida had an appraisal completed that defined several other risks in the EE investment, such as land issues, insufficient water access, low yields, inadequate financing, reduced diversified food sources, marginalisation of smaller farmers and vulnerable groups and women left out of the scheme (Appraisal, 2013). There was also said to be a risk of larger farmers buying out the smallholders in the outgrower scheme, which might benefit the sugar cane factory, but the smallholders might be worse off and the aims of the investment might not be met. This would lead to differentiation within local communities and make the larger farmers richer, and would also result in more land being used for sugar cane and less for food crops (*ibid.*). There is also the risk of corruption and therefore the farmers must know their rights and how much all parts of the sugar cane production process will cost them (*ibid.*).

The Appraisal (2013) nevertheless concluded that the EE investment has good possibilities to be successful. However, the recommendation to Sida was to wait with loan guarantees until deals between EE and farmers could be presented and commitments from other donors were more satisfactory. The appraisal also recommended that Sida carry out close monitoring, *e.g.* regarding the water access. There were still uncertainties about all components when Sida decided to issue the credit guarantee in 2014, such as organisation of the outgrowers, lack of sufficient funding, official land documents, resettlement and the ability of the Tanzanian government to fulfil its promises. Ultimately, Sida withdrew its financial commitment on 30 April 2015, since EE had failed to find a strategic investor (Sida News, 2015). About 50 mSEK had been distributed to EE by then. If the investment never happens, the land will be transferred back to the Tanzanian government in 2017. EcoEnergy claims that the investment will continue without financial support from Sida (Allafrica.com, 2015).

## 5 Empirical material

The empirical material for this thesis was collected in the villages of Misasi and Kakora in Bagamoyo district, with the focus on expectations and perceived risks from the planned outgrower scheme. This chapter presents the material analysed and categorised from the perspectives of the farmers, Sida and EE. The section with the farmers is the most comprehensive and comprises the main focus of this thesis.

### *Farmers' perspective on the EE outgrower scheme*

The empirical material from the farmers was divided into three themes: information, expectations and risks. Information is the foundation of expectations and is presented first below, followed by the farmers' expectations and the farmers' risk perceptions. The focus is on Misasi. The material from Kakora was insufficient for a full comparison, but was used to show that there are other perceptions of the upcoming outgrower schemes than those in Misasi.

#### **Misasi**

The results from the interviews conducted with village leaders and rice scheme members in the village of Misasi are presented below.

#### **Farmers' information**

In order to understand the expectations and visions of the future that the farmers expressed, I investigated the farmers' access to information about the outgrower schemes and what kind of communication the farmers had with EE. An obstacle was that the investment is complicated and consists of different parts, *e.g.* the main investment on Razaba ranch and the outgrower schemes. These parts were not clear to all farmers interviewed.

#### **Communication between farmers and EcoEnergy**

In Misasi there is a system for passing on information where a man walks around the village in the evening banging a bucket and making announcements. When we visited the village, the man announced a farming course and told people to sign up at the village office. Some meetings in the village are also announced through this man. Other meetings are announced through notes on the noticeboard. EE also

showed a film in Misasi in the summer of 2014 regarding the sugar cane process. The viewing was open for all villagers, according to the farmers.

EcoEnergy representatives are often present in the village, according to several farmers, and the farmers said that they have good communication with EE and that it is quite easy to get information from the company. It was difficult to find out how well-informed the farmers felt they were about the outgrower schemes, and it was difficult for farmers to give a specific measure of how often and how many times they met EE personnel. The farmers met EE in meetings regarding the rice scheme. There was also trust in EE representatives, as expressed by the village leaders, meaning that EE and the villagers have a good cooperation:

*“We met them many times in the village and also it is not difficult to find information.”* – Farmer

*“Communication is good, and I think we will work together.”* – Village leader

Contradicting the farmers’ claim that it is easy to get information, no written information in Swahili has been presented to the farmers regarding the outgrower scheme. The statements above that communication is good might mean that some farmers are satisfied with the verbal information they have received. One farmer had heard that there is documentation on the investment area in the other side of the village, closer to the Razaba ranch and the resettlement area.

*“I don’t know about any papers. I’ve never seen papers where they describe this EcoEnergy project in this village. On the other side in the project area I heard that there’s a binder or something. Maybe they have more information there.”*  
– Board vice-official

To not have any written information can be confusing for the farmers:

*“I am aware and sometimes not aware. All the things we learn are oral, there’s no contract.”* – Board member

EcoEnergy has written its outgrower programme in English and a summary of it is presented on the company’s website ([www.ecoenergy.co.tz](http://www.ecoenergy.co.tz)). Only one person that we met in the village, who knew English, had read the outgrower scheme plans. Many farmers stated that they want to have more information regarding the outgrower scheme. Information is only given verbally in meetings. This means that the information the farmers receive is delivered through the investor and discussed in meetings, without being written down and distributed among all farmers adequately.

The party that provides information in the village is EE itself. Occasionally the District Council is present in the village during meetings with EE. The informants often could not name any actors other than EE involved in the plans. The farmers

have the view that the District Council is supporting the investor and has been encouraging the villagers to grow sugar cane for EE:

*“EcoEnergy provides information. It’s only them. And the District Council has been here and they tried to motivate the villagers. It was the leaders of the district council.” – Farmer*

#### **Differentiation of information in the rice scheme**

Meetings are held for all farmers in the rice scheme board once a week. The farmers in the rice scheme explained that EE informs the rice scheme farmers before EE informs other villagers about the outgrower scheme for sugar cane.

*“They will talk to our members in the rice scheme. The people in the rice scheme will talk to other people about the sugar cane plantation.” – Farmer*

EcoEnergy gives the information on sugar cane verbally to the farmers in meetings and meets the leaders more often in separate meetings. The leaders are responsible for informing other rice scheme farmers about the outgrower scheme. Leaders and board members were more satisfied than other farmers with the meetings and the information given.

*“I have been attending many meetings, I’m not worried. Villagers are concerned though.” – Board member*

There was a great difference in how much farmers knew regarding the outgrower scheme plans. The board of the rice scheme was informed about the plans, but farmers who are board vice-officials or are just ordinary farmers were often less informed and more confused. The findings show that the board is not spreading the information well enough to others in the rice scheme.

*“Today no one knows about the advantages of growing sugar cane.” – Farmer*

*“I have no latest news, I travelled away. Maybe there was meetings then.” – Board vice-official*

If farmers do not attend meetings, they get no new information. We met farmers in the rice scheme who had not heard anything about sugar cane for about six months, which means since March 2014. Being absent from meetings means that farmers are not updated. Some farmers mentioned that they had different personal emergencies during 2014 and therefore missed meetings. This shows that the information is not always easy to get for rice scheme farmers.

Most rice scheme farmers have been informed about the outgrower scheme plans for more than a year, some even for up to two years. One board vice-official said that they found out one month ago and one person, who just recently became an official member of the rice scheme, was not informed about the outgrower scheme, and had only heard about EE’s own investment in the Razaba area. Since

EE mainly meets with people in the project area or in the rice scheme, the information hardly reaches the other villagers in Misasi:

*“The other villagers, they don’t know much about EcoEnergy, especially regarding sugar cane production. They can’t see how it is going to be, it is new to our life. We need sugar cane education and training.”* – Board vice-official

EcoEnergy also provides training in both sugar cane and rice for the rice scheme farmers, where the farmers are educated in how to produce the crops. Training is supposed to be given to all farmers for rice, but some farmers had not participated in the training for sugar cane, since they missed the field trips or were not included. One leader explained how rice and sugar cane can be combined:

*“The life will be better, according to the training people received for rice scheme and sugar cane. The farmers will use the training to produce sugar cane and rice. Within those years when people are waiting for the sugar cane to grow they will keep producing rice for food security reasons. The sugar cane takes so long time to grow, seven to eleven years until harvest.”* – Village leader

#### **Attitudes towards the investor**

EcoEnergy has been in the area for almost 10 years. The villagers have seen the process whereby EE is striving for financial closure of the investment from close range. From the whole process, the villagers have developed different views of, and relations with, the investor EE. The investment has been a long struggle for the investor and it has also affected the villagers’ attitudes.

*“I hope the investment will happen. But if they don’t have money they won’t start the project. They have been here for a long time. They used to call themselves SEKAB but now they call themselves EcoEnergy but it’s the same persons.”*  
– Village leader

The farmers who had been missing meetings were under the impression that EE has not met the villagers for a long time. Not having any new information led these farmers to assume that the investor is hiding something or does not want to meet the villagers because of the complex stage the investment is in.

*“They used to come all the time but now it was a long time ago. We know nothing. I don’t know why they didn’t come in a long time. They promised much, maybe they are afraid to come, because nothing happened.”* – Board vice-official

We met with some farmers who were not members of the rice scheme. One had very little information regarding the outgrower scheme, but had a bad impression from the ongoing resettlement issue. He had only heard about the outgrower scheme briefly in village meetings and had not met representatives from EE. His impression of the investor was not very good. There was a feeling of being left out from the plans and a wish to get to meet the investor:

*“People in the project area didn’t get paid. All people in the village, we have negative reaction. (...) They always go straight to the people they have an appointment with. I have no cooperation with them. (...) It is very difficult to get information. I have got information from village meetings only. I would like them to stop at every farmer and talk to us about their plan. We could be motivated.”*

– Farmer

Not including all villagers in the information might hurt the investor’s reputation, according to a board member:

*“If EcoEnergy never show up and show what they are doing, maybe villagers will think that they are tricky?”* – Board member

Many farmers said that there is “no action” in the EE main project. Some farmers said that they know that this is because of lack of funding. Others were irritated with the fact that even though they had attended a lot of meetings, nothing happened. Decisions are taken above the villagers’ heads. Some villagers even felt that the investor is not interested in working together with the farmers and that EE is carrying on with the investment without caring about the locals needs.

*“We can’t have any power to influence things if there’s no action. We can’t influence anything.”* – Village leader

*“EcoEnergy talks about their objectives, not about what problems local people struggle with.”* – Board vice-official

## **Expectations of the outgrower scheme**

The information on which the farmers had built their expectations was shown to be targeted and channelled through village leaders. It was scattered and only given verbally and the farmers sometimes had a sceptical view of the investor. One might think that the farmers would not be interested in growing sugar cane since they have been waiting a long time and still do not have the full information regarding the investor’s plan. My research showed, however, that the farmers had high expectations of concrete improvements in their livelihoods and diffuse imaginaries concerning a better life in general. I categorised the material into themes but at this point I do not separate the imaginaries from the expectations.

## **Development for the village**

Almost all farmers expected a generally good development in Misasi because of the future sugar cane outgrowing. However, their idea of this good development was seldom concrete and included different aspects of better economic development, a higher standard of living and a better life in general. This makes their vision of future good development an imaginary (Fairclough & Fairclough, 2012).

Since Misasi village is remote and has limited economic development today, sugar cane farming is seen as something that can bring new opportunities for develop-



ment in the village. The leaders were also convinced that the life in the village must change.

*“Life change will be very high, with very high speed. Because, our problem is low income, but if we somehow earn more money from sugar cane I think our development will shoot up. Very high! (...) People accept innovations and new ideas because they want change.”* – Village leader

*“If politics will work I hope the life of people will change. (...) Now we use hoes to dig with and in the future we will use machines, like tractors. Hopefully, the general life will change for people.”* – Village leader

A common message from the farmers was that they wanted development in agricultural tools. Their hope was that the major EE investment would bring this. Some farmers seemed unsure of what the investment would mean, but since the investor was positive, they expressed the view that there are good opportunities in the outgrower scheme:

*“I don’t know how much life will change, but according to the investors the life will become good. They are going to build a factory here and infrastructure so the life will be good.”* – Board vice-official

This diffuse imaginary can be compared with other farmers’ more concrete expectations regarding pensions, better education and better houses. Some farmers stated that they already know what they will use their money for:

*“A problem that should be solved by the outgrower scheme starting is better education. We will also have new houses; they will not be like the local houses. EcoEnergy will give a pension when workers retire.”* – Board member

*“I will benefit because I will produce sugar cane for their market and sell to them. I will use the money to send my kids to school and to other things that kids need for school.”* – Farmer in the rice scheme

The high expectations of a better life were built on higher income, which can only happen if the farmers have a market to which to sell their sugar cane.

#### **Market access with Kilombero as a role model**

*“Life will be good because of the market where we will sell sugar cane.”* – Board member

The outgrower scheme will provide a market for the remote village of Misasi, which the people are happy to receive. It will make it easier for the villagers to sell the sugar cane as a cash crop and make money. The market issue is closely connected to the planned infrastructure investment that will take place to enable the outgrowers to deliver their sugar cane to the EE factory. The farmers in the interviews often highlighted market access as something they hope for:

*“From what I see of the morale of people, it’s high because they expect something from this project. (...) The farmers expect to sell sugar cane to EcoEnergy and to get a good price for the sugar cane.” – Village leader*

The meaning of market access can be understood by farmers through examples taken from other sugar cane factories:

*“...what they (EE) have told us and what we have seen from other factories like Tibua or Kilombero, those farmers around those factories have developed a lot. As outgrowers, they got a market to sell their crops to, which is different from now. (...) So I think after the start-up of this factory, EcoEnergy factory, we will sell our product there, so I think we will earn more money.” – Village leader*

EcoEnergy often cites examples from the sugar cane factory in Kilombero, in the Morogoro region of Tanzania. A few representatives from the rice scheme in Misasi, mostly leaders, were taken on a three-day field trip to Kilombero to see the sugar cane process. Since the farmers saw good development in the villages surrounding Kilombero, Misasi will have good development as well, according to them:

*“If EcoEnergy will help us like that (as in Kilombero) we will benefit.” – Farmer*

*“They have a big development in Kilombero and a high economic development. We visited some groups, and we asked them about before and after sugar cane production and now they are doing well. Much more than before.” – Village leader*

The villagers who went to Kilombero had the attitude that growing sugar cane in the future is something taken for granted and seemed more confident in their attitudes towards sugar cane and the investor.

*“They (EE) took us to training in Kilombero. We came back here and we tried to explain to other people what we had seen there. We had a meeting with village chairman and other villagers. I expect people to grow sugar cane.” – Board member*

The Kilombero visitors were intended to inform the rice scheme members about the sugar cane process. It seemed as though the Kilombero visit had made an impression on the farmers who visited, other farmers did not mention Kilombero as a role model. EcoEnergy was planning a new trip to Kilombero for the whole rice scheme, however. In Kilombero the farmers also learned that the investor would help provide different inputs, like irrigation and fertilisers. But for one farmer, the lesson from Kilombero was that farmers would benefit from sugar cane if they worked hard:

*“Over there in Kilombero I didn’t see any big risks. Some people didn’t work hard and then problems occurred. If you won’t work hard the risk will face you. I will*

*not be lazy. They showed plots belonging to lazy people and said, “If you are not careful this might happen.” – Farmer*

Some farmers in Misasi did label their neighbours as lazy, since they stated that laziness formed a problem for the whole group in the rice scheme. Cooperation in groups in the rice scheme was often discussed with the farmers during our fieldwork and comprises an important part of the outgrower scheme.

### **Organisation of the outgrower scheme**

How the outgrower scheme will be organised is somewhat unclear among the farmers. Many people said that they think that the outgrower scheme will be organised like the rice scheme, or be similar to it. The rice scheme organisation is therefore also a part of creating expectations. We found out during our research that the rice scheme in Misasi is facing challenges, *e.g.* regarding organisation structure (Kjeller, 2015). The investor has introduced farmers to the possibility that the members of the rice scheme will be the first to learn how to grow sugar cane:

*“For the sugar cane they told us in the rice scheme to form one group so that we could work together. Although everyone will have to farm in his or her own plot, but be part of the organisation. It might be a little different from the rice scheme.” – Board member*

The cooperation in the upcoming outgrower scheme is supposed to build on the existing organisation in the rice scheme, according to EE plans. Some farmers believed that there will be some changes because of the differences between sugar and rice, and the amount of produce that the scheme will be aiming for:

*“EcoEnergy are going to be the first to produce sugar cane so we will listen to them on how to work, if it is in groups or whatever. (...) We will follow their instructions. If they will need a big amount of sugar cane, maybe 10 tons, then it is hard to produce individually. We need to cooperate with other farmers to sell to EcoEnergy.” – Farmer*

Since EE has been given the role of expert and since they helped to operate the rice scheme, the farmers trusted that the organisation will work out the way EE decides. The farmers were prepared to work together, despite the organisational problems they now have in the rice scheme. Still, the expectations on organisation for the outgrower scheme were diffuse. The farmers seemed unsure about how EE is planning the organisation for sugar cane and there was no mention among farmers about starting companies for sugar cane production.

### **Contracts in the outgrower schemes**

Some farmers considered the terms of the contracts to be crucial for their involvement in the outgrower schemes. They expected that the contracts will be easy to withdraw from, allow food crop production and give good prices for the sugar cane. They also expected to get more information before getting involved in sugar

cane production, and some wanted more information before signing contracts. Without more knowledge, they would be unable to know if a contract is favourable. There were farmers who seemed to have given the contracts a lot of thought and did not want to be forced to carry the risk of the investment:

*“A company can have different problems, maybe economic decrease. A good contract will protect our rights. A problem can come when farmers have already signed the contract. If the company gets a loss, the farmers will not have to pay. It depends on how we will sign the contracts.”* – Farmer

Other farmers did not worry about the contract and trusted the investor fully. Once again, the investor was regarded to be the expert and the farmers would follow:

*“We will get loans from EcoEnergy and we will sign the contracts. EcoEnergy told us in rice scheme organisation how the outgrower scheme of sugar cane is going to be. We do not know what the rules are going to be, but we will sign. We will try to grow sugar cane and leave the contract if it’s bad.”* – Farmer

One farmer assumed support from different state actors:

*“Our rights will be protected because the village government and district government will be there to protect us. Also the government of Tanzania.”* – Farmer

The village leaders also believed that the contracts will be beneficial for villagers, and that the villagers will be informed before signing contracts:

*“With the sugar cane, people will be aware about the contracts they will sign.”*  
– Village leader

There was no unified view of the contents of the contracts, since the farmers did not have detailed information and no contracts are used in the rice scheme. The expectations for the contracts were also connected to the aspect of taking loans, which is discussed in the section ‘Perceived risks’ below.

### **Time frame**

The villagers views of the time frame differed. One of the leaders had been told that the outgrower scheme will start relatively soon according to the investor’s plans, but most people had no idea when EE will be ready to start.

*“I’m not sure but they told us from 2018 to 2020 they will begin. They will start by building the factory.”* – Village leader

According to some farmers, EE will start their production first and the farmers will learn from EE how to grow sugar cane. Some interviewees wanted to wait and see if the production works out before they start:

*“After EcoEnergy starts, we will see if there is good development and then I can start with sugar cane. I just want money. (...) After seeing how sugar cane is supposed to be produced I think it is the right time for me to join.” – Farmer*

There has been a lot of waiting for the villagers. They are still waiting for more information, for the start of the main investment and to see what contracts will be provided. Since the investment is complex and parts of it still unsure, the fact that the investor is not able to inform the farmers of when the outgrower scheme is starting to make some farmers frustrated:

*“I have been motivated but the problem is the time they take to start. That’s why others lose their motivation, but most people are motivated.” – Farmer*

### **Perceived risks**

The expectations were high, but the farmers in Misasi were also concerned regarding what the outgrower scheme might mean for their lives. There were issues that need to be resolved before the outgrower scheme starts, as it will otherwise be regarded as problematic by the farmers. I categorised the empirical material on risks with the focus on the farmers’ main worries, which were food security, border conflicts, loans and contracts. Other risks were a sceptical approach to the investor, the fact that farmers have no experience of industrial sugar cane, effects from the preparations for the main EE investment and gender risks.

#### **Food security issues**

*“The risk will happen in the food production. The place we are supposed to grow sugar cane is the place we use to grow maize. It affects food production.”*  
– Farmer

Several farmers pointed out food security as a major risk. All village leaders said that the farmers cannot stop producing food crops and only focus on sugar cane, even though it might be tempting. It might be possible to buy food with the money the farmers make from sugar cane, but if there is no profit in the sugar cane the farmers will have no money and no food. This builds on the contract being beneficial for the farmers. The farmers have seen examples of how food security is affected by cash crops in their area.

*“We have seen an example from a neighbour village where they planted only pine-apples but no food, and they had trouble to get food. They got dependent on the production of pineapple to get money for buying food. So if people here depend on business crops this might also happen here. If it will happen we will see how big the risk will be.” – Village leader*

The promise from EE to the farmers is that land will be divided between sugar cane and food crops, and no food security problem will then happen, according to more positive farmers. As indicated by the statement from the village leader above, there is no planning for the possible risks. Some farmers expect to continue

growing rice, even thought they might earn more money from sugar cane. This does not comfort all informants, even leaders:

*“If the sugar cane will take over through the market for it, many people will produce more sugar cane than rice because of the benefits they want to get. People are currently growing rice for food reasons, but if the sugar cane market takes over and a lot of people instead stop producing rice, this may affect the food security in the village.”* – Village leader

*“My concern is that the EcoEnergy people came to steal our land. I am worried that later on we will not have land to produce for food security.”* – Rice scheme farmer

That farmer connected food security to land issues and felt that EE is stealing land when land is made available for sugar cane instead of food production. The issue with food security has been discussed with EE, according to leaders:

*“We have discussed this (food security issues) with EcoEnergy and they said that if that kind of problem arises, they know how to help.”* – Village leader

Again, leaders showed their trust in the investor. The leader was prepared to start production and then manage the risks when they occur.

### **Contracts**

Few people had any idea about the content of the contracts and the negotiating process. No farmer became specific in discussions regarding contracts. Farmers said that it is too early to know about the contracts, and that they will understand when EE comes and starts the outgrower scheme:

*“We will know through the contract. Now I have no idea.”* – Board member

There was no indication that the farmers believed they can affect the content of the contract. However, the contracts will have to clarify several aspects of the outgrower scheme to please the farmers and answer all their questions:

*“I can’t sign any contract because I don’t have any training in how to grow sugar cane. In order to sign I have to understand it, understand the advantages and disadvantages for the sugar cane plantation.”* – Farmer

Several farmers stated that they have limited knowledge regarding sugar cane and therefore it would be impossible for them to sign any contracts in the near future.

*“I don’t know how my rights will be protected. I don’t know if somebody will support me.”* – Board member

Several farmers worried that they will be on their own in the contracts, without support. My research found that the same issues applied in the discussions of loans.

### **Loans**

*“If I need to pay back, who will support me? Is it with my own assets that are not worth that much, or something else? It is difficult to understand the information they give because it is not specific.”* – Board member

The farmers’ impressions about loans were even less specific than their information regarding contracts. Some farmers did not even realise that they will have to take loans to be a part of the outgrower scheme:

*“They didn’t tell me about the loans. Maybe they will tell us about that the next time they come.”* – Farmer

That farmer was not upset about not being informed regarding loans. He maintained his positive view and hoped for more information at the meeting with EE that would take place the week after we met him. Other informants, like the village leader below, were sure about how the loans will be. At the same time, the leader stated that he did not know how much loan a farmer would take out and did not seem to regard the fact that the farmers might lose their land as a problem:

*“People will get loans from EcoEnergy by considering the plots they have, because the people in the outgrower scheme are going to have a land licence, and if they can’t pay back the loans to EcoEnergy, the land rights will be taken away from them.”* – Village leader

With the loans, the farmers will start up their own outgrower farms. For some years after planting they will not be able to harvest any sugar cane, which worried the farmers. As it looks in the EE plan, there is a two-year grace period and then farmers will have no income from sugar cane during their nine years of loan repayment (EcoEnergy, 2013a). The board member below had the impression that it take up to 11 years before he can get any profit from sugar cane:

*“EcoEnergy said that they will give us loans but I am worried. If I take out the loans for those 11 years... I know that it’s not much loans, even if there is millions (in Tanzanian shilling). (...) What if I fail to pay back and I have no assets... Will I take more loans? Who will support us?”* – Board member

It is remarkable that the board member viewed loans of USD 30 000 as *“not much money”*, although he could not imagine what actor will support him in the loan process and did not know how to provide for himself during the time it will take for the sugar cane to grow. The board member continued:

*“Up to now I don’t know much about loans. They said a lot of things. (...) Everything in the farming situations they will provide for us. I don’t know if the loans*

*will be that, or money. We are a little bit worried. What is the specific target of their loans? Are they made to keep us farming, to make sure that we have food?"*  
– Board member

The board member was confused about the purpose behind the loans. He questioned whether the loans will only consist of money or will also consist of fertilisers and other agricultural input to the outgrower farm, and whether the first period with no sugar cane income will be included. Other farmers also believed that EE will support the outgrowers with more than just the loans.

*"If they will help us by giving us loans, seeds, fertilisers and tractors, then we will work good."* – Board vice-official

Another board member was worried that the loans will be difficult to pay back if the farmers fail to make profit with the sugar cane.

*"I'm afraid that if I take high loans it is not possible to pay back. What is going to happen? I can take high loans that I will pay after selling to EcoEnergy. But what if I get less sugar cane, can I then repay the loans? How will I survive?"* – Board member

In the rice scheme, EE provided a form of revolving loans for the farmers. Those loans were ended since farmers were not able to pay them back. The loans were a major issue for the farmers and also one of the issues that the farmers are least informed about. Farmers were willing to take loans but not under any circumstances. There were also uncertainties of what the loans would actually cover. These uncertainties are affecting the investor's reputation, since the farmers expressed doubts about EE's plan because of lack of details.

#### **Doubts about the investor**

There have been earlier mentions in this thesis of how some farmers are suspicious towards the investor and their plan. Some farmers we interviewed were disappointed that after all this time there is no action, and others just wanted more information about the contract and loans. Others were upset because of the on-going resettlement plan, which has affected the views of some of the farmers already:

*"They didn't pay them yet. The people in the project area, they had a really good life before. Since EcoEnergy, their life is not good anymore."* – Farmer

One farmer was disappointed by the film that EE showed in the village. It did not show sugar cane processing in Tanzania, but in other countries. The farmer wondered why EE did not show the local context and some other EE sugar cane industries. The farmer did not seem to be aware that this is EE's first investment:

*"They showed us a film that showed other people benefiting (from sugar cane). We asked EcoEnergy if Bagamoyo is the first place for them to start or if they are*



*established anywhere else. If they have their own videos, why don't they show us them? The video we saw was from India and other places. We are not sure if they need this place for sugar cane or if they have other plans for this land. (...) It is the same as when the government has told us to grow different things. We grew cotton, but the market was not good. Then the farmers had the risk. That's why we are asking them to show us their own video to show us how people have benefited from the sugar cane.*" – Farmer

The same farmer reasoned regarding the responsibility for the company to deal with risks. He believed that the company must be prepared to face the market risks if the farmers are to be protected:

*"The risk will depend on how they run their company. If the company will motivate the people and the company will fail, how is it going to be? That is a risk for the people. Some risks happen from things that we can't know, like the market. (...) The risk depends on the company."* – Farmer

The investment is already late, which made some farmers sceptical and affected the motivation. It is a risk that the farmers do not want to wait any more and are anxious to start growing sugar cane, but at the same time they are unprepared for start-up:

*"We have been in meetings so many times. But the thing is, there is no action. They don't take action! We always talk but there's no action from the plans."* – Village leader

One farmer did not believe in the plan and she also called information from EE "propaganda":

*"They are tricking us. There is a lot of propaganda from them. (...) The one who owns the money can do anything."* – Board vice-official

There have been earlier attempts by the Misasi farmers to reach a larger market and earn more money. Outsiders visited the village in 2012 and told the farmers to grow jatropha, a plant that is used for producing biofuel, and sell to them. Some of the farmers grew jatropha but no one came to buy it. This is an event some of the farmers mentioned as an earlier bad experience with promises of outside actors.

*"The jatropha people said our life would be better and solve our problems. If we would produce more jatropha we would get money. The people in Misasi worked hard because they wanted to change their life but in the end of the day these people disappeared. (...) We made losses, and we didn't get a market. EcoEnergy needs to be sure to give us a market."* – Farmer

That other actors have failed their promises also affected the villagers' views of EE. The trust for outside actors was low, which is not favourable for EE.

### **Border conflicts**

Another issue creating doubts among the farmers is that the village is involved in different kinds of border conflicts. There are some uncertainties where the border is between Misasi and the adjacent national park and also with the EE estate. The conflict that the villagers often mention is the border uncertainties with the neighbouring village. Many farmers were worried about this conflict and said it has to be solved before the investor starts implementing its plans. Some people accused EE of creating this conflict, or pointed out that the investor might make the situation worse:

*“They have already created a conflict between us and (neighbouring village) because of the borders but villagers didn’t sign any kind of contract. If Misasi signs the contracts the conflict could be big.”* – Board member

Signing contracts in the outgrower scheme without resolving the conflict is unthinkable for some farmers. Before contracts can be negotiated, the local land issues must be resolved, according to the farmers. The conflict has also caused a negative view of the investor:

*“I think that EcoEnergy are fake. They are tricking us, because they came to talk to us about the land. We agreed to give them land, and then they went to (a neighbouring village) to ask for land. Which are the reasons for this? There are conflicts.”* – Rice scheme farmer

The fact that EE needs land from several villages is incomprehensible to some villagers, who are taking this land conflict with the neighbouring village very seriously. This creates a situation of competition between the villages. Other farmers believe that EE just wants more land:

*“EcoEnergy wants that land as well, they want to take land everywhere.”*  
– Farmer

Some people were afraid that EE wants to take the land from them without payment or without the locals’ consent. This is a risk that might disappear with more information to the whole village and not only leaders. The information provided must also be clear regarding the terms that apply for the outgrower schemes and for the EE estate land and the resettlement area. It is essential that this information reaches all farmers.

### **Additional risks**

As a complement, some other risks that a small number of farmers mentioned can be included here. The majority of our informants had any experience with growing sugar cane for industrial use. To be ready to grow sugar cane, the farmers need a lot of training in the new commercial way of producing sugar cane. Some also wanted more information before they make any decisions, even if they are very interested and motivated today. Basic knowledge of sugar cane is needed in order to imagine the benefits and the risks:

*“I have never done sugar cane production so they better start with educating us. We have no idea how it works. This is the first time. We need to understand.”*  
– Board vice-official

Some farmers mentioned the risk of more people moving to Misasi to be outgrowers, since social services, like the health centre, are already badly equipped and the farmers were not sure that the service would increase with an increasing number of people. Another risk not further examined here is the rice scheme and the challenges in its organisation, which the outgrower scheme will build upon (see Kjeller, 2015). Still, it is important to note that the rice scheme organisation has membership fees that several farmers considered expensive, and there is a struggle to actually get all farmers to pay. Other farmers did not consider the fees to be high and expressed the criticism that the fellow farmers are only complaining. Since the farmers have not been able to sell much rice, the whole rice scheme investment was considered expensive.

Another risk factor is that Misasi is already affected by the EE investment, since some villagers have land in the investment area. Some people who used to live in the investment area have moved to Misasi on their own without being officially resettled. No compensation has yet been paid to people who are being resettled:

*“But our big problem for Misasi now is that people are worried that the people in the project area have not been paid, so some of the people there are now becoming demoralised.”* – Village leader

People in Misasi know this and one informant called people in the investment area “victims”. The resettlement affected the farmers’ view of the company. One farmer had recently moved to Misasi from the main investment area. That farmer only had bad things to say concerning EcoEnergy, but was still interested in becoming an outgrower. Even among the most sceptical farmers, the opportunity to provide for their family always came first.

There are also gender risks than could concern the outgrower scheme, as the women do most of the work in the rice scheme but the husband gets the money.

*“Men can work at the rice scheme but after harvest they get money and can marry one more wife instead of taking care of the family they already have. Women are responsible for the work and for supporting the family because men sometimes have problems. Women care about the family.”* – Board member

This last quote summarises well the risks in the outgrower schemes in Misasi:

*“If EcoEnergy listen to us, they will solve this problems with food security and border conflicts and the project will start. If they don’t listen, the project will stop.”* – Farmer

## Kakora

As a supplement to the expectations in the village of Misasi, the results from the fieldwork in the village of Kakora are presented below. It is important to highlight that Misasi and Kakora villages have different conditions. According to what we heard from EE employees, they are more satisfied with the results in the Kakora rice scheme. The fact that the example of Kakora is highlighted on their website and on the website of consultancy firms confirms this. The farmers in Kakora also appear to be richer than those in Misasi. They pay day workers in the rice scheme with money from the organisation, they appear to be able to manage the high transport costs to the rice scheme, which is located almost 20 km from the village, and people do not consider the rice scheme itself as expensive, unlike the farmers in Misasi.

The visit in Kakora started with a phone call from EE's Bagamoyo office to a person in the rice scheme, telling him that we would come and conduct interviews. For further information on this, see the 'Methods' chapter. Furthermore, the international NGO ActionAid did fieldwork in the area during the summer of 2014. The fieldwork by ActionAid was compiled into a report on the EE investment that was banned by the Tanzanian government in autumn 2014 (ActionAid, 2015). At the time of our visit, the controversy surrounding the report was still a matter of discussion for EE and the Kakora villagers. This might have affected the farmers' views of the investor. The farmers might feel as though they have to support the investor more now, because of the criticism by ActionAid.

The Kakora informants were not divided into subgroups, except for the village leader, since the selection of informants was small. Four farmers had a board post and only one interviewee was a farmer without a board post.

## Expectations in Kakora

In order to study expectations, it is important to have basic knowledge regarding the information the villagers possess, who gets information and from where they get the information. Therefore the farmers were asked about the information process.

### Information

Farmers in Kakora were informed about the outgrower scheme in 2012 and 2013. There were meetings regarding sugar cane for all farmers in the rice scheme. However, understanding of when the main investment will start differed in Kakora, too. Some had no idea, some said next year and some said in 2018.

*"We were supposed to start this year."* – Farmer

In Kakora too, different numbers of years were mentioned for how long it takes for sugar cane to be ready for harvest and the knowledge about how to produce sugar cane differed. The villagers were not familiar with sugar cane for industrial use:

*“The experience which we have is growing sugar cane for chewing. People only have small plots for this.” – Farmer*

Their clear understanding is that farmers have to grow sugar cane in groups, since they learned that from training by EE. One farmer compared the organisation for the upcoming outgrower scheme to a company. The rest of the farmers did not mention starting their own companies as part of the understanding of the outgrower schemes.

*“In the rice scheme we are prepared for sugar cane from training. People will organise in groups for sugar cane since you can’t grow sugar cane alone.”*  
– Farmer

EcoEnergy had shown a film in Kakora too. The film included information on water pumping, rice and how to grow sugar cane. The process with spreading information from the rice scheme to the rest of the farmers was also the same:

*“For us in rice scheme, we have been told to give other people education in order to start on an equal level in sugar cane production.” – Farmer*

#### **Attitudes to the investor**

As already noted, Kakora farmers appeared to have a closer relationship with EE and its representatives. There was no scepticism and they praised the upcoming outgrower scheme. One reason might be the close cooperation in the rice scheme with EE or the fact that EE has spent more time in the village.

*“We have an easy communication because it is an open company, it’s not a secret company. It is easy to get information about what is going on.” – Farmer*

EcoEnergy was regarded as an open and transparent company with whom farmers in Kakora have good communication. The farmers had knowledge about one consultant firm, with which they had good cooperation. EcoEnergy also has representatives living in the village. The representative present at the time of our research was working with the village on agricultural issues. In that way, the Kakora farmers have easy communication with EE:

*“We are very close with EcoEnergy. We have EcoEnergy here in the village, some experts. We are living with them. They are training us to do different things in rice scheme.” – Farmer*

The attitude towards the investor was the greatest difference between the findings in Misasi and Kakora.

#### **Positive expectations and hopes for the future**

In Kakora, the expectations focused on the same areas as in Misasi. The farmers expected to make money to support their family, better houses to live in, good economic development as in the example of Kilombero, and job opportunities. The

main difference was that the Kakora farmers talked more about new infrastructure. The expectations were influenced by trust in the investor and impressions from visits to the Kilombero sugar cane factory. Below are some comments on the expectations for when the outgrower scheme starts:

*“My expectation is for my life to become better. (...) For life to become better you don’t have to have a nice bungalow or cars. If you are supporting kids to go to school and have food, it means that your life is better. If I fail to support my kids for school, it is not a better life for me and my family.” – Farmer*

*“The villagers economy will increase. (...) The plan involves the villagers and what we ask EcoEnergy to do for us, they are ready to do. Like road construction and the supply of electricity for the people. They will help us to expand the dispensary. We have had good communication with each other.” – Village leader*

However some of the village leader’s expectations, like expanding the dispensary, are not included in the EE outgrower programme (2013a). In the same comment, the village leader stated that the communication with the investor is good, but in fact his expectations were higher than officially promised by the investor. The village leader continued expressing his expectations thus:

*“Some have land that they couldn’t use for anything so now they will have an opportunity to grow sugar cane on this land and have access to better infrastructure. They will also get loans, and their land will be more valuable. (...) People will be able to build better houses and establish businesses. (...) The villagers are motivated. They can start any time, they could start even tomorrow.” – Village leader*

*“If EcoEnergy is able to build the factory, we are looking forward to start growing sugar cane, because sugar cane will liberate us in different ways. First of all our kids will get employment and we will also make sure to produce crops for food and to produce sugar cane for business.” – Farmer*

One informant said more clearly that the expectations came from what EE had told them:

*“They told us that not only would they support our kids for school, but the kids will get employment in their company, which means that the life will become good. Job opportunities will be provided.” – Farmer*

Support for children to go to school is not something promised in the outgrower plan and EE itself will not provide schools. However, children might benefit from the investment, since the villagers appeared eager to spend their extra money on education.

One of the farmers was clearly influenced by EE and its long-term plans when he was talking about Tanzania being able to export sugar in the future. His words on exporting sugar were very similar to those of an EE representative we met later.

*“The thing which sometimes causes high prices of sugar is the low availability of sugar cane. If we produce sugar cane and sell to EE, it means that the price will be good. EE will also produce power, which people can use, so the problems with insufficient power and electricity will be solved. So I am generally very motivated because I know I will increase my income and we will help to prevent the nation from importing and being dependent on sugar cane from other countries like Malawi. Instead, maybe we will sell our sugar to other countries and export.”*  
– Farmer

Another expectation was that farmers will be able to combine food and sugar cane for food security. Smallholders in Kakora did not express worries that land will be taken away from them. Investment in infrastructure, like roads and electricity, was also mentioned as a positive outcome.

### **Contracts**

The farmers in Kakora had some expectations of what some parts of the contracts between them and EE would look like. The village leader said this on farmers' rights:

*“We will discuss more when the project has started and the farmers are working as outgrowers and have their own lawyer. They are going to discuss the contract though the lawyers.”* – Village leader

The leader in Kakora expected farmers to have a lawyer representing them when negotiating the contracts. Still, the expectation was that the lawyer will not enter until the outgrower work has already started. There were no mentions of legal support for farmers in Misasi.

*“When we sign the contracts we will understand much more. We didn't sit with them and discuss how the contracts will be yet. But when the project is starting I hope we will sit with them, and get more training.”* – Farmer

The farmers imagine that they will sign the contracts and then understand how the outgrowers will work. Several farmers viewed the contractual process as the investor giving them an offer that they can accept or turn down. Afterwards they are hoping to be able to re-negotiate the contracts if they are not satisfied. Still, the farmers in Kakora mentioned some demands they will have:

*“The contracts will say that no farmer's land will be taken away by EcoEnergy or someone else. Farmers are going to have the opportunity to grow other stuff like food crops. The third thing, the market will be the same for big and small farmers. It means that the price will be the same. (...) This we got through EcoEnergy's information, but they are not yet ready to start everything. When they are ready they will give us more information about contracts.”* – Farmer

Since the farmers were sure they would have legal support in the negotiating process, they were not worried about losing land or food security. They were

waiting for EE to take their next step in the process to make the outgrower schemes real.

### **Kilombero as a role model**

The farmers who visited the sugar factory in Kilombero in Morogoro region were very impressed with what they saw there, and more positive than the Misasi farmers who visited. The ones who had only heard about the factory in Kilombero from the others in the rice scheme were also positive, because of the stories told by the visitors. This sugar cane factory is a role model for development, according to the Kakora farmers. One farmer described the content of the study trip to Kilombero like this:

*“We went to Kilombero where we learned how sugar cane is produced and what is important in the sugar cane production. (...) We also visited different organisations dealing with sugar cane and we learned about some different challenge that are facing them, and about the advantages with growing sugar cane. We have seen how the town has expanded because of the sugar cane and how the banks give them loans even if they don’t have collateral. The banks are sure that after producing sugar cane they will receive the money back from the farmers.”*

– Farmer

The expectations that originated from the study trip included better market access with a good price for sugar cane, employment for young people and the need for good communication with the investor. The farmers also compared the production of sugar cane with their current business producing pineapples in Kakora.

*“As we have seen in Kilombero, people are successful from sugar cane so I hope this will happen in Kakora. People will be much more successful than in the pineapple production. The pineapple has no special market with no special price. The pineapple price differs. For the sugar cane, we know exactly where to sell it. (...) It will be easy for the people to get money.”* – Farmer

The rice scheme farmers have allocated 400 of their 500 acres for the outgrower scheme where they will grow sugar cane within the rice scheme company that they are about to register. There were many descriptions of how well the Kilombero sugar factory is working out for the farmers:

*“I went to visit the outgrowers in Kilombero. I saw their production and I know that they benefit a lot from this. I saw their houses, what they looked like and I asked them “What business are you doing that can make you build such houses?” and they told me “It’s because of the sugar cane production”. (...) It’s almost like a dream for me that this will actually happen here, I think it’s great”. – Farmer*

The insights from the Kilombero factory were an important part in the high expectations that the Kakora farmers expressed for the outgrower schemes. Since the farmers they met in Kilombero were positive, they saw no reason for worrying about risks.



### **Negative expectations and risks**

The farmers in Kakora did not see any obvious risks with becoming outgrower scheme farmers. In some interviews the informants said that there were no risks other than the risks in daily life:

*“One risk might be diseases with a growing population but that happens in life every day.”* – Farmer

*“Of course there are risks, there must be risks in everything. But we will handle it.”* – Farmer

The Kakora farmers appeared to take the risks lightly. They had a few doubts, but no worries regarding food security, losing land, border conflicts, loans and distrust regarding the investor, unlike in Misasi. Since they seemed to have a closer relationship with the investor, they felt they were in safe hands.

*“If we work together and have good communication with the company and good negotiating, no risk will happen.”* – Farmer

*“Because we didn’t start yet, I don’t think that it is going to be any risk. There is no secret going on. EcoEnergy is open and the contracts will be open and also the activities. We are also open. If they have secrets then it might be risks.”* – Farmer

Again, there seemed to be a lack of long-term risk assessment among the farmers. The farmers claimed that there is no need to worry before the project has started and that EE is an open company. But if the farmers were to find out that EE has a hidden agenda, this would pose a risk one farmer stated. Therefore it is important that EE sticks with the plan and follows the regulations in order not to break the farmers’ trust.

The only risk mentioned by farmers was regarding floods.

*“Maybe there will be a risk of flooding because the place for the outgrower scheme is located very close to the river.”* – Farmer

Another risk that a leader in Kakora pointed out is that the farmers might lose their land licence.

*“The people will be given land licences, which will be an eligibility to this land. That means that if they cannot pay back the loans the land can be taken away from them.”* – Village leader

The village leader apprehended that the land might be taken away from the farmers, but was still positive towards the investment. One leader in Misasi said the same thing. No farmer mentioned the risk of losing land through the land licence. Since the leaders had more information, one risk could be that the farmers did not know about these discussions regarding land licence.

In Kakora I found another kind of gender-related risk with the outgrower scheme than was noted in Misasi:

*“The rice scheme is located very far from the village. Sometimes people think it’s better that the women are at home to take care of the household. (...) Here it’s different between the work tasks for men and work tasks for women. We have been dividing some work.”* – Farmer

It will be a challenge for the outgrower scheme to benefit women and men equally when some work is not regarded as suitable for women. Still, women hold some leading positions in the rice scheme in Kakora. In Misasi the women were only vice-officials or ‘assistants’ to the leaders, who were men.

Another land risk is that there are a lot of land deals going on in Kakora. If the farmers are selling their own land, or sometimes somebody else’s land, they will miss out on the opportunity to become outgrowers.

### ***Views from the investor***

This section describes the way in which the investor, Bagamoyo EcoEnergy Ltd (EE), imagines that the outgrower schemes will work. The representatives of EE interviewed were from all levels of the company. We met them out in the villages, at the local office and at the headquarters in Dar es Salaam. Some material was collected through formal interviews and some through informal talks. The following sections present EE’s basic ideas behind the investment, their expectations and their thoughts on the risks of the investment. Some informants were consultants but they have worked for EE a long time and farmers see them as EE representatives.

#### **EcoEnergy outgrower approach**

The EE company has been established, formerly as SEKAB, for almost 10 years in the Bagamoyo district. The plans have changed from ethanol to sugar during that time, but the Razaba ranch is still the centre of the large-scale investment. One EE representative claimed that big always means bad in the development industry, which he thought unfair:

*“We have to let small farmers develop. (...) This is the way Europe has developed, through becoming bigger and bigger and through specialising. Let Africa do the same thing.”* – EE representative

Developing the smallholders in the area is a EE mission and the aims are high. The community and outgrower development programme (EcoEnergy, 2013a) states that *“the EE project will substantially alter the agricultural and economic landscape of the Bagamoyo district”*. It also states *“the prospects for economic and social development in the area are outstanding.”* The investment will bring great change to the area and that is the investor’s intention. The purpose for the EE field team is stated to be to enable the rural people to move from *“survival stage to*

*growth stage*” by helping them to become commercial farmers. To achieve this, EE has an approach focused on entrepreneurship, starting companies and creating capitalism among the farmers who will be involved in the outgrower scheme. It is not poverty reduction but wealth creation, according to the EE representatives. The farmers’ financial situation today is not considered to be an obstacle to commercialisation, as they will use supply contracts for sugar cane with EE as collateral for their loans with commercial banks. In this way the farmers will not lose any land, according to EE representatives.

It is highlighted that farmers “*will be empowered to set up, own and operate independent companies*” (EcoEnergy, 2013a). This will be achieved through training provided for farmers by EE and their consultancy firms. Included in the training to become an outgrower farmer is believing in yourself and your friends, seeing farms as business enterprises, learning to organise a group, learning how to make decisions, and always working towards an effective business (*ibid.*). EcoEnergy will encourage farmers to register as companies, prepare business plans, negotiate cane supply agreements with EE and negotiate commercial loans with the banks. When the farmers have their loans, they will themselves engage contractors to build their irrigated outgrower farms. “*They will then after a lot of training and major support set up, run and operate their own affairs as any other modern business does.*” (*ibid.*). After major training, EE thus hopes to have reached its goal of changing the farmers’ attitudes towards their farms:

*“With the right support and training this will unleash the development potential in the local people and bring a sustained improvement in standard of living for the population living in the areas surrounding the EcoEnergy estate.”* – EcoEnergy community and outgrower development programme (2013a)

“*All people have the ability to run and manage their own development*” is the principle that EE states to be guiding its outgrower development programme. Several representatives of EE said that local farmers deserve to be developed, they have the right to a better life through this project. These are arguments shared by Sida. One EE representative also said it would be an insult to the locals in the villages not to make this investment happen and that if the Swedes do not make do this investment, the Chinese might choose to invest in Bagamoyo instead. He claimed that it would be better for the farmers with a Swedish investor, since Swedes care more about following rules and regulations. He continued by stating that the majority of unused land in the world is located in Africa and that the world needs to use this resource. The decolonisation of Africa was 50 years ago but the agricultural sector has not developed since. “*These people also have the right to development: knowledge and capital*” he stated. He wanted the local people to feel empowered by the investment and for EE to build a long-term sustainable relationship with locals, since “*...if the relation to the villagers is good, it provides for a successful project.*”

Since there are few people employed directly by EE, a consultancy firm talks to the rice scheme organisations regarding the outgrower scheme. Village leaders are

then given the responsibility to talk to the rest of the villagers and provide them with information on the investment.

According to our EE interviewees, the rice scheme farms are used as training farms for smallholders to learn how to use irrigation. Rice scheme farmers will then be better prepared for growing sugar cane because of training and more contact with EE. The rice schemes are also used for “*transforming*” local attitudes, to help them understand how irrigation is used and what the EE investment will mean for them. The same organisation structure will be used in the outgrower scheme for sugar cane as in the rice scheme, according to the EE representatives. The reason for organising farmers in groups is the amount of land needed for sugar cane production.

It was pointed out that even though the main investment has not started the project is already bringing good things to the villages with the rice schemes and training for sugar cane. The knowledge the farmers are receiving now will be useful for their production in the future, with or without the outgrower scheme.

#### **Effects desired by the investor**

EcoEnergy has high aims for their investment. According to the outgrower programme (2013a), EE will follow best international practice in outgrower policies. The same document states that no community, or members of a community, should be worse off after the outgrower scheme. The outgrower farms must also have the same health, employment and safety standards as the EE estate. All land used in the outgrower scheme must have legal title. Through the outgrower scheme, food security will be improved, since farmers will earn more money and will be able to buy food, according to the EE representatives, and food crops will still be grown. There are no details in the outgrower programme on how EE will monitor these factors and there are no references to a feasibility study being conducted on the development. The outgrower support, which EE says started in 2011 with training, will continue for at least six years (EcoEnergy, 2013a).

The EE representatives highlighted in interviews that EE will be dependent on farmers, since the mill in the factory they are planning to build is too big to only use EE estate sugar cane. To support the mill with sugar cane, the farmers must succeed in the outgrowing. Through this, EE and the farmers share the same aims, according to our EE interviewees. The aim of the EE outgrowing approach, which has been called “*people-centred*” by the Sida Appraisal (2013), is to make the farmers feel that they have the power to change their own lives. EcoEnergy will empower farmers through contributing financial capital and knowledge. The EcoEnergy representatives acknowledged that the long-term positive effects can only be achieved through good cooperation with the villages. They believe that they have good cooperation with farmers today and highlighted the example of Kakora.

According to one of the local employees of EE, growing sugar cane is a good way of making money for the farmers. He also knew that government representatives are positive about the EE investment:

*“We had a delegation from the Ministry of Agriculture here in Misasi last week. (...) They were happy because as they say “nobody dislikes money”. I think it will be very good growing sugar cane.”* – EE representative

Our EE interviewees said that the loans will be designed to be beneficial to smallholders. The prices for sugar cane will be regulated in the contracts and will be market-related, but fixed at first. One EE representative stated that the farmers will first be organised and then the contracts will be provided. He also raised the possibility of loans in kind, e.g. borrowing a tractor from EE. Loans in kind are not described in the written EE plans. There are said to be no great risks of farmers being indebted, since the loans from commercial banks will also require business plans that will make sure farmers understand what they are getting involved in (EcoEnergy, 2015). Farmers will be participating as a group and combining assets in the outgrowing, which EE claims will lower the risks. It also claims that the farmers will be more powerful in groups, sharing knowledge and technology and working together to reach market access and that they will have a strong position towards EE. It is also highlighted by EE that the participation in outgrowing is voluntary (*ibid.*).

### **Risk perceptions of EcoEnergy**

The EE officials stated that they want a long-term stable relationship with the villagers and that the investment will fit the smallholders. Still, EcoEnergy realises that the investment is not without risk, but the project needs to happen since the villagers are in need of development.

Changing attitudes among farmers is written as a goal in the outgrower programme (EcoEnergy, 2013a), but how this is going to be achieved is unclear. In informal talks, the EE representatives questioned the attitude of the Misasi farmers. In Misasi, they claimed, it is difficult for people to work together and there is a different attitude in Misasi compared with in other places they worked with. How this attitude works and where it originates from was difficult to say for the EE representative. One person heard that Misasi is dependent on remittances and handouts and that this is why the villagers do not want to work in agriculture at all. Other EE officials told him the attitude of not working together with others comes from isolation. Hopefully the rice scheme farmers can change their attitude, according to that EE representative. He continued that water in terms of irrigation systems makes people collaborate, since everybody must be in the same farming stage when the irrigation system is used. In Swaziland, where his consultancy firm worked earlier, the politics were easier, there was no isolation like in Misasi and the people were familiar with industrial sugar cane. The EE project in Bagamoyo is a whole new situation even for the EE development consultants.

Another EE representative mentioned that learning to see farming as a business is not easy, it takes a long time to change attitude towards the crops and it takes more than just agricultural training to change this view of food. He felt that the financial thinking might be harder to achieve in Misasi, since they lack commercial banks in that village.

The EcoEnergy officials viewed the national sugar policy that the government of Tanzania is supposed to realise and local border conflicts as problems to be solved before the investment can start. The policy is not in place and the land issues are complicated. They were also worried about land deals, since EE needs a lot of sugar cane farmers. Village leaders were regarded by the EE officials as part of the problem with land deals, which can sometimes lead to more land issues, since some people are selling land that is not legally theirs to sell. Land issues also include pastoralist livelihoods. The approach from one EE representative was that the pastoralists in the area have to settle in one village and not move around with their cattle. However, drinking ponds for cattle are to be built inside the Razaba ranch and discussions with pastoralists are part of the resettlement process.

EcoEnergy wants to be seen as empowering farmers, but the message we got from the officials interviewed was a mix of top-down development ideas but also the wish to empower farmers. For example, one representative stated that the farmers should be in charge and take their own decisions, since *“bad decisions taken by yourself are better than good decisions taken by someone else”*. At the same time the EE website states: *“The project provides the training to ensure that these decisions (regarding farm size and group size) are good ones”* (EcoEnergy website, 2015; Outgrower development approach). So the farmers are to take their own decisions, but training will apparently make them take “good” decisions. The question is how much the farmers can actually affect the plans. EcoEnergy has already calculated that the farmers’ companies will be about 100-150 ha large, with 30-40 farmers in each company, producing about 11 000 tons of sugar cane per year each (EcoEnergy, 2013a). There are thus very limited grounds for decision-making by the farmers themselves.

### ***The Sida support***

Based on two interviews with Sida officials and a review of related documents, Sida’s perspective of the EE investment is analysed here in relation to their expectations and risk perceptions. Sida representatives explained that Sida is not supposed to support particular companies, but is still expected to have different kinds of cooperation that support the development strategy for Tanzania. Sida is a strong supporter of the planned outgrower scheme, where it believes the main anti-poverty potential lies (Sida press release, 2014). According to Sida, it has never supported large-scale outgrower schemes this directly in the past. That is not regarded as something extraordinary, since outgrower schemes are a common method used in agriculture in Tanzania.

Sida had not been in the villages of Misasi and Kakora for more than a few one-day visits. The Appraisal (2013) regarding the EE investment, containing a risk assessment, was made by an external party. Sida has intentions of initiating a baseline study in the villages when financial closure is reached, so that the investment can be monitored.

### **Expectations**

The Sida representatives interviewed perceived a lot of positive outcomes with the EE investment, claiming *e.g.* that the investment will bring economic development, skills development for locals and modern techniques to the agricultural sector in the area. The sugar cane factory will create jobs, also in terms of indirect jobs in surrounding areas. There will be trickle-down effects for the whole area from those who work at the factory or as outgrowers. Tanzania is also considered a suitable country that really needs this investment. The situation for the local smallholders must be improved and right now the EE investment is fitting. Not giving support to EE will send signals to other investors that it is difficult to invest in the agricultural sector in Tanzania, according to Sida (Beslut om insats, 2014). The effects of not giving support are considered to be worse than a failed venture (OmVärlden, 2014).

The Sida representatives presented the argument that the resettlement and land acquisition standard in Tanzania could be made higher when EE follows international best practice, which is a Sida demand. There is a hope that other investors will follow EE's example in land deals and in that regard the EE investment can be seen as a pilot project. '*Land for Equity*' is the first step towards a new policy for land investment and is believed to have long-term effects on land investments. The desired outcome for Sida would be for the Tanzanian government to have higher demands for land investments, especially where resettlement issues are involved. A Sida representative also highlighted that this effect cannot be guaranteed, since it is much more expensive for the government to have higher demands. Resettlement in Tanzania is often used in urban areas with a large population, *e.g.* to make place for new malls.

According to the Sida officials, EE needs to have a good relationship with farmers in order to get the outgrower scheme up and running. This dependence of EE on farmers being interested in the outgrower scheme is seen as a risk minimising condition by Sida. The sugar cane mill will be designed with overcapacity in order to process the outgrower sugar cane. Without the farmers' sugar cane, the mill will not be operating on full effect. Through the training that EE will supply, the farmers might realise that they want to grow crops other than sugar cane. There is no guarantee that the outgrower farmers will actually sell sugar cane to EE, but the Sida representatives viewed this as empowerment for the farmers.

### **Risks**

Even though Sida has started support for the EE investment, the Sida representatives mentioned a lot of risks. Negative aspects according to one of the Sida representatives were limited water access, decreased biodiversity, soil nutrition

levels, increasing use of pesticides, involuntary resettlement, social issues in the outgrower schemes, land conflicts, monetary effects on gender equality, delays, food security and a financial risk for all parties involved. That Sida representative was worried that the population in the area will increase rapidly and that the local communities will be vulnerable to that pressure. The other Sida representative also mentioned that the pastoralists living in the area will be severely affected by the investment. Despite being aware of these many different risks, the Sida officials were nevertheless positive about the investment.

Both Sida representatives were clear that there was a need for EE to secure other investors and close deals with the Tanzanian government in a short time, preferably before the summer of 2015. The Sida representatives clearly stated that there was a limit to how long Sida could wait for the investment to reach financial closure. Since the government of Tanzania had not proven to be able to make the necessary policy changes, there were still uncertainties as to whether the government would be able to fulfil its part of the agreement. A fact that speaks against action from the Tanzanian government, which was often cited by EE and Sida interviewees as being the one actor that is delaying the process, is that there will be presidential elections in October 2015. This led the Sida representatives to express fears that from summer 2015, government decisions might be paused and no new decisions might be taken until 2016.

According to the Sida representatives, there have been discussions with the Tanzanian government to let the farmers take out loans without safety or collateral. The government will try to push the commercial banks into this. There was some doubt from Sida's part as to whether it will be possible for the farmers to take out these 30 000 USD loans from a commercial bank. Sida has reportedly had discussions about supporting these commercial loans for the outgrowers instead of the credit guarantee for EE, but to make sure that there will be an outgrower scheme, EE needs support to start up the investment.

There are possibilities to plan for risks in the investment and to help farmers if these risks will appear, according to the Sida representatives. However, it does not appear as though Sida has a risk management strategy for this kind of project. The Appraisal (2013) called for monitoring, but Sida has no planned monitoring for the investment. The Appraisal (2013) also recommended that Sida should not approve credit guarantees until contracts, for example between EE and outgrowers, and organisational frameworks were presented. This advice was not followed since the credit guarantee was initially granted before being withdrawn in spring 2015. No contracts were then presented.

The Sida representatives claimed that risk management for the outgrowers is dependent on IFAD's and AfDB's risk policy. Sida cannot always fear that things will not work out, the representatives stated. Instead, there is a need for making plans to help if something does not work out in the investment. The Sida officials claimed that a higher standard of living cannot be promised to the 1 500 outgrower



farmers. Farmers might have different kinds of problems, for example with food security and financial struggles, because of the outgrower scheme, Sida states.

The Sida representatives acknowledged that EE might not understand local livelihood contexts, *e.g.* regarding communication with villagers. Still, EE was considered to be receptive to demands Sida has made, *e.g.* Sida asked for a gender policy and EE then created a gender policy (EcoEnergy, 2013b). Sida welcomed the effort, but one interviewee considered the gender policy to be weak.

The Sida representatives said that Sida is aware that farmers in the area have high expectations of the outgrower scheme. This was seen as an education challenge and a moral responsibility for the actors involved, mainly EE. One Sida representative was doubtful whether the government of Tanzania, AfDB or IFAD would inform locals if the investment is terminated, but Sida would not take the responsibility for that. If the EE investment does not happen, the Sida officials mentioned the need for other actions to be put in place in the area. If there is a possibility to restructure the investment, Sida would be interested in doing so.

## 6 Discussion

In spite of their criticisms and worries, Misasi smallholders are expecting to become outgrower farmers. The expected change that the outgrower schemes can bring to the villages seems too big to grasp for many farmers, and their idealised view of their life in the future is an overwhelmingly positive imaginary. The farmers have an imaginary that this new opportunity will change their lives completely. A higher standard of living is considered to be within reach through the economic development the outgrower scheme will bring. In spite of the risks, the farmers' imaginary presents a world that, through EE, gives them opportunities to care for their families in a way that is not possible today. They visualize having access to market and agricultural techniques that will make them produce more crops in groups and sell to a buyer that is always present. Through this, the farmers expect better housing and pensions from EE, and the ability to give education to their children. Even if the outgrower scheme involves risk taking, the farmers are still prepared to engage in this process to achieve the desirable life change. Through examining the farmers' imaginaries one can understand why they are working together with EE to make the investment happen.

The planned EE investment has been ongoing in the Bagamoyo district for almost 10 years and both the investor and the villagers have had time to start visualising how the investment would affect the villagers by creating their imaginaries. The farmers' willingness to be outgrowers and the belief that they will get a better life from this fit well with what EE has written in its community and outgrower development programme (2013a). In the programme, EE promises the inhabitants in the local area a higher standard of living from the outgrower schemes. Since the investor has these high aims and the investor and its consultants are the only people responsible for informing farmers, it is not surprising that the farmers' expectations are also high. Through this, EE is constructing the farmers' imaginaries and expectations.

The high expectations and positive imaginaries could cause problems in terms of disappointed farmers in the future, since final information on when EE will start, how the outgrower scheme will be organised, how land conflicts will be resolved and what contracts will look like is still unclear, especially since Sida withdrew its credit guarantee during the spring of 2015. High expectations have been an issue

in the EE investment for years, even when EE operated as SEKAB (ActionAid, 2009). Getting the locals to agree to and understand the whole plan from the beginning is considered best practice for these kinds of investment (Beyene *et al.*, 2013). Even though the majority of the farmers had been provided with basic information, *e.g.* EE has shown a film in the villages and has provided training, many details of the plans are as yet unknown to farmers or difficult to understand.

A lot of responsibility to inform villagers is now placed on the local leaders, who do not seem to be able to distribute the information adequately. This means that not all rice scheme farmers have been presented with the same information. Being absent from meetings means that farmers might miss information, and a few farmers had very limited knowledge about the outgrower scheme. That creates different levels of information even within in the rice scheme, which still comprises the most informed farmers in the villages. Since the leaders and the board members in Misasi are male, the men have more information.

The fact that EE only presents information verbally in meetings for selected people can also create misunderstanding and rumours, especially since the information has to be changed as the time frame is constantly pushed forward. Verbal information creates imaginaries that become unique for individuals, since not all people have access to the same information (Fairclough & Fairclough, 2012). There is a lack of information written in Swahili and distributed to the farmers to help them understand the plans. Abdallah *et al.* (2014) note that the land acquisition process by EE for Razaba ranch started in 2008, but villagers who would be affected by resettlement were not informed by EE until more than three years later. Through its long presence, EE has created more confusion than clarity.

ActionAid (2015) criticised EE for not letting the villagers have a choice regarding resettlement and outgrower method, and not giving binding commitments to the villagers regarding jobs and benefits from the outgrower schemes. ActionAid (2015) also stated that this means that EE has failed to fulfil the requirement of free, prior and informed consent of the villagers. If farmers do not own land in the investment area or are not part of the rice scheme, they do not meet EE representatives at all. Providing written information could mean less confusion and realistic imaginaries could be created for all villagers, not only for the rice scheme members.

As an indication of the lack of information, the basic idea behind the EE investment seems to be missing in Misasi. The farmers talked about organising “*in groups*” or “*together*” in the outgrower scheme, but not about starting and running companies. The common imaginary regarding the organisation of outgrower schemes in both Kakora and Misasi was that the outgrower scheme will work out as the rice scheme today, where they work in groups. Since there is a lack of information on how sugar cane is grown on industrial scale among the farmers, the farmers have limited knowledge of whether the existing organisation is suitable for growing sugar cane. They also have problems with the existing rice scheme

organisation to which the outgrower scheme is being compared and the rice schemes are operated differently in the two villages (Kjeller, 2015).

As mentioned, the Sida support for the EE investment has been debated. Questions have been raised as to whether this investment involves too much risk, for smallholders but also for Swedish taxpayers. Another argument has been that the EE investment is not innovative, since there are several other sugar cane factories in the country. Sinha *et al.* (2013) concluded that the poverty reduction impact from the EE investment cannot be determined, but is likely to be small, and therefore there is no reason for Sida granting a credit guarantee to EcoEnergy.

The discussions with Sida officials during interviews showed that they considered the potential achievement of changing the Tanzanian resettlement process and management of LSAs a good outcome of the project, even if some farmers might get a worsened situation because of the outgrower scheme design. The Sida representatives were aware of risks with the loans, food security and livelihood change. The fact that Sida representatives considered that some farmers might be worse off contradicts the EE promise to all locals of a better life in their written plans. This shows that Sida perhaps doubts that the EE plans are realistic and believes that some farmers will most likely be negatively affected.

One of the main perceived risks among the farmers in Misasi was loans and contracts. There has been no formal discussion yet on how contracts will be negotiated and the farmers in Misasi said that they cannot imagine the contents of the contracts. Since the farmers imagined that EE will simply bring contracts ready to be signed, they are in no position to negotiate. EcoEnergy has stated in writing that it will educate the farmers in contracts, legislation and corporate responsibility (EcoEnergy, 2013a). The farmers are convinced that they will make money from the outgrower scheme, but it will take almost 10 years of loan repayment before they can actually earn money, as presented in the outgrower programme (*ibid.*). The statements from the village leaders in both villages, regarding villagers losing land if they cannot pay back the loans, present what leaders perceive as a risk. However, EE has also stated that no farmer will lose land, so they need to clarify which terms are being applied. Some farmers pointed out that the EE plans were not their idea, but were formulated from the interests of EE. The top-down approach applied by EE is therefore affecting farmers' imaginaries of the legal framework.

Differences between the farmers in Kakora and Misasi were clear in several ways. The main difference was that the Kakora farmers seems to have adapted to some imaginaries of EE and did not want to discredit the investment. This can be an active choice for enhancing their chances of making the investment happen, and support for the EE imaginary. In Misasi, farmers willingly pointed out risks and expressed criticism. The way the farmers perceive the company can be one reason why there are differences in the villagers' risk perception. Kakora has in some regards a better position relative to EE in terms of a longer distance to the resettlement area, experience of cash crop production, more positive treatment

from EE and the fact that village is easy accessible. It is known that in cases where the investor is considered good, the farmers seldom see risks. Locher & Müller-Böker (2014) discuss the case of forestry investments in Tanzania where locals did not see the investor as an intruder, since the locals expected that the investor would provide infrastructure and job opportunities. The high hopes for the investor were also because locals did not think that the Tanzanian state had the money for investment in the area. This is why in a state with weak governance, villagers often welcome private investment.

EcoEnergy wants its imaginaries to be taken as the true vision of the future. It presents its visions as facts in terms of how much Tanzania needs this investment and that the farmers need to be commercial to leave their poor conditions. The imaginaries of the villagers are presented as non-factual, for example when the investor states that "*their expectations are too high*". Villagers thus do not have the same power to make their imaginaries into facts and shape reality by themselves (Fairclough & Fairclough, 2012). Meanwhile, EE can present its hopes that this future investment will happen as a reality with the help of its institutional power. This can enhance the legitimacy of the investment on a local level (Locher & Müller-Böker, 2014).

The smallholder imaginaries are also affected by institutional power, since the EE investment is considered a good opportunity to make money for the Tanzanian state. In the villages, district level officers have talked optimistically about the investment to the villagers. At the opening ceremony of the EE early works programme in 2014, national politicians and the Swedish ambassador spoke confidently about the start of the investment (YouTube, 2014; Early works launch). To help EE, the government of Tanzania can produce laws and legislation that support EE's imaginaries and visions (Fairclough & Fairclough, 2013). An example of this is the discussion on transforming the Tanzanian sugar trade policy. If smallholders get the picture that the project is needed for the whole country, this might influence them since politicians and government officials often have a higher education level and are respected in society.

Several issues discussed in the theoretical section of this thesis can be observed in this case. The shared aims between smallholders and investor (Mosse, 2010) can be seen in Misasi where even the really sceptical farmers interviewed said that they will still become farmers in the outgrower scheme. While a major landowner often has a more sustainable livelihood strategy and can choose to stay outside the outgrower scheme until he gets a fair deal, a poorer farmer might take any deal to make it through the day. Farmers in the EE investment are giving away their agency for the chance of enhanced livelihood security because of their poor situation (Hickey & Bracking, 2015). The decision the poorer farmer makes is not mainly about how to produce crops but how to survive, provide for the family and give the children an education.

Since the EE outgrower scheme, particular the major investment in the main estate, will take place in a setting with weak bureaucracy, a resettlement process

and many involved actors, there must be room for smallholders' view in the outgrower design. EcoEnergy has already proven capable of changing its original investment plans and by adopting a more flexible approach which would consider differences in local livelihoods in the outgrower scheme, it could make the process easier for all actors. Suspending the project, investigating ways in which villagers want to benefit and restarting a transparent process could actually bring benefits to the local community and not only to the company and the state. As it is now, the EE investment does not provide an equal win-win situation for both parties (Mosse, 2010).

The EE imaginary is that capitalistic development will solve poverty-related issues. EcoEnergy claims that through their development approach, trickle-down effects, such as job opportunities, will be created for the whole area. However as Mosse (2010) states, the impact on poverty might be small if investors and policy-makers are not working directly with the poverty issue itself and its underlying factors. Mosse (2010) also argues that poverty will not disappear by itself when economic development is brought to an area. As a main actor in the investment, the government has to work with the poor people's situation and not expect EE to solve the issue through bringing 'development'. Poverty is institutionalised in society and a simple technocratic focus will not help deal with the main reasons for poverty (Hickey & Bracking, 2005). Instead, outgrower schemes might contribute to enhanced inequalities in local livelihoods, as seen for example with Kilombero Sugar Company Limited (KSCL) outgrowers in Morogoro district, Tanzania (Smalley *et al.*, 2014).

EcoEnergy often refers to KSCL, today owned by the South African company Illovo Sugar, as a role model for how outgrowing can enhance income in an area, even if there are major differences in the outgrower design between KSCL and EE. In the KSCL case there are no commercial loans and farmers do not run companies, the outgrower fields are not irrigated in Kilombero, but there has been donor funding (Smalley *et al.*, 2014). In Kilombero there is also a lack of monitoring in the fields, a lack of information in Swahili and only verbal agreements with farmers. Sugar cane has been grown by KSCL since the 1960s with a nucleus estate and outgrower schemes. With the 1998 privatisation of KSCL, more tasks were put on farmers' associations and costs like road-fees and risks like cane-field fires were transferred to farmers (*ibid.*). The outgrowing has been profitable for some farmers, but poverty is still an issue since corruption occurs in the sugar cane processing in KSCL (*ibid.*). If farmers pay extra they make sure that their sugar cane is processed and they get their payments in time. A farmer who cannot afford the bribe is last in line, which is devastating since the sugar cane surplus production at KSCL means that they will not get paid in that year. In the long run, the richer farmers get more benefits and the poorer farmers stay poor. Since there has been research on KSCL for a long period, there is experience for EE to learn from. However, they do not seem to refer to those lessons.

The EE outgrower design requires heavy monitoring of farmers, large loans and a lot of bureaucracy with the '*Land for Equity*' agreement and the design can be

regarded as rather complicated. An alternative design that has worked elsewhere is that the investor could give farmers credit in kind through providing inputs, machines *etc.* and later deduct the in-kind credit from the crop payment (Glover, 1990). Instead of farmers having to risk becoming indebted through taking commercial bank loans, they would only see benefits of selling crops, which would constitute a lower barrier to getting involved. Alternative payment can be based on quantity, on sucrose level of the sugar cane, harvest date or through an equalisation formula that considers the local conditions (*ibid.*). The Appraisal (2013) also suggests that Sida is encouraging EE to pay farmers based not only on the raw material, sugar cane, but also on how much the materials will be worth when processed by EE. This would make the farmers' and the company's win-win more equal.

Locher *et al.* (2014) state that all large-scale land deals are not automatically negative, but that smallholders are often impacted in an undesirable way. This is often because of power relations, which are generally unbalanced between companies and farmers (*ibid.*). Companies have the power to form outgrower schemes in the way they want, especially if they are the only buyer. However, outgrower schemes also provide the locals with the power of choosing what to grow on their fields, since they grow on their land. In the Bagamoyo case, farmers can choose to grow *e.g.* maize instead of sugar cane, which EE does not need. That is one way the farmers can repel an outgrower scheme if they are disappointed.

Being able to leave the outgrower scheme is important for the farmers' bargaining power (Glover, 1990). If there are alternative sources to get a similar income the farmers can put pressure on the company to ensure high standards. If there are few alternative income possibilities, like in Misasi today, the farmers have a low bargaining power. EcoEnergy will act on a market where it completely dominates, a monopsony, which is not uncommon regarding outgrower schemes (*ibid.*). The power difference in the relations between the company and the farmers might mean that the contract will not protect the farmers' rights.

Because of the sugar cane monopsony it will be important to have another type of production apart from sugar cane for the farmers to not become totally dependent on sugar cane income. It is crucial to encourage the farmers to continuously produce food crops to enhance food security (Porter *et al.*, 1997). The opportunity of the outgrower schemes is desirable for the farmers and they are anxious to start. Smallholders will be conflicted about growing sugar cane or food crops, as proven in this thesis. Still, low yields and loan repayment can contribute to lower food security for smallholders.

As a start in exploring the possibilities of the outgrower schemes, the EE support for rice schemes was established. An obstacle is that the rice schemes can hardly be seen as organisations run by local farmers since EE today influences almost all of the design (Kjeller, 2015). EcoEnergy is constructing the rice schemes using its own approach and it is questionable whether the farmers are free to make any decisions they want in the rice scheme organisation. EcoEnergy will later have

control over the farmers' companies, since they are responsible for all information, sugar cane training activities, infrastructure and will provide the only market. The top-down approach is thus also seen in the fact that working together as a company is not fitting for farmers in Misasi, but is still desired by EE.

The rice schemes are one of several examples of how EE does not seem to understand the local context, or is ignoring the local context in favour of its own view. This is one expression of a Northern hemisphere actor being convinced that its plan for local development is better than the local perspective (Sachs *et al.*, 1992). When rural farmers are seen as 'underdeveloped' and not able to make their own decisions, they are expected to lean on people in higher positions of power to define their needs (*ibid.*). The needs of the locals are often decided from the needs in the modern economy in the Northern hemisphere, meaning that economic development seldom meets the needs of the poor (*ibid.*). Porter *et al.* (1997) suggest that farmers should be represented on the board of companies responsible for outgrower schemes. Since EE aims for a win-win situation and aspires to be groundbreaking in land deals, this could be a way of proving the seriousness of their intentions. Glover (1990) also concluded that farmer participation in managing the schemes is desirable, since such schemes have proven good performance. Letting farmers have seats on the board or their own shares has also been shown to improve communications between farmers and company.

De Shutter (2011) argues that alternatives for international land transactions and commercialisation of land as a whole must be discussed. The problem is worse than just weak governance regarding land. One alternative to land transactions could be to improve the locals' access to land in order to reduce poverty. Through outgrowing, large market products and export crops make farmers vulnerable to international market risks. The situation for local livelihoods can be worse in large land deals for persons using the commons, like grazing land and forests (*ibid.*).

The outgrower scheme in Bagamoyo is supposed to be a win-win situation between all actors: EE, the Tanzanian government and local farmers. The win in this case might be created for company and state, while the local farmers' situation is much more insecure. It is important to remember that EE is not a development agency but a commercial company with business as its priority. The role of the Tanzanian state and Sida should be to ensure that this business brings positive developments to the local farmers and does not harm local livelihoods and impact the environment negatively. The smallholders who have been waiting for the promised investment for almost 10 years have high expectations of a better life. If a win-win situation is to be created for all parties, the local farmers' situation, including their high expectations and positive imaginaries, must be considered.



## 7 Concluding remarks

The plan of the investor EcoEnergy Ltd in Bagamoyo, Tanzania, consists of a complex design of an outgrower scheme that has several obstacles to assisting with poverty reduction in Bagamoyo district. The company has contributed to build up the locals' high expectations by not providing enough information regarding the investment and delivering the information only verbally to selected farmers. The information is limited, targeted to farmers in the rice schemes and is provided with the investor as the main actor. This is one of the greatest risks in the preparations for the outgrower scheme, since the information creates the farmers' imaginaries of a better life through the outgrower schemes.

After years of bureaucracy, controversy and negotiations with a number of actors, the investment has still not been approved by all involved parties. There are still several challenges to obtaining capital for the investment. The far-reaching expectations and the positive imaginaries of the farmers need to be taken into consideration when the investment now goes on without support from Sida. The investor has a responsibility to meet, after almost a decade in the area. However, the plan in the way it is designed today is not likely to meet the high local expectations.

The EE investment has been called 'people-centred' and is intended to be built on a 'win-win' situation for EE, the Tanzanian state and the farmers. However, the farmers 'win' is based on high loans and the risk of becoming indebted, environmental effects, food security and border issues, organisational challenges and the superior attitude from the investor. The findings in this thesis show that people are not likely to dare stay outside the outgrower scheme, since many people see this as a big, and maybe the only, chance to get themselves and their family a better life. It does not matter that they do not fully trust the investor or see several risks; they will still do what they can to escape poverty.

To achieve a better situation, the information on the outgrower scheme must be designed for and targeted to all farmers in the village, in their own language, with written and binding commitments from the investor. It must be easier for farmers to be heard in the process in order to avoid the top-down approach. All actors involved must re-think and together with the local smallholders find a more

socially, economically and environmentally sustainable way of proceeding. As discussed above, there are several alternatives to the outgrower approach, like avoiding major loans through in-kind credit arrangements and allowing the smallholders more influence over the project plans. Making the investor provide written agreements for locals and ensuring equitable contracts, along with a transparent process, are important suggestions that should be considered as the investment continues.

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