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The politics of inclusive business models in agricultural investments: The case of sugarcane production in Kilombero, Tanzania

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Inclusive business model, political economy, agrarian change, politics, sugarcane, outgrowers, contract farming, social differentiation, class dynamics, primitive accumulation

0. ABSTRACT

In recent years, donors, policy makers, and non-governmental organisations working on land and agricultural issues have latched onto the catch phrase 'inclusive business models' as an alternative to large-scale land acquisitions. Development actors promote these inclusive models, such as contract farming or outgrowing schemes, to mitigate the often significant and adverse impacts of land grabs on rural people while still supporting foreign direct investments, particularly in agriculture in developing countries. The need to increase investments in agriculture in developing countries is clear, however, it is important to assess how such investments are implemented and who benefits from them and who loses. An outgrowing scheme based on a nucleus estate-outgrowers model is central the Tanzania's agricultural commercialisation processes currently underway. Yet, it remains unclear how the inclusivity of such models are determined over time. This dissertation offers a critique of inclusive business models by examining a partnership between a multinational agribusiness with sugarcane estates and on-farm processing, and the outgrowers supplying sugarcane to the miller under pre-negotiated arrangements in Kilombero, Tanzania.

My approach draws upon two theoretical frameworks: the political economy of agrarian change and the sustainable livelihood approach. This body of literature has framed my research design and questions and has provided the lens by which to analyse the collected data. I find these frameworks are compatible with one another, and indeed complement one another, and together they have helped me to design my research questions and to analyse my collected data. At the centre of my analysis is a focus on class dynamics and social differentiation among the

sugarcane outgrowers. My work explores the impact of the company-outgrower partnership at the household level, and how it resonates with national and international politics affecting their access and use of resources (including land, water, grazing land) and markets for their agricultural produce.

My research is based on 36 months of mixed methods qualitative and quantitative field research in Tanzania between 2014 and 2018. During this period, I carried out interviews with 145 key informants using semi-structured questionnaires and completed 16 focus group discussions and 275 household surveys. Key informants were drawn from farmers' groups, women's groups, outgrowers' associations, the Sugar Board of Tanzania, Kilombero district, regional and national offices dealing with land and sugar, company representatives, civil society organisation representatives, researchers and academics as well as individual farmers.

The thesis argues that the company-outgrower partnership is contested by all parties engaged in sugarcane production and its associated business activities at different levels and times. These conflicts arise because the supposed 'inclusive model' perpetuates unequal sharing of rewards and risks - as the company receives more benefits from the sugar trade due to its larger share of resources and decision-making powers, while outgrowers as the weaker partners bear most of the production and business risks.

My research demonstrates that almost all the reviewed definitions of inclusive business models and their associated analyses are focused on the terms **'income constrained groups'** or integrating **'smallholders into markets'** (emphasis added) as if these are homogenous groups. The main problem with these terms is not only that these income-constrained groups and smallholders are not homogenous, but they are not equally income constrained and yet these definitions and analysis conflate them. As this thesis shows, these assumptions do not apply because arrangements like outgrowing schemes are characterised by **class dynamics, gender and social differentiation.** The so-called income-constrained groups or smallholders especially in agricultural investments are diverse groups of rich, middle and poor farmers that are differently positioned to engage with agribusinesses in these arrangements that are considered inclusive.

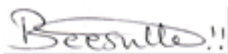
The focus on ‘inclusion’ obscures the differentiated positions of smallholders – they are in different positions (class, gender, generation) and these are accentuated through their participation. Yet, the conflation of ‘smallholders’ with income-constrained groups has concrete and patterned effects. This is because these definitions are based on flawed neoliberal and new institutional economics assumptions that markets and institutions will redistribute costs and benefits to all parties engaged in the purported inclusive business models. As a result, ‘inclusive business models’ continue to produce more differentiation – the processes which are conceptually distinct from wider patterns of differentiation in expansion of capitalist relations in agriculture. These models directly facilitate asset consolidation among wealthier farmers exacerbating land inequality. We thus see the manifestation of the common patterns of differentiation into expanded reproduction and landlessness among the rural peasants, the latter being characterised variously as ‘fragmented classes of labour’ or ‘working people’.

The role of the state in facilitating primitive accumulation is manifested through the implementation of structural adjustment programmes which made the privatisation of former state assets and the transfer of state functions to private capital. Instead of addressing the core challenges, which include privatisation of public services in the agricultural sector, a focus on inclusive business models further diverts attention and resources from resource-poor small producers towards wealthy individuals and corporations, intensifying already-persistent inequalities in farming societies. As this thesis demonstrates, there are winners and losers even within the claimed inclusive business models. Poor farmers, both women and men, are the losers, while middle and richer farmers, mostly men, continue to accumulate land and diversify their economic activities.

I declare that *The politics of inclusive business models in agricultural investments: The case of sugarcane production in Kilombero, Tanzania* is my own work, that it has not been submitted for any degree or examination in any other university, and that all the sources I have used or quoted have been indicated and acknowledged by complete references.

Emmanuel Sulle

Date 12 November 2021

Signed 

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DEDICATION

This thesis is dedicated to my parents.

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1. INTRODUCTION

The World Business Council for Sustainable Development (WBCSD) (2014: 1) coined the term 'inclusive business' in 2005.[1] Since then, the term 'inclusive business model' has been defined and used differently in the literature and research concerned with business studies, agrofood value chains (Danse et al 2020; Ménard and Vellema 2020), land-based investments (Vorley et al 2008; Vermeulen and Cotula 2010), and environmental sustainability (Mangnus 2019). To date, however, as Mangnus (2019: 69) observes, "there is no global instrument that embodies international consensus on what inclusive business means, let alone, how companies could achieve inclusiveness." Vermeulen and Cotula (2010) analysed various business models in different countries and concluded that 'none of these models is perfect' (Vermeulen and Cotula 2010: 3). Inclusive business models vary between crops and countries (FAO 2013; Daley and Park 2012), potentially limiting the scope for scaling up. A review of existing literature shows many factors that need to be considered in deciding which business model might suit a particular group in a specific location, within a given policy, and particular legal and institutional frameworks (World Bank 2013; Vermeulen and Cotula 2010). Cotula and co-authors argue that 'documenting this 'successful' experience, and analysing the conditions that made it possible, the spread of costs and benefits among local users, investors and government, and the extent to which such experience can be replicated elsewhere, can help build and disseminate better practice' (Cotula et al 2008: 62). There is therefore no empirical blueprint for inclusive business models (Vermeulen and Cotula 2010; Cotula and Leonard 2010). The lack of ideal models challenges the propositions made in various studies that suggest inclusive business models (IBMs) are an alternative approach to mitigate the often significant and adverse impacts on rural people of land grabs, while still supporting foreign direct investments, particularly in agriculture in developing countries (Vermeulen and Cotula 2010; Cotula and Leonard 2010; FAO 2013).

[1] I provide a lengthy description and discussion of WBCSD definition in Paper IV in section 7.

This thesis aims to offer a more nuanced critique of inclusive business models by examining the rise of inclusive business models in land-based investments and their implications for small producers. It examines the conditions, including policy, legal and institutional frameworks, under which such models are established. The focus on thesis is on the partnership between an international agribusiness with a large sugarcane estate and capital equipment, and the outgrowers supplying sugarcane to the miller under negotiated arrangements. Kilombero Sugar Company Limited is the largest sugar producing company in Tanzania and it operates with the largest number of outgrowers. Its business model is hailed by the government of Tanzania, donors and investors as an inclusive model that should be replicated in the country's wider efforts to commercialise and modernise agriculture (URT 2013; Nshala and Locke 2013). Tanzania is a good example of a state spearheading agricultural commercialisation in partnership with donors and private capital. Currently, a large area, nearly one third of the country, the Southern Agriculture Growth of Tanzania (SAGCOT) has been zoned to promote for agricultural commercialisation. SAGCOT focuses on developing a 'spoke-and-hub model', which is a combination of a nucleus estate run by large-scale agribusiness and outgrowers (SAGCOT 2011; Sulle and Smalley 2015). The Tanzanian state and its allies – donors and private capital – promote large-scale land-based investments at a time when the country still largely depends on smallholder farmers who produce over 90% of the country's total production (Yvonne et al. 2013).

This thesis draws upon the political economy of agrarian change (Bernstein 2010) and the sustainable livelihoods approach (Scoones 2009, 2015). I find these frameworks offer distinct insights and complement each other well, and they have helped me to design research questions and to analyse my collected data. I use the class-analytic approach (Cousins 2013) to examine class dynamics and social differentiation among the outgrowers and Scoones' (2009) sustainable livelihoods approach to explore the impact of the company-outgrower partnership at the household level, and how it resonates with national and international politics affecting their access and use of resources (including land, water, grazing land), and markets for their agricultural produce. Further, the use of a sustainable livelihoods approach broadens my understanding of how rural farmers engaging in sugarcane production manage both natural and economic shocks associated with sugarcane production.

As Shivji (2008) has illustrated in the case of Tanzania, the acquisition of Kilombero Sugar by the South African Company Illovo in 1998 is a classic example of the process of primitive accumulation – whereby the company was sold not only at a lower or throw away price, but also the sale included many other assets attached to the sugar estate and factories. The key resources include the state-built infrastructure – the irrigation tunnels and dams, the staff buildings, railways and an air strip, among others. Immediately after acquiring Kilombero Sugar Company Limited Illovo introduced neo-liberal capitalist model of production by slashing jobs, and reducing the number of permanent workers by substituting them with seasonal and migrant workers (Kamuzora 2011). This company's approach to reduce permanent workers and increase its reliance on temporary and seasonal migrant workers is similar to other sugar-producing companies in southern Africa (c.f. Lazzarini 2017 for the Mozambique case and Dubb et al. 2017 for six other southern African countries). As Issa Shivji (1986) argued, unlike permanent workers from the nearby areas and localities who can easily be unionised, migrant workers are less likely to organise and protest to demand their rights, including fair wages. Unlike estates, however, outgrowing does create some auxiliary job and economic opportunities both at the local and national levels (Hall et al. 2017; Smalley et al. 2014).

A critical analysis of inclusive business models in agriculture needs to be situated first within the political economy of a particular country, intertwined with the global politics of resource ownership, shareholding and capitalist production. They must also be understood in terms of their detailed social, economic and environmental consequences at the local level. I use longitudinal data sets to examine shifts in labour relations, social production and reproduction of farmers and gender relations within farming communities. This again requires diverse but complementary theoretical frameworks.

This research is based on 36 months of mixed methods qualitative and quantitative field research in two villages of Msolwa Ujamaa and Sanje – located in Kilombero, Tanzania. Every year between 2014 and 2018 I spent at least two weeks in these villages carrying interviews and participant observation. I carried out interviews with 145 key informants using semi-structured questionnaires and completed 16 focus group discussions and 275 household surveys. Within the two villages my key informants consisted of farmers' groups, women's groups, outgrowers' associations, village leaders and individual farmers. At the district and regional level, I interviewed agriculture, cooperative, land and community development officials while at the national level, I interviewed officials from the Sugar Board of Tanzania, sugar company representatives, civil society organisation representatives, researchers and academics.

1.1 Research objective, questions and theoretical framework

The overarching objective of this research is:

> To explore the rise of inclusive business models in land-based investments and their implications for small producers' participation in agriculture and their access to land and other resources.

Based on the above research objective, the following questions guide my analysis:

1 Who benefits and who loses out, how and when, within the operations of the company-outgrower partnership?
2 What are the gender and intergenerational impacts of these partnerships?
3 How does the company–outgrower partnership shape social relations, dynamics of production, property and power, and what processes of change are underway as a result?
4 To what extent is the KSCL business model inclusive in nature and character?
5 What are the underlying assumptions on which inclusive business models are based and what opportunities and limitations do they present to smallholders?

This research draws and expands upon literature on the political economy of agrarian change and works which adopt a sustainable livelihoods approach. I examine the context of an inclusive business model using Henry Bernstein's four questions of political economy concerning the social relations of production and reproduction: "Who owns what? Who does what? Who gets what? And what do they do with it?" (Bernstein 2010:22). The answers to these questions, set the stage for a discussion of the contested definitions of inclusiveness, and how and why some farmers and groups are excluded. Further insights were gleaned by drawing on the concepts of accumulation by dispossession (Harvey 2004; Hall 2013), accumulation without dispossession (Arrighi et al 2010), sustainable livelihoods (Scoones 2015), class dynamics and differentiation

(Cousins 2013) and contract farming (Watts 1994). My focus is on one case, and I purposely chose two villages that have a) multiple categories of farmers (i) small (ii) medium and (iii) large – all critical in understanding class dynamics and social differentiation; b) block farming within the associations; and c) co-existing sugarcane production and other cash and food crops in the same area and/or distant areas. Within these two villages, I examine farmers' dynamics – the social differentiations within each group, i.e. the poor, medium, and rich farmers, and identify characteristics of each group on the ground.

I conceptualise inclusive business model as a political construct promoted by the state-capital-donor alliance to refashion old agricultural models practiced during colonial and post-colonial times in Africa and elsewhere. I argue that this is an approach underpinned by the necessity to increase investments in agriculture following the devastating impacts of structural adjustments programmes, which curtailed state interventions in agriculture leading to declining smallholders' productivity and profitability. Secondly, an inclusive business model provides an opportunity for both state and capital to access small producers' land and labour both directly and indirectly. Both state and capital directly access land through state allocation of farmland to agribusinesses, and indirectly through incorporation of small producers into an agribusiness corporate production system through a variety of arrangements labelled inclusive business model – such as outgrowing schemes and contract farming, to mention a few. Therefore, instead of addressing the core challenges – that include privatisation of public services in the agricultural sector, a focus on inclusive business models further diverts attention and resources from the resource poor – small producers – towards wealthy individuals and corporations intensifying already persistent inequalities in farming societies.

1.2 My personal journey towards studying inclusive business models

This sub-section briefly highlights my journey towards this Ph.D. project and the reasons behind the selection of the topic I am studying. While for years I had plans to study a Ph.D., selecting a topic for my research was not an easy task because over the years, I have researched and published papers on many interesting topics. Research is the only work I have been doing since

2001 when I started working as a research assistant for an American Anthropologist Katherine Snyder – who did her Ph.D. in my home village. Katherine studied development among the Iraqw of Tanzania – my own community.

In 2006 immediately after the first year of my undergraduate degree, I got an internship at Sand County Foundation – the Tanzania office based in Arusha. Under Katherine's guidance, I conducted the first field research on my own among the Maasai communities focusing on the economies of tourism. At the end of this project, Katherine and I co-authored a journal article 'Tourism in Maasai communities: a chance to improve livelihoods?' (Snyder & Sulle, 2011). I officially started doing research work on my own immediately after completing my undergraduate degree in economics. At the time, I was working as a research associate at the Tanzania Natural Resource Forum – a national NGO based in Arusha, Tanzania. My main task was to conduct field-based research on social and policy issues as they arise, and/or presented by member and allied organisations. Just a week after reporting to the office, I was asked to work on wildlife-based revenue transparency in two districts of Simanjiro and Longido in northern Tanzania. Enthusiastic about exploring the Maasai communities, I took the passenger buses to visit these districts to meet the district executives, village officials and common *wananchi* (citizen). The two districts I studied are among the districts where cases have often occurred where wild animals, especially elephants, destroyed crops and/or injured and even killed people. The details of my key findings for this study are elaborated in my research publication (Sulle 2008) prepared for the local NGO- Hakikazi Catalyst.

After completing the study on wildlife revenue transparency, I was introduced to a collaborative research project with the International Institute for Environment and Development (IIED). Under this collaborative work we assessed the impacts of biofuels investments on land access and rural livelihoods in Tanzania. While at the first instance I was excited to start a new project, in my mind, I was struggling to figure out how I may handle a rather strange topic – 'biofuels'. The term biofuel was completely new to me. I had to do a lot of background reading before conducting fieldwork and deliver the research outputs. Luckily, some organisations such as Hakiardhi and the University of Dar Es Salaam had carried out some preliminary studies on biofuels investments in the country. After visiting both organisations, I was able to gather few documents which gave me insights on potential issues that needed further research, specifically, in the Tanzanian context.

The biofuels research project took me to various parts of Tanzania to do field work and observe the impacts of biofuels investments on the ground. I travelled to three main corners of Tanzania from the north (Arusha and Manyara Regions) to the west (Kigoma Region), and from the north to the southern part of the country (Coastal Region). Traveling to these new destinations, meeting new people and observing their cultures was a great experience.

After six months of intensive field work, the results of my research were mixed. On the one hand there were innovative ideas on ways biofuels, especially, those from secondary sources like ethanol from existing sugar producing companies would increase company and outgrowers' income from the sales of ethanol as fuels. Yet, on the other hand it was disheartening visiting and talking to communities who have lost their land to speculative biofuels investors on the basis of poor or little compensation. Based on this study, I was able first to contribute to the influential publication *'Land grab or development opportunity? Agricultural investment and international land deals in Africa'* co-authored by Lorenzo Cotula et al. (2009). Secondly, I was able to co-author with Fred Nelson one of my most cited publications *'Biofuels, land access and rural livelihoods in Tanzania'* (Sulle and Nelson 2009). Indeed, it was this publication that landed me in South Africa for the first time, to make a presentation on biofuels at the workshop organised by the International Union for Conservation (IUCN) in Pretoria. In the same year, I was invited to present my work on land grabs at the land conference organised by PLAAS in Cape Town. At this conference, I met for the first time my PhD supervisor, Prof Ruth Hall, other professors and PLAAS staff including PLAAS founder and its first director, Prof Ben Cousins. In fact, the suggestion to write this section on my Ph.D. journey came from Ben Cousins.

In August 2010, I left for my master's studies at the University of Maryland where I continued to work as graduate research assistant and continued to publish my research work. Immediately after my studies in the USA, I returned to Tanzania and in January 2013, I joined PLAAS. At PLAAS I was assigned to work on two major projects spanning a number of Southern African countries to study the impacts of large-scale agriculture and the institutional arrangements pertaining to land deals. These projects took me to Ghana, Mozambique, Malawi, Namibia and Tanzania to do field work with our partner organisations and individuals. Combined with my own research interests which lie in exploring viable agricultural business models, land tenure and rural livelihoods, these research projects invigorated my quest to launch a more in-depth study on land and agricultural commercialisation. I therefore, decided to think more seriously about possible PhD topics. So the question was, should I do tourism, biofuels, or land grabbing? After some months of consideration, I discarded these ideas because I did not want to go back to studying something I had already covered, and which on which topics I had a number of publications. The idea that remained on my mind was to search for a topic that is new and addresses a key challenge facing many rural folks I can relate with, at least from my own growing up.

Fresh from field work in Nkhotakhota and Dwangwa districts in Malawi where communities were embroiled in conflicts with investors over their land with memories of presentations, children's song, questions and answers from the Land Justice Conference held in Tanzania in September 2013, I penned an Op-Ed entitled: '*African leaders listen to your citizens.*' This piece was published in a widely-read newspaper in East Africa, *The Citizen*. My key message was that in land-based investments, government officials should listen to their citizens about what they want to do with their land and what type of land-based investments they want. By doing so, leaders should give room to communities to decide what type of land-based investments they prefer and how they should benefit from such investments, instead of them (leaders) dictating the terms of such investments.

My aim was to have a research topic that would allow me to deepen my knowledge about land-based investment models, and able to influence institutional frameworks for different undertakings in different contexts and economic sectors. My end goal is to explore whether the purported inclusive business models in agriculture fairly redistribute benefits, costs and risks among all actors in the business. My choice of the company-outgrower partnership provided me with an opportunity to unpack the 'inclusive business model' and move on with my dreams to undertake a Ph.D. journey.

1.3 The structure of this thesis

This Ph.D. thesis by publication is made up of four double-blind peer-reviewed journal articles as provided for by the University of the Western Cape's guidelines for Ph.D. by publication. In Table 1 below, I provide the name of the journals to which the thesis papers have either been submitted and /or published, authorship and the status of the paper at the time of submission.

These four articles are supplemented by 7 sections which include an abstract, introduction, theoretical framework, research designs and methods, synopsis of the four published papers and conclusions. Section 2 provides a detailed theoretical and conceptual framework, which not only informs this thesis but underpins its arguments and findings. Section 3 provides a succinct analysis of what an inclusive business model entails, in the view of its proponents, identifying theoretical gaps in inclusive business model definitions and analyses. Section 4 historicises Tanzania's agriculture sector prior to colonialism to contemporary Tanzania. Section 5 describes and explains the research designs, the research methods which include the use of a single case study a combination of qualitative and quantitative research techniques to complement each method. This section is followed by section 6, which sets the stage by detailing the case study in question. Section 7 provides an overview of the four research papers and a synopsis of the key findings. Finally, section 8 provides the thesis conclusions.

Table 1: Status of the thesis papers and authorship

Paper	1	2	3	4
Title	Land Grabbing and Agricultural Commercialization Duality: Insights from Tanzania's Transformation Agenda	Social Differentiation and the Politics of Land: Sugar Cane Outgrowing in Kilombero, Tanzania	Gender, politics and sugarcane commercialisation in Tanzania	Contemporary outgrowing and politics of inclusive business models in Tanzania
Authorship	Single author	Single author	First author	Single author
Status	**Published in 2016**	**Published in 2017**	**Published in 2019**	**Published in 2021**
Journal	*Afriche e Orienti*	*Southern African Studies*	*Journal of Peasant Studies*	*Asian Journal of African Studies*

2. THEORETICAL AND CONCEPTUAL FRAMEWORK

This thesis draws and expands upon literature on the political economy of agrarian change and works which adopt a sustainable livelihoods approach. It supplements these body of literature with insight from contract farming literature. As I demonstrate below, these theoretical and conceptual insights help not only in my selection of research methods and analysis, but also in framing research questions, providing answers to these questions, understanding the existing gaps in the IBM literature as well as in articulation of this recommendations for future studies. I argue that it is impossible to examine the politics of inclusive business models using a single theoretical framework, instead, an approach that situate these models with the broader political economy provides sufficient room for one to connect elements that build up the purported inclusive business models, including diverse actors of the state, capital and highly differentiated communities blanketed as smallholders. This is because, the selected theoretical and conceptual frameworks complement each other.

2.1 Political economy of agrarian change

While the history of inclusive business models (IBMs) is rooted within the fields of business and strategic management studies, the whole inclusive business model concept cannot be divorced from the wider political economy. Local, national and international politics of resources ownership and commodity trade strongly influence how inclusive business models are conceived and implemented. This thesis thus draws heavily on the insights from the political economy of agrarian change (Shivji 2008; Moyo and Yeros 2009; Bernstein 2010). The lens of political economy allows me to examine how the state works to achieve the dual and often contradictory goals of political legitimation and capital accumulation in both the local and global economy (Bonal 2003). The political economy approach further helps us examine the role of the state in creating policy, legal and institutional frameworks and how these frameworks are executed (Stiglitz 1991; Reinert 1999) – all of which are critical for the formulation and maintenance of inclusive business models. This research aims to provide an understanding of 'the social relations and dynamics of production and reproduction, property and power in agrarian formations and their processes of change, both historical and contemporary' (Bernstein 2010: 1) of Tanzania's sugar industry. It builds on existing agrarian political economy debate, more specifically by contextualizing Bernstein's (2010: 22) basic questions of political economy (and Cousins' class-analytic approach (Cousins 2013). In line with Bernstein's questions, I argue that at the heart of partnership involving an agribusiness and outgrowers is who owns what, who produces what, who supplies what, who processes what and for whom, and with what impact for each of the parties in the partnership. In response to these questions, I argue that the agribusiness–outgrowers partnership is driven by the fact that outgrowers own parcels of land on which they can produce and supply sugarcane to the company, which has milling and processing facilities and marketing infrastructure. The consequence of this partnership is that because the company controls both processing and marketing infrastructure, it largely determines who gets what, who does what and what they do with it. While the company is able to share its profit as dividends with its shareholders and reinvest some of its profit in the production of sugarcane, poor outgrowers are squeezed out of sugarcane farming because of debt either due to low sucrose content or other production risks (Sulle and Smalley 2015). By exploring these dynamics, I am able to set a stage for a discussion of the contested definitions of inclusive business models, identify the degree of inclusion and exclusion of particular farmers/groups, how and why.

Class-analytic perspectives and social differentiation

Since smallholders that are incorporated in the touted inclusive businesses are highly differentiated and gendered, within the broader lens of agrarian political economy, I employ a "class-analytic approach" (Cousins 2013: 117) to analyse existing class dynamics and social differentiation within smallholders/outgrowers. The debate about 'smallholders', 'petty production' and 'class dynamics' has been elaborated by Cousins (2010, 2013) and Henry Bernstein (2010). Cousins (2010) in his classic analysis of *'what is a smallholder'*, states that the 'term smallholder is problematic because it tends to obscure inequalities and significant class-based differences within the large population of households engaged in agricultural production on a relatively small scale.' (Cousins 2010: 3). Cousins explains that the key concepts of 'petty commodity production' and 'accumulation from below', are essential for understanding small-scale agriculture (Ibid). Like Cousins, Bernstein (2010) also argues that farmers in the categories of small, medium and large should be analysed separately. As discussed earlier in the works of Lenin (1967) and Shivji (2009), Cousins (2013) unpacks the realities that unlike *poor peasants* who cannot survive without 'squeezing' either capital or labour or both, *middle peasants* are capable of meeting the demands of reproduction through their own efforts. On the other hand, the *rich peasants* endowed with resources are capable of expanding their production and, in the long term, transform themselves 'into capitalist farmers' (Cousins 2013: 118 emphasis in the original).

The analysis of differentiated impacts of large-scale land-based investments on rural population of farmers is critical because these farmers are not only differentiated along class lines, but they are also gendered. For example, while women are more inclined to grow food crops because they are more concerned about family food security, men are well known to prefer cash crops (Arndt et al. 2011). Since the issues of impact differentiation are the heart of class dynamics, this thesis considers the gendered implications of an inclusive business model. It thus uses these concepts to analyse the performance of each category of outgrowers, understand the relationship between one group and the other, and sort out which category wins and which loses out, and why. These differentiated impacts are unpacked – particularly among the small-scale, medium and large-scale farmers, and from one association to the other.

Debating the agrarian question and accumulation from above and below with reference to the works of Byres (1991) and Bernstein (1996), Cousins (2013: 120) highlights that 'while there are no 'off-the-shelf' models, given the diversity of specific historical conditions, trajectories and mechanisms, Byres (1991, 61; cited in Bernstein 1996, 36) suggests that agrarian transition from below remains a possibility if certain conditions can be met: 'a powerful state, with the capacity to move against the social, political and economic power of a strong landlord class', combined with 'sustained struggle by peasants'. In today's world, and particularly in Tanzania, this formulation needs to be paraphrased to contextualise the prevailing perspective. I would thus argue that in todays globalised world where MNCs corporations are not only powerful and influential in all policy arenas, including those in agricultural, trade and natural resource extraction and governance, accumulation from below can only be possible when there is a powerful state with the will and capacity to go against the political and economic power of well-established agribusiness, intertwined with global capital, and combined with sustained struggle by peasants.

In the current global context, we need to view most of the efforts in agriculture, including the promotion of IBMs, as the continuation of globalisation of agriculture sector after the failures of SAPs and developmental state projects (Cousins 2013). While this thesis does not intend to address the broader agrarian question globally, it aims to contribute to the evolving debate on the both land and agrarian question in the global south (Moyo and Yeros 2007; Shivji 2009). I thus argue that given the contexts, histories and complexities surrounding agriculture sector in Tanzania, there are two forms of accumulation taking place that are enhanced by variety of investment models including IBM addressed in this thesis. The accumulation from above is taking place as companies continue to reap benefits, not only from land they are using for production, but also from over exploiting labour and other natural resources (e.g. water and forestry). On the other hand, accumulation from below is also taking place with capitalist farmers squeezing out the poor farmers, accumulating not only more land but also taking advantage of wealth to occupy agriculture-related trade and businesses and off-farming activities. I therefore argue that **the debates on resource ownership can expose the realities of resource accumulation with or without dispossession within the claimed IBMs.** The next subsection builds on these theories and concepts by unpacking how the structural adjustment programme (SAPs) relate to existing practices in agriculture and the promoted inclusive business models.

Structural Adjustment Programmes

The state's renewed engagement in agricultural investment and other economic activities in developing countries needs to be examined in the context of the era following the Washington Consensus and structural adjustment programs (SAPs). Market failures experienced in developing countries were particularly pervasive post-structural adjustment given the predominant context of poor information, limited competition, and incomplete markets (Stiglitz 1991b). In other words, reflecting on realities on the ground, the claims and or assumptions of free markets, forces of demand and supply, do not always work as predicted because there are no competitors in the case of sugarcane processors in many countries in Africa, and particularly in Tanzania. Literature on IBMs highlights the need for various roles to be played by private sector, which mostly provide processing mills and factories, while the public sector provides for public goods and services, policy, legal and institutional frameworks (Vermeulen and Cotula 2010; Cotula and Leonard 2009). However, as FAO (2009) and Oya (2012) pointed out, the government services in agriculture has largely remained insignificant since the dawn of the implementation of SAPs in many developing countries around the globe. Prescribed and pushed by the International Monetary Fund (IMF) and the World Bank, SAPs were implemented together with stabilisation policies as part of wider and radical reforms in agriculture, among other sectors of the economy. The key reforms under SAPs include curtailed or reduced state interventionist policies and curtailed provision of public goods and services such as agricultural inputs and equipment as well as extension services (FAO 2009). These services and goods were to be provided for by the private sector. As some economists have pointed out, public goods and services are best provided by the public sector because, the private sector is often driven by profits motives, which are not necessarily achievable for the provision of public goods and services (Lopez 2004; Poulton et al. 2008).

Several years down the line, however, the same organisations – the IMF and the World Bank – seemed to have a change of heart (Scoones and Cousins 2013). They are now in support of investments in agriculture sector, including the bank's recognition of smallholders as key in poverty reduction efforts in developing countries (World Bank 2008). The key question, is why these institutions changed their hearts after years of suffering endured by smallholders and many countries in Africa? And more specifically what models of investment in agriculture in which smallholders are considered crucial? Literature review and my own experience point toward contract farming, which includes outgrowing that are promoted as the means to boost businesses and smallholder farming (c.f. World Bank 2013; FAO 2013; Sulle and Smalley 2015). In this respect, it suffices to say that, the aim is both to incorporate smallholders in the capitalist production systems and to ensure capital has means to produce and reproduce itself. On these bases, locating the inclusive business models debate in the history of SAPs and their lingering legacy give us enough evidence on what policies and models in agriculture are promoted and for whose interest. Taking SAPs seriously help us unpack policies prescribed by the 'new conventional wisdom' (NCW)[2] or by the Washington Consensus in the 1980s and policies prescribed by the same institutions to date. As the FAO reports concludes

> History shows that many successful policy interventions go well beyond (or sometimes even against) the scope recommended by the NCW. Therefore, the contents of the agricultural policy toolbox for today's developing countries will be significantly enriched if history is taken more seriously. History frees our "policy imagination" in the sense that it shows us that the range of policies and institutions that have produced positive outcomes for agricultural development has been much wider than any particular ideological position – be it the pre-1980s statist one or the pro-market NCW – would admit. (FAO 2009: V).

In addition, the analysis of IBMs needs to be grounded in the history of agricultural sector in a particular country to understand what historical lessons exist and why top down innovations and approaches including the purported IBMs may be ill conceived. In the next section, I further locate the IMB discussions into wider debates about contract farming asking what is new within the current IBM models practiced in Tanzania and elsewhere and who loses and who wins and with what impacts to whom?

Contract farming

The case study under exploration for this PhD project uses outgrowing schemes, which is a form of contract farming. This thesis therefore does not examine the outgrowing scheme in isolation, but situates it in much wider literature and debates on contract farming as advanced by Little and Watts (1994) and revised by Oya (2013). Critical studies in contract farming owe much to the seminal chapter by Michael Watts (1994) 'Living under Contract: Contract Farming,

[2] I borrow the words 'new conventional wisdom' (NCW) from FAO report of 2009, page v.

Agrarian Restructuring, and Flexible Accumulation'. In this chapter and much of the book, Watts presents two unique features of contract farming.

> One contracting in tandem with nonequity forms of control over production and various forms of technical innovation, represents one fundamental way in which the twin processes of internationalization of agriculture and agro-industrialization are taking place on a global scale… The second is that the dispersion of contracting marks something of a watershed in the transformation of rural life and agrarian systems in the Third World in general. (Watts 1994: 24).

In other words, what we are observing today in the global south is part of general expansion of capitalist forms of integration, expropriating rural production processes. Of great relevance to Africa is Watts' (1994) analysis of large outgrower schemes of the then state-run sugar, tea and tobacco schemes where he unpicks differentiation among growers. Citing the situation at the time in Kenya, Watts observed that 10 to 15 percent growers who were hiring both labour and land were responsible for supplying up to the half of the total output processed (Watts 1994: 57). Outgrowers in contract farming endure significant production, marketing and price-associated risks because their produce are subjected to competitive world market where price often fluctuate and markets saturate over time (ibid).

Watts (1994) raises important aspects that are less considered in contract farming. Most outgrowers schemes are structured in such a way that the growers are paid two different prices for their produce: one is the fixed price for raw materials delivered at the mill and the second is the formula based price. The latter is usually determined once the content of the produce have been analysed and the final product like sugar is sold to the market. This kind of contractual arrangement, allows processors not to make loses in their business arrangement, instead, pushes losses onto outgrowers to some degree (Watts 1994; Smalley et al 2014). Indeed, to date, 26 years later, the work by Little and Watts (1994) remain an important source of inspiration in contract farming studies. Carlos Oya (2012) brings up-to-date and adds key dimensions to previous work by Watts (1994) and Little and Watts (1994), through a comprehensive selective survey on the importance, tendencies and counter-tendencies of contract farming specifically in sub Saharan Africa. I draw from these studies and address existing gaps. For example, one of the areas that most previous studies have not captured is the exclusion of provision of inputs by agribusinesses to its contractees or growers. One reason this is not covered in previous studies is because it is a new tendency in contract farming spearheaded by the private sector. This is an important exclusion that can have profound impacts on outgrowers' sustainable production and business. As Oya (2012) pointed out, such exclusion is also due to the effects of SAPs, which I discussed in the earlier subsection.

In other words, it does not matter whether outgrowers maintain their control over land and other resources attached to it because once they enter such contractual arrangement, they are literally producing for the company. Criticising contract farming, which is a type of IBM, is an old practice. Citing Maine and Goodell (1980), Watts (1994) writes 'In Maine's lexicon, the contract enables social unequals to negotiate and enter binding agreements as legal and political equals' (Goodell 1980). This brings us to important aspects of debates within contract farming: the issues of power imbalances, information asymmetry, lack of accountability and transparency. As Oya (2012: 3) cautions, vast literature in contract farming is based on case studies because 'there is no systematic empirical evidence on the incidence and output volume of contract farming across countries over time.' This is an important point in contract farming studies as we are limited by the impact of case studies and we are yet to find comprehensive studies. In recent years, however, some studies have done cross-country comparisons, albeit with different focuses. Hall et al. (2017) for example, provide a nuanced account of variety of models including contract farming. More systematic studies are needed for fill this gap.

While it cannot be claimed that contract farming is a new and or innovative approach to link smallholders and or outgrowers to agribusiness, it is true that there are new emerging issues and dimensions of contract farming that are not examined in the past and present literature. This thesis on outgrowing scheme fills this gap. Some dedicated studies have analysed options that countries and smallholders have in avoiding land grabbing by associating themselves with IBMs, which include contract farming (Cotula et al. 2009; Vermeuelen and Cotula 2010; Cotula and Leonard 2010). What is unclear is the extent to which, to date, such alternative approaches to land grabbing are playing out and with what impact, on whom. I argue that a study on a partnership in sugarcane production between a multinational cooperation and small producers such as outgrowers, needs to unpack power dynamics because the sugar business is affected by macroeconomic factors, national and international trade policies and power struggle between the wealthy companies on the one hand and poor farmers on the other. Worldwide, trade on sugar has been protected for the sake of local producers, particularly in Europe and America (Michell n.d cited in Sulle 2017). An outgrowing scheme is a type of contract farming, a model which has been used by the agribusiness firms to exploit growers due to unequal power relations, with the firms and the government agencies having access to more market information compared to poor farmers (FAO 2001:1).

Under contract farming, smallholders, it is argued have access to technologies, capacity development, and access to a market for their produce among other services (Eaton and Shepherd 2001). However, as Oya (2012) has shown, the current contract farming models do not exhibit and or follow the same arrangement they had back in the 1980s and 1990s following significant reforms in economies and agricultural sector in particular. These reforms have given private sector sufficient power and control, which they have effectively used to reform and reshape contract farming formerly established by state parastatals running estates and processing facilities (Oya 2012; Dubb et al 2017; Smalley, Sulle and Malale 2014). My own research confirms these claims and adds that the old view that contract farming is a partnership between a firm and outgrowers whereby the firm provide inputs and outgrowers supply their produce is largely outdated. This is because, in recent contracts, companies are largely not responsible for the provision of inputs and extension services; instead, outgrowers incur all the costs to search for and pay for such services. On this basis, it is useful to complement contract farming literature with a rural livelihoods perspective which I explore in the next subsection.

2.2 Sustainable Livelihoods

The sustainable livelihood concept was first put forward by the report of an Advisory Panel of the World Commission on Environment and Development (WCED) in 1987. The panel first viewed sustainable livelihood security as an integrated concept which encompasses three concepts: 1) 'livelihood', which refers to 'adequate stocks and flows of food and cash to meet basic needs; 2) 'security', which refers to secure ownership of, or access to, resources and income-earning activities, including reserves and assets to offset risks, ease shocks and meet contingencies and 3) 'sustainable', referring to 'the maintenance of or enhancement of resource productivity on long term basis' (WCED 1987: 2-5). Chambers and Conway (1991) modified the WCED definition, to include ''capabilities', 'equity' and 'sustainability' all of which are both an end and means of livelihood' (Chambers and Conway (1991: 5). Scoones (1998) further elaborates on the basic elements of sustainable livelihoods emphasising 'context, livelihood strategies (agricultural intensification, livelihood diversification and migration); outcomes and institutional frameworks' (Scoones 1998: 3).

Nonetheless, the livelihood perspective is criticised for not taking into consideration the class analysis. In her criticism on livelihood perspective, the Marxist gender scholar O'Laughlin stated:

> Class, not as an institutional context variable, but as a relational concept, is absent from the discourse of livelihoods. Accordingly, political space is very limited – focusing mainly on 'empowering' the poor, without being clear about how this process takes place or who might be 'disempowered' for it to occur.' (O'Laughlin (2004, 387).

In politics, it is important to stress the fact that the institutional power behind ideas creates a particular politics of knowledge in the development field; the role of the World Bank and other donors is particularly crucial as most of these are not neutral organisations but rather shape policies of countries and multinational corporations. Indeed, as Keeley and Scoones (2003) have demonstrated, 'knowledge production is always conditioned by values, politics and institutional histories and commitments' (in Scoones 2009). Moreover, as De Haan and Zoomers (2005: 28) point out the focus of the livelihood approach is mainly at the micro level of individuals and households.

Within the analysis of inclusive business models, we ought to understand deeply how institutions and organisations running such a partnership called inclusive business deal with contestations between and among its partners. As Scoones (2015) emphasises, any new study of institutions needs to ensure "a sense of how they carry with them a politics of meaning, reflecting different subjectivities, identities and positionalities of the actors concerned." (Scoones 2015:53). As such, within IBMs it is important to identify different positionalities of concerned organisations, their diverse interests embodied in their business plans, culture and missions. Farmers organisations and other institutions that engage with business models are made of people who in many ways have different interests and histories – all of which not only influence the ways institutions are run and decisions made, but how such institutions are perceived by their members and the public at large.

The sustainable livelihoods approach is useful to unpack the livelihood strategies adopted by individual sugarcane outgrowers in their quest to improve their lives, absorb the market shocks for their produce, deal with their association leaders and growing pressure on their land from wealthy farmers, investors and government's investments projects. It allows me to unpack actors' positions in the agrarian sector and illuminate the active roles played by rural people albeit in their differentiated manner. This is because at the core of the livelihood approach is to locate things at the local level and analyse them from 'local perspectives' (Scoones 2009: 172). Aware of and informed by criticisms levelled against the livelihood studies that they ignore power, politics and key structures (De Hann and Zoomers 2005; Locher 2015), Scoones (2015) expands the livelihoods approaches to take on boarder incorporation of politics. Scoones (2009) points out that the use of sustainable livelihood approach needs to take on board changing circumstances that larger global environmental issues, including not only development agendas and priorities, but also climate change.

Chambers and Conway (1991) and Scoones (1998, 2009, 2015) help to make sense of rural livelihood in the case study and how it evolves in the context of the ongoing partnership between the company and outgrowers. According to Chambers and Conway (1991) there are four components of livelihood: 1) livelihood capabilities, 2) a living 3) stores and resources (tangible assets) and 4) claims and access (intangible assets). Drawing from earlier work of Swift (1989), which characterised assets in three classes – investments, stores and claims, Chambers and Conway (1991: 7) place 'emphasis to include 'normal' living as well as survival in crisis.' They also separated stores and resources as tangible assets and claims and access as intangible assets, whereas Swift (1989) lumped all assets into tangible and intangible assets. In most cases, both tangible and intangible assets are those resources owned and managed by the household. For example, **stores** may include food stocks and other valuables, i.e. jewellery and bank savings, etc. while '**resources** include land, water, trees, and livestock; and farm equipment, tools, and domestics utensils.' (Chambers and Conway (1991:7) emphasis in the original). In this thesis I argue that crucial issues to people in areas with land-based investments are claims and access components of the sustainable livelihood approach. Chambers and Conway (1991: 8) highlight '**claims** as demands and appeals which can be made for material, more or other practical support or access. On the other hand, **access** is 'the opportunity in practice to use a resource, store or service or to obtain information, material, technology, employment, food or income.' As I show in the next section, understanding these categorisations plus the relationship between these four components of sustainable livelihood are useful in examining the impacts of agricultural investments and models promoted by states and their alliances in their engagement small producers.

3. INCLUSIVE BUSINESS MODELS

Definitions of inclusive business models vary based on scholars ideological and disciplinary viewpoints (see Table 2 below). Nonetheless, the debates on IBMs were intensified by scholars and various institutions working on land and agriculture sector around mid- to the end-2000s. In their arguments, these scholars and institutions aim to provide alternative models to land-based investments that mitigate the often significant and adverse impacts on rural people of land grabs, while still supporting foreign direct investments in developing countries (Vorley et al 2008; Vermeulen and Cotula 2010; Cotula and Leonard 2010; FAO 2013; World Bank 2013). For these scholars and institutions inclusive business models are considered as innovative approaches in agricultural sector to integrate smallholders into agribusiness and or agricultural enterprises.

Table 2: Selected meanings and or definitions of inclusive business (models)

Author/Source	Meaning/definition
Vorley et al. 2008	Inclusive business models as those which do not leave behind small-scale farmers and in which the voices and needs of those actors in rural areas in developing countries are recognized.
UNDP 2010	Inclusive business models in the poor on the demand side as clients and customers, and on the supply side as employees, producers and business owners at various points in the value chain. They build bridges between business and the poor for mutual benefit.
Vermeulen & Cotula 2010	[B]usiness models are considered as more inclusive if they involve close working partnerships with local landholders and operators, and if they share value among the partners… None of these models is perfect….
WBCSD 2014: 1	Inclusive business as sustainable business solutions that go beyond philanthropy and expand access to goods, services, and livelihood opportunities for low-income communities in commercially viable ways. Inclusive business leads to the creation of employment opportunities for low-income communities – either directly or through companies' value chains as suppliers, distributors, retailers and service providers.
FAO 2015	Businesses that integrate smallholders into markets with mutual benefits for the poor and the business community while enabling the poor to move out of poverty.
IFC/World Bank, nd	Commercially viable and replicable business models that include low-income consumers, retailers, suppliers or distributors in core operations.
Chamberlain & Answeeuw 2017	An inclusive business model is a profit-oriented partnership between a commercial agribusiness and low-income communities or individuals, in which the low-income community or individual is integrated in the agricultural supply chain as a supplier

	of land, produce or value-sharing employment with a particular aim to develop its beneficiaries.
ADB 2020	A business entity that generates high development impact by (i) improving access to goods and services for the base-of-the pyramid population (i.e., low income people), and /or (ii) providing income and or employment opportunities to low-income people as producers, suppliers, distributors, employers, and/or employees. An inclusive business must be commercially viable.
Schoneveld 2020	A type of sustainable business model that seeks to productively engage income-constrained groups in the value chain by providing solutions to neglected problems.

Based on the above definitions provided by various scholars and institutions, the core challenge of an IBM remains its definition. For example, the World Bank's International Finance Corporation (IFC), which supports IBMs in many countries with both financial and technical supports, defines these models as "… commercially viable and replicable business models that include low-income consumers, retailers, suppliers or distributors in core operations" (IFC, nd). Like some other definitions in Table 2, this definition, contradict definitions advanced in some inclusive business models literature highlighting that an inclusive business model strives to achieve **both financial and social goals** (Kistruck and Beamish 2010; Halme et al. 2012: 746 emphasis added). The argument on the need for the business to strive to achieve social goals is therefore beyond just a business viability, which bankers are looking for and as such, some of the businesses they support indeed lack inclusiveness from the word go. Also, the difficulty in defining parameters that can be used to identify and monitor inclusive business is visible in the most discussed and deliberated international and regional instruments and guidelines such as the Principles for Responsible Investment in Agriculture and Food Systems (RAI) prepared and endorsed by the Committee on World Food Security (CFS[3]) in 2014 and the African Union

[3] Established in 1974, CFS is an intergovernmental body which serves as a forum in the United Nations System for review and follow-up of policies concerning world food security including production and physical and economic access to food. As the same body which endorsed the Voluntary Guidelines on the Responsible Governance of Tenure of Land, Fisheries and Forests in the Context of National Food Security (VGGTs) in 2012, the CFS's 'overarching values for the implementation of RAI are consistent with the Principles of

Guiding Principles on Large Scale Land Based Investments (LSLBI) endorsed by the Heads of States and Governments in 2014. One among the ten principles of RAI aim to ensure responsible investments in agriculture and food system "Incorporate inclusive and transparent governance structures, processes, and grievance mechanisms." (CFS 2014: 17). In a similar vein, among other things, LSLBI require African States to ensure that investments in agricultural land do not dispossess existing land rights holders and instead promote *inclusive* and *sustainable development* (emphasis added, AU 2009). As these documents show, there is no clear approach or indicators. The RAI encourages companies themselves to do develop matrix for accessing their own inclusivity. Even the Sustainable Development Goals and many post-SDG programmes emphasize creating a more inclusive business environment – "Leave No One Behind", (Principle Two of the UN SDGs) – stretching to argue that businesses should "become more inclusive" (Schoneveld 2020) but with not much clarity on what that inclusiveness means.

The second challenge is what are the acceptable types of IBMs? There are many types of IBMs with varying degree of inclusiveness (which in turn is variably defined). Given the prominence of IBMs in recent literature on land grabs and the government grand plans, I argue that there is a need to have precise characteristics or indicators of such models. The existing literature provides some varying explanations of such models. For example, Vermeulen and Cotula (2010: 4) provide brief analysis of six types of commonly practiced business models – "contract farming, management contracts, tenant farming and sharing cropping, joint ventures, farmer-owned business and upstream/ downstream business links." As the authors show in their analysis, the real world has different arrangements that are hard to capture in one publication given the business environments dynamics, changing market and production patterns. This thesis does not provide comprehensive analysis on each type of inclusive business model; instead, it focuses on the analysis of the outgrowing scheme – a type of contract farming. Herein,

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implementation of VGGTs which include: human dignity, non-discrimination, equity and justice, gender equality, holistic and sustainable approach, consultation and participation, the rule of law, transparency, accountability, and continuous improvement' (CFS 2014: 10).

an outgrowing scheme is defined as a model that combines large sugarcane estate and milling facilities working with outgrowers supplying sugarcane to the miller under some type of pre-negotiated contractual arrangement.' In examining IBMs, this study goes beyond the much-listed benefits of the large-scale agriculture, such as the provision of highly needed capital, technological know-how and rural employment (World Bank 2008), because often these benefits are not realised by small producers on the ground.

The four criteria developed by Vermeulen and Cotula (2010) is the most used criteria to assess the extent to which an investor's business model shares value with local landholders and operators. The framework includes the ownership of the business (equity shares) and of the key project assets such as land and processing facilities; the participants' ability to influence decision-making processes; risks shared by the parties in the business including political and reputational risks; and the way economic costs and benefits, such as financing and prices are shared among the participating parties. However, as the same authors have cautioned, none of the IBMs is perfect on the ground (ibid).

Focusing on the methodology of assessing an inclusive business, Chamberlain and Anseeuw (2018) expand on criteria developed by Vermeulen and Cotula (2010) and Wach (2012). They first attempt to answer Wach's (2012: 3) question, 'when is business **"inclusive"** and when it is simply business?' (*emphasis added*). Authors thus consider ownership, voice, risk and reward assessment criteria put forward by Vermeulen and Cotula (2010) as central elements for assessment of smallholders' (beneficiaries) inclusion in the processes of value creation. Presenting over a dozen case studies of agricultural investments in South African agriculture, Chamberlain & Anseeuw (2017: 1) show that based on the experiences on the ground and academic studies 'the more basic inclusive instruments, such as cooperatives or contract farming are not a panacea.' They thus suggest a need to go beyond inclusive instruments and models.

German et al. (2018: 6) provide the 'state of the global debate on inclusiveness in agricultural investments and analyses what 'inclusiveness' means to different value chain actors.' Based on the authors distillation of broad stakeholders' views on what inclusive business means, they came to five core pillars in which many stakeholders converge on. These include: 1) effective arrangements for voice and representation, 2) inclusive and fair value chain relations, 3) respect for land rights and inclusive tenure arrangements, 4) employment creation and respect for labour rights, and 5) contribution to food security (ibid: 6). The authors stress that there is no widespread consensus among stakeholders, and that there are those who favoured certain pillars over others, while three pillars (that is 1-3) are highly favoured among regional farmers' federations, yet there are significant variations on what the same pillars mean to different consulted stakeholders.

Challenging both the criteria proposed by Vermeulen and Cotula (2010) and German et al. (2018) above to measure inclusivity of IBMs, Schoneveld (2020: 10) suggests 'both contributions are largely processual rather than outcome perspectives of inclusiveness.' Schoneveld highlights that IBM studies need to be situated within the literature on sustainable business models (SBMs) in order to better communicate and learn across multiple disciplines, which is critical for business innovations and sustainability. However, both SBM and IBM literature remain insufficient to unpack the many elements of purported IBMs. This is because, within the existing SMB and IBM literature the so-called marginalised groups or participating smallholders are treated as homogenous groups, while in principle, these are heterogeneous people – sitting in different classes and gender. As Robert Chambers highlighted in 2004, the best approach to determine the impact including a positive or "good change" is to ask those engaged (Chambers 2004) or involved within the purported inclusive business operation, for example, outgrowers in the case of outgrowing scheme, that is the subject of this thesis.

Taking a different direction from literature focusing on IBMs in land-based investments, Wach (2012) examines the ability of frameworks designed to measure Inclusive Business impacts. He focuses on the Results Reporting Framework developed by the Business Call to Action[4] (BCtA),

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[4] BCTA is described a multilateral alliance among donor governments (these include the Dutch Ministry of Foreign Affairs, the Swedish International Development Corporation Agency (SIDA)…). The BCTA secretariat is hosted by the United Nations Development Programme (UNDP). For more see: website for BCTA.

World Business Council for Sustainable Development (WBCSD) Measuring Impact Framework, the Oxfam Poverty Footprint, and the INSEAD Economic Footprint approach. The author categorises these frameworks into monitoring and evaluation (M&E) frameworks and impact evaluation frameworks. He suggests that while M&E provides crucial information about inputs and outputs agreed among the parties engaged in IBMs, they face significant challenges in capturing both positive and negative impacts (Wach 2012; Kusek and Rist 2004). This difficulty is because, in most cases these frameworks are used by businesses and companies that are doing self-reporting. In today's world whereby MNCs including agribusinesses produce publicly available reports targeting its investors, governments, and farmers it is partnering with, it is likely that the focus is much more on achievement, positive stories rather than negative outcomes of an investment in question. Additionally, the impact evaluations are often not undertaken because they are costly, time consuming and it is hard to quantify the over-ambitious private sector goals (Wach 2012; Tanburn 2008).

Important questions about inclusive business models include (i) who measures the inclusivity of an IBM; (ii) who evaluates if companies are implementing IBMs; and (iii) if communities are impacted positively or negatively within the operations of supposed IBMs. Communities, or smallholders who are touted to benefit from IBMs are increasingly engaging in models which are highly influenced by the MNCs/global capital (Wise 2019). Debates about IBMs cannot be divorced first from primitive accumulation as the global capital moves around and invests in countries with cheap labour and land with the support of the weak host states. Secondly, this debate must be located within the class-analytic approach on social differentiation (Cousins 2013) highlighting the existing class dynamics and social differentiation among the groups engaged in IBMs operations.

My research demonstrates that almost all the reviewed definitions of inclusive business models and their associated analyses are based on flawed neoliberal and institutional economic assumptions that markets and institutions will redistribute cost and benefit in purported inclusive business models. Therefore, in an ideal world, an inclusive business model is partnership that ensures both men and women in their differentiated classes (rich, middle and poor) have equitable access to resources such as land, capital, the ability to earn substantial income, and the opportunity to participate in business negotiations and family level decision-making processes (Daley and Park 2012; Dancer and Sulle 2015). I thus define an inclusive business model as

> a partnership between differentiated, gendered and class-based groups of small producers and an agribusiness with on- or off-farm processing facilities, operating in a manner that allows small producers not only to supply their produce and labour but also allows them to be part and parcel of the business decision-making from upstream to downstream activities. This partnership aims to achieve economic, social and political goals of each business partner and treat each partner in an equal and just manner.

It is important for the definition of inclusive business models to recognise the heterogeneity of the groups they generalise as smallholders or marginalised groups and ensure such arrangements do not favour rich farmers and/or elites, and that contracts especially for cash crops are not only dealt with by men. In section 4 below, I dive into Tanzania's agricultural sector, unpacking the models of investments and in their respective impacts.

4. HISTORICISING TANZANIA'S AGRICULTURAL SECTOR

The history of Tanzanian agriculture can best be described in four key periods: pre-colonial, colonial, post-colonial and the neo-liberal era we are in today. This thesis does not aim to describe in detail each of these periods; instead it draws on the key features of land governance and the kind of agricultural production promoted during the last two periods – that is the post-colonial and the neo-liberal eras. It does this in order to draw comparative lessons and assumptions on which the ideas of inclusive business models practiced today may have lied since those times. Understanding the tenure systems and models of land use, access, and ownership is useful in understanding and answering the basic political economy questions raised by Bernstein (2020) as described in section 2 above.

4.1 The Independent Tanganyika and the Ujamaa Era

It is argued that when Tanganyika got its independence in 1961, not much was changed from the inherited Land Ordinance Cap 113, which declared all lands as public land under the control of the Governor of the Trust Territory, except the authority in which land is vested. According to Haki Ardhi (2005), at best the legal framework which governed land replaced the Governor as custodian of the public land with the President. The legal system regulating the administration of land in Tanzania came with the enactment of the Land Act No. 4 of 1999 and the Village Land Act No. 5 of 1999. I have discussed in detail about these Acts and the overall land legislation and institutional framework in Tanzania elsewhere (see Sulle 2017). In short, therefore, I argue that existing land policy, laws, tenure regimes, and ongoing reforms need to be examined against the backdrop of colonial laws and efforts to maintain elements from the past while embracing new visions. Influenced by the colonial laws, all land legislation maintains that all land is a public property. Ownership is vested in the President who holds the radical title over land and is treated as the trustee on behalf of all citizens of the country. In practice, this means that Tanzanian citizens do not own land in a formal sense, but they have customary rights to use the land they occupy. Holders of these user rights can sell and\or pass on such rights to their children on inheritance basis (Shivji 1998; Locher 2017). This radical title also means that there is no freehold in Tanzania since it was abolished in the country.

Despite the continuity with the colonial legislation, the first President of Tanzania Mwalimu Nyerere introduced a variety of policies and legislation to make changes. One of new policies was the *Ujamaa Villagisation Policy*. Understanding "*Ujamaa"* policy is crucial because for many years after independence, this was an underlying philosophy that guided all socio-economic frameworks, plans and other activities in the country (Shivji et al 2019; Limbu 1995). In order to use this term correctly and apply it accordingly, an elaborate approach is used to contextualise *Ujamaa* within the agriculture sector – the central sector under the *Ujamaa* Policy. According to Walter Rodney (1972) the term *Ujamaa* needs to be situated within the principles and policy statements issued by a certain society or state. In the case of Tanzania, there were plenty of principles and declarations supported by actions. For example, *Ujamaa* was first popularised 'as referring to the extended family of African communalism'. Secondly, the concept of *Ujamaa* is also referred 'to creation of agricultural collectives known as *Ujamaa* villages' (emphasis in the original). Rodney further states that the relationship between the two is that "the *Ujamaa* villages seek to recapture the principles of joint production, egalitarian distribution and the universal obligation to work, which were found within African communalism.

Mwalimu Nyerere himself developed most of the terms used during his reign by publishing books and pamphlets. *Ujamaa* is clearly described and elaborated in one of his pamphlets. In his *Ujamaa – the Basis of African Socialism Mwalimu* made strong arguments against capitalism and in favour of socialism. In this pamphlet he asked Tanzanians:

> … to re-educate ourselves, to regain our former attitude of mind. In our traditional African society we were individuals within a community. We took care of the community and the community took care of us. We neither needed nor wished to exploit our fellow men (Nyerere 1966: 116).

As part of his effort to ensure people not only understood *Ujamaa* but implemented it on the ground, Nyerere emphasized another concept of *self-reliance*. As Ralph Ibbott one of the few foreigners who lived and worked with villagers in *Ujamaa* projects in Southern Tanzania recount:

> "For a community, self-reliance means that [Tanzanians] will use the resources and the skills they jointly possess for their own welfare and their own development." They would be neither be wage slaves nor exploiters; rather, they would reshape their own society so that it ended poverty, ignorance and disease. (Ibbott 2014: 23 emphasis in the original).

Nyerere's vision on land as communal property is largely influenced by his beliefs in pre-existing traditional skills and wanted to use such skills to develop his *Ujamaa* and *self-reliance* policy. In his attempt to ensure Tanzanians understood and bought into his ideas Mwalimu Nyerere produced several policy documents such as Arusha Declaration, Self-Reliance etc. In Issa Shivji and co-authors' words, *Ujamaa Vijijini* (Ujamaa Villagisation) was both Nyerere's vision of idyllic society that he proposed to build and the policy for agricultural development' (Shivji et al 2019: 164). During this time Nyerere was convinced that the '*ideal peasant did not exist in reality'* in either pre- or post-colonial eras (ibid; *emphasis added*). Indeed, while Nyerere believed in peasants and workers as key allies in building Tanzanian socialism; he assumed they would do that without undermining the authority of the state. The impact of collective farming, allocation of productive resource equally and redistribution of communally generated income are predominant in the case study sites for this study. As I elaborate in Paper III, Msolwa Ujamaa Village not only had an *Ujamaa* Village Farm, but its decision later on to subdivide equally among men and women the former village farms makes the village unique in terms of resource ownership among men and women in the country (Mbilinyi 2016; Dancer and Sulle 2015).

A large proportion of the pastoral community were nomadic, and the 'significant majority of peasants lived in scattered households.' (Shivji et al 2019: 164). It is crucial to point out that while colonisers and also Nyerere's government tried to sedentarise pastoralists, to-date these efforts have not succeeded, because of the natural environment, the rangelands that pastoralists occupied simply do not permit such sedentarised lifestyle envisioned by colonial and independent government bureaucrats (TNRF 2017).

Tanzania's agricultural sector has gone through significant policy experiments, from the colonial government to independent government of Tanzania (Limbu 1995; Sulle 2016). While the colonial government embraced both smallholder production and large-scale plantation agriculture, it emphasised more of smallholders' led production. Andrew Coulson's analysis of Tanzania's political economy shows how several large-scale plantation initiatives failed, including the British colonial government's groundnut scheme in central Tanzania (Coulson 1982, 2013). Despite the failures of the colonial government, however, from 1970s the independent government of Tanzania, in collaboration with development partners, re-introduced several large-scale agricultural initiatives to increase the production of wheat, rice, cotton, and livestock. Most of these initiatives have since either been abandoned or have operated below capacity for years (Scott 1998; Coulson 1982, 2015). Studies attribute the failure of these grand schemes to the top-down approaches used by government bureaucrats and their partners, their introduction of unknown technologies and crops, and lack of sufficient water (Scott 1998; Coulson 2015). Moreover, since the mid-2000s, the government has been implementing various initiatives geared towards re-introducing large-scale estates and outgrowing schemes. The introduction of the Southern Agricultural Growth Corridor of Tanzania (SAGCOT) in 2010, which is discussed in detail elsewhere (Sulle 2020), is a government initiative that promotes the establishment of 'nucleus-outgrowers scheme' (SAGCOT 2012).

4.4 Tanzanian agriculture sector in the neo-liberal era

While the existing initiative, policies and legislation on land and agriculture sectors of Tanzania are largely informed by reforms undertaken from the 1990s, some elements of colonial and Ujamaa Policies I described above remain. Yet, fundamentally, more changes, as I show happened following the 'triple F crises' of food, fuels and finance (See Sulle 2020; Locher and Sulle 2013). Some of the initiatives such as BRN and biofuels were abandoned without realising anything, apart from the huge amounts of money spent on their design, planning and initial implementation stages. Two years after getting into power the current President John Magufuli disbanded BRN. The President did not elaborate on why he ended BRN apart from paying a farewell to BRN staff at the State House early on during this presidency (The Citizen Newspaper, 28 June 2018). It is, therefore, unclear if the President disbanded BRN based on its poor performance and or the president simply did not want to carry on with the initiative of his predecessor.

In a broad sense, the rural Tanzanian population is composed of crop cultivators, agro-pastoralist, pastoralist and hunter gathers. Agriculture remains the largest sector employing 58 percent of the country's population. The sector's contribution to Gross Domestic Product (GDP) stands at 28.2 percent (URT 2020). The latest government data further shows that the agricultural sector has over the past five years grown at 5.2 percent while the crop subsector registered a growth rate of 5.8 percent per year (ibid). Pastoral and hunting communities are predominant in the northern Tanzania, however, following a lot of hotly contested land alienations for large-scale plantations and conservation areas including national parks and game reserves among others, pastoral communities have migrated and can now be found in many other parts of Tanzania including the coastal and southern regions of the country (Sulle and Mkama 2019).

A fundamental feature of the Tanzanian agricultural sector, which remains unchanged over the years, is its reliance on smallholder farmers as its key driver. Studies have estimated that smallholders in the country contribute more than 90% of total production in the country (Yvonne et al. 2014; TNRF 2017). As in many other countries in Africa, smallholders in Tanzania are today enduring a hostile policy environment created by the implementation of SAPs, which reduced most of the input subsidies and services including extension services directed to them. Nonetheless, smallholders have remained resilient and absorbed social and economic shocks caused by implementation of SAPs (Coulson 2013; Sulle and Dancer 2019; Brockington and Noe 2021). To-date in Tanzania, agriculture remains the key economic activity but public investments in this sector remain marginal. The agricultural sector has consistently received an inadequate budget coupled with lack of a political will to design and implement policies which are not only pro-poor, but effectively empower the country's small-producers.

Unreliable markets for small producers' goods and services

For decades, small producers in Tanzania have remained without reliable markets for their produce, both for food and cash crops. As a result, they continue to receive arbitrary and low prices from existing processors and/or middlemen. The problem of markets for small producers' produce in Tanzania has been documented by various scholars over the past decades, and it seems to be unresolved issue (Coulson 1982, 2013; Massimba 2013). Political economy analysts examining the agricultural sector (Cooksey 2013; Coulson 1982, 2013) have all pointed to lack of coherent political will to transform the agricultural sector in the country. As this thesis illustrates below, due to lack of continuity and comprehensive farmer driven policies, most of the agriculture strategies, initiatives, and programs to transform Tanzania's agricultural sector, have either not met their objectives or simply collapsed and\or been abandoned

Agriculture as portrayed in national, regional and international initiatives

As part of the continental efforts to ensure African countries increase agricultural productivity, Tanzania, is implementing key regional initiatives such as the 1) Comprehensive Africa Agriculture Development Programme (CAADP),Africa's policy framework for agricultural transformation, wealth creation, food and nutrition security, economic growth, and prosperity for all, signed by heads of states in Maputo in 2003; 2) The Malabo Declaration adopted by heads of States and Government of African Union who met in Malabo, Equatorial Guinea in 2014, aims to Accelerate Agricultural Growth, which hinges on agricultural growth and transformation for shared prosperity and improved livelihoods; 3) The Abuja Declaration on Fertilizer for an African Green Revolution initiative recognises that fertilizer is vital to Africa's economic growth, food security, and environmental health, amid rapid population growth and deteriorating soil fertility in the continent.

Given its huge contribution to employment and national GDP, the agricultural sector of Tanzania is one of the most politicised sectors. It is often used to seek political patronage, and politicians design programmes and initiatives to secure political support from the majority of rural farmers. Over the years, politics in Tanzania have weakened the provisions of agriculture inputs and funding allocation (Cooksey 2011, 2013). While Nyerere had developed a generation of independent politicians and policy makers, his three successors who welcomed and implemented SAPs and other neoliberal policy reforms, significantly relied on and attached to global and regional initiatives. In incorporating regional and continental initiatives into national policies, the government of Tanzania has undertaken significant steps to expand the agricultural sector through various initiatives, programmes and policies. For example, during the leadership of President Mkapa, the KSCL and many other agro-processing companies and estates were privatised (Sulle and Smalley 2015; Chachage 2019). Under the Kikwete leadership one third of the country was earmarked as the Southern Agriculture Development Corridor of Tanzania (SAGCOT) for large-scale agriculture development.

SAGCOT which is branded as a public-private partnership, was launched at the World Economic Forum Africa Summit in Dar Es Salaam in 2010. It aims to boost 'agricultural productivity, improve food security, reduce poverty and ensure environmental sustainability through the commercialisation of smallholder agriculture' (SAGCOT website 2019). A closer scrutiny of SAGCOT shows not only that the idea on which it is based – 'corridor' – was coined by the Norwegian Fertiliser Company – YARA, but also its blueprint was drawn by private consulting companies, namely Prorustica and AgDevCo from the United Kingdom (Sulle 2020). In fast-tracking the implementation of SAGCOT, then President Jakaya Kikwete launched the Big Results Now initiative, which was based on Malaysia's 'Big Fast Results' (URT 2013). The Big Results Now initiative aimed to transform and generate quick results in six priority sectors that include agriculture, education, energy, transportation, water, and resource mobilisation. In agriculture, Big Results Now targeted production of priority crops, i.e. maize, rice and sugarcane. It categorically stated that by 2015 it would establish about 25 commercial farming deals for sugarcane and rice; 78 collective rice irrigation and marketing schemes; and 275 collective warehouses (URT 2013). However, to date, none of those identified areas have been developed into plantations.

Although SAGCOT secretariat remains active to date, it has been weakened by the reforms implemented under the current regime of President Magufuli. The current government seems to have taken different approach from the previous administration of President Kikwete, which ushered in initiatives to boost private sector investments in agriculture as demonstrated in both Kilimo Kwanza and SAGCOT. Unlike Kikwete's administration, President Magufuli's government has placed strong emphasis on strong state presence in all sectors. According to media reports and other outlets such as Africa Confidential, it is widely reported that the head of the Matching Grant Facility Thomas Herlehy who resigned in January 2019, made it clear that the government of Tanzania was not ready to issue matching grants to private agribusinesses and it issued the request to amend the agreement in 2018.[5]

One documented government argument is its new condition that if it was to issue such grants, it should be a loan instead of grant to private agribusinesses and that at some point in the future, infrastructure developed by such agribusinesses should be transferred to local district authorities, which will hold them on behalf of smallholders. However, from anecdotal evidence, a less known argument revealed by the current government is that some of the investments earmarked to receive matching grants were either wholly or partially owned by foreign private entities and/or individuals. Moreover, government through the current Minister of Agriculture and Cooperatives emphasised its decision to withdraw from SAGCOT's previous commitments stating that "[i]mplementing the project that had been delayed for more than three years would be of no benefit. We have therefore decided to review it to suit our present environment".[6]

4.6 Historical and contemporary state of cooperatives in Tanzania

In Tanzania, like many other African countries, cooperative societies were first established by the colonial government in the 1920s, and they grew tremendously until the 1950s. The initial cooperative societies quickly expanded as a result of determination and strong self-organising efforts made by the African producers and traders to cushion themselves against the

[5] I provide detailed analysis of SAGCOT elsewhere, Sulle, E. (2020). Bureaucrats, investors and smallholders: contesting land rights and agro-commercialisation in the Southern agricultural growth corridor of Tanzania. *Journal of East African Studies:* DOI: 10.1080/17531055.2020.1743093. Also see the news article on government's decision on SAGCOT https://www.thecitizen.co.tz/News/Tanzania-government-cancels-Sh100bn-Sagcot-scheme/1840340-5119582-qvi1siz/index.html; https://www.africa-confidential.com/article/id/12602/Farming_gamble_fails Last accessed on 7 June 2020

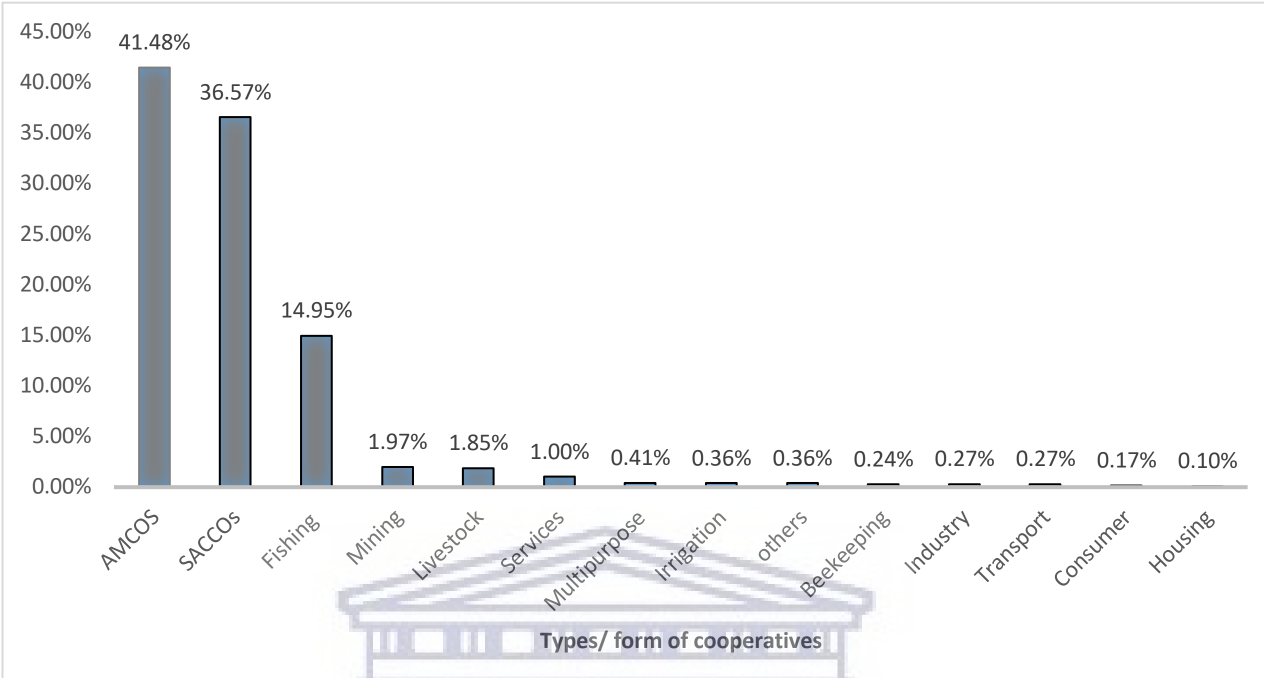
[6] See https://sagcotctf.co.tz/2019/07/19/govt-to-redraft-stalled-sagcot-scheme-2/. Last accessed on 4 July 2020

exploitative Indian Merchants (Shivji 2016; Collord 2019). The independent Tanganyika, now Tanzania, also maintained cooperative societies until 1976 when the government banned them due to elite capture and mismanagement of cooperatives' assets and member benefits (Maghimbi 2010; Shivji 2016). Providing historical analysis of cooperatives in Tanzania, Sam Maghimbi (2010: vii) argues that coops were 'successful in pre-abolition era', that is before 1976, and that they 'suffered many setbacks' post-abolition.

Cooperatives were re-established in Tanzania in1984 and to-date crop or farmer-based cooperatives are dominant in many regions including Mwanza, Shinyangaa, Kagera, Kilimanjaro, Tabora, Iringa, Mbeya, Mtwara, Lindi, Ruvuma, and Morogoro. Despite their ups and downs, in recent years, cooperatives[7] have regained the attention of policy makers and researchers as a possible alternative arrangement to existing agricultural models, which have significant shortcomings in protecting the interests of smallholder farmers. In Tanzania and in many other countries, farmers' have certain homogenous interests: marketing of their produce and bulk purchases of farming inputs (Maghimbi 2010; Valentinov 2006). The most dominant cooperatives in Tanzania are agricultural marketing and cooperative societies (AMCOS) standing at 41% of all cooperatives, followed by savings and credit cooperatives (SACCOS) fetching 37%, and fishing cooperatives which represent 15% (Figure 1).

[7] A revised definition of FAO meaning of cooperatives states that, a cooperative is an autonomous association of women and men, who unite voluntarily to meet their common economic, social and cultural needs and aspirations through a jointly owned and democratically controlled enterprise. It is a business enterprise that seeks to strike a balance between pursuing profit and meeting the needs and interests of members and their communities.

Figure 1: Types of active cooperatives in Tanzania



Source: Tanzania Cooperative Development Commission (2018)

Unlike farmers' associations, which are less accountable to state auditing mechanisms, cooperatives are governed by the Cooperatives Societies Act of 2013, which requires them to be audited by the Controller and Auditor General. In a move to address these shortcomings, in early 2017, the government ordered outgrower associations to establish Agricultural Marketing and Cooperative Societies (AMCOS) to replace associations. The issue of cooperatives is top in the Tanzania's political arena. For example, the Member of Parliament from the ruling party's special seats Ms Amina Makilagi, recently 'wanted to know the government's strategies to ensure the cooperatives are strong enough to work for Tanzanians.' Responding to the MPs question, the Deputy Minister of Agriculture and Cooperatives, stated:

> We want to review their structure, operation, supervision and member resources to make them more meaningful. The cooperatives are the true representative of smallholder farmers but they are playing as the middlemen of farmers, … Reviving the co-operatives was in the ruling party manifesto considering the current weaknesses experienced in the co-operatives of

> different crops such as cotton, coffee, sugarcane and sesame which their leaders were accused of mishandling resources. (The Citizen Newspaper 10 September 2019).

This is an encouraging move, although only if this whole move is not be a top-down approach and instead, it adopts a bottom up process ensuring a meaningful and participatory approach where by farmers drive the reforms in the cooperative sector. Again, as this research has shown, in principle, the Tanzania government has for the past four decades (1960s-2000s) supported and focused its investments, although not sufficiently and with lots of shortcomings, on small producers and with few large-scale estates. Only around the mid-2000s onwards, the government with the push from private sector diverted focus to large-scale land-based investments, including in agriculture. This move follows the lines of those supporting not only IBMs but also large-scale investments in agriculture as a breakthrough for Africa's agriculture (World Bank 2007; Collier 2009). Yet, as I expand on this topic in section 8, for cooperatives to be efficient, they need to be transformed in a way that caters to their members' economic, political and social needs.

4.7 The state of sugarcane production in Tanzania

Sugar remains one of the most contested commodities in the history and contemporary politics of Tanzania. To unpick the nature of its production, distribution and trade, this section first provides the historical production in the country, highlighting who are the producers, traders and what models of production were used. It then assesses the state of production today and who benefits, who loses out, and why? Understanding the production trends, business models and actors in the sector provides us with the realities of sugar business and contexts in which it is traded.

Sugarcane production in Tanzania (then Tanganyika) started in early 1920s at the time the country was still under the German's colonial administration. Kilombero Valley was among the first sites where the smallholder cane processing jaggeries[8] were installed. Another cane jaggery was established in Mtibwa also in Morogoro Region. Farmers with Indian origin introduced improved cane seeds in their estates in Kilombero Valley. Indians were interested in commercial production of brown sugar (Baum 1968). By August 2020, there are five companies producing sugar commercially. These include Kilombero Sugar Company (KSCL) and Mtibwa Sugar Estates in Morogoro Region, Kagera Sugar in Kagera Region, Tanganyika Planting Company (TPC) in Kilimanjaro Region, and Manyara in Manyara Region. Three out of the five companies, which is KSCL, Mtibwa Sugar and Kagera Sugar have a growing number of independent outgrowers that supply their cane to the mills. The rest, Manyara Sugar and TPC depend only on their estates to produce sugarcane they process in their own mills. From their inception to date, all these five sugar companies have different production and efficiency capacities. KSCL is the only company which has two medium-sized mills; each of the remaining companies have one mill or factory.

Since independence, sugarcane production in the country has remained slightly weak and fluctuating over time. However, a few years after privatisation of major shares of four commercial companies that existed in the late 1990s, the production steadily increased. In 1998, all four companies were only producing 98,000 tonnes per year. By 2015, the production increased to 304,000 tonnes per year (URT 2017). And, for the past seven years, sugarcane is the largest commercial crop in terms of tonnage produced per year (URT 2017; Table 3). The period after privatisation was marked by not only an increase in private investment in the sugar sector, but also by the public sector in terms of government policy as well as public financing of infrastructure and encouragement of outgrowers (Smalley et al. 2014). Despite the continued increase in the sugar tonnage produced in Tanzania, the country remains one of the countries with significant sugar deficits. Tanzania's local demand for sugar for both domestic and industrial consumption stands at 420,000 and 170,000 tonnes respectively (URT 2017). As a

[8] In sugarcane processing context, a jaggery means a crude, small-scale processing of raw sugar and molasses

result of this sugar deficit, Tanzania imports sugar at zero tariff or reduced tariff (Sulle and Smalley 2015).

Over the past two and a half decades, top government officials have made significant efforts to increase domestic sugar production. For example, during ten years of President Mkapa's rule, all sugar producing companies were privatised as a means to increase efficiency and effectiveness of such factories. President Kikwete's leadership achieved less in terms of realising actual increase in new companies or estates. During ten years of President Mkapa's rule and those of President Kikwete, there were claims of misuse of existing permits and illegal imports of cheap foreign sugar (Booth et al 2012). For years, the sugar business in the country was dominated by a sophisticated network of politically connected Tanzanians with Asian and Arabic origin. There are claims that these traders were directly or indirectly financing the ruling party and/or its top elites, who in exchange offer their companies tax exemptions for sugar imports (Booth et al 2012).

Immediately after taking over from President Kikwete, President Magufuli made his first take on sugar industry in February 2016, when here announced restrictions on sugar imports as the means to protect domestic producers. The President's announcement led to a countrywide public panic as supplies dwindled and sugar prices skyrocketed (*The Citizen Newspaper 2016b*). With claims and evidence of some traders hoarding sugar and emergence of black markets, the government first reacted by curbing the illegal sugar trade. This measure, however, did not solve the problem, because between April and July most companies close their operations, as there is no sugarcane to harvest and they also do periodic maintenance of their factories. Realising these facts, the government permitted sugar imports and oversaw its distribution in various parts of the country (*The Citizen Newspaper 2016b*). The Magufuli government further embarked on the traditional approach of inviting private sector investors to produce sugar in the country. The president himself went ahead and allocated about 10,000ha of land to Salim Bakhresa at the function to inaugurate the same local business tycoon's juice making factory in Mkuranga District, about 54 kms away from commercial city of Dar Es Salaam (*Daily News* Government Newspaper, 7 October 2016).

Table 3: Sugarcane production compared to other cash crops 2013 – 2020 (all in tons)

Crop	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19
Sugar	294,300	300,230	293,075	329,840	324,325	353,900
Tea	33,500	35,500	32,629	31,000	35,000	37,000
Pyrethrum	7,000	7,600	2,011	2,500	2,600	2,600
Tobacco	100,000	113,600	60,691	60,691	55,900	54,868
Cashew	130,124	200,000	155,416	260,000	300,000	_
Sisal	37,291	40,000	42,314	42,000	43,000	15,480
Cotton	245,831	203,313	149,445	122,000	150,000	700,000
Coffee	48,982	40,759.2	60,691	47,999	43,000	65,000
Total	897,028	941,002.2	796,502	881,583	953,825	

Source: URT 2015b: 7; URT 2017a: 66; URT 2019 and URT 2020

Despite government's efforts to increase domestic sugarcane production, there is little change in the quantity of sugarcane and processed sugar produced in the country, and also largely no change in the model of sugarcane production. The focus has rather been on expanding the colonial model of plantation run by big companies, with little to no efforts made to increase production by small producers. The president's directive to allocate 10,000 ha of land to a single business owner further diminishes the promises made by initial investor (EcoEnergy) on the same land the President allocated to Bakheresa. The previous company had promised to engage outgrowers who will be given 3,000 ha of land for them to produce sugarcane that the company will process, following the KSCL–outgrowers arrangement or model (Chung 2015).

5. RESEARCH DESIGN AND METHODOLOGY

This thesis uses a single case study approach focusing on partnership between Kilombero Sugar Company Limited and outgrowers based in Kilombero Valley, in Kilombero District. It investigates the ways in which the company and the outgrowers' partnership operates, how they negotiate and apportion business proceeds, and risks over time. The case study method provides a lot of flexibility compared to other qualitative approaches such as grounded theory and/or phenomenology (Hyett et al 2014). It provides the researcher with the "ability to examine, in-depth, 'a case' within its 'real-life' context" (Yin 2004). This method is also appropriate for collecting data from multiple sources and contexts – all critical for one to understand the topic in question (Strauss 1987; Strauss and Corbin 1998; Yin 2004; Halme et al 2012). Lastly, situating this study within the village area as a case study provides an opportunity to observe and follow through the unfolding events within the village government, village assembly and makes some connection to the activities happening at the highest levels (ward, district and the nation).

Within this case, a mixed methods approach (Green 2007) was used to collect data that addressed its thematic questions. Qualitative inquiry included literature review, interviews and focus groups, ethnographic and participant observation to gather different pieces of information from outgrowers (farmers), company and government officials at different levels, and information from farmers' associations and researchers. Qualitative inquiry was complemented with a quantitative approach, which included household surveys and mapping of actors in the sugar industry in Tanzania. As Choy (2014) observes, combining both qualitative and quantitative is crucial as they complement one another, especially as each method has its strengths and weaknesses. For example, household-based surveys help to examine income and productivity benefits of farmers involved in contract farming (Mwambi et al 2016), while a focus on community dynamics and institutional aspects of contract farming (Adams et al 2018) unpacks the roles of such institutions in the arrangement in question. In this thesis, both approaches are important for understanding what a household earns and what costs it incurs by engaging on contract farming. The institutional aspects of contract farming and community dynamics, are particularly crucial to unpack how household members make decisions about which association to register with and why. The fieldwork was undertaken in two villages in Kilombero District, Tanzania. Throughout the project, the literature review, data collection and coding, data analysis and interpretations, as well as publication of various outputs, were carried out alternately.

Before carrying out key informant interviews, I thoroughly read and analysed reports and data from various databases and studies existing on the Kilombero Sugar Company, along with available survey data. Relevant documents were sourced from individual farmers, associations, the company, district and national offices. During my visits, I spent most of my time in Msolwa and Sanje villages just observing what villagers are doing, who is cutting cane, and what other economic activities are taking place apart from sugarcane farming. I also used my visits to meet outgrowers casually in their farms or hanging around when I meet them coming back from their farming activities. I also spent time at the village offices chatting with village government leaders and exchanging ideas not only about sugarcane farming but about the overall villagers' activities in agriculture and in politics. These informal discussions were very revealing at times as people tend to speak openly when they realise that they are not recorded and no one is taking notes of what they are discussing.

Using a purposive sampling technique (Ames et al 2019), **semi-structured interviews** were conducted with individual farmers and discussions with farmers' groups, women, and men and in mixed (men and women) groups to explore differentiated impacts of sugarcane production to each group. Other individuals interviewed include the Sugar Board of Tanzania, Kilombero district officials, company representatives, civil society organisation representatives, researchers, academics, and other experts in the country and respected personalities in the case studies. During my field work research interviewed **165 key informants.**

After the first round of key informant interviews**,** some targeted **focus group discussions** were held to gather essential information of local perspectives on agricultural production, land use change, contract farming, economic trends, the history and dynamics of sugarcane production in the area, and the impacts of the sugar industry regulatory framework on their activities.

The FGDs were followed by a household survey. Following sampling principles, the households were selected randomly (Patton 1990, Yin 2004) to ensure the information accrued is accurate and can be studied for the duration of this study and for possible future studies. Household surveys assessed **socio-economic impacts** of sugarcane production among the sugarcane outgrowers and their associations, and the company. These surveys were useful in assessing quantitatively the socio-economic outcomes at the household level, the community and the district as well. In the two villages of Msolwa Ujamaa and Sanje, **215 household surveys** were conducted among the sugarcane outgrowers (**146 in a treatment group**) and non-sugarcane outgrowers (**69 in a comparison or control group**) in the four selected villages.

To enhance the quality of information gathered from key informant interviews and household surveys I carried a second round of **focus group discussions** (FGDs) and semi-structured interviews. After-household survey semi-structured interviews and FGDs were for important households identified from household surveys to triangulate some of the information gathered during the surveys and in some cases, to secure additional information necessary to complement the information already gathered. In total I carried out **16 focus group discussions, 8 in each village** (i.e. Msolwa Ujamaa and Sanje Villages).

5.1 Data analysis

Data collected from field visits, interviews and household surveys were **coded** and analysed using both **qualitative** and **quantitative techniques**. The Statistical Package Social Sciences (SPSS) was used to analyse quantitative data obtained for this research and mine information from the household survey and present findings in Excel tables, and graphs. Also, content analysis (Corbin and Strauss 2008) was done for qualitative data to meet the objectives of this project. The two methods proved to be useful in drawing meaningful recommendations and conclusions from the case study results. This research uses the household as the unit of analysis. It treats a household in the sense of husband and wife, if they are both available, household assets (land, and other equipment), village, ward, division and district. Whenever it was possible, I included both men and women from households to ensure that gendered perceptions and activities are adequately captured and understood.

During the final stages of my Ph.D., I had several opportunities to validate my research findings. These validation meetings and events allowed me to collect more views on the topic in question, a stakeholder report was produced, published and distributed to farmers' associations, the company, and government officials at the district, village, regional and national levels. Preliminary research findings were discussed with company officials and regional officials. In February 2019, I organised a workshop held at the Sokoine University of Agriculture (SUA) in Morogoro. 53 participants attended this workshop including university lectures and researchers, NGOs representatives, farmers and farmers' representatives, government officials and pastoralists' representatives. During this workshop I made a presentation covering the company and outgrowers' partnership. I also distributed a summary of my initial findings in the case study alongside other publications I have overseen during my PhD project. During the workshop.

5.2 Timeline, approach and methods

This section provides a detailed timeline for this thesis from its inception to its data collection stage to finalization of published articles. During my Ph.D. studies, I not only benefited from the time I dedicated to do field work and analysis for this dissertation, but managed to engage in many other research projects which either had direct linkages and benefits to my Ph.D. work, or the contribution of my Ph.D. have had direct contribution to such studies. As a result, before completing this thesis, I have produced peer reviewed journal articles and book chapters, working papers and policy briefs as well as a stakeholder report relating to my case study area. I have shared the stakeholder report and policy brief with outgrowers in the study site, company officials, village government officials and district and regional and national level officials.

5.3 Research Ethics

Throughout this Ph.D. study I observed all research ethics abiding the rules: obtaining prior and informed consent of each and every one I interviewed from key informants to participants in focus group discussions and from group meetings I have attended over the course of this study. In addition to the University of the Western Cape' research ethics requirements, this project adopts Sidaway's (1992) three principles of conducting ethical research:

1. To make no false promises

Throughout the research processes, I maintained a low status and acted only as a student who wants to learn and not offer un-implementable promises. In some cases, however, I tried to explain alternative sources for whatever they may be expecting from me.

2. To be aware of the unintended consequences of my actions

Throughout the field research, I tried to remember any potential consequences of my fieldwork and my previous engagement with communities.

3. To share the results of the research

I have researched in this area earlier on a slightly different project, but with some similarities, and I have thus far shared three types of research outputs with different people and groups. The most useful publication being the stakeholder report translated into accessible language – Swahili and shared with the community members, association leaders in the two villages within the case study area.

Preventive measures were taken to ensure that the respondents of this project are anonymous due to the fact that land-based investments and their financing streams are to some extent contested. Also, in recent years, Tanzania has registered widespread land-based conflicts pitting farmers and pastoralists against one another, as well as villagers against investors. Currently, the public resources used to subsidise agricultural inputs have also been caught up in grand and petty corruption involving officials from all parts of the public and private sectors (Cooksey 2013). Under these circumstances, for security and for the sake of open discussion, the respondents of this project remain anonymous.

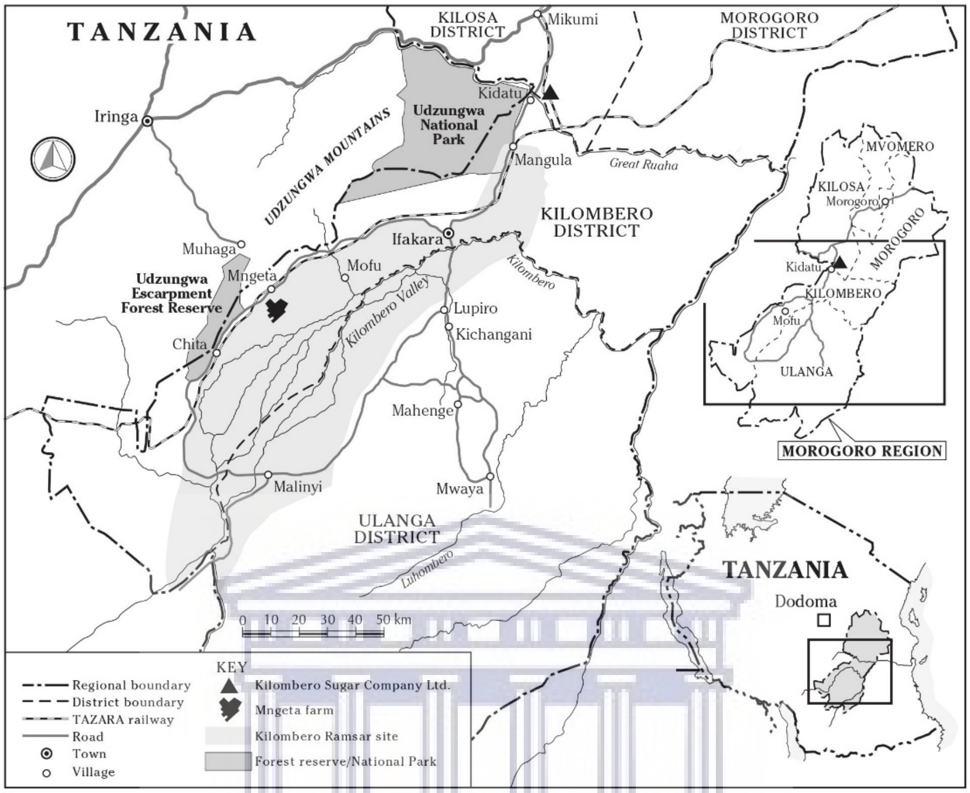
6. THE CASE STUDY: SETTING THE SCENE

6.1 Why Select Kilombero?

To interrogate the nuances of inclusive business models, the partnership between Kilombero Sugar Company Limited and outgrowers located in Kilombero Valley was chosen for three reasons. First, and the main reason for selecting partnership is because of the large number of outgrowers working with the company and also producing the largest share of cane compared to the rest of outgrowing scheme operating in the country (Illovo 2014). Secondly, based on its initial success in raising not only the number of outgrowers, the company's model is considered 'inclusive' and an example to replicate in the country's ongoing initiatives to expand sugarcane and rice production in the country (SAGCOT 2012; Nshala, Locke and Duncan 2013). Thirdly, Kilombero valley is now a second priority cluster under development through the Southern Agriculture Growth Corridor of Tanzania (SAGCOT) development after Ihemi cluster in Iringa region (SAGCOT 2012).

Currently, in Kilombero Valley sugarcane is grown in two districts of Kilombero and Kilosa. These districts are suitable for cane growing, because Kilombero Valley receives rainfall in two distinct periods, with a long rainy season between March and May and short rains from November to February (Harrison and Laizer 2007; Dancer and Sulle 2015). However, there are times when the district receives uninterrupted rainfall from October to March (ibid). In both districts the cane-growing area that encompasses the company's nucleus estate and outgrowers' farms is surrounded by the unique geographical features such as the Udzungwa Mountains National Park to the west, and Mikumi National Park and Selous Game Reserve to the east. While the company's estates are in each of thes districts, I selected villages of Msolowa Ujamaa and Sanje Villages – the key sugarcane producing villages situated adjacent to the sugarcane processing mill in Kilombero District. Residents of the two villages engage mostly with the farming of both cash and food crops. The leading food crops include rice, maize, vegetables and bananas. On cash crops, people mainly deal with sugarcane farming. Limited individuals and/or households engage in some livestock-grazing of goats, sheep and cows – especially women.

Figure 2: Map of Kilombero Valley – the study site



The two villages of Ujamaa Msolwa and Sanje were purposely chosen because they had a) multiple categories of farmers (i) small (ii) medium and (iii) large – all critical in understanding class dynamics and social differentiation; b) block farming within the associations; and c) co-existing sugarcane production and other cash and food crops in the same area and/or distant areas. In recent years, families in Msolwa and Sanje are increasingly hiring land in distant villages such as Signali and Lungongole about 10 and 25 km away respectively as a result of a growing land scarcity in their villages. Within these two villages surveyed households were randomly selected combining those cultivating sugarcane and not cultivating sugarcane. These two villages occupy one of the most fertile lands in the upper section of the Rufiji delta, Tanzania's largest river basin (Dancer and Sulle 2015).

Although the two villages have large numbers of sugarcane outgrowers and their affiliated associations, they are quite distinct in terms of the social relations and ownership of the productive resource: land. Msolwa Ujamaa has more land owned by a majority of small and medium sugarcane outgrowers while Sanje still has large-scale farms owned by few farmers of Indian origin who leased them from the central government (Sulle and Smalley 2015). Also, some of the current successes in Msolwa Village are attributed to its history of being an Ujamaa Village following the implementation of the Ujamaa Villagisation Policy of 1974. In Msolwa Ujamaa, farmers have also established more block farms than in Sanje (Smalley et al. 2014). During the research period, the information was triangulated to mitigate the limitation of case study approach to ensure that generalised conclusions (Yin, 1984: 21) are accurate.

6.2 Historising the production of sugarcane in Kilombero Valley

Kilombero Valley is one of the remaining soil-fertility-rich areas in Tanzania. Surrounded by thick forests and rich biodiversity areas of Udzungwa Mountain National Park in the west, and to the north and east Mikumi National Park and Selous Game Reserve respectively. The valley is further situated in the largest Rufiji River Basin and the Great Ruaha Rivers crosses through not only the KSCL's offices and milling processing facilities, but through company's two estates. Sugarcane in this area is supported by two long rainy seasons, typically starting with short rainy seasons often taking place between November and January/February, and the much longer rainy season taking place between March and May. Sometimes during good years, the rain may remain interrupted and continue (of course not every day) from October to March (Harrison and Laizer 2007; Smalley et al 2014).

As an area with extensive river system, over years the valley has accumulated rich alluvial sediment (Marshall 2008; Futoshi 2007) attracting Indian cane farmers to establish small plantations as early as the 1920s (Baum 1968). According to Baum (1968) sugarcane farming, however, only became viable commercially after the Indians farmers introduced better varieties in their plantations, mainly for the production of brown sugar. The Indians attempted to commercialise sugarcane but did not attract much of the area's smallholders (Baum 1968). In contrast with Baum, Maddox, Giblin and Kimambo (1996) observed that during the colonial administration communities' land uses for agricultural purposes in Kilombero Valley were confined to restricted areas to allow the establishment of forest plantations and conservation projects (see Dancer and Sulle 2015).

The areas potential for large-scale farming based on irrigation was further noticed by the colonial administrators, and in 1957 Dutch survey experts conducted a survey and an identification of a suitable area to establish sugarcane estate(s). The colonial government's ambition came to fruition in 1960 when the first company – the Kilombero Sugar Company (KSC) was established as a joint venture financed by the Commonwealth Development Corporation (CDC), International Finance Corporation (IFC), Standard Bank and two Dutch development finance agencies (see Smalley 2014). These institutions appointed the Dutch company, VKCM, to manage the business and especially the established estate of around 1,600ha and a sugar-processing factory in an area known as K1 (Kilombero One) on the south bank of the Great Ruaha River near Kidatu. In 1965, VKCM transferred its management contract with the KSC founding partners to another Dutch firm known as HVA.

Among the company's financiers, CDC had specific interests of developing nucleus estate to operate together with outgrowers, and the venture was designed as such. At the time of establishing KSC the CDC was also supporting outgrowers' schemes in other countries, notably, the outgrowers' scheme that involves Mumias Sugar Company in Kenya (Buch-Hansen and Marcussen 1982). Following the installation of the milling and processing facilities, the company started to mill sugarcane in 1962. Its main suppliers were 'a few large Indian and European estates, [the] settlement scheme with 250 smallholders and a group of 14 African farmers' (Baum 1968: 23), until the company developed its first estates of about 4,000 acres. The K1 factory located in the southern side of River Rivers was 75% owned by foreign investors (Mbilinyi and Semakafu 1995: 31; Smalley et al 2014).

After the Tanganyika's independence, the company largely benefited from Mwalimu Nyerere's visionary approach towards broad-based development. For example, the company's rapid expansion is associated to the construction and use of the Tanzania and Zambia Railway (TAZARA) connecting Dar es Salaam in Tanzania with Kapiri Mposhi in Zambia, which passes through K1 (Beck 1964; Monson 2009; Smalley, Sulle and Malale 2014; Dancer and Sulle 2015). Moreover, following the nationalization of main economic heights – the result of the implementation of Arusha Declaration of 1967 – the government nationalised K1 and established a second factory – K2 on the northern side of the Ruaha River. The construction of the second factory was funded by the Danish governments and the World Bank. In 1976, K2 became operational, allowing more outgrowers to engage in sugarcane farming while providing more employment opportunities for people in and surrounding regions.

6.3 KSCL after SAPs

The government of Tanzania continued to own and manage the company until 1998 when the company's majority shareholdings were privatized to then South African company, Illovo. This was part of the implementation of SAPs, which Tanzania like many other sub-African countries adopted as a compulsory measure touted by the World Bank and International Monetary Fund (IMF) to rescue stagnated economies. Illovo, which since 2016 has been fully owned by the Associated British Food, owns 55% per cent of the company's total shares. The remaining shares in KSCL are owned 20% by ED&F Man[9], a UK-based sugar merchant, and 25% by the government of Tanzania. It leases 9562 ha[10] of government land, including two cane estates of around 8000 ha; the rest of the land is used for company factories, staff houses, seasonal migrant workers' hostels, and social services facilities (Illovo 2014). In March 2020, the company had 830 permanent employees and 2418 seasonal agricultural workers at peak periods (Illovo website 2020).

Following the privatization and changes in policy, legal and institutional frameworks governing sugar and other businesses in the country, there has been significant increment in sugarcane production in the valley. Since Illovo took over, KSCL has increased its outputs. According to the Sugar Board of Tanzania's latest data, in 2018/ 2019 its production reached 134,035 tonnes just about 2,000 tonnes increment from its highest volume of 132,058 tonnes produced in

[9] More about ED&F Man at http://www.edfman.com/ accessed on 7 April 2018

[10] There are however, conflicting figures from the company's reports and those presented in the Sugar Board of Tanzania. For example, in 2018/2019 the company is reported to have cultivated 9,515ha. https://www.sbt.go.tz/pages/production-data last accessed on 4 August 2020.

2016/2017 season.[11] The company commissioned its ethanol plant in 2013 in Kilombero with the 'best and most robust fermentation and distillation design across all of Illovo's existing ethanol operations, and has the annual capacity to produce around 12 million liters of ethanol' (Illovo 2019).

Despite company's expansion attempts, it is yet to meet its annual target for sugar production of 200,000 tonnes, as agreed with the government during the negotiated privatization deal (see Sulle and Smalley 2015; Smalley et al 2014). During interviews with company's officials, they referred the difficulties both in policy space and in practicalities that are limiting the company's plans to expand both horizontally and vertically. Horizontally, the company has difficulties in accessing more land to establish estates in the region (Chachage 2012; Smalley et al 2014) and vertically, cheap imports were cited as disincentive for further expansion (Sulle 2017).

Realising the difficulties of expanding its estates, the company used several approaches including encouraging outgrowers to expand their farmland under sugarcane and also establish block farms (Smalley et al 2014; Sulle and Dancer 2019). A block farm comprises private farmers' fields located next to each other, who are willing to share the workload, and the costs of running the farm by paying for such services individually, and sharing proceeds according to each one's size of the land in the block. From 2007 to 2012 the company managed to establish seven block farms with an average size of 67 acres (27ha) formed by about 29 farms. This means that each outgrower owns an average farm size of 2.3 acres (0.92ha) (Smalley et al. 2014). Drawing from Hall (2011, 2012), I argue that the whole processes of encouraging farmers to expand their farmland under cane production and establishment of block farms is an attempt to incorporate outgrowers in its corporate production model without dispossession. This act, I

[11] For more details about the sugar production data see https://www.sbt.go.tz/pages/sugar-production-data last accessed on 4 August 2020

further consider as an adverse incorporation (Hickey and du Toit 2007), of poor and middle income outgrowers into company's operations, for which they have less control over the land.

6.4 Livelihoods in Kilombero Valley

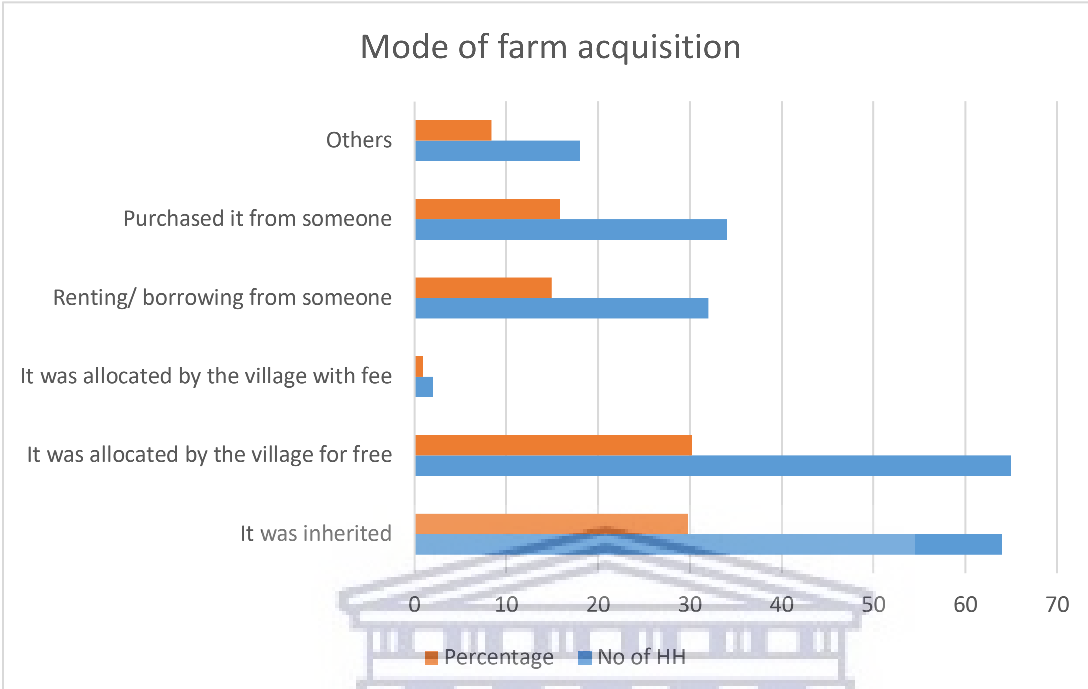
Residents in Kilombero Valley engage in variety of economic activities (Table 4), with agriculture as their main source of income. This is the general pattern in the country, as I have shown in the previous sections. Agriculture is the mainstay of the economy employing about 58 percent of the Tanzanian population (URT 2020). As part of this thesis understanding the main activities that residents engage in is helpful in unpicking their livelihood strategies to cope with a range of natural and market-caused livelihood shocks (Scoones 2015; Chambers and Conway 1991).

Table 4: Main economic activities undertaken by households in study areas

Main economic activity	No of HH	Percentage
Farming	181	84.2
Wage employment	5	2.3
Pastoralism	20	9.3
Business	9	4.2
Total	215	100

Msolwa Ujamaa, is one of the leading exemplary villages which fully adopted and implemented Ujamaa Villagisation Policy. Some of its residents, as it is for many residents elsewhere in the country, inherited land from their forefathers and others received portions of land from the village administration, especially after the Ujamaa Village farms were abandoned (see Paper III). As Figure 3 shows, about 30 percent of the surveyed households indicated that they inherited land while almost the same percent indicated that they were allocated land by the village for free.

Figure 3: How farmers in Msolwa and Sanje villages accessed their farmland



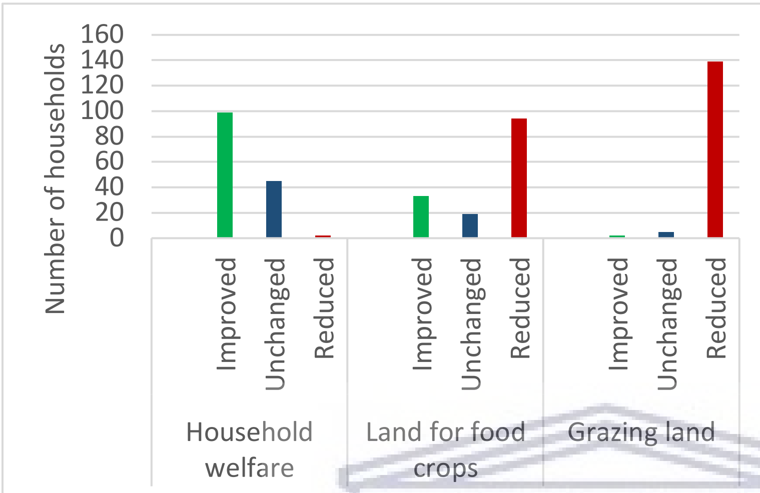
Among the 215 surveyed households, 146 (67.9 percent) households grow sugarcane, while 69 (32.1 percent) were not growing sugarcane. All those who were growing sugarcane had significant concerns about poor revenues they are earning from sugarcane business. As Table 5 shows the price of sugarcane per tonne has remained almost the same in values for the past four years. Overall, the outgrowers' share from of the final proceeds has in principle declined from 57 percent in 2015/2016 to 40 percent in 2019/2020.

Table 5: Eight years assessment of payment of sugarcane and division of payment

Year	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20
Price/tone TZS	67,081.45	61,349.56	53,564.94	74,226.21	92,606.64	101,115.95	88,433.62	81,411.90
Outgrowers cane sucrose levels	9.84	10.01	9.28	9.85	11.77	11.48	10.04	8.63
Division of Payment to Outgrowers				57 %	40%	40%	40%	40%
Division of Payment to Company				43 %	60%	60%	60%	60%

Nonetheless, sugarcane farming brings in many other challenges among sugarcane growers. Over the years outgrowers have complained about high levels of arbitrariness with which sucrose contents is determined and that they have no means to counter assessment of low sucrose content. The low sucrose content subsequently means receiving a low price. Lack of transparency in the weighing processes of the cane outgrowers deliver to the company as well as sucrose content were reported not only during this research, but also reported in previous studies (cf Sprenger 1989; Mbilinyi and Semakafu 1995). The rapid expansion of sugarcane farming in the two villages and the overall Kilombero Valley has significantly reduced peoples' access to key resources: land for food crop production and grazing for livestock. Outgrowers are forced to grow sugarcane due to agro-ecological factors such as the difficulty to grow maize and rice next to sugarcane fields, which provide habitat for rice and maize eating birds. This situation, has thus forced many people in these villages to shift from growing food crops to sugarcane. As Table 6 shows, 130 households (89%) used to grow food crops in the past.

Figure 4: Peoples' perceptions of changes brought about by the adoption of sugarcane contract farming (n=160)



Sugarcane farming has its agro ecological challenges: whenever it is grown, it is difficult to grow other crops next to it due to risk of other crops being burnt when sugarcane is harvested using the crude means of burning cane fields first. Also, cane fields provide nesting habitants for crop (especially rice and maize) eating birds (Dancer and Sulle 2015). Most outgrowers face several challenges. The common problems identified by the households include: low sucrose levels recorded at the KSCL factories, ambiguous weighing systems, difficulties in accessing land and many deductions by the cane growers associations. Some of these challenges, especially arbitrary sucrose levels and weights have been documented as early as 1989 before the company was still under the state control (see Sprenger 1989; Smalley et al 2014).

Table 6: Use of household's land before sugarcane production started

Use of land before	Frequency	Percent
It was fallow/ idle	5	3.4
We grew food crops	130	89
Someone used to rent it	2	1.4
Others	9	6.2
Total	146	100

Ultimately, however, the solution to the problem of declining household food security, family separation and children's vulnerability lies in rethinking land use and the scale of mono-cropping within the area (See Table 6). In one of the farmers' group discussions, villagers had taken steps to address the problem by forming a farmers' group and collectively renting a farm to grow rice within the village, alongside sugarcane. This was a mixed farmers group, although the majority of members were women. They measured their success by the fact that they had been able to support their families and send their children to school. The government had provided subsidies, inputs and access to loans to support their efforts. In the long term, the rice farmers commented that rice was a more favourable crop – both commercially and for subsistence. It offers multiple yields per annum and does not have the same risks attached to harvesting and payments as cane growing. In Kilombero, following the over-expansion of sugarcane production, women and children have become the most affected groups (Smalley et al 2014). More irrigation schemes free of corruption (Cooksey 2012) and strategic land use planning within the area are needed to enable smallholders to maximise the social and economic opportunities and benefits of growing rice close to home. A diversity of crop growing also allows households to absorb natural and economic shocks associated with both cash and food crop production.

7. OVERVIEW OF RESEARCH PAPERS & SYNOPSIS OF KEY FINDINGS

This Ph.D. thesis by publication is made up of four independent double-blind peer reviewed journal articles as provided for by the University of the Western Cape's guidelines for Ph.D. by publications. This section forms and presents the core arguments of the thesis. All four articles are based on my Ph.D. case study site and I initiated all of them and contributed as the main author by laying out not only the idea and basic arguments, but contributed the bulk of data and analysis in overall co-authored article. I single authored three articles. I am the lead author for the co-authored with Helen Dancer who worked with me in the field in Kilombero for the project related to my Ph.D. project. I introduced the idea to have a co-authored article and led the crafting of the key argument, collected most of the data over the years of my research work, and led the selection of the journal to publish the paper. The summary of each of the four papers is presented in this section, specifying which questions each paper answers, the key methods and the core arguments and conclusion each paper makes.

7.1 Research paper I

Sulle E, (2016): **Land Grabbing and Agricultural Commercialization Duality: Insights from Tanzania's Transformation Agenda**, *Afriche e Orienti (Italian Journal on African and Middle Eastern Studies),* 17(3): 109-128. Permanent link: https://www.aiepeditore.com/portfolio-articoli/the-new-harvest-agrarian-policies-and-rural-transformation-in-southern-africa/

This paper introduces the two key concepts of 'land grabbing' and the 'extent to which the Tanzania's policy making process is 'inclusive' of small producers and with what impact to whom'. The paper answers the following questions: 1) who is included and who is excluded in the agricultural policy making process and with what implications? 2) To what extent does the current agricultural commercialization agenda affect the land rights of various groups, particularly small-scale farmers and pastoralists? To answer these questions, I first historicise Tanzania's agriculture sector policy-making processes by unpacking the actors, target groups, architects of such policies and funders.

Based on intensive literature and policy review, field work, and my related previous publications, the paper finds that while most of the past agricultural policies were state-driven and focused on smallholder producers, the recent commercialization policies are driven by the state–capital alliance and they marginalise large groups of small producers. As a result, small producers are benefiting less from such policy initiatives. Left unchecked, current initiatives promoted by the government, donor agencies and the private sector under the agricultural transformation agenda largely shift the direction of agrarian change towards large-scale agriculture. This agrarian change is largely driven by global capital interested in the use of capital-intensive production systems, which will drastically displace local farmers so that capital can produce at scale for global markets. Within these processes, the national and local elites are likely to benefit through lease concessions and their direct accumulation of resources, as it is already happening in Tanzania and elsewhere in Africa. In Malawi, for example, the Great Belt Initiative, which has a similar orientation to SAGCOT, escalated land-based conflicts between rural communities and local elites who advanced their interests through lease arrangements with multinational corporations (Chinsinga and Chasukwa 2012).

In this paper I argue that small producers (especially farmers and pastoralists) at the grassroots appreciate an increase in investments in the agricultural sector, but they are not willing to give up their land to investors. Instead, they want to be the central producers of marketable crops. Drawing from key agrarian change debates[12] and the analysis of the selected agricultural policies and initiatives implemented as part of the agricultural transformation agenda; the paper suggests that adoption of more inclusive policy-making processes and the design of agricultural production models centred on small producers themselves is central in protecting small producers' access to, control and ownership of their land.

[12] Shivji I. (2009); Moyo S., P. Yeros, eds. (2007)

7.2 Research paper II

Sulle, E. (2017) **Social Differentiation and the Politics of Land: Sugar Cane Outgrowing in Kilombero, Tanzania**, *Journal of Southern African Studies,* 43(3): 517-533. Permanent link: https://www.tandfonline.com/doi/full/10.1080/03057070.2016.1215171

This paper explores outgrowing – a type of contract farming detailing social differentiation, class dynamics and politics of land in Kilombero, Tanzania. Outgrowing schemes are currently categorised as part of a generation of inclusive business models that combine the advantages of large-scale farming with opportunities for smallholder farmers, and is often promoted as an alternative to a more conventional business approach, which is often associated with 'land grabbing' in Africa.[13] To unpack the impacts of this model to individual outgrowers, this paper asks: Within the outgrowing scheme, who are the winners and losers, and why? Situated within the contract farming literature the article uses class-analytic approach[14] to explore class dynamics and social differentiation, and how the existing classes are shaped by the existing institutional and legal framework governing the sugar industry, foreign capital investments and actual practices on the ground.

Based on the intensive literature review on contract farming[15] and field interviews, the analysis shows that while outgrowing needs to be studied on a case-by-case basis, a focus needs to be on the impacts of class dynamics and social differentiation on outgrowers. This is because the terms of inclusion of outgrowers in large-scale agriculture such as sugar-growing schemes are uneven, and are affected by a range of factors. The paper concludes that despite the grand ambitions of large-scale agricultural commercialisation, who wins and who loses out depends

[13] Vermeulen, S. and Cotula, L. (2010)

[14] Cousins, B. (2013)

[15] Little, and M. Watts (1994), Living Under Contract; Oya, C. (2012)

more on the local political economy, where the sugar industry, local business, political elites and local communities compete for the benefits of expanded sugar production.

7.3 Research paper III

Sulle, E. and Dancer, H. (2019) **Gender, politics and sugarcane commercialisation in Tanzania,** *Journal of Peasant Studies,* 47(5): 973-992. Permanent link: https://www.tandfonline.com/doi/abs/10.1080/03066150.2019.1632294

In this paper we explore the relationship between changes in the political economy of sugarcane and gender differentiation of sugarcane commercialisation. We use gender perspective to unpack the relationship between state, corporate capital and local stakeholders in the political economy of sugar. We ask: To what extent is the KSCL business model inclusive in nature and character? What are the gender and intergenerational impacts of the inclusive business model? We chart ways in which the state plays its role to achieve the dual and often contradictory goals of political legitimation and capital accumulation in both the local and global economy.[16] This gives us an opportunity to examine the state's role in the privatisation of KSCL, and how it continues to safeguard the interest of both capital and outgrowers to date.

Based on historical and contemporary data gathered during the field research, the paper makes longitudinal comparisons on gender and sugar production under the estate-outgrower model pre- and post-privatisation. It shows that there is a relative decline in women's permanent employment since privatisation, accompanied by an overall feminisation and casualization of the workforce. We illustrate how the legacy of colonial land tenure and patterns of land-holding in *Ujamaa* villages in Kilombero has reproduced historical power relations in cane-growing arrangements between the company and the community today. We conclude that even within an arrangement regarded as an 'inclusive business model', the political economy of sugarcane

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[16] Bonal, X. (2003)

post-privatisation has increased gender differentiation in sugar production and consolidation of power in the hands of local elites. In this article we thus contribute not only into evolving debates on the political economy of sugar but also that of inclusive business models, currently presented as win-win approach in land-based investments.

7.4 Research paper IV

Sulle, E. (2021) **Outgrowing and the politics of inclusive business models in Tanzanian agriculture**, *Asian Journal of African Studies,* 50(2021): 39-75. Permanent link: https://www.dbpia.co.kr/journal/voisDetail?voisId=VOIS00634456

The article examines a partnership between a multinational agribusiness with sugarcane estates, on-farm processing, and outgrowers supplying sugarcane to the miller under pre-negotiated arrangements in Kilombero, Tanzania. Using the lenses of political economy as its overarching theoretical framework, the article discusses methodological and analytical limitations of current IBM literature and advances political economy aspects that need more attention in assessing IBMs in practice. It aims to provide a deeper and more nuanced understanding of the company-outgrowers partnership by answering the interrelated questions: To what extent is the KSCL business model inclusive in nature and character? What are the underlying assumptions on which inclusive business models are based and what opportunities and limitations do they present to smallholders? 'Who owns what? Who does what? Who gets what? And what do they do with it?'[17]

The analysis shows that the studied model has some elements of limited inclusivity that are, however, not the result of the model itself. Rather the existing policy legal and institutional framework governing sugar industry in the country allows farmers, even those with a tiny amount of land, to enter sugarcane farming. Secondly, given the difficulty of securing land,

[17] Bernstein, H. (2010): 22

including outgrowers was essential to the company in meeting its production target. Therefore, narratives of IBMs obscure the rural farmers' agency, which as this study has shown, is the much-needed ingredient not only to ensure farmers benefit from their farming and farming trade-related upstream and downstream activities, but also to effectively influence decision-making processes.[18] It is critical to unpack the conditions, policy, legal, and institutional frameworks under which IBMs are established and operated. Moreover, the extent to which such models can benefit small outgrowers is not only affected by class and gender, local and national politics, but also by the international politics of commodity trade and shareholdings. Therefore, despite hyped-up narratives of IBMs as win-win, the case study shows that such optimism is not entirely applicable, because there are winners and losers in such business arrangements. Instead, governments and stakeholders must invest in developing rural farmers' agency to ensure farmers benefit from their farming and influence decision-making processes.

7.5 Synopsis

Given the complexity and fluidity around what IBM itself means in different contexts and literature, all four papers use multidisciplinary approaches to address the research objective. Paper **I** starts by unpacking recent Tanzanian agricultural policies and initiatives promoted by different actors: the state, donors and private sector as the means to modernise and commercialise agriculture. It situates these initiatives within core debates on agrarian and land questions, neither of which have been resolved in the globe south. The article shows that the policy formulation process inadequately incorporates the real land users, and instead, takes on board much of the private sectors' narrow views, especially about the importance of large-scale farming at the expense of small producers. It further locates Tanzanian agriculture within wider debates of policy-making at the country level, unpacking who drives the policies that get implemented or reforms carried out in the land and agricultural sector. It illuminates the roles

[18] Cotula et al. (2019)

and the influence of multinational corporations in shaping the country's specific policy formulation process and implementation. It highlights the roles of the multinational consultancy firms in shaping country-specific policies, which linked to global processes of resource accumulation and expansion of markets for foreign exports. These consultancy firms packaged policies in their own perspectives in terms of production, marketing and end beneficiaries, i.e. investment stakeholders. It emphasises the policy formulation processes and drivers of such processes, observing that through this exclusionary process of policy formulation, smallholders start to lose out in agricultural investments.

Papers **II** and **III** first expand on the Tanzanian government's efforts to commercialise agriculture and particularly sugarcane production in the country as detailed in paper I. They then examine the core concepts around inclusive models, identifying characteristics and limitations of IBMs. These papers take not only the contract farming and IBMs at the heart of their discussions, but also broaden the debates on contract farming and outgrowing schemes around the broader political economic issues that affect agricultural sector's policies, and sugarcane production and its associated trade. Paper **II** shows how outgrowing schemes, considered as one type of IBM, exacerbate not only unequal power relations, but also growing class dynamics and social differentiation. It demonstrates how the classes of middle and rich farmers have grown over time with poor and small producers getting squeezed and indebted over time. Paper **III** specifically discusses the impacts of IBMs on gender, household, communities and the nation at large. The paper emphasizes the gendered impact of the purported models and the employment they create in the sector, and outgrowing schemes within the sugar industry.

Paper **IV** delves into the debate on inclusive business models, situating it within the broader theories of political economy and politics. It unpacks the origins, the definitions, and the limitations of inclusive business models. The paper focuses on an outgrowing scheme – a type of contract farming, which is and IBM viewed first as an alternative to 'land grabbing'[19], and secondly as an opportunity to increase private sector investments in agriculture in developing countries.[20] The paper demonstrates how concerns about land grabbing have also triggered enduring debates about the relative merits of small- versus large-scale farming.[21] At the core of these debates is whether any model can create benefits for rural communities and the economy of a particular country, without negatively affecting the land rights of local land users.[22] The paper finds that the analyses that pinpoints what elements make up an IBM are sparse. For example, inclusive approach [23] consider concepts such as inclusive markets, inclusive growth, and even 'inclusive capitalism', and focuses on the potential for development opened up by the integration of the previously *excluded* poor into the global economy without sufficient details what inclusion itself means. The paper shows that the processes of primitive accumulation are, in many ways, exposed through (1) a continuation in approaches implemented in the agricultural sector post-SAPs, and (2) post the triple crises of food, fuels and finance, which motivated capital from the northern hemisphere to invest in the global south, where both land and labour are considered cheap and productive. In conclusion, these papers all emphasise the need to invest in real land users and owners, i.e. the small producers, instead of diverting the key financial resources towards financially well-off corporations and individuals.

[19] Cotula and Vermeulen (2010)

[20] World Bank (2013)

[21] Hall et al. 2017; Baglioni and Gibbon 2013

[22] Vermeulen, Sulle and 2009

[23] UNDP (2008)

8. CONCLUSIONS

A quarter of a century ago Michael Watts (1994: 71) noted that contract farming 'illuminates new configurations of state, capital, and small-scale commodity production within a changing international division of labor.' Expanding on Watts' observation, in a context of renewed interest and promotion of contract farming among other 'inclusive' business models, I argue that in the current economic, political and environmental conditions, we need to view contract farming as a reconfiguration involving not only the state, capital and small producers, but also non-governmental organisations, consulting firms and development partners. The case of Kilombero aptly illustrates this complex, dynamic and contentious relationship and partnership between actors with convergent and divergent interests. On the one hand, while capital needs the state to enforce and litigate its contractual arrangement with contractors – including outgrowers and other service providers - the state needs capital for revenue and rent-seeking. On the other hand, development partners, including foreign countries and development agencies, are promoting investments by companies from their home countries to expand their access to markets and production sites through these contractual arrangements now renamed *inclusive business models*. On this basis, this thesis illuminates a situation in which the model considered 'inclusive business' presents continuous struggles between the company and outgrowers, belying the hyped narratives of a 'win–win' situation in IBMs promoted by private finance, multinational corporations, and their associates in governments. The narratives about inclusive business models are based on historically incomplete and widely-documented models with unequal power relations and adverse incorporation of poor farmers.

In this case, situating the company–outgrower partnership study within the broader political economy of agrarian change and literature that engages sustainable livelihood and contract farming enabled me to critically engage with the concept of inclusive business models. Since the type of arrangement examined in this thesis is widely applied in different communities and countries, this theoretical framework and (qualitative and quantitative) methods I used can be applied elsewhere, taking on board the uniqueness of each community and country. As the empirical findings show, this approach was not only appropriate but useful in unpacking the different and often ignored *class dynamics, gender and social differentiation* in the current inclusive business models literature.

I argue that the current purported inclusive business models are contested, not only in practice, but also conceptually, as this thesis illustrates. In practice, there is unequal sharing of rewards and risks, as the company receives more benefits from sugar trade due to its larger share of resources and decision-making powers, while outgrowers incur most of the production and business risks. Sustained dissatisfaction among outgrowers operating with large-scale agribusiness over the past decades (Sprenger 1986; Sulle and Smalley 2015) provides a plausible explanation of why this model remains inadequate to meet the desired levels of inclusivity of much touted IBMs in agricultural investments. Elsewhere, empirical evidence from South African equity shares or joint venture-based business models considered inclusive, including those spearheaded by the democratic government, have largely failed because of many factors including abuse of power by local elites, internal conflicts, and communities' poor capacity and knowledge to handle sophisticated production and business operations (Hall 2007; Greenberg 2010; Lahiff et al. 2012). My findings thus support the long-held view that 'the contract enables social unequals to negotiate and enter binding agreements as legal and political equals' (Goodell 1980 quoted by Watts 1994: 25).

This thesis further assesses how the company-outgrower partnership shaped social relations, dynamics of production and reproduction, property and power, and what processes of change are underway as a result. It found that communities in Kilombero, especially outgrowers, are not willing to give out their land to investors, but rather continue with production and sell their produce to the mill. Thus, they not only want to hold on to their last resort resource ('land'), but also improve, to some extent, their bargaining power with the company. As other studies in Tanzania and elsewhere have also argued, rural communities are better off controlling their land, water, and forests themselves rather than being surrounded by large-scale farming, which denies them access to natural resources, or turns them into plantation labourers (Mbilinyi and Semkafu 1995; Kulindwa 2008; Poulton et al. 2008).

Despite their hold on the land, communities are, however, experiencing agrarian change in the area. Sugarcane farming is replacing farmers' traditions of intercropping and crop rotation depending on market availability and prices. As such, a different agrarian transformation is underway in Kilombero Valley with families moving from one place to the other in search of places to grow food. The dominance of sugarcane as a monoculture cash crop in the area has health, environmental, social and economic implications to outgrowers engaged in its production. The outgrowers' focus on sugarcane production excludes or limits their possibilities to engage in diverse crop production, which is essential for them to have nutritious food. As such, outgrowers are in Issa Shivji's words are exploiting themselves by cutting "necessary consumption" (Shivji 2009: 76). In other words, small producers in the area are forced by circumstances to forgo some of their necessary consumption in order to survive, reproduce and produce for capital. As this thesis shows, the poor outgrowers (in Marxist and Lenin's terms – poor peasants) face significant impact of monoculture even in the ambits of inclusive business models, because, unlike the rich outgrowers who can use their capital to purchase or rent land in far flung areas to produce food crops, the poor outgrowers often have limited resources to do so.

Drawing from Henry Bernstein's basic questions of political economy (2010) and Cousins' class analytic approach (2013), I argue that power is at the heart of partnership involving an agribusiness and outgrowers, and material relations that exist between the two parties. I argue that the agribusiness–outgrowers partnership is driven by the fact that outgrowers' own parcels of land on which they can produce and supply sugarcane to the company which has milling and processing facilities and marketing infrastructure but lacks sufficient land for its own estates. Since it took over operation of the estates and factories from government, Illovo's has made endless efforts to ensure farmers expand their cane production. These findings, and similar findings elsewhere in Africa, reveal that African states are again implementing models of agricultural commercialisation which perpetuate characteristics of the colonial farming system, such as plantations and contract farming – all of which have differentiated outcomes based on local contexts, class and gender (Hall et al. 2017; Sulle and Dancer 2019).

My research demonstrates that almost all the reviewed definitions of inclusive business models and their associated analyses are so focused on the terms engaging **'income constrained groups'** or **'integrate smallholders into markets'** (emphasis added) as if these are homogenous groups. The main problem with these terms is not only that these income-constrained groups and smallholders are not homogenous, but they are not equally income constrained and yet these definitions and analysis conflate them. As this thesis shows, these assumptions do not apply because arrangements like outgrowing schemes are characterised by **class dynamics, gender and social differentiation.** The so-called income constrained groups or smallholders, especially in agricultural investments, are diverse groups diverse groups of rich, middle, and poor farmers that engage with agribusinesses in arrangements considered inclusive – as the one this thesis examines.

Therefore, the focus on 'inclusion' obscures the differentiated positions of smallholders – they are in different positions (class, gender, generation) and these are accentuated through participation. Yet, the conflation of 'smallholders' with income-constrained groups has concrete and patterned effects. This is because these definitions are based on flawed neoliberal and new institutional economic assumptions that markets and institutions will redistribute cost and benefit to all parties engaged in purported inclusive business models (World Bank 2007; Collier 2009). Attention given to inclusive business models in development discourse obscures the rural farmers' agency, which as this study has shown, is the much-needed ingredient, not only to ensure farmers benefit from their farming and farming-related upstream and downstream activities, but also to effectively influence decision-making processes (Cotula et al. 2019). As a result, the purported inclusive business models continue to produce more differentiation – the processes which are conceptually distinct from wider patterns of differentiation in expansion of capitalist relations in agriculture. We thus see the manifestation of the common patterns of differentiation into expanded reproduction and landlessness among the rural peasants (Shivji 2008, Bernstein 2010).

Finally, the role of the state (Wolford et al 2013) in facilitating primitive accumulation is manifested through the implementation of the structural adjustment programmes which made the privatisation of the former state assets and state functions to private capital. Therefore, instead of addressing the core challenges – which include privatisation of public services in the agricultural sector, a focus on inclusive business models further diverts attention and resources from the resource-poor – small producers – towards wealthy individuals and corporations intensifying already persistent inequalities in farming societies. As this thesis demonstrates there are winners and losers even within the claimed inclusive business models. Poor farmers – men and women – are the losers while middle and richer farmers, mostly men, continue to accumulate land and diversify their economic activities.

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RESEARCH PAPER I

Sulle E, (2016): Land Grabbing and Agricultural Commercialization Duality: Insights from Tanzania's Transformation Agenda, *Afriche e Orienti (Italian Journal on African and Middle Eastern Studies),* 17 (3): 109-128.

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Introduction[24]

Since 2009, Tanzania, like many African countries, have been implementing major agricultural transformation initiatives. These initiatives come against the backdrop of sustained influx of foreign companies acquiring large-scale land for commercial production of food, biofuels, tourism, forest plantations and industrial purposes referred to as 'land grabbing'. This paper, uses the term 'land grab', as defined by the International Land Coalition,[25] referring to acquisitions or concessions with certain characteristics that (might) turn into negative

[24] - I am thankful to, Martina Locher, Ruth Hall, Katherine Snyder, Youjin Chung and Elifuraha Laltaika for their useful comments on the earlier draft of this paper. This research also benefited from the earlier joint work I carried out with Martina Locher, Rebecca and Smalley, Lameck Malale with funding support from Future Agricultures Consortium, United States Agency for International Development and Danish International Development Agency (The Hierarchies of Rights Project).

[25] - ILC, *Tirana Declaration: Securing Land Access for the Poor in Times of Intensified Natural Resources Competition*, Tirana, 26 May 2011, endorsed by the ILC Assembly of Members on 27 May 2011 Available from: http://newsite.landcoalition.org/en/tirana-declaration (Accessed on 2 September 2015).

consequences for local people.[26] The incidences of land grabs are prevalent in most of the developing countries. From 2005 to date, Tanzania has experienced a growing number of cases of land acquisition by both foreign and domestic investors. A range of studies (Cotula *et al.* 2009; Chachage, Mbunda 2009; Chachage, Baha 2010; Oakland Institute 2011; Locher, Sulle 2014; Locher, Müller-Böker 2014) provides an overview of land deals and their main purposes in Tanzania including the establishment of major biofuels plantations around 2006-2008 (see Kamanga 2008; Songela, Maclean 2008; Sulle, Nelson 2009; Mwamila *et al.* 2009). Other purposes of land deals in Tanzania include the production of several types of food crops, forest plantations, tourism and speculative reasons.

In principle, this paper is not about agricultural commercialization, but rather focuses on the effects of the agricultural commercialization agenda implemented through various policy initiatives. It does this by posing two fundamental questions: 1) who is included and who is excluded in the agricultural policy making process and with what implications? 2) To what extent does the current agricultural commercialization agenda affect the land rights of various groups, particularly small-scale farmers and pastoralists. In answering these questions, the paper investigates agricultural policy-making processes in Tanzania. It assesses the implementation of high-level initiatives such as the Kilimo Kwanza (KK) (Agriculture First), the Southern Agriculture Growth Corridor of Tanzania (SAGCOT), the New Alliance for Food Security and Nutrition, and the Big Results Now (BRN) initiative.

The paper is informed by an intensive desk literature review and field-based research carried out from 2012 to 2015. It also draws from a number of previous works: the Land Deal Politics Initiative working paper (Locher, Sulle 2013) and the Future Agriculture's Working Papers (Smalley, Sulle, Malale 2014; Dancer, Sulle 2015). Additional information was gathered from

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[26] - Such characteristics include, among others, the violation of human rights and decisions that are not based on free, prior and informed consent of the affected land-users (ILC 2011).

ongoing field research, email exchanges, and phone calls with researchers and professionals dealing with land rights and agriculture.

Based on the research findings, this paper argues that farmers and pastoralists at the grassroots level are keen to see an increase in investments in the agricultural sector, but they are not willing to give up their land to investors (see also Mbilinyi, Semakafu 1985; Locher and Müller-Böker 2014; Dancer, Sulle 2015). It thus recommends the adoption of more inclusive policy-making processes and the design of agricultural production models that are pro small-scale producers (farmers and pastoralists), while safeguarding their access to land, control and ownership of customary land by small-scale farmers and pastoralists.

The next section briefly introduces the scale and magnitude of land grabs globally and scholarly analysis. This is followed by an overview of global land grabs analysis, overview of 'land grabbing' and legal framework governing land in Tanzania. The paper then highlights key agrarian change debates and proceeds to provide descriptions and analysis of the selected agricultural policies and initiatives implemented as part of the agricultural transformation agenda; pointing out who is included and who is excluded in policy making processes and who drives such processes. Thereafter, the paper examines the implications of agricultural commercialization initiatives to the poor majority with attention to specific groups –small-scale farmers and pastoralists. The paper concludes with brief accounts on the need to reframe the current initiatives to ensure small-scale farmers-the key producers of food and cash crops and pastoralists are enabled to take part in production and their ownership of key resources are strengthened.

Global land grab and scholarly reactions in brief

Currently, it is only the Land Matrix, an interactive global database of land-based investments, which gives some indication about the magnitude of global land grabs. For example, its updated website shows that there are more than 38.5 million ha of concluded land deals, 16.9 million of intended land deals and 6.5 million ha of failed land deals across the globe.[27] Most of these deals are transacted in Africa. The Land Matrix data, however, may not necessarily depict a true picture of what is really happening on the ground because of lack of accurate data sources and methodological flaws in land deals data collection processes (see Locher, Sulle 2013). Hence, there is a need for in-depth empirical research to understand the magnitude of land deals in specific countries.

Around 2008, the key drivers of land grabs globally were described as increased food and oil prices. At the same period, the number of investments operated by speculative investors and hedge funds from Western countries increased in Africa.[28] This led to increased attention of investors mainly from developed nations who were eager to take opportunities to grow feedstocks for food and energy to meet emerging market demands (Hall 2011; Sulle, Nelson 2009); while host governments desperately in need of foreign direct investments welcomed most of the investment projects without necessarily having enabling legal frameworks (Hultman *et al.* 2012).

The Food and Agriculture Organization of the United Nations (FAO) in collaboration with diverse groups of experts and stakeholders from around the world has formulated and published the *Voluntary Guidelines* (VG) *on the Responsible Governance of Tenure of Land, Fisheries and Forests in the Context of National Food Security* (FAO 2012). Some of the VG principles are to recognize both formal and informal land rights. In addition, the FAO voluntary guidelines require states to consider a ceiling on the amount of land to be allocated to large-scale

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[27] - All these data are according to the Land Matrix's Website (www.landmatrix.org); last accessed on 25 September 2015.

[28] - *Massive Land Grabs in Africa by U.S. Hedge Funds and Universities*, "Oakland Institute", 28 June 2011: http://www.oaklandinstitute.org/massive-land-grabs-africa-us-hedge-funds-and-universities-0 (accessed 2 September 2013).

investments. To-date there are several voluntary guidelines related to land-based investments, but all of these are soft laws until they are domesticated by a specific country.[29]

Overview of 'land grabbing' and legal framework governing land

Land grabs

A number of studies have attempted to provide an overview on planned and established land deals for biofuels and other agricultural investments in Tanzania (e.g. Songela, Maclean 2008; ActionAid 2009; Mwamila *et al.* 2009; Sulle, Nelson 2009; Kaarhus *et al*. 2010; Oakland Institute 2011; Bergius 2014). Other reports go further to assess land grabs for the establishment of forest plantations (Locher 2015) and tourism initiatives (Nelson *et al.* 2012). All these reports face certain challenges in data collection such as the lack of national database available to researchers or the public in Tanzania (Oakland Institute 2011: 16), difficulty to secure reliable and transparent information from investors and the complexities that surround land-based investments which are subject to global economic and political developments.[30] In addition, some investment projects are sold to new companies and change their name,[31] and more importantly, there are methodological flaws in reporting the collected information about land deals which make it even harder to follow this dynamic phenomenon (Locher, Sulle 2013; 2014). For these reasons, most information on land deals in Tanzania provided by the Land Matrix and by Locher and Sulle (2013) remains inadequate.

[29] - For details on the key voluntary guidelines, their opportunities and challenges see Sulle and Hall (2014).

[30] - Locher and Sulle (2013) list 12 ceased or aborted projects with a total area of around 300,000 ha, which illustrates that started land acquisition projects do not necessarily succeed.

[31] - C. Chachage*, Land Acquisitions and the Politics of Renaming, Renaming Companies and Dealing in Land: from Infenergy to Agrica*, "Udadisi Rethinking in Action", 6 August 2012: www.udadisi.blogspot.ch/2012/08/land-acquisitions-and-politics-of.html (accessed 12 July 2013).

Despite these limitations, it is possible to make certain estimates on the magnitude of land deals in Tanzania. For instance, based on the literature review and data from fieldwork provided by Locher and Sulle (2013), there are 34 deals with about 1,000,000 ha owned by *foreign investors* (and joint ventures between the Tanzanian and foreign investors), whether announced, ongoing or concluded land acquisition processes. Out of these deals, only deals with a total of around 555,000 ha are reported by at least two different sources and can thus be considered as verified with certain reliability. Of the verified deals, only ten deals with a total area of 145,000 ha can be considered as concluded deals. The remaining reported area of 410,000 ha derives from deals that are so far only announced or that have land acquisition ongoing, but not concluded (including the contested AgriSol Energy deal with an area of 325,000 ha). Since these data are three years old, a number of new projects are likely in place and some projects have either ceased or become dormant. But, contrary to these findings, the updated Land Matrix database shows 31 land deals in Tanzania covering about 295,022 ha.[32]

From 2005–2008 many of the land-based investments focused on producing biofuels (mainly Jatropha). Since the global financial crisis in 2007-2008 most of the early biofuels projects have failed and investors have moved their focus into food crop production (Locher, Sulle 2013). Like the initial biofuels investments, current agricultural commercialization strategies have received criticism from academics, local and international organizations concerned with land rights of marginalized groups and those of customary rights holders (Sulle, Hall 2013; Bergius 2014; Coulson 2015 2015; Twomey *et al.* 2015). While the government of Tanzania has introduced the concept of a land ceiling of up to 20,000 ha for biofuels development project through the liquid biofuels guidelines (United Republic of Tanzania - URT 2011), to-date, the proposed allocation of land under a SAGCOT initiative by far bypasses the proposed limit.[33]

[32] - More about these deals such as the investor countries can be found at *Web of Transnational Deals*, "Land Matrix": http://www.landmatrix.org/en/get-the-idea/web-transnational-deals/ (accessed 23 September 2015).

[33] - For instance, through the SAGCOT investment promotion, the government was auctioning an area of up to 65,000 ha for the development of sugarcane and rice plantation. For more information see: SAGCOT Investment

Legal framework governing land

Land in Tanzania is of three categories: general land, reserved land, and village land – all governed by a number of different pieces of legislation. The *Land Act* (LA) *No. 4 of 1999* governs general land, and the *Village Land Act* (VLA) *No. 5 of 1999* governs village lands. Reserved land comprising of areas conserved for wildlife and forestry resources are governed by the *Wildlife Conservation Act* (WCA) *of 2009* and the *Forest Act No. 14 of 2002* respectively. Both LA and VLA recognize the customary right of land occupancy as equal to the granted right of occupancy. The latter is signified by a title deed issued by the land commissioner. In principle the VLA empowers the village council to deal with land administration and management issues, including its allocation to villagers and entering into joint ventures with investors with the approval of the Village Assembly formed by all villagers with or above 18 years. The authority of the village assembly to transfer land is however limited to less than 250 ha. The village council may process a request by local or foreign investor demanding more than 250 ha, and upon the approval by the Village Assembly forwards it to the Commissioner for land for authorization. The crux of land-based conflicts between investors and communities in the country emanates from these provisions. This is because about 70 percent of all land in the country (Hayuma, Conning 2006) falls under the village land category and therefore, for investors to secure this type of land, the President has to first transfer it to the general land category.

The transfers of village land to investors is happening at a time when the country has no formalized policy, legal and institutional frameworks to guide such processes. A prominent land lawyer in Tanzania, Ringo Tenga, has often expressed concerns that the country is not fully

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Partnership Program Opportunities for Investors in the Sugar Sector at: http://www.sagcot.com/uploads/media/Tanzania_SAGCOT_-_Sugar_Investor_Presentation.pdf (accessed 23 June 2016).

prepared to handle foreign direct investments (FDIs) in land (Tenga 2013). He further argues that, the existing legal framework remains weak, and as such, new FDIs in land are likely to infringe on existing legitimate rights. Available evidence supports Tenga's views because, to-date, there are no clear guidelines backed by legal frameworks to manage large-scale land-based investments in the country. The *Guidelines for Sustainable Liquid Biofuels Development in Tanzania* (URT 2011) were released in 2010 as the result of government response to widespread criticisms about a lack of coordination and regulation of massive allocation of land to biofuel projects between 2000s and 2010 (Sulle, Nelson 2013). One of the guidelines requirements was establishing a land ceiling of up to 20,000 ha for biofuel development projects. Currently, though, government earmarked pieces of land for large-scale estates under SAGCOT and BRN exceed this limit.[34]

The dynamics of agrarian and rural change

Debate about land grabbing is incomplete without taking into account a broader picture of agrarian change. These issues are currently widely discussed by scholars from the South (Moyo, Yeros 2007; Shivji 2009) and the main message in these debates is that agrarian change and rural development cannot be separated from the "global process of imperialist accumulation, which is characterized by polarization producing an articulated accumulation at the center and disarticulated accumulation in the periphery" (Shivji 2009: 76).[35] As a result, a labourer in either urban or rural areas is forced to exploit himself or herself by cutting "the necessary consumption" (Shivji 2009: 76). In other words, the poor farmers exploit themselves to be able

[34] - See note 10.

[35] - According to Shivji, "under disarticulated accumulation, capital shift the burden of social reproduction to labour, thus neither the peasant nor the proletarian labour is fully proletarianised" (Shivji 2009: 76). Although this paper does not delve into the details of these debates, it is important to note that some of the reasons, multinational corporations are moving into Africa or Tanzania in this case, is exactly, the search for resources: land and labour among others.

to produce sufficient output to reproduce themselves.

In recent years, part of this agrarian debate takes the form of small versus large-scale farming, the concepts that Henry Bernstein (2010) describes more broadly as family farming versus capitalist farming. It is, however, important to highlight that, the debates about whether it is possible to attain increased agricultural productivity without small-scale farming dates back to 1850s particularly among the socialist European countries (Coulson 2015). These debates are still alive, especially in developing countries with scholars taking different positions. For example, in the case of Tanzania, Maghimbi *et al.* (2011) have argued that small-scale farming (peasantry) is no longer viable and there is a need to introduce farm consolidation and minimum farmland requirement. These views are currently reproduced in the wider government agricultural initiatives discussed below. A contrasting view of small scale farming in Tanzania is provided by Andrew Coulson (2015). He argues that small-scale farmers are able to thrive, producing for themselves and surplus for the market at least for the next two decades.

Despite these varying views, in Tanzania, as some have argued (Maghimbi *et al.* 2011, Bernstein (2005), the agricultural sector has followed the same trajectory initiated by the colonial governments, that is the production of export crops. This vision was reinforced during the Structural Adjustment Programmes (SAPs) reforms. As is well documented, the implementation of SAPs, left the economy of Tanzania crippled because of the state withdrawal of agricultural subsidies and credits (Bryceson 2007). Further results of SAPs in the agricultural sector include privatization of state plantations and agro processing factors. While some of these plantations and factories are producing various crops in different arrangements with outgrowers, some are producing below their production capacity (Massimba *et al.* 2014; Smalley *et al.* 2014).

Agricultural commercialization: from 'Siasa ni Kilimo' to 'Big Results Now'

The agricultural policies and initiatives based on ad-hoc decisions are hardly new in Tanzania's history. Immediately after independence in 1961, Tanzania implemented a series of major economic, social and political transformation programmes – all meant to liberate the country from abject poverty and improve citizens' welfare. The agricultural sector was central to these programmes whereby many policies (slogans) to mobilize farmers were introduced from time to time (see Table 1). The best example is Siasa ni Kilimo (Politics is Agriculture) declared by Mwalimu Nyerere in 1972 in Iringa to mark the nation's dedication to agriculture as the central pillar of economic growth. Within the same context, Kilimo cha Kufa na Kupona ('Do or Die' Agriculture) was introduced in 1983 in Moshi. And hardy a year after, Kilimo cha Umwagiliaji (Irrigation in Agriculture) was announced in 1984 (Limbu 1995:2). A number of the initiatives implemented in the mid 1970s were basically government's attempts to address the effects of long droughts experienced in 1973-74.

Yet, while the previous government policy initiatives were responding to natural and man made calamities (Limbu 1995), recent policies are strongly influenced by global processes that aim to shift agriculture towards an industrial scale, responding to global market demands. For instance, in 2009, at the time the demand for land for biofuels production, tourism and forest plantation heightened, the Kilimo Kwanza initiative was launched by the Tanzania National Business Council[36] (TNBC) in Dar Es Salaam. This is uncommon in a country in which most of its policies are formulated by the ruling party's central committee or the cabinet. The overarching objective of Kilimo Kwanza is to transform agriculture through enhanced productivity. KK's architects claim that poverty remains the nation's greatest challenge while nation's endowments such as agricultural land, livestock and marine resources are underutilized (URT 2009).

[36] - TNBC (Tanzania National Business Council) is an institution established under the Presidential Circular No. 1 of 2001 to provide forum for public and private sector dialogue for change – and since its formation – the Kilimo Kwanza Initiative has enjoyed Presidential support with close monitoring from the office of the Prime Minister.

Table 1: Selected Tanzania's agricultural sector policies and initiatives from 1972-2017

Year	Policy/Initiative	Author	Coordinator	Finance	Main focus
1972	Siasa ni Kilimo (Politics is Agriculture)	Ministry of Agriculture (MoA)	MoA	Government of Tanzania (GoT)	Smallholder
1983	Kilimo cha Kufa na Kupona ('Do or Die' Agriculture)	MoA	MoA	GoT	Smallholder
1984	Kilimo cha Umwagiliaji (Irrigation in Agriculture)	MoA	MoA	GoT, World Bank	Irrigation
2006-13	Agricultural Sector Development Programme	Ministry of Agriculture, Food Security and Cooporatives (MAFSC)	MAFSC	GoT, donor basket fund	Smallholder production, irrigation
2009	Kilimo Kwanza (Agriculture First)	TNBC	PMO-RALG*	GoT, donors, private sector	Commercial agriculture

2010	South Agriculture Growth Corridor (SAGCOT)	MAFSC	SAGCOT Center	GoT, donors (G8), private sector	Commercial agriculture, smallholder
2012-17	Tanzania Agriculture & Food Security Investment Plan	CAADP*/MAFSC	MAFSC	GoT, donors, private sector, philanthro-capitalists	Smallholder production, Food security
2012	Big Results Now	Presidential Delivery Bureau	Presidential Delivery Bureau	GoT, Donors, Private Sector	Commercial agriculture, smallholder
2013	National Agriculture Policy	MAFSC	MAFSC	GoT, donors	Green Revolution

Sources: Limbu 1995; TNBC[37] 2009 and Cooksey 2013.
*PMO-RALG means the Prime Minister Office Regional and Local Government and CAADP stands for Comprehensive Africa Agriculture Development Programme.

Unlike the past initiatives, which have always focused on smallholder farmers, KK aims to mobilize private sector investments in agriculture (Cooksey 2012, 2013). In a rare move of implementing KK, in 2010, the government of Tanzania showcased the launch of Southern

[37] - TNBC (2009), *Ten Pillars of Kilimo Kwanza*, "Tanzania On-Line", Dar es Salaam,: / http://www.tzonline.org/pdf/tenpillarsofkilimokwanza.pdf (accessed 25 September 2015).

Agricultural Growth Corridor of Tanzania (SAGCOT) at the World Economic Forum Africa Summit in Dar Es Salaam. The multibillion-dollar project is part of the agricultural development corridors first coined and promoted by Yara-a Norwegian Fertilizer Company. The company first presented its idea at the United Nation General Assembly in 2008 and later at the World Economic Forum (WEF) in 2009 in Switzerland (Paul, Steinbrecher 2013; Laltaika 2015). Since then, the project has gained widespread support from the UN food, agriculture and development agencies, donor countries, financial institutions such as the World Bank and private sector dominated by the fertilizer and seed companies. SAGCOT aims to produce "inclusive, commercially successful agribusinesses that will benefit the region's small-scale farmers, and in so doing, improve food security, reduce rural poverty and ensure environmental sustainability".[38] The government insists on mobilizing all partners and resources towards SAGCOT. It is estimated that by "2030, SAGCOT partners seek to bring 350,000 hectares of land into profitable production, transition 100,000 small-scale farmers into commercial farming, create 420,000 new employment opportunities, lift 2 million people out of poverty, and generate 1,2 billion dollars in annual farming revenue".[39]

In 2012, the government of Tanzania (GoT) together with then G8 leaders agreed to implement the New Alliance for Food Security and Nutrition initiative (New Alliance). Established by the Heads of G8 in collaboration with the Heads of the six African states and governments in Camp David, May 2012, the initiative aims to foster private sector and development partners' investment in African agriculture and lift 50 million people out of poverty by 2022 (G8 2012). By 2015, four more African countries had already joined the initiative making a total of ten African countries implementing New Alliance frameworks in their respective countries. These

[38] - For more details about SAGCOT, its partners and project plans: *Southern Agricultural Growth Corridor of Tanzania,* "SAGCOT": http://www.sagcot.com/.

[39] - ERM, *Southern Agricultural Growth Corridor of Tanzania (SAGCOT) Strategic Regional Environmental and Social Assessment, Interim Report*, prepared for the Government of Tanzania, July 2012: http://www.sagcot.com/uploads/media/Interim_Report_-_SAGCOT_SRESA_Final_12_02.pdf (accessed 12 May 2014).

countries have agreed to implement New Alliance cooperation frameworks with specific commitments for each country to alter the policy environment and to facilitate the development of infrastructure – roads, irrigation schemes and markets to provide an attractive environment for private sector investments in the agricultural sector.

The New Alliance, which is built on public-private partnerships (PPPs) with funding commitments from G8 (now G7) governments, requires policy concessions and land reforms implemented by African host countries. In Tanzania, the implementation of New Alliance is aligned to both the CAADP and SAGCOT. CAADP, the first ever-African declaration passed by the Heads of African states and governments in Maputo in 2003, is the Africa's policy framework for agricultural transformation, wealth creation, food security and nutrition, economic growth and prosperity for all.

Currently, as part of the implementation of CAADP, SAGCOT and the New Alliance the government of Tanzania is addressing a number of commitments stipulated in the cooperation frameworks, which include: secure certificate of land rights (granted or customary) for smallholders and investors and ensure that "all village land in Kilombero [are] demarcated [by] August 2012; all village land in SAGCOT region demarcated [by] June 2014 [and] 20% of villages in SAGCOT complete land use plans and issued certificate of occupancy [by] June 2014 and additional 20% by June 2016".[40]

Although, not much of the land demarcations have taken place so far, it is important to take note of various initiatives underway. Some of these include the land tenure support programme (LTSP) funded by the Department for International Development (DFID), the Swedish International Development Cooperation Agency (SIDA) and the Danish International

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[40] - From the field research, there is little progress about the implementation of these targets (see also Sulle 2015; Dancer, Sulle 2015). The Tanzanian government commitments to New Alliance cooperation framework is available at: *Annex 1: Government Policy Commitments 2013*, "GOV.UK", 2013. Citation from pp. 22-23 of the same document: https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/271404/Gov-policy-comm.pdf (accessed 23 september 2015).

Development Agency (DANIDA) jointly implemented by the Ministry of Land, Housing and Human Settlement Development (MLHHSD). The programme covers three districts within SAGCOT area including Kilombero.[41]

In addition, the United States Agency for International Development (USAID) is also implementing the Land Tenure Assistance Activity in Iringa and Mbeya districts to map and document land rights. In addition, a number of civil society organizations are facilitating limited land use planning and the issuance CCRO. Almost all these land formalisation projects, apart from those of the CSOs, are largely targeting the areas in which the government has rolled out large-scale agricultural initiatives. Indeed, the Land Transparency Initiative, launched a year after New Alliance agreements were signed, categorically promotes speedy issuance of land titling "underpinned by surveying and mapping to support the participatory land use planning process and identify land for investment".[42] This type of land tenure security promoted under the agricultural commercialisation initiatives, as illustrated above is likely to favour large-scale investments at the expense of small-scale producers, and opens room for local elites and multinational corporations (MNCs) to accumulate land.

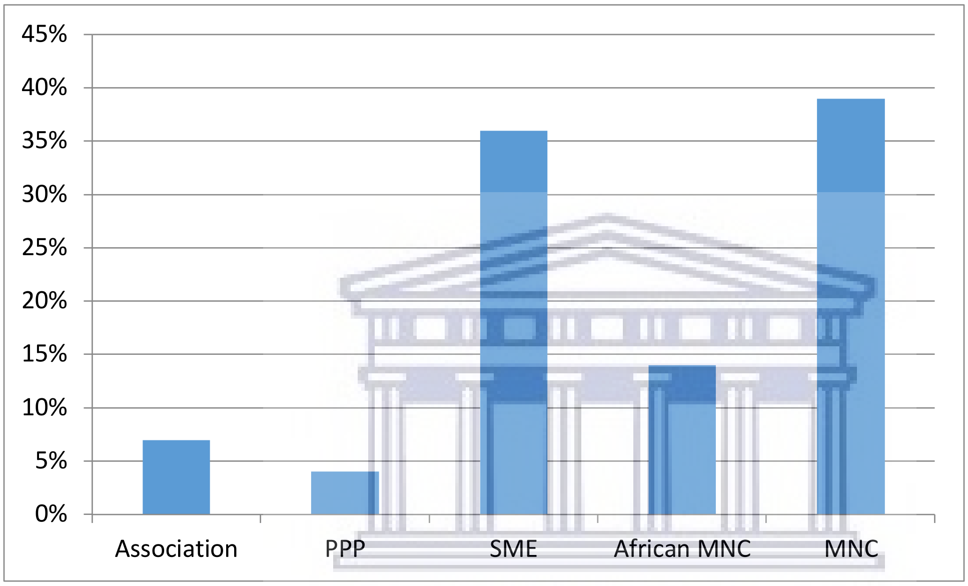
It is also unclear how the PPP model promoted under these initiatives would benefit small-scale producers. By the end of 2012, for instance, the large numbers of investors that have indicated interest in investing in African agriculture are large MNCs which form 39% of the total companies investing in Africa such as Unilever, Yara International, and Monsanto rather than small African enterprises (see figure 1). A recent Oxfam report questions the viability of PPPs promoted in Africa, arguing that they remain "unproven and risky" and are likely to benefit the

[41] - British High Commission Dar es Salaam, *DFID supports Tanzania Land Tenure Support Programme (LTSP)*, "GOV.UK", 24 February 2016 (accessed 20 May 2016): https://www.gov.uk/government/world-location-news/dfid-supports-tanzania-land-tenure-support-programme-ltsp.

[42] - G8, *Tanzania Land Transparency Partnership,* 15 June 2013, p. 8: http://xa.yimg.com/kq/groups/20674633/197938021/name/Tanzania+Land+Transparency+Partnership+Final+clean.docx (accessed 23 September 2015).

already "privileged groups" while leaving "the most vulnerable" to shoulder the risks (Oxfam 2014: 1). It thus recommends the use of existing successful methods in which the donor money and public investment have a greater chance to reach those in need, including direct investment in small-scale producers and women (Oxfam 2014).

Figure 1: Classification based on company size



Source: One.[43]

Amidst the implementation of KK, SAGCOT, CAADP and the New Alliance the Tanzanian government launched the Big Results Now (BRN) initiative. BRN is the result of the President Kikwete's visit to Malaysia in June 2011 where he was introduced to the Malaysian Transformation Programme – Big Fast Results (BFR) launched in 2009. Malaysia adopted BFR to transform its economy towards a high-income country by 2020. Inspired by the success of this initiative, President Kikwete and his cabinet launched the lab process in February 2013,

[43] - *New Alliance for Food Security and Nutrition: Part 1*, "One", 10 December 2012: http://www.one.org/us/policy/policy-brief-on-the-new-alliance/ (accessed 27 May 2013).

with six priority areas: agriculture; education; energy; transportation; water and resource mobilization approved at the highest level Cabinet Retreat. BRN objective aims to transform the country from less income economy to a middle income economy by 2025, meeting the National Development Vision 2025 (URT 2013).

Unlike the previous investments in agriculture, which focused on smallholder farmers, the current government's efforts under BRN target medium and large-scale farming. BRN focuses on three priority crops: maize, rice and sugarcane whereby 2015, the target is to have 25 commercial farming deals for paddy and sugarcane; 78 collective rice irrigation and marketing schemes and 275 collective warehouse-based marketing schemes (URT 2013). Within BRN plans and those of the initiatives discussed above, the inclusion of small-scale farmers is often through outgrowers schemes without much detail. Yet, the empirical research shows that outgrowers schemes have a lot of challenges ranging from growing mistrust between outgrowers and the companies they are operating with to poor regulatory and institutional frameworks (Massimba *et al.* 2013; Smalley *et al.* 2014; Sulle, Smalley 2015).

To-date, however, despite the high level of engagement and funding allocated to SAGCOT and BRN implementation, there is little achievement in terms of land transfered to investors. This is because the government is still reconciling land-based conflicts pitting communities against investor(s) and or communities against the government in some areas earmarked for BRN projects.[44] One of the most contested BRN projects – is the Bagamoyo EcoEnergy (BEE) which aims to develop sugarcane estates and an outgrowers' scheme. BEE got into land problems because it bought the properties of the former Swedish Company (SEKAB) which acquired land

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[44] - URT, *Hotuba ya Waziri wa Kilimo Mifugo na Uvuvi Mheshimiwa Mwigulu Lameck Nchemba Madelu (MB) Kuhusu Makadirio ya Matumizi ya Fedha ya Wizara ya Kilimo Mifugo na Uvuvi kwa Mwaka 2016/17* (The Minister for Agriculture, Livestock and Fisheries Budget Speech 2016/17), "The URT Ministry of Agriculture Livestock and Fisheries", n.a.: http://kilimo.go.tz/speeches/budget%20speeches/Hotuba%20ya%20Bajeti%202016-17.pdf (accessed 19 May 2016).

in Bagamoyo since 2009. Since then, and despite the push from the government and project funders, this project could not materialize. The main reasons include local communities' resistance to proposed involuntary resettlement to pave the land large-scale farming and outgrowing scheme as well as unclear and poor compensation offers (Chung 2015; ActionAid 2015).

The implications of agricultural commercialization to vulnerable groups

In Tanzania the agriculture sector supports the livelihoods of over 80% of the population and employs over 75% of the workforce (URT 2013). To-date about 90% of agricultural production is done by the small-scale farmers, hence driving its growth in the country.[45] Using the Tanzanian experience, Andrew Coulson demonstrates that "small farms can, in appropriate circumstances, compete with or outperform large [farms]" (Coulson 2015: 65). He further argues that small-scale farmers in Tanzania are likely to dominate the agricultural sector for the next twenty years (ibid.). Based on these facts, priority and high impact investment agriculture should target small-scale farmers by providing them with public goods and services they need most. These include access to knowledge, access to inputs and access to credit among others

An investment that displaces rural people and turns them into wage or temporary laborers does not meet development goals. Assessing the impacts of large-scale farming using the Word Bank's own data, Li (2011) concludes that the employment created in such large-scale investment is far less than the number of people displaced. Yet, the evidence shows that the current Tanzanian government focuses its attention on agricultural investments, which involves the acquisition of land rights through long-term leases or concessions instead of adopting

[45] - Pinto Y., C. Poulton, T. Frankenberger, O. Ajayi, J. Finighan*, African Agriculture: Drivers of Success for CAADP Implementation, Synthesis Report*, "Firetail", March 2014: http://www.firetail.co.uk/reports/Drivers%20of%20Success%20Synthesis%20Report.pdf (accessed 20 September 2015).

alternative models, which engage more of the existing producers without displacing them (Vermeulen, Cotula 2010).

Therefore, without changing their current framings of KK, SAGCOT, the New Alliance and BRN are likely to displace the majority of the local producers and do more harm to marginalized groups such as pastoralists and women. In turn, this displacement would cause more land-based conflicts between investors and communities and among pastoralists and farmers as documented in other studies (Mwamfupe 2015).[46] The Executive Director of the national network of small-holder farmers in Tanzania, commonly known as Mtandao wa Vikundi vya Wakulima Tanzania (MVIWATA) aptly put it**:** ***"Frankly speaking, most initiatives like the SAGCOT, target large-scale farmers and probably profit-oriented foreign companies operating in the country. Smallholder farmers are always losers in most government initiatives".***[47] The worries about the negative impacts of grand schemes like SAGCOT in Tanzania is at least not new. A number of grand agricultural schemes initiated by then colonial government or independent Tanzania such as the groundnut scheme in central Tanzania, rice, cotton, and livestock/cattle schemes have either failed or never met their targets (Scott 1998; Coulson 1982, 2015). The core cause of these failures includes imposition of untested crops and technologies, and poor understanding of local contexts by project planners (Scott 1998).

Despite the growing interest in large-scale farming in Africa and particularly in Tanzania the grounds are not smooth for its success. As Andrew Coulson (2013) writes: "the large-scale farms have yet to prove themselves - and those who advocate them should remember that water

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46 - See also C. Chachage, *Land Acquisition and Accumulation in Tanzania: The Case of Morogoro, Iringa and Pwani Regions*, "International Land Coalition: Commercial Pressures on Land", n.a.: http://www.commercialpressuresonland.org/research-papers/land-acquisition-and-accumulation-tanzania (accessed 25 September 2015).

47 - MVIWATA Executive Director Mr. Steven Ruvuga as quoted in the in the Business Week. *Tanzania: Smallholder Farmers Lose in Most Govt Programmes,* "Farmlandgrab.org", 7 August 2013: http://farmlandgrab.org/post/view/22401-tanzania-smallholder-farmers-lose-in-most-govt-programmes.

resources are often less than anticipated, rains unreliable, the soils easily exhaustible…" (Coulson 2013: 18). A good illustration of this point is the wheat project in Basotu jointly established by the government of Tanzania and the Canadian Development Agency (CIDA). The project had all the resources – finances and expertise it required from Canada (Coulson 1982, 2013), but it failed, and more importantly led to the living legacy of Barabaig pastoralists' eviction. Some of the displaced communities currently live in Morogoro and Pwani regions – the areas overwhelmed by land-based conflicts. More recently, large biofuel investment projects implemented in mid 2000s, most of which have either stagnated or failed all together, leaving nearly 50,000 ha of transacted village lands undeveloped since 2006 (Sulle, Nelson 2013). Indeed, the current farming models promoted by the government, donor agencies and private sector radically shift the direction of agrarian change towards large-scale agriculture. This is particularly driven by the global capital interested in the use of capital-intensive production systems, which will drastically displace local farmers for the capital to be able to produce at scale for global markets (Sulle, Hall 2013). The SAGCOT implementation plans to introduce new settlement schemes to allow for the establishment of nucleus estates. As Michael Burges argues, the current SAGCOT project "represents an expansion of the corporate food regime in the country". (Bergius 2014: vii). The BRN plans of prioritizing three priority crops: maize, rice and sugarcane further ignore the existing grassroots communities' priority crops, production patterns that including intercropping, crop rotation and pastoralism as a mode of livelihood.

Land rights and tenure security

Land grabs (in the sense of large-scale land acquisitions with negative consequences for local people) are happening in Africa mainly because of the states' failure to recognize the customary tenure rights of the majority of the poor communities (Peters 2013). Although the protection of customary rights is provided in many states' laws, there has been a weak recognition of customary and communal land rights during the implementation of most of the large-scale land acquisitions in many places in Sub-Saharan African states (Alden Wily 2011; Borras *et al.* 2010). Rights to access, control and own land is paramount, and it is an essential asset for many rural communities. The infringement of these rights systematically affects their rights to other resources attached to land: water, forests, and wildlife to mention a few. Forest is the lifeline of rural communities. The conservative estimation by the World Bank (2008) shows the contribution of forests at 75% of building materials, 95% of household energy supply, and 100% of traditional medicines used by local people in rural Africa (see also Sulle and Nelson 2009).

The Constitution of United Republic of Tanzania emphasizes the importance of land and other natural resources by imposing an obligation to each citizen to protect these natural resources.[48] Both the National Development Vision 2025 and National Poverty Reduction Strategy (commonly known as 'MKUKUTA') identify land as a strategic asset for the development of the country. Indeed, since 1977 the Tanzania Founding Father said: "Because the economy of Tanzania depends and will continue to depend on agriculture and animal husbandry, Tanzania can live well without depending on help from outside if they use their land properly. Land is the basis of human life and all Tanzanians should use it as a valuable investment for future development" (Nyerere 1977: 7). It was 'Mwalimu' Julius Nyerere's vision that land in Tanzania should remain the property of all Tanzanians and for their own benefit. While Nyerere's stand on some land-based investments remains controversial, his vision on land management and ownership has helped Tanzanians live in a country with little land related conflicts[49] especially during his leadership. Practically, any sale or transfer of communal or village land in rural areas has a devastating impact to that particular community or village that is used to hold such piece of land. Nonetheless, land as a resource is still undervalued by both the government agencies and the business community around the world (Alden Wily, 2011).

The implementation of KK, SAGCOT, the New Alliance and BRN put at risk the access, control and ownership of land of majority of the rural communities. This is because the government in partnership with donor agencies, focuses on securing land for agricultural investments through land use planning and issuance of individual land titles – mostly the Certificate of Communal

[48] - Article 27 The Constitution of United Republic of Tanzania 1977 was amended from time to time.

[49] - N. Kamata, *Mwalimu Nyerere's Ideas on Land*, "Pambazuka News", 13 October 2009: http://pambazuka.org/en/category/features/59506 (accessed 9 June 2013).

Rights of Ownership (CCROs)[50] held under customary tenure of occupancy. Although, the *Village Land Act* of 1999 explicitly recognizes the customary ownership of land, these unregistered customary rights of occupancy are considered informal and unacceptable in a commercial sense (Mkapa 2013). This was the basis on which then President Benjamin Mkapa vigorously advocated for his neo-liberal policy initiatives, including the formalization of informal rights, including land and other businesses as suggested by De Sotos in his

infamous book *The Mystery of Capital* (2000).

President Mkapa then launched an ambitious Property and Business Formalisation Programme (Mpango wa Kurasimisha Rasilimali na Biashara za Wanyonge Tanzania - MKURABITA) in 2004, targeting to bring land and business assets existing in the informal economy into the legal and formal economy (URT 2010). Implementers and mobilizers of this programme claim that the poor would use their land titles as a collateral to earn credit (Sundet 2006). This, however, contradicts the well-documented evidence from across Africa, and particularly in Kenya, that individual titling does not achieve its goals of securing tenure, but, rather accentuates inequalities among rural communities, with particular negative impacts on women (Ensminger 1997). A recent and probably the only systematic review of land tenure security concludes that the secure tenure is not by itself a sufficient condition for the improvement of farmers' incomes rather the 'context' is what 'matters' (Lawry *et al.* 2014: 6). Unlike Latin America where governments have invested heavily in the provision of public goods and services (e.g. agricultural infrastructure) necessary to increase both efficiency of agricultural productivity, in Africa there is zero success of land titling. This is because, as Pauline Peters argues, the whole land titling in Africa is based on "old rationale of instituting private and individual titling" (see Peters in this issue). Indeed, even the basic argument used to advocate for land titling –that the

[50] - CCRO refers to the individual title issued issued either in the name of the husband or the both husband and wife or with the names of all members of the household. CCRO can also be offered to a community for a communal land like grazing area. Under the *Village Land Act* of 1999, a village must hold a village land certificate before any individual villager can apply for a CCRO.

poor farmers would use the CCROs to access farming credit is yet to materialize because banks in Tanzania do not accept them (Stein *et al.* 2016).[51]

Escalated land-based conflicts

Currently, the rate of deadly clashes between pastoralists and farmers is on the rise particularly in areas earmarked for large-scale estates under SAGCOT and BRN. It important to note that both farmers and pastoralists groups are struggling against each other in order to safeguard their access to use, control and own land. Yet, there is growing tendency among the government officials who ignore pastoralists claims to land particularly when they have plans to evict them to pave land for agriculture or conservation purposes (Mung'ong'o, Mwamfupe 2003; Mwanfupe 2015). The current persistent conflicts and further empirical evidence negate the commonly held view that there is plety of land in the country. However, the fact is that these groups of farmers are mostly competing over the same prime land that the government is planning to allocate to large-scale investors, particularly, in SAGCOT region.

Conclusions

This paper has shown that the current 'alliance' formed by local elites and expanding multinational corporations in agriculture in Tanzania and elsewhere is facilitating large-scale land grabbing. Indeed, as it was during the Structural Adjustment Programmes in Africa, the wealthier countries have once again framed the solution for Africa's problems: poverty, hunger and nutrition, and this time, these problems are to be addressed through public-private partnership in agriculture instead of direct aid to poor countries. In order to secure this new framing, African governments have committed themselves to prepare concessions of large-scale

[51] - In one of my interviews with the loans' manager at the local bank in Tanzania, he stressed that CCROs are yet to be accepted by the local banks, but it is one step towards the realization of land use as a collateral by the poor farmers. (Interview, Loan Manager, Ruaha, September 2015)

land deals for large-scale investors to partner with small-scale farmers, often without much detail on smallholder farmer engagement.

Left unchecked, current initiatives promoted by the government, donor agencies and the private sector under the agricultural transformation agenda largely shift the direction of agrarian change towards large-scale agriculture. This is driven by the global capital interested in the use of capital-intensive production systems, which will drastically displace local farmers for the capital to be able to produce at scale for global markets. Within these processes, the national and local elites are likely to benefit through lease concessions and their direct accumulation of resources, as it is already happening in Tanzania and elsewhere in Africa. In Malawi, for example, the Great Belt Initiative, which has a similar orientation to SAGCOT, has escalated land-based conflicts between rural communities who had to stand firm against the perpetuated land grabs by the local elites who advanced their interests through lease arrangements with multinational corporations (Chinsinga, Chasukwa 2012). These commercialisation initiatives will push the country further into plantations producing cheap exports. Instead, agricultural investments providing support to small-scale producers for local consumption, and high quality processed export products would not only add value to the local economy, but further strengthen social and political cohesion among the rural communities.

Research clearly indicates that in Tanzania small-scale farmers drive agricultural growth. Their displacement by large-scale farming is unprecedented. Small-scale farming in Tanzania will remain critical for Tanzania's development and can perform well with the right support, even in non-traditional crops for smallholders such as sugarcane which is considered a capital intensive crop (Sulle forthcoming). To achieve this, the government needs to facilitate more inclusive policy-making processes and the design of land-based investment models that are pro small-scale producers, while safeguarding their access to land, control and ownership of customary land. Some of the possible models may include hybrid ones – such as the partnership between outgrowers and processors. These arrangements, however, have no blueprint. These are business arrangements that need to be structured in such a way that they are flexible to allow necessary periodic amendment, they are enforceable by law, and they are context and crop specific.

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The privatisation of formerly state-owned sugar cane estates and mills in the late 1990s led to the reconfiguration of the ownership structure and production of the Tanzanian sugar industry. This included the decentralisation of sugar production operations to outgrowers and their associations. Based on an investigation of sugar cane outgrowers of the Kilombero Sugar Company, this article explores the outcomes of this transformation and the dynamics of social differentiation, and the ways in which this is shaped by Tanzania's institutional and legal framework governing the sugar industry. While increased sugar cane production has created jobs and income for some outgrower households, it has also been associated with several adverse impacts. Large-scale outgrowers have rapidly captured the most lucrative business opportunities and the land they require, marginalising smaller outgrowers. This is further exacerbated by heightened competition among farmers and patronage relations affecting the distribution of harvest quotas and cheap sugar imports. The outgrower model is central to national development initiatives such as the Southern Agriculture Growth Corridor of Tanzania and 'Big Results Now'. Despite the grand ambitions of large-scale agricultural commercialisation, who wins and who loses out depends more on the local political economy,

where the sugar industry, local business, political elites and local communities compete for the benefits of expanded sugar production.

Introduction

Outgrowing is a type of contract farming[52] with a long and complex history in Africa, but has recently emerged at the centre of global debates about agricultural commercialisation. Contract farming, it is argued, provides an opportunity for the rural poor to participate in production in commercial value chains and access markets for their produce.[53] Contract farming is widely used by agribusiness companies to produce exports of high-value crops such as sugar cane, coffee, tea, and tobacco.[54] However, there is now a substantial body of literature showing how farmers who participate in these types of arrangement only realise limited benefits, and in some cases are adversely affected.[55] Even scholars and development agencies that support contract farming as an alternative to large-scale land acquisition by agribusinesses argue that contract

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[52] Contract farming is defined as ‘an agreement between farmers and processing and/or marketing firms regarding the production and supply of agricultural products under forward agreements, frequently at predetermined prices’ (C. Eaton and A.W. Shepherd, ‘Contract Farming: Partnerships for Growth’, *FAO Agricultural Services Bulletin* 145 (Rome, FAO, 2001) p. 2. Carlos Oya provides an up-to-date analysis of contract farming in Africa: C. Oya, ‘Contract Farming in Sub-Saharan Africa: A Survey of Approaches, Debates and Issues’, *Journal of Agrarian Change*, 12, 1 (January 2012) pp. 1–33. This article thus does not discuss any variety of contract farming, as it focuses on the specific case of Kilombero.

[53] S. Kay, ‘Positive Investment Alternatives to Large-Scale Acquisitions or Leases’ (Transnational Institute, 2012), available at https://www.tni.org/files/download/positive_investment_alternatives32ppwithoutbleed.pdf, retrieved 12 March 2015; Food and Agriculture Organization of the United Nations (FAO), *Analysis of Incentives and Disincentives for Sugar in the United Republic of Tanzania: Monitoring African Food and Agricultural Policies* (Rome, FAO, 2012).

[54] N. Tuan, ‘Contract Farming and its Impact on Income and Livelihoods for Small-Scale Farmers: Case Study in Vietnam, *Journal of Agribusiness and Rural Development*, 4, 26 (2012), pp. 147–66

[55] D. Glover, D. and K. Kusterer, *Small Farmers, Big Business: Contract Farming and Rural Development* (New York, St. Martin’s Press, 1990); S. Singh, ‘Multinational Corporation and Agricultural Development: A Study of Contract Framing in the Indian Punjab’, *Journal of International Development,* 14, 2 (2002), pp. 181–94; P. Little, ‘Contract Farming and the Development Question’, in P. Little, and M. Watts (eds), *Living Under Contract* (Madison, University of Wisconsin Press, 1994); R. Smalley, E. Sulle and L. Malale, ‘The Role of the State and Foreign Capital in Agricultural Commercialisation: The Case of Sugarcane Outgrowers in Kilombero District, Tanzania’, *Future Agricultures Consortium Working Paper* no. 106 (Brighton, UK, Future Agricultures Consortium, 2014); S. Ouma, ‘Creating and Maintaining Global Connections: Agro-Business and the Precarious Making of Fresh-Cut Markets’, *Journal of Development Studies* 48, 3 (April 2012), 322–34.

farming can only benefit the rural poor in developing countries if an adequate governance and legal framework is in place.[56]

Amidst these debates, the types of contract farming practised in Africa today have largely been shaped by the private sector.[57] For instance, Tanzania's implementation of structural adjustment programmes in the 1980s and 1990s led to the privatisation of the formerly state-owned sugar cane estates and mills between 1998 and 2001.[58] This involved the reconfiguration of the production and ownership structure of the sugar industry. Major changes include the expansion of outgrowers' production to increase the area under cane; devolution to outgrowers' associations of services such as cane cutting, loading and transportation; and generating opportunities for (mostly seasonal migrant) workers and local businesses.

Kilombero Sugar Company Ltd (KSCL), the largest sugar company in Tanzania, contributing about 45 per cent of the total sugar produced in the country, illustrates these changes clearly.[59] KSCL was established in 1961 as a joint venture financed by the International Finance Corporation, the Commonwealth Development Corporation, Standard Bank and two Dutch development finance agencies. It was nationalised after the implementation of the Arusha Declaration in 1967, and was the first company to be privatised in 1998. KSCL's expansion strategy, which includes an outgrowers' scheme, has been supported by the government of Tanzania, donor agencies, and both local and international financial institutions.[60]

[56] W. Anseeuw, L. Alden Wily, L. Cotula, and M. Taylor, *Land Rights and the Rush for Land: Findings of the Global Commercial Pressures on Land Research Project* (Rome, International Land Coalition, 2012); M. Prowse, 'Contract Farming in Developing Countries: A Review', *À Savoir* no. 12 (Paris, Agence Française de Développement, 2012); FAO, *Trends and Impacts of Foreign Investment in Developing Country Agriculture: Evidence from Case Studies* (Rome, FAO, 2013).
[57] Oya, 'Contract Farming in Sub-Saharan Africa.
[58] FAO, *Analysis of Incentives and Disincentives*, 2012; J. Massimba, C. Malaki and B. Waized, 'Consultancy Services for Collecting Policy Based Evidence for Enhancing Sugar Industry Regulatory Framework of Tanzania', (unpublished report, Morogoro, SUGECO, 2013).
[59] Illovo Sugar Ltd, *Tanzania Socio-Economic Impact Assessment: Internal Management Report* (Durban, Illovo, 2014). Available at https://www.illovosugar.co.za/UserContent/Documents/Illovo-Tanzania-Socio-Economic-Impact-Assessment-12May14.pdf, retrieved 30 May 2016.
[60] E. Sulle and R. Smalley, 'The State and Foreign Capital in Agricultural Commercialization in Tanzania: The Case of Kilombero Sugar Company', in R. Hall, I. Scoones and D. Tsikata (eds), *Africa's Land Rush: Implications for Rural Livelihoods and Agrarian Change* (Oxford, James Currey, 2015) pp. 114–31.

Outgrowing is seen as part of a generation of inclusive business models[61] that combine the advantages of large-scale farming with opportunities for smallholder farmers, and are often promoted as an alternative to a more conventional business approach, which is often associated with 'land grabbing' in Africa.[62] However, as Vermeulen and Cotula further observe, contract farming needs to be scrutinised on its 'specific terms' because it can either improve smallholders' access to markets or extend exploitative relationships in which smallholders carry a disproportionate share of production and market risks. While outgrowing needs to be studied on a case-by-case basis, a focus needs to be on the impacts of class dynamics and social differentiation on outgrowers. This is because the terms of inclusion of outgrowers in large-scale agriculture such as sugar-growing schemes are uneven, and are affected by a range of factors.

This article examines these dynamics in Kilombero, asking who the winners and losers are, and why. It explores social differentiation and how it is shaped by the existing institutional and legal framework governing the sugar industry, foreign capital investments and actual practices on the ground. The article draws on extensive field research conducted between 2010 and 2014.[63] Interviews were conducted between July 2013 and September 2014 with 64 respondents from KSCL, government institutions, outgrowers and leaders of outgrower associations.

The next section describes the current large-scale agricultural commercialisation initiatives in which sugar cane is being promoted. This is followed by a brief historical overview

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[61] Vorley *et al*. (2008, p. 2) define inclusive business models as 'those which do not leave behind small-scale farmers and in which the voices and needs of those actors in rural areas in developing countries are recognised.' B. Vorley, M. Lundy and J. MacGregor, 'Business Models that are Inclusive for Small Farmers', paper prepared for FAO and UNIDO as background to the Global Agro-Industries Forum, New Delhi, 8–11 April (Rome, FAO/UNIDO, 2008).
[62] S. Vermeulen and L. Cotula, *Making the Most of Agricultural Investments: A Survey of Business Models that Provide Opportunities For Smallholders* (Rome and London, FAO and IIED, 2010), p. 6.
[63] E. Sulle, 'A Hybrid Business Model: The Case of Sugarcane Producers in Tanzania', in L. Cotula and R. Leonard (eds), *Alternatives to Land Acquisitions: Agricultural Investment and Collaborative Business Models* (London, UK, International Institute for Environment and Development, 2010), pp. 71–80; Smalley, Sulle and Malale, 'The Role of the State and Foreign Capital in Agricultural Commercialisation'.

of the Tanzanian sugar industry, its current state, and a synopsis of the institutional and legal framework that governs the sugar industry. The case of KSCL is then discussed and analysed. This is followed by an analysis of the social differentiation of outgrowers and how these communities have been affected by planned large-scale initiatives. In conclusion, the article examines the factors that affect how smallholders are incorporated into large-scale sugar production schemes, and with what results.

Sugar Cane: A Central Crop under Large-Scale Initiatives

Currently, sugar occupies centre stage in Tanzania's national political economy. It is among the three priority crops under 'Big Results Now' (BRN), the presidential initiative modelled on Malaysia's Big Fast Results programme. The BRN programme aims to transform the country into a middle-income economy by 2025 through investments in six key sectors, of which agriculture is one.[64] Contrary to previous investments in agriculture, which focused on smallholder farmers, BRN aims to attract private sector investment in medium- and large-scale agriculture, notably maize, rice and sugar cane. The government aims to conclude 25 commercial farming deals for paddy and sugar cane by 2015 as part of BRN plans.[65] According to the Ministry of Agriculture, Food Security and Cooperatives, sugar cane is prioritised in order to fill the persistent domestic sugar deficit of 300,000 tonnes per year and to export surplus into regional and global markets.[66] The rationale for the prioritisation by the Tanzanian government of sugar cane as one of three cash crops is not entirely clear. Sugar production is frequently subsidised in major sugar-producing countries, leading to overproduction and dumping of cheap

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[64] United Republic of Tanzania (URT), *Tanzania Development, Vision 2025, Big Results Now: National Key Result Area: Agriculture Lab* (Dar es Salaam, United Republic of Tanzania, 2013).
[65] *Ibid.*
[66] URT, 'SAGCOT [Southern Agriculture Growth Corridor of Tanzania] Investment Partnership Programme: Opportunities for Investors in the Sugar Sector' (Dar es Salaam, Ministry of Agriculture, Food Security and Cooperatives, 2012), available at http://www.sagcot.com/uploads/media/Tanzania_SAGCOT_-_Sugar_Investor_Presentation.pdf, retrieved 1 January 2016.

sugar onto the world market.[67] This situation disproportionally affects smaller sugar-producing countries like Tanzania. However, despite this, the government argues in favour of ensuring a reliable and secure supply of (domestically produced) high-quality sugar, and job creation in the country.[68]

Alongside BRN is another national development initiative, the Southern Agriculture Growth Corridor of Tanzania (SAGCOT), which is a multi-billion-dollar initiative to commercialise farming across a large swathe of central to southern Tanzania, with the support of bilateral agencies, international financial institutions and private agribusiness corporations. SAGCOT is being supported by the G8 as part of its New Alliance for Food Security and Nutrition, and aims by 2030 'to bring 350,000 hectares of land into profitable production, transition 100,000 small-scale farmers into commercial farming, create 420,000 new employment opportunities, lift two million people out of poverty, and generate $1.2 billion in annual farming revenue'.[69] So far, the Tanzania Investment Centre has put up for auction large areas of up to 63,000 hectares (ha),[70] and 20 more sugar cane estates and mills are to be established through public–private investment. This will include nucleus estates alongside small and medium-scale farmers supplying sugar cane as outgrowers.[71] Outgrowing of sugar by smallholders is central to all these plans.

[67] Oxfam International, 'Dumping on the World: How EU Sugar Policies Hurt Poor Countries', *Oxfam Briefing Paper* No. 61 (Washington, DC, Oxfam International, 2004), available at https://www.oxfam.org/sites/www.oxfam.org/files/bp61_sugar_dumping_0.pdf, retrieved 20 December 2015.
[68] URT, 'SAGCOT Investment Partnership Programme: Opportunities for Investors in the Sugar Sector'.
[69] Environmental Resources Management (ERM), 'Southern Agricultural Growth Corridor of Tanzania (SAGCOT) Strategic Regional Environmental and Social Assessment: Interim Report', prepared for the government of Tanzania (London, ERM, 2012), available at http://www.sagcot.com/uploads/media/Interim_Report_-_SAGCOT_SRESA_Final_12_02.pdf, retrieved 12 May 2014.
[70] URT, 'SAGCOT Investment Partnership Programme: Opportunities for Investors in the Sugar Sector'.
[71] *Ibid*.

Despite the rhetoric of these grand plans, they largely remain on paper,[72] and they bear a resemblance to past grand agricultural schemes in Tanzania and elsewhere that have failed.[73] Although BRN and SAGCOT seem to have attracted large sums of funding support from a wide range of major donors[74] (including the UK Department for International Development, the US Agency for International Development, and the Norwegian Agency for Development Cooperation, to mention a few), their predecessors were failures because they did not garner the requisite levels of investment and, critically, they suffered from inadequate planning and top-down approaches – precisely the same maladies as under the current initiatives. The 2015 review of the G8's New Alliance implementation in Africa found that companies are 'mostly submitting existing investment plans to garner favour with governments, secure a seat in policy dialogue or to win good publicity'.[75]

A challenge facing all these initiatives is the absence of easily accessible land for large-scale commercialisation. Land deemed to be available for investment is mostly village lands that cannot be secured without displacing villagers. Second, water remains an obstacle, even in areas already identified as suitable for sugar cane production. As Andrew Coulson, formerly a staff member at Tanzania's Ministry of Agriculture, writes: 'the large-scale farms have yet to prove themselves – and those who advocate them should remember that water resources are often less than anticipated, rains unreliable, the soils easily exhaustible'.[76]

The central place of the sugar industry in these large-scale agricultural commercialisation initiatives provides an opportunity for exploring what is happening on the

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72 A. Coulson, 'Small and Large Agriculture: Tanzanian Experiences', in M. Ståhl (ed.), *Looking Back, Looking Ahead: Land, Agriculture and Societies in East Africa* (Uppsala, Nordic Africa Institute, 2015), pp. 44-73.

73 A. Coulson, *Tanzania: A Political Economy* (Oxford, Oxford University Press, 2nd ed., 2013).

74 URT, 'SAGCOT Investment Partnership Programme: Opportunities for Investors in the Rice Sector' (Dar es Salaam, Ministry of Agriculture, Food Security and Cooperatives, 2012), available at: http://www.agriculture.go.tz/sagcot/SAGCOT%20PGP%20Rice%20Investor%20Presentation%20060712.pdf, retrieved 2 January 2016.

75 Independent Commission for Aid Impact (ICAI), 'Business in Development', Report no. 43 (London, ICAI, 2015), available at http://icai.independent.gov.uk/wp-content/uploads/ICAI-Business-in-Development-FINAL.pdf, retrieved 26 May 2015.

76 A. Coulson, *Tanzania: A Political Economy*, p. 18.

ground as a result of the restructuring of the sugar industry in the 1990s, and for looking beyond the ambitious objectives and impressive targets to the reality of local contexts and practices.

The Sugar Industry and its Regulatory Framework

The history of sugar cane production in Tanzania dates back to the early 1920s, during the time of the colonial administration of then Tanganyika. Sugar production was based on smallholder cane jaggery[77] in the Kilombero and Mtibwa valleys. It was only in the late 1960s that the first commercial sugar factory was established at Msolwa village in Kilombero District, and several others followed.[78] In 1967, the government nationalised private firms, including sugar estates and mills. These were placed under the National Food Corporation (NAFCO) until the government established the Sugar Development Corporation (SUDECO) in 1974 to deal with the development of the national sugar industry, including distribution, exports and imports. These efforts led to the establishment of two new state-run estates: Mtibwa Sugar in 1973 and Ruembe Sugar Factory (Kilombero II) in 1976. In 1982 the small Kagera sugar plant, damaged during the Uganda–Tanzania War in 1978, was rehabilitated.[79]

Currently, there are five active sugar companies in the country, of which four are producing sugar commercially: Kilombero Sugar Company (KSCL) and Mtibwa Sugar Estates in Morogoro, Tanganyika Planting Company (TPC) in Kilimanjaro and Kagera Sugar in Kagera. KSCL has two medium-sized mills, while the other companies have one mill each. Although the imports and exports of sugar remain regulated by the Sugar Board of Tanzania, the sugar industry was liberalised in the early 1990s and prior to the companies' privatisation at the turn of the millennium. The government retained a 25 per cent stake in two companies, KSCL and TPC, and the rest are fully owned by private firms. Among these four companies, only TPC depends wholly on its estate for sugar cane, and the rest have varying numbers of

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[77] Jaggery in this context refers to crude, small-scale processing of raw sugar and molasses.

[78] Sugar Board of Tanzania (SBT), 'Factories' (SBT, 6 October 2013), available at http://www.sbt.go.tz/index.php?option=com_content&view=article&id=22&Itemid=34, retrieved 12 February 2015.

[79] Sugar Board of Tanzania, 'Factories'.

outgrowers supplying sugar cane to the mills on contract. A fifth sugar company, Bagamoyo EcoEnergy Ltd (BEE), aims to develop an 8,000-ha sugar cane estate in Bagamoyo District and to recruit outgrowers on a further 3,000 ha. BEE plans to produce sugar and ethanol for the domestic market.

Tanzania's sugar industry employs about 18,000 people in direct jobs and supports over 300,000 people employed in related businesses.[80] Sugar cane outgrowers earn more than TZS45 billion (US$28 million)[81] annually and through all its value chain activities the industry generates about TZ12.4billion (US$8 million) in revenue for the government, or 1.7 per cent of total tax revenue.[82] Since privatisation, sugar producers in the country claim to have invested over TZS813.5 billion (US$500 million)[83] in the rehabilitation of factories, expansion of estates and mobilisation of outgrowers. Between 1998 and 2013, the area under sugar cane estates grew from 16,000 36,000 ha and the area under outgrowers expanded from 5,000 to 19,000 ha.[84]

Despite this expansion of the industry, Tanzania continues to be a net importer of sugar, with an estimated annual sugar deficit of around 300,000 tonnes.[85] To fill this gap, the government annually issues permits to traders to import sugar at a reduced or zero tariff, and it has repeatedly appealed to existing producers to increase their production, while promoting available investment opportunities in the sugar sector.[86] The importation of cheap sugar has been a major problem for outgrowers and millers alike for several years now. These imports are

[80] Tanzania Association of Sugar Producers (TSPA), 'Presentation to the Parliamentary Committee on Development', unpublished report (Dar Es Salaam, Tanzania, 2013), p. 3.
[81] Sokoine University of Agriculture Graduates Co-operative Society (SUGECO) and Tanzania Sugarcane Growers' Association (TASGA), 'Enhancing the Sugar Industry Regulatory Framework of Tanzania', Policy Brief (SUGECO/TASGA, 2014), available at www.best-ac.org/wp-content/uploads/Sugeco-Policy-Brief.pdf, retrieved 3 March 2015, p. 1.
[82] FAO, *Analysis of Incentives and Disincentives*, 2012.
[83] Exchange rate: US$ 1 = TZS1,627 (Bank of Tanzania, February 2013). This was the exchange rate when these estimates were made or the revenues were paid to the government and outgrowers. By 19 May 2015, the rate was US$1 = TZS1,942.
[84] TSPA, 'Presentation to the Parliamentary Committee', p. 2.
[85] URT, 'SAGCOT Investment Partnership Programme: Opportunities for Investors in Sugar Sector'.
[86] *Ibid*.

made by either illegal traders or those with legal permits issued by the government.[87] Experience shows frequent excessive imports. For instance, in 2012, domestic sugar production shortfalls were estimated at about 80,000 tonnes,[88] but zero tariff imports permitted during the year amounted to nearly 200,000 tonnes (see Figure 1).[89] The problem of imports resurfaced in 2013–2014, badly hurting KSCL and its outgrowers, who jointly responded by advocating strict measures against cheap sugar imports, and opening up alternative approaches towards imports. In 2014 KSCL and outgrower representatives held several meetings with the members of parliament dealing with industrial and agricultural sectors in the country, as well as with the prime minister.

[87] Rabobank, 'Tanzania Sugar', *Rabobank Industry Note* no. 386 (Rabobank, 2013), available at http://www.nmbtz.com/uploads/fc7bd8e651d8997c5b0ee219b640b1ae-Rabobank-IN386-Tanzania-Sugar-Plaat-June2013.pdf, retrieved 30 January 2015.

[88] The estimated sugar deficit in Tanzania varies in different sources. For instance, while the government in 2012 reported an estimated deficit of 300,000 tonnes/year, *The Guardian* (Tanzania) newspaper published an estimated deficit of 80,000 tonnes/year: the latter probably excluded the imports for industrial sugar.

[89] *Guardian*, 14 September 2013, cited in Booth *et al*. 2014: D. Booth, B. Cooksey, F. Golooba-Mutebi and K. Kanyinga, *East African Prospects: An Update on the Political Economy of Kenya, Rwanda, Tanzania and Uganda* (London, Overseas Development Institute, 2014). See also Figure 2 in this article.

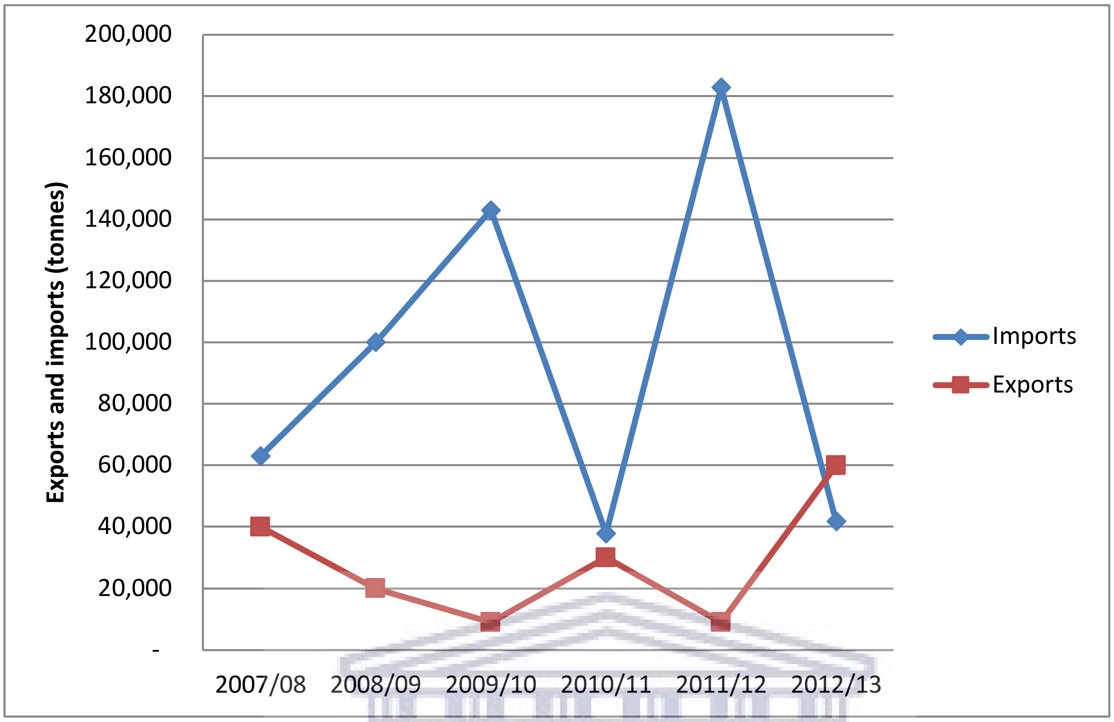

Figure 1. State of sugar imports and exports in Tanzania. *Sources:* Sugar Board of Tanzania, 'Imports and Exports', (Dar es Salaam, SBT, 2014), available at http://sbt.go.tz/index.php/data; Comtrade, cited in FAO, *Analysis of Incentives and Disincentives*, 2012.[90]

Yet, as a net importer of sugar, Tanzania's sugar industry is continuously affected by unstable sugar prices on the international sugar market. The international market and 'preferential markets'[91] for sugar are affected by the dumping of excess sugar from main producers and weather changes in these countries.[92] Tanzania, like many other governments,

[90] According to SBT, exports are for exploring and developing regional markets.

[91] The preferential markets include agreements such as the 'Everything But Arms' (EBA) scheme in which the products from least developed countries (LDCs) enter European markets on a duty-free and quota-free basis.

[92] Y. Tri Santosa, 'The World's Biggest Sugarcane-Producing Countries' (All About Agriculture, 29 November 2014), available at http://the-agrinews.blogspot.com/2014/11/the-worlds-biggest-sugarcane-produding.html, retrieved 25 May 2015.

intervenes to stabilise sugar prices, either through import subsidies or waiving import taxes.[93] The government's efforts to stabilise prices are influenced more by pressure from urban consumers than rural producers.[94] But the importation of cheap sugar, mostly by a few politically connected businesspeople, undermines local production, and in recent years Tanzanian producers have called on the government to control such imports.[95] Recent calls for scrutiny of import practices have come from mostly black outgrowers, while the import trade has been controlled largely, since independence, by traders with mostly Asian and Arab origins. It is this same group that is alleged to have deep-rooted connections to the ruling elites and who 'finance the ruling party in exchange for tax exemptions and reduced or waived custom duties'.[96]

In an attempt to regulate the liberalised sugar industry, the government enacted the Sugar Industry Act No. 26 of 2001, which established the Sugar Board of Tanzania (SBT). The Board's directors are appointed from the Tanzania Sugar Producers' Association, the Tanzania Sugarcane Growers' Association, consumers, and the Ministry of Agriculture. While the Sugarcane Growers' Association used to represent the interests of all cane outgrowers, a number of outgrowers associations are no longer allied to it after tensions between large and small growers' associations arose. In response, the small growers' associations have formed the Council of Cane Growers' Association, which they want to represent them on the Sugar Board.[97] Under the current regulations, an outgrower requires a minimum farm size of 0.4 ha within a 40-km radius of a registered miller to which the outgrower has the obligation to sell sugar cane.

[93] International Union of Food (IUF), 'Structural Aspects of the Sugar Industries in East and Southern Africa' (International Union of Food, Agricultural, Hotel, Restaurant, Catering, Tobacco and Allied Workers' Associations, 2002), available at http://www.iuf.org/sugarworkers/wp-content/uploads/2012/07/Africa-2002-Basic-Structure.pdf, retrieved 12 September 2014.
[94] R. Bates, *Markets and States in Tropical Africa: The Political Basis of Agricultural Policies* (California, University of California Press, 1981).
[95] S. Domasa, 'Sugar Industry in Confusion' (IPP Media, 19 February 2015), available at http://www.tralac.org/news/article/7039-sugar-industry-in-confusion.html, retrieved 24 May 2016.
[96] Booth *et al*., *East African Prospects*, pp. 35; A. Ronald, *Race, Nation and Citizenship in Post-Colonial Africa: The Case of Tanzania* (Cambridge, Cambridge University Press, 2013).
[97] Interview with SBT employee, Ruaha, April 2014.

All outgrowers need to register with the Sugar Board in their own name, or their association must enter into a commercial agreement with a sugar factory to which they are to sell cane.[98]

The procurement and distribution business of locally produced sugar is concentrated in a handful of private companies.[99] They collect sugar from producers and store it in their warehouses, mostly in Dar es Salaam for sugar produced in Morogoro. They then distribute to wholesalers around the country except in regions supplied by Kagera Sugar and TPC. Given their monopsonistic access to producers who also favour this system, distributors decide to whom and where they sell. This arrangement adds to transportation costs incurred by traders as they have to purchase sugar from Dar es Salaam and then bring it back to consumers.[100]

This analysis of the sugar industry and its regulatory framework provides us with the context within which to assess the production of sugar by KSCL and its outgrowers scheme in the next sections.

The History and Evolution of Kilombero Sugar Company

In 1961, KSCL established its first estate, with 1,600 ha and a sugar-processing mill named K1 in Msolwa village near Kidatu Township (see Figure 2 below). In 1998, KSCL was privatised and the South African-based company, Illovo Sugar Ltd, bought a majority share. Illovo itself is fully owned by Associated British Foods Plc, which completed the full acquisition of Illovo in June 2016.[101] The company leases a total of 12,000 ha of land from the government of Tanzania on which it runs two mills and two estates under cane covering 9,562 ha.[102]

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[98] FAO, *Analysis of Incentives and Disincentives*, 2012.
[99] J. Massimba, C. Malaki and B. Waized, 'Consultancy Services for Collecting Policy Based Evidence'.
[100] *Ibid*.
[101] Associated British Foods Plc (ABF), 'Acquisition of Illovo Minority Interest Update' (London, ABF, 26 May 2016), available at http://www.abf.co.uk/media/news/2016/acquisition_of_illovo_minority_interest_update, retrieved 31 May 2016.
[102] Illovo, *Tanzania Socio-Economic Impact Assessment*, p. 7.

Figure 2. Map showing the location of KSCL. *Source:* Smalley, Sulle and Malale, 'The Role of the State and Foreign Capital in Agricultural Commercialisation', p. 4.

The company accesses water from the Great Ruaha River that flows across its two estates. It uses and controls large assets built by the state: offices, staff houses, schools and health facilities, irrigation, road infrastructure and a small airport, and it has access to the Tanzania and Zambia Railway for transporting sugar. Since privatisation, the company has improved the factory facilities, but has not been able to expand the size of its estates due to land scarcity in the area. The company has encouraged the growth of independent registered outgrowers, raising their number from 2,400 in 1998 to 8,500 in 2014.[103] Outgrowers' land under cane is estimated at 15,000 ha (see Figure 3 below).[104] Although the inclusion of

[103] Interview with KSCL senior employee, September 2014.
[104] *Ibid.*

outgrowers was part of the government strategy to expand production before privatisation, Monson[105] argues that for Illovo this was a strategy to reduce operating costs by transferring production risks to outgrowers. In addition to sugar, the company also produces molasses and bagasse[106] for its own electricity generation. In 2013, the company installed a distillery to produce ethanol targeted at the domestic market.

In 2012–13 KSCL production reached 129,700 tonnes of sugar, representing about seven per cent of the total sugar produced by Illovo Group.[107] This output is however below the company's agreement with the government of Tanzania to produce 200,000 tonnes per annum. Having acquired KSCL, Illovo Group introduced its corporate production and business practices.[108] These include new labour practices, outsourcing of services and the use of outgrowers in its expansion strategy. Illovo's investment in Tanzania is an example of the tendency for many sub-Saharan African states to rely on foreign capital taking over state-owned 'parastatal' companies.[109] Consequently companies such as Illovo have been able to dominate sugar production in Malawi, Zambia and Tanzania. Illovo also operates mills and estates in Mozambique, South Africa and Swaziland.[110] However, despite its initial success in increasing sugar cane production and the number of outgrowers in Kilombero Valley, the image of Illovo and other similar companies remains tainted by the stigma of apartheid.[111] As discussed in the next section, outgrowers have been central to the production of sugar cane processed by KSCL since the 1960s, but the terms of outgrower contracts have changed markedly under Illovo.

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[105] J. Monson, *Africa's Freedom Railway: How a Chinese Development Project Changed Lives and Livelihoods in Tanzania* (Bloomington, Indiana University Press, 2009).
[106] Bagasse is the fibrous residue that remains after the juice is extracted from the cane: it is mostly used as a fuel to generate electricity at the sugar mill.
[107] Illovo, *Tanzania Socio-Economic Impact Assessment*; see also A. Dubb in this issue.
[108] IUF, 'Structural Aspects of the Sugar Industries in East and Southern Africa'; see A. Lazzarini in this issue.
[109] B. Richardson, 'Big Sugar in Southern Africa: Rural Development and the Perverted Potential of Sugar/ Ethanol Exports, *Journal of Peasant Studies*, 37, 4 (2010), 917–38.
[110] See Dubb in this issue.
[111] R. Schroeder, *Africa after Apartheid: South Africa, Race, and Nation in Tanzania* (Bloomington and Indianapolis, Indiana University Press, 2012).

Sugar Cane Outgrowers in the Kilombero Valley

Sugar cane outgrowing in the Kilombero Valley started in the early 1960s when smallholder farmers began to grow sugar cane alongside their major food crops such as maize, millet and rice.[112] After acquiring KSCL, Illovo encouraged villagers in the nearby areas to grow sugar cane by assuring them of high prices, and the provision of inputs, infrastructure, and managerial and technical support.[113] In addition, the EU has invested in the upgrading of roads within the sugar-producing areas, strengthening outgrowers' associations and the establishment of sugar cane block farms.[114] In addition, Solidaridad – a Dutch non-governmental organisation (NGO) – is collaborating with the Kilombero Charitable Trust founded by KSCL to build the capacity of outgrowers' associations.[115]

Outgrowers' production share steadily increased, reaching 45 per cent of the cane used by the company in 2013–2014 season.[116] They supply sugar cane based on a cane supply agreement (CSA) that the company signs with outgrowers' associations every three years. The CSA specifies the terms of partnership, including the division of proceeds (DP) between the two parties. In May and June 2013, 14 associations of cane outgrowers and KSCL renegotiated the CSA and reached an agreement that the proportion of the outgrowers' proceeds would increase by 0.5 per cent every year for the next three years, with the target ratio to be reached of 60 per cent of revenues for the outgrowers and 40 per cent for the company.[117] In April 2014, the DP was 57 per cent to outgrowers and 43 per cent for the company. The DP is expected to

[112] E. Baum, 'Land Use in the Kilombero Valley: From Shifting Cultivation towards Permanent Farming', in H. Ruthenberg (ed.), *Smallholder Farming and Smallholder Development in Tanzania: Ten Case Studies* (Munich, Weltforum Verlag, 1968), pp. 21–50.
[113] D. Tomlinson, 'Social Development through Outgrower Schemes: The Private Sector Kilombero Business Linkage Program', presentation at the Partners for Africa Policy Dialogue Conference, Dar es Salaam, 22–24 June 2005. Available at http://www.hedon.info/docs/S2-9-PfA-Tanzania-Tomlinson-Illovo.pdf, retrieved 29 May 2016.
[114] European Commission, 'Annex: Accompanying Measures for Sugar Protocol Countries (AMSP) 2011–2013 for Tanzania – CRIS No TZ/DCI-SUCRE/023-250' (European Commission, 2012) available at http://ec.europa.eu/europeaid/documents/aap/2012/af_aap_2012_sugar_tza.pdf, retrieved 23 May 2015.
[115] Interview with KCT senior employee, September 2014.
[116] Illovo, *Tanzania Socio-Economic Impact Assessment,* p. 23.
[117] Illovo, *Tanzania Socio-Economic Impact Assessment*, p. 27.

rise to 59 for outgrowers in the 2015–2016 harvesting season.[118] Outgrowers, nonetheless, do not receive full payment on delivery of their sugar cane. Under this arrangement, outgrowers receive 90 per cent of their pay on the 15th of the next month after they have delivered sugar cane to the mill. The company holds 10 per cent of the outgrowers' expected proceeds until the end of the season to compensate for any price difference in domestic and international markets. Any balance from this amount is paid to farmers at the end of the sales season,[119] meaning that outgrowers earn more benefits when the sugar price is greater than forecast, or carry the market risk for their sugar cane from the time of delivery to wholesale, when the sugar earns a lower price.

Overall, outgrowers' incomes from sugar cane remain volatile, affected by the imports of cheap sugar, agronomic factors and their terms of contract with the buying company. Their earnings from sugar increased from TZS1 billion (US$614,628) in 1998 to TZS38 billion (US$23.4 million) in 2013. The price of outgrowers' sugar cane per tonne increased to TZS69,000 (US$41.50) during the 2013 season. However, due to importation problems, prices fell to TZS62,889 per tonne (US$37.80/t), and for the 2013–14 season, the price fell further to TZS58,000/t (US$34.90).[120] Apart from cheap imports, outgrowers' earnings are affected by levels of sucrose – the cane's crystalline sugar content – and tonnage recorded at the mill. Outgrowers interviewed during this study have complained about the lack of transparency in the existing weighing procedures and measurement of sucrose levels. Outgrowers' complaints about KSCL employees providing inaccurate or false sucrose levels for their cane have been documented since 1987 by Ellen Sprenger,[121] before KSCL was privatised. However, it is important to note that sucrose levels are affected by many other issues. Smalley, Sulle and Malale (2014) attribute the fall in the sucrose levels of outgrowers' sugar cane to factors such

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[118] Personal communication with the TASGA representative, June 2015.
[119] Illovo, *Tanzania Socio-Economic Impact Assessment*, p. 27.
[120] Smalley, Sulle and Malale, 'The Role of the State and Foreign Capital in Agricultural Commercialisation'.

[121] E. L. M. Sprenger, *Sugarcane Outgrowers and Kilombero Sugar Company in Tanzania* (Nijmegen, Third World Centre, 1989); Smalley, Sulle and Malale, 'The Role of the State and Foreign Capital in Agricultural Commercialisation'.

as lack of effective extension services and a poor regulatory framework for monitoring the weighing and measuring of sucrose levels when sugar cane is delivered to the mill.[122]

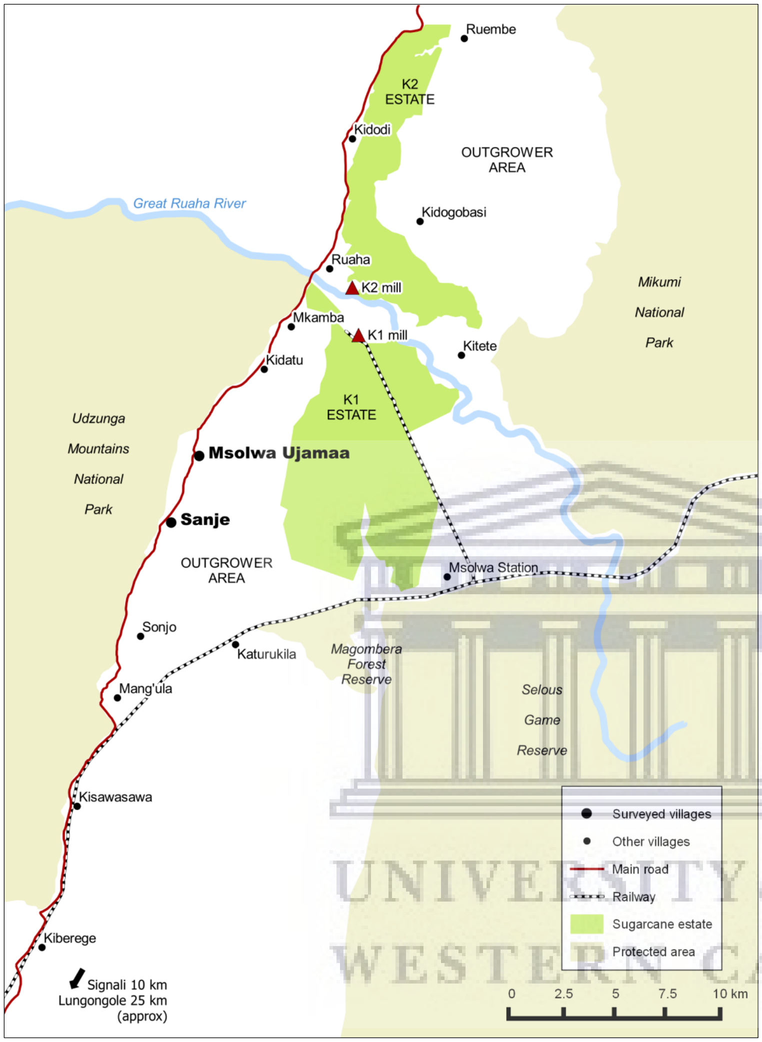

Figure 3. Map showing the outgrower area in Kilombero Valley. *Source:* Smalley, Sulle and Malale, 'The Role of the State and Foreign Capital in Agricultural Commercialisation', p. 5.

[122] Smalley, Sulle and Malale, 'The Role of the State and Foreign Capital in Agricultural Commercialisation'.

The terms of partnership between the company and outgrowers, as described in the CSA, has changed over time. While at the beginning of its operation Illovo offered some direct support services such as providing seeds, extension services and transportation, most of these activities are now carried out by the outgrowers' associations. This is part of the reshaping of contract farming by the private sector, especially after acquiring the state-owned company.[123] For example, the CSA states that the company 'has no obligation or responsibility to make available to the associations, or to the association growers ... any management, operational, extension or administrative services, other than as may be mutually agreed in writing from time to time'.[124] In contrast to the research-based argument that contract farming may enable outgrowers in different contexts[125] to access inputs and extension services from agribusinesses, in this case farmers receive little or no help from the company.[126]

However, a collective voice among outgrowers is limited, due to the fragmentation over time of their associations. Sugar cane outgrowers' associations have grown from two in 1998 to 15 in 2014.[127] This growth is largely associated with the failures of the first two associations to address outgrowers' challenges that include access to equitable and timely harvesting quotas and allegations of patronage. Massimba, Malaki and Waized argue that the mushrooming of numbers of outgrowers' associations weakens their bargaining powers with the company.[128]

Outgrowers pay a one-time membership fee of TZS5,000 (US$2.6) that is used by the association to run the office and other outgrowers' affairs.[129] They also pay TZS200/t (US$0.10) for services like transportation, loading and road maintenance, the cost of which is deducted

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[123] Oya, 'Contract Farming in Sub-Saharan Africa'.
[124] Smalley, Sulle and Malale, 'The Role of the State and Foreign Capital in Agricultural Commercialisation, p. 10.
[125] See the analysis of contract farming for various crops in different contexts in ActionAid, 'Contract Farming and Out-Grower Schemes: Appropriate Development Models to Tackle Poverty and Hunger?', *Policy Discussion Paper* (Johannesburg, ActionAid International Secretariat, March 2015), available at: http://www.actionaid.org/sites/files/actionaid/contract_farming.pdf, retrieved 1 January 2016.
[126] World Bank, *Growing Africa: Unlocking the Potential of Agribusiness* (Washington, DC, World Bank, 2013).
[127] Interview, KSCL staff, September 2014.
[128] J. Massimba, C. Malaki and B. Waized, 'Consultancy Services for Collecting Policy Based Evidence'.
[129] Interview with association leader, November 2013; exchange rate: US$1 = TZS1,942 (Bank of Tanzania, May 2015).

from their earnings after the associations have supplied sugar cane to the company. Unlike KSCL, which depends on migrant labour for cane planting, weeding and fertilising, many outgrowers depend on family members to do their farm work. The use and availability of family labour varies between richer and poorer farmers, with those better off hiring workers.[130]

The next section explores these dynamics among outgrowers and their associations.

Sugar Cane Expansion: Class Dynamics and Social Differentiation

The boom in the sugar business in the Kilombero Valley has attracted great interest from local elites and the general public. The area under outgrower production increased from a mere 3,500 ha in the 1990s to 15,000 ha in 2014.[131] But these outgrowers are highly differentiated: they have different sizes of farms, and their produce and the income they earn from it vary widely. According to Illovo reports, in the 2002–2003 season the company sourced cane from 3,384 small-scale, eight medium-scale and only three large-scale outgrowers,[132] but by 2013–2014 season these numbers had increased substantially for each category (see Table 1).[133]

Table 1. The types of outgrowers and their numbers, the land they cultivate and sugar cane they supplied to KSCL in the 2013–2014 season

Category of outgrowers	**Number of outgrowers**	**Land cultivated (ha)**	**% of sugar cane supplied to KSCL**
Small-scale	6,320	Less than 5	70
Medium-scale	1,667	Between 5 and 50	19
Large-scale	13	Over 50	11

[130] H. Bernstein, *Class Dynamics of Agrarian Change* (Toronto, Fernwood Publishing, 2010); Sulle and Smalley, 'The State and Foreign Capital in Agricultural Commercialization in Tanzania'.
[131] Interview with KSCL senior employee, Ruaha, September 2014; see also Figure 3 in this article.
[132] Tomlinson, 'Social Development through Outgrower Schemes.
[133] Illovo, *Tanzania Socio-Economic Impact Assessment*, pp. 24–5.

Source: Illovo, 2014.[134]

The role of medium- and large-scale outgrowers has also been growing over time, expanding accumulation by this class of producer.[135] In 2006, outgrowers collectively produced more sugar cane than the company's core estates (see Figure 4).

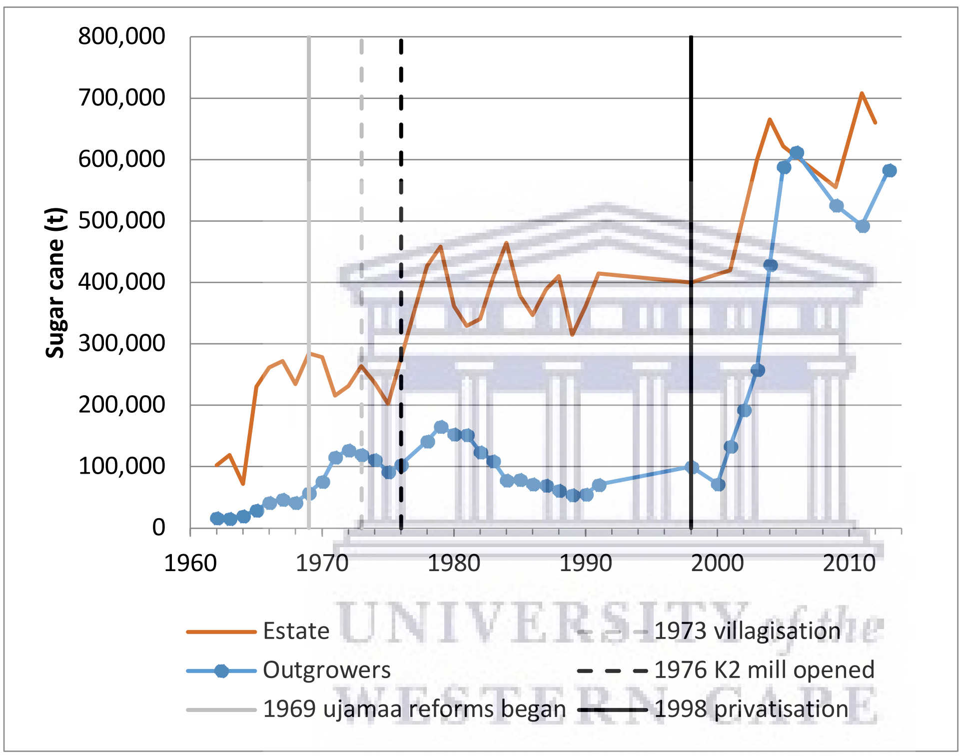

Figure 4. Total amount of sugar cane produced or harvested annually by Kilombero Sugar Company from its own estate(s) and by outgrowers. *Source:* adapted from Smalley, Sulle and

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[134] *Ibid*., pp. 24–25.

[135] B. Cousins, 'Smallholder Irrigation Schemes, Agrarian Reform and "Accumulation From Above and From Below" in South Africa', *Journal of Agrarian Change*, 13, 1 (January 2013) pp. 116–39.

Malale, 'The Role of the State and Foreign Capital in Agricultural Commercialisation', p. 12.[136]

Within the outgrowers' associations there is a high level of class dynamism, social differentiation, and patronage. Small-scale farmers that were interviewed claimed that local elites ensure that outgrowers' associations largely serve their own interests. For example, most of the associations' constitutions require leaders such as the chairperson to have a farm of 50 ha or more, and only a few new associations require that the chairperson have at least 10 ha of land under cane. In practice, this means that elected leaders are medium- or large -scale farmers, several of whom also own equipment and vehicles such as tractors, loaders and trucks. They provide these on tenders to their own associations to cut, load and transport members' sugar cane to the mill. Large- and medium-scale outgrowers come from a range of backgrounds, including former civil servants, who often hold positions in the outgrowers' associations.[137] Association leaders are also able to influence the allocation of quotas for the quantity of sugar cane their members can deliver to the factory each season, a process that has allegedly been manipulated in favour of the larger farmers. These practices reduce small outgrowers' chances of having their sugar cane harvested in time, as aptly stated by one respondent: 'we live in a state of fear, we do not know if our sugar cane will be harvested this year around, so my wife and I have decided to register in different associations; hopefully, one of us will get a quota'.[138]

[136] With additional sources from Illovo, *Tanzania Socio-Economic Impact Assessment*; Sugar Board of Tanzania, 'Imports and Exports'; B., Nyundo, A. Mtui and H. Kissaka, *An Assessment of Ecological and Social-Economic Impacts Caused by Collection of Deadwood, Medicinal Plants and Cutting of Grass for Thatching in Udzwungwa Mountains National Park* (Morogoro, Udzungwa Mountains National Park and Worldwide Fund for Nature Conservation – Tanzania Programme Office, 2006); Illovo Sugar Ltd, 'Review of Operations', in *Annual Report 2005* (Durban, Illovo Sugar, 2005); Tomlinson, 'Social Development through Outgrower Schemes'; M. Mbilinyi and A.M. Semakafu, 'Gender and Employment on Sugarcane Plantations in Tanzania', *Sectoral and Working Discussion Papers, Agriculture*, SAP 2.44/WP.85 (Geneva, International Labour Organization, 1995); and World Bank, *Appraisal of the Kilombero Sugar Project Tanzania*, Report no. 466a-TA (Washington, DC, World Bank, 1974); some of the data are unclear as to whether they show total cane produced, harvested or crushed.
[137] I. Shivji, *The Silent Class Struggle*, Dar es Salaam (Dar es Salaam, Tanzania Publishing House, 1972); see also E. Greco, 'Landlords in the Making: Class Dynamics of the Land Grab in Mbarali, Tanzania', *Review of African Political Economy*, 42, 144 (January 2015), pp. 225–44.
[138] Interview with outgrower, Sanje, April 2014.

These patterns of class formation in Kilombero and Tanzania in general are not new and started before privatisation of KSCL, although they have been heightened since 2000.

While the largest producers among outgrowers are small-scale farmers with less than five hectares, the company is not certain that these kinds of farmers are suitable for its business in the long run. This is clear in one of its reports: 'outgrower farms at Kilombero are highly fragmented; with sizes as small as 0.02 ha […]. Such a setting requires a unique way of organizing cane-growing to achieve [a] sustainable and dependable cane supply system'.[139] The company is also concerned with the growing number of outgrowers' associations. According to a KSCL senior employee, the company would prefer to have as few as two associations, as it had before it was privatised, in order to reduce transactions costs related to management and communication.[140]

As sugar cane production expands, the availability of land for both the company and outgrowers remains a major constraining factor. The company acknowledges that about '60 per cent of the land within the 40 km radius from KSCL's is under cane, with much of the remainder used for other crops'.[141] This, however, ignores the fact that some of the remaining land is used for communal settlement, including areas for social services and national parks. The lucrative prices for sugar cane from the company and the previously reliable market have encouraged outgrowers to put most of their farmland into sugar cane, leaving little space or none for food crop production. It is also difficult to leave sugar cane farming and opt for the production of food crops, such as rice and maize, because birds nesting in sugar cane eat these crops.[142] This

[139] KCCT 2010, p. 4, quoted in Smalley, Sulle and Malale, 'The Role of the State and Foreign Capital in Agricultural Commercialisation'.
[140] Interview, Ruaha, September 2014.
[141] Illovo, *Tanzania Socio-Economic Impact Assessment* 2014p. 26.
[142] H. Dancer and E. Sulle, *Gender Implications of Agricultural Commercialisation: The Case of Sugarcane Production in Kilombero District, Tanzania*, Future Agricultures working paper (Brighton, Future Agricultures Consortium, 2015).

means that families either look for alternative food-producing land in distant areas[143] or depend on buying foodstuffs from the market.

Among poor families, producing food crops in distant areas means that one or both parents must commute from one location to the other in different seasons, leaving children on their own or with one heavily occupied parent at home. This mobility may be associated with significant social problems, such as early pregnancies and girls dropping out of school.[144] On the other hand, rich farmers are able to rent or purchase enough land and hire equipment and labour for the production of food and cash crops. Yet, while these far-away villages now act as a buffer zone for land-constrained families, large-scale initiatives like SAGCOT are likely to absorb most of these lands, turning the majority of these poor farmers into wage labourers in estates or unemployed urban dwellers. Of course this will not be without resistance 'from below', particularly from those communities to be displaced.[145]

The expansion of sugar cane farming by the company, including that which involves outgrowers' schemes, is therefore not a simple task. Any plan that involves the eviction or relocation of the local community is subject to all sorts of contestation over land ownership at the local and national levels. For instance, after securing KSCL in 1998, Illovo wanted to get full control of all estate land as indicated in the documents it received from SUDECO. However, since the previous management of the company did not cultivate all land, the nearby communities occupied uncultivated land, and it became difficult to remove all of them because the central government was reluctant to compensate the occupants.[146] As a result the company

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143 R. Smalley, '"Commuter farmers" in Tanzania's Valley of Sugar and Rice', Future Agricultures blog (19 March 2014), available at http://www.future-agricultures.org/blog/entry/commuter-farmers-in-tanzanias-valley-of-sugar-and-rice, retrieved 19 May 2015.

144 Smalley, Sulle and Malale, *The Role of the State and Foreign Capital*.

145 R. Hall, M. Edelman, S. Borras, I. Scoones, B. White and W. Wolford, 'Resistance, Acquiescence or Incorporation? An Introduction to Land Grabbing and Political Reactions "From Below"', *Journal of Peasant Studies*, 42, 3–4 (2015), 467–88.

146 P. Harrison and J. Laizer, *Socio-Economic Baseline Assessment of Villages Adjacent to Magombera Forest*, report produced on behalf of WWF Tanzania Programme Office (Brill, UK, Kilimanyika, 2007); C. Chachage, 'Kilombero Sugar Company/Illovo – Economically Sabotaged?' *Udadisi* blog (24 January 2012), available at http://udadisi.blogspot.com/2012/01/kilombero-sugar-companyillovo.html, retrieved 23 March 2015.

asked for extra land for the estate and the factory, and the SBT offered its previously surveyed land in Ruipa several kilometres away from the current KSCL location. District officials supported this proposal,[147] but the communities, who had occupied the land since it was first earmarked for sugar cane development back in the 1970s, refused to leave uncompensated, leading to a long-lasting land dispute.[148]

Community resistance against the corporate takeover of their land is critical for understanding power relations between state bureaucrats and local communities. The first element of this is the contestation between local and central government authorities over the allocation of communal land (or village land) to the investor. Second, despite their wishes to allocate village land, the pro-investment state bureaucrats have been unable to evict communities because of the safeguards enshrined in the Village Land Act of 1999.[149] The law requires villagers' consent before their land is transferred to a general land category and used for investment purposes, although villagers have fewer powers to resist the allocation of more than 250 ha by the Commissioner of Lands. Moreover, the land acquisitions by both local and foreign investors have recently attracted the attention of local and international NGOs and parliamentarians – mostly from the opposition camp. As a result, local communities have strengthened their resistance to land acquisitions for large-scale investments that displace them.[150] This is why the promotion of large-scale farming under SAGCOT and BRN has been criticised by a number of local and international farmers' organisations as misguided. The executive director of the national network of smallholder farmers in Tanzania, commonly known as Mviwata (*Mtandao wa Vikundi vya Wakulima Tanzania*) put it succinctly:

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[147] R. Mwalongo, 'Kilombero District Boiling with Land-Grabbing Disputes' (Dar es Salaam, *The Guardian*, 20 July 2011. Available at http://www.farmlandgrab.org/post/print/18985, retrieved 29 May 2016.

[148] A. Mwami and N. Kamata, *Land Grabbing in a Post-Investment Period and Popular Reaction in the Rufiji River Basin*, Hakiardhi research report (Dar es Salaam, Hakiardhi, 2011).

[149] E. Sulle and F. Nelson, *Biofuels Investment and Community Land Tenure in Tanzania: The Case of Bioshape, Kilwa District*, Future Agricultures Working Paper no. 73 (Brighton, Future Agricultures Consortium, 2013).

[150] F. Nelson, E. Sulle and E. Lekaita, 'Land Grabbing and Political Transformation in Tanzania', paper presented at the International Conference on Global Land Grabbing II, 17– 19 October 2012, organised by the Land Deals Politics Initiative (LDPI) and hosted by the Department of Development Sociology at Cornell University (Ithaca, NY, LDPI, 2012).

> Frankly speaking, most initiatives like the SAGCOT target large-scale farmers and probably profit-oriented foreign companies operating in the country. Smallholder farmers are always losers in most government initiatives."[151]

This resistance from the local communities and farmers associations underscores the need to understand local politics and its influence in the policy implications of large-scale investments that involve acquisition of land.

The current farming models promoted through these initiatives radically shift the direction of agrarian change towards large-scale agriculture, despite the rhetoric about contract farming being a 'win–win' option. Such initiatives are particularly driven by global capital interested in the use of capital-intensive production systems, which may displace smaller-scale farmers for larger, capital-rich firms and farms to be able to produce at scale for global markets.[152] SAGCOT implementation plans involve the introduction of new settlement schemes to allow for the establishment of nucleus estates. As Michael Bergius argues, the current SAGCOT project 'represents an expansion of the corporate food regime in the country'.[153] This is particularly of concern, because with the poor investments in public infrastructure and technologies, small-scale producers are unlikely to compete with the multinational corporations.

Conclusion

[151] Mviwata Executive Director Mr Steven Ruvuga, as quoted in Tanzania's *The Citizen* Business Week section (7 August 2013), available at http://farmlandgrab.org/post/view/22401-tanzania-smallholder-farmers-lose-in-most-govt-programmes, retrieved 24 May 2016.

[152] E. Sulle and R. Hall, 'Reframing the New Alliance Agenda: A Critical Assessment based on Insights from Tanzania', Policy Brief by Institute for Poverty, Land and Agrarian Studies and Future Agricultures Consortium (Brighton, UK and Cape Town, South Africa, Future Agricultures Consortium and Institute for Poverty, Land and Agrarian Studies, 2013).

[153] M. Bergius, 'Expanding the Corporate Food Regime: The Southern Agricultural Growth Corridor of Tanzania – Current and Potential Implications for Rural Households' (MA thesis, Oslo, Norwegian University of Life Sciences, 2014).

This article reveals the highly differentiated nature of sugar cane outgrowers and their associations. Access to, control over, and ownership of resources and assets varies widely between the small-, medium- and large-scale farmers, and between those wholly reliant on farming for their livelihoods and those with other business enterprises or off-farm jobs. Since 2000, the number of medium- and large-scale farmers entering into sugar outgrowing who have accumulated assets and taken advantage of sugar cane business opportunities that include sugar cane-cutting, loading and transportation has increased massively. The company describes them as ‘commercial farmers’,[154] and indeed they are the clear winners in the process of differentiation under way at Kilombero.

Within these processes of transformation, the government of Tanzania has often failed to safeguard the interests of outgrowers, while allowing the privatised sugar industry to set the terms of contracts in ways that externalise costs and risks[155] to outgrowers and their associations. This is what underpins the process of class differentiation, whereby the larger outgrowers are able to accumulate within such conditions, by providing goods and services to the smaller outgrowers through local patronage relationships. They thus profit from this business model due to their ability to diversify. These processes of social differentiation among sugar cane growers, in the context of the lack of state policy supporting smallholder outgrowers, are well documented elsewhere.[156] In addition, findings support observations made in earlier studies that outgrowing has potential negative gender impacts.[157] These need further attention in future research, singling out such impacts particularly for children and women, and how to address them.[158]

[154] Illovo, *Tanzania Socio-Economic Impact Assessment*, pp. 24–25.
[155] S. Vermeulen and L. Cotula, *Making the Most of Agricultural Investments*.
[156] A. Vaughan, ‘Class, Cane and Credit: Small Growers in the Glendale Mill Area’, *Antipode*, 23, 1 (1991), pp. 172–84; see also other contributions to this special issue, and Dubb, Scoones and Woodhouse (this issue).
[157] M. Mbilinyi, and A. Semakafu, *Gender and Employment on Sugarcane Plantations in Tanzania*, Sectoral and Working Discussion Papers, Agriculture, SAP 2.44/WP.85 (Geneva, ILO, 1985).
[158] Dancer and Sulle, *Gender Implications of Agricultural Commercialisation*.

The KSCL business model encourages outgrowing, but in the longer term sees this being focused on medium and larger-scale farms. The planned expansion of sugar cane land will require expropriation of land, and further social differentiation. Resistance to such changes occurs, but the power of the state-sugar alliance in national politics, backed by aid donors and international capital, is substantial. For smallholder outgrowers especially, the contractual arrangements remain problematic. Prices for outgrowers' sugar cane is affected by market externalities and there is growing distrust between the company and outgrowers. Regulations fail to stop frequent distortion of domestic sugar prices by cheap imports. Ambitions to expand local production of sugar therefore need to take into account the impacts of global overproduction that lead into the dumping of cheap sugar into the world markets. Combining sugar cane with other crops is limited by land area and pest attacks, and the trade-off between household food security and sugar cane production is significant for small-scale producers without large land areas or other income sources. For all growers, the sugar industry needs an effective legal and institutional framework that spells out a transparent and effective mechanism to protect outgrowers against production and market risks. Better company policies and practices should include a transparent means of weighing cane and measuring sucrose levels.

The 'outgrower model' is central to national development initiatives such as the Southern Agriculture Growth Corridor of Tanzania and 'Big Results Now'. This paper has shown how outgrowers are increasingly differentiated, posing the question of which 'outgrowers' will benefit from these initiatives? Despite the grand ambitions of large-scale agricultural commercialisation and the rhetoric of 'pro-poor development', who wins and who loses out depends on the local political economy, where the sugar industry, local business, political elites and local communities compete for the benefits of expanded sugar production. In this, smallholder outgrowers are clearly losing out.

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RESEARCH PAPER III

Sulle, E. and Dancer, H. (2019). Gender, politics and sugarcane commercialisation in Tanzania

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Abstract

This article explores relationships between state, corporate capital and local stakeholders in the political economy of sugarcane from a gender perspective. The findings, based on empirical research at the site of Tanzania's largest sugarcane producer pre- and post-privatisation, provide insights into the degree to which the estate-outgrower model can be regarded as 'inclusive' for women and men. Three aspects of commercial sugarcane production are analysed: land tenure, labour and leadership within canegrowers' associations. We argue that politico-economic changes in the sector post-privatisation have increased gender differentiation in sugarcane production and consolidated power in the hands of local elites.

Keywords: agricultural commercialisation, gender, outgrowing, political economy, sugar, Tanzania

Introduction

Since privatisation of the African sugar sector in the 1990s, growth in African domestic markets and preferential European Union (EU) trade agreements have generated a surge in production of sugar and ethanol in at least seven southern and east African countries (Dubb, Scoones, and Woodhouse 2017; Dubb 2017). Tanzanian agricultural policy now prioritises large-scale sugarcane production using a model that combines large estates with processing mills, with independent outgrowers supplying their sugarcane to the estate mills under pre-negotiated agreements. This model is considered effective in balancing trade-offs between the interests of rural outgrowers, investors and national development (Woodend 2003). In much of southern Africa, this 'estate-outgrower' model has enabled countries to retain a comparative advantage against the biggest global producer – Brazil (Dubb et al 2017). However, often poor contractual arrangements, coupled with weak national legal and institutional frameworks make outgrowers weaker partners in the agreement (Paradza and Sulle 2015; Matenga 2017; Chinsinga 2017).

Recent research on the changing political economy of sugar in southern and east Africa suggests that the outcomes for outgrowers vary according to context-specific relationships between state, corporate capital and local stakeholders (Dubb et al 2017). Debates on contract farming in this journal and elsewhere point to its transformative impact on power relations within outgrower communities and households. These contractual relationships are said to create dependencies on the agribusinesses that set the 'rules of the game' (Adams et al 2018), tying farmers into arrangements that represent 'the antithesis of market forces' (Little 1994, 220) resulting in 'semi-proletarianised livelihoods' (Matenga and Hichaambwa 2017). The level of risk to smallholders can be highly dependent on the particular business model used (Cotula 2011) as well as the strength of customary claims to land, which may favour smallholders in the balance of power between contractual actors (Smalley and Corbera 2012; White et al 2012). Within the sugarcane sector as a whole, outcomes have been found to vary within categories of outgrowers, company employees and land-holder or loser, thereby challenging the model's agenda of 'shared growth' and inclusivity (German and Parker 2019). Within the literature on gender and agriculture, it is well established that gender inequalities may be exacerbated by the failure to pay attention to intrahousehold gender dynamics in contractual arrangements (Agarwal 1994, 1997; Behrman, Meinzen-Dick, and Quixumbing 2012; FAO 2011; Schneider and Gugerty 2010), or by exploitative employment conditions in estate agriculture (Mbilinyi 1988; Smalley 2013, 52) and a global trend towards feminisation and casualisation of the workforce (Standing 1989). However, the benefits and losses for women of estate-outgrower arrangements are not uniform (Mate 2001; Oya 2010, 2012; Smalley 2013). The reasons for this variation, and the gender implications of changes in the political economy of sugar have received limited attention in mainstream empirical studies.

Drawing from feminist political economic approaches to the study of land and agricultural commercialisation in Africa (Behrman, Meinzen-Dick, and Quisumbing 2012; Daley 2011; Doss, Summerfield, and Tsikata 2014; Mackintosh 1989; Mbilinyi 1988; Razavi 2003), this article contributes new findings on gender and the political economy of sugar since privatisation in Tanzania. Specifically, it analyses the significance of the local politics of land tenure on women and men's participation in cane outgrowing, the consequences of privatisation on women and men's employment in the sector, and the interplay of gender with other categories of social difference in shaping prospects for local leadership in canegrowing. The paper draws on empirical research conducted by Emmanuel Sulle in Kilombero District, Tanzania between 2013 and 2016 at the site of Tanzania's largest sugar producer – Kilombero Sugar Company Limited (KSCL), and a historical baseline study of gender and sugar production in the same area pre-privatisation (Mbilinyi and Semakafu 1995), to present a longitudinal analysis of the relationship between gender, politics and sugarcane commercialisation in Tanzania.

Gender as a social category intersects with age, wealth, ethnicity and other social categories in the operation of social and economic systems, including industries, households and family life (Crenshaw 1989; Dancer and Hossain 2018, 9). The interplay of these social categories shapes the dynamics of local social relations and struggles over resources that produce social differentiation (Berry 1993). While social differentiation in the case study area of Kilombero has been discussed elsewhere (Sulle 2016), Mbilinyi and Semakafu's (1995) baseline data on gender and sugarcane production in Tanzania makes it possible to analyse gender specifically, and the relationship between privatisation and women and men's participation in the estate-outgrower model of canegrowing over time.

The history of the estate-outgrower model in the Kilombero Valley dates back to the early 1960s. The relationship between state and company has changed since privatisation; however, the production arrangement between company and outgrowers has remained largely unchanged, which enables a longitudinal comparison to be made. Mbilinyi and Semakafu (1995) conducted their study before the privatisation of Kilombero Sugar Company in 1998, with the main objective ‘to facilitate an increase in the proportion of women in more-skilled, better paid jobs in plantation production and to make more employment options available to women in sugar cane plantations’ (Mbilinyi and Semkafu 1995, 1). This research encompassed all four of Tanzania’s sugarcane companies, including Kilombero Sugar Company. It examined gender differentiation in employment and production processes in the sugar industry, as well as in land tenure and sugarcane outgrowing.

The current findings are based on six fieldwork visits forming part of a wider study of sugarcane production in Kilombero by Emmanuel Sulle between 2013 and 2016, which included 114 key informant interviews of individuals from the private sector, trade union, canegrowers’ associations, local and central government, NGOs and academia; 6 focus group discussions with farmers’ groups, elders and youth; an initial survey of 60 households focused specifically on gender, and a later survey of 275 households.[159] Data collected from key informant interviews, household surveys, company statistics and local land registries was triangulated throughout the four years of empirical research. Households for the surveys were selected at random within two villages - Msolwa Ujamaa and Sanje - adjacent to the company itself. Land-holding in each of the villages has a distinct legacy of *ujamaa* (African Socialism), which is discussed further below.

The first part of the article contextualises the empirical study in a historical overview of the relationship between state, company and community and literature on gender and commercial sugarcane production. The second part presents the empirical findings on gender differentiation: (1) in local land tenure patterns and participation of women and men in outgrowing, (2) in labour and company employment structures, and (3) in the leadership of canegrowers’ associations. The results reveal that the legacy of colonial land tenure and patterns of land-holding under *ujamaa* in the study villages is reflected in canegrowing arrangements between company and

[159] From 2013 to 2016 Emmanuel Sulle made two trips per year to Kilombero for an average of two weeks per visit. Both authors visited for two weeks in April 2014.

community today. On the estate itself, a relative decline in women's permanent employment since privatisation has limited women's employment possibilities. However, the gender differentiating effects of the business model are not uniform for women as a social category, with wealth in terms of land ownership being a significant factor. Within an estate-outgrower arrangement often regarded as an 'inclusive business model', the political economy of sugarcane post-privatisation has increased gender differentiation in sugar production and consolidated power and leadership in the hands of local elites.

The state, capital and privatisation of KSCL

Sugarcane production in Africa dates back to the nineteenth century when the first plantations were established in the British colony of Mauritius and subsequently in Natal (now South Africa) (Dubb, Scoones, and Woodhouse 2017; Lincoln 2006; Richardson 2010). The expansion of sugarcane production in the rest of southern Africa (mostly of British and Portuguese colonies (Lincoln 2006)) was later facilitated by the British Commonwealth Sugar Agreement, which 'guaranteed fixed prices to historic colonial producers' (Richardson 2010). Colonial and present independent governments, donor agencies and the private sector all supported the expansion of sugarcane farming through the provision of infrastructure, finance and political support (Smalley, Sulle and Malale 2014; Dubb, Scoones, and Woodhouse 2017). In the late 1990s, in southern Africa in particular, most of the former state-owned estates and mills were privatised to foreign capital investment. Business operations of these mills and estates were subsequently restructured through the introduction of cost-shedding mechanisms. These included outsourcing most of their operations to other service providers, (Satorius and Kirsten 2004) leaving the production to independent sugarcane producers (outgrowers) (Dubb, Scoones, and Woodhouse 2017; Sulle and Smalley 2015).

Since the colonial period, sugarcane in Africa has been produced largely through two models of production: plantation estates, and a combined plantation estate-outgrower model. Plantation estates are usually managed by large companies with a fully operating factory or factories for processing cane and other by-products. Under this model all activities of production, processing and marketing are carried out by the estate. The estate model is preferred by large corporations and is considered a creditworthy project, in which it is comparatively easy to control quality, quantity and the outbreak of disease (Sulle and Nelson 2009), as well as to secure a supply of labour from rural poor men and women, particularly those without land and other assets. However, it is often difficult to establish an estate in areas of land scarcity and doing so is likely to result in expropriation, displacement and increased pressure on land, water and other resources (Hall, Scoones and Tsikata 2017; Sulle, Smalley and Malale 2014). Moreover, the economic benefits often only flow to a few international company shareholders with relatively limited positive impact on the host country's economy. The number of jobs created by large estates is also often limited, and generally fewer than the number of people directly or indirectly displaced by such investments (Li 2011).

Sugarcane production and its associated businesses are contentious and affected by local, national and international politics of protectionism and liberalisation (Richardson 2010; Bates 1981). Understanding how the state works to achieve the dual and often contradictory goals of political legitimation and capital accumulation in both the local and global economy (Bonal 2003; Klerck and Sycholt 2010) allows an assessment not only of its role in the privatisation of KSCL, but also of how it continues to safeguard the interest of both capital and outgrowers. This section provides an account of the history of sugarcane farming in Kilombero, Tanzania, the role of the state and how the privatisation of KSCL reshaped the relationship between the company and outgrowers.

Sugarcane production in Kilombero Valley started in the early 1920s with small jaggeries (Baum 1968). Large-scale commercial production started in around the 1960s when the then Kilombero Sugar Company (KSC) with funding from the International Finance Corporation, the Commonwealth Development Corporation (CDC), Standard Bank and two Dutch financial organisations, established its first factory in Msolwa area in the 1960s (Baum 1968; Sulle and Smalley 2015). From its inception, KSC ran its estates with outgrowers. This was part of a strategic decision made by one of its funders, the CDC which supported other outgrower schemes including the similar model in Kenya (Buch-Hansen and Marcussen 1982; Smalley et al 2014).

KSC was later nationalised in 1967 after the implementation of the Arusha Declaration, which saw the government retaking management of industries of high economic value for the nation.

The nationalised KSC was placed under the management of the National Food Corporation (NAFCO) and subsequently the Sugar Development Corporation (SUDECO) which took charge in 1974 with core activities of developing the national sugar industry, distribution, exports and imports of sugar. In 1976, KSC built a second sugar factory to expand the company's cane production crushing capacity. This in turn increased both outputs from the company's estates and outgrowers' cane supply to the mills (Kamuzora 2011; Siyao 2012). Throughout this period of state control of KSC, the state subsidised extension services to outgrowers as well as cane-cutting and transportation of outgrowers' cane (Interview, outgrower leader, 24 October 2016).

During global structural adjustment programmes of the late 1980s a combination of cuts to state agricultural subsidies, stiff competition in the sugar business and worker demands for better pay, resulted in production and profit falling to the lowest in the company's history (Mbilinyi and Semkafu 1995; Sprenger 1989). Outgrowers' cane supply also fell to its lowest during the period of state control: from 42 to 15 percent in 1978 (Sprenger 1989). Outgrower production did not pick up until the company was privatised in 1998 to South African Company, Illovo Sugar Group which acquired the majority share of 55 percent (Smalley et al 2014). The government of Tanzania maintained the 25 percent share in the company while 20 shares were acquired by ED&F Man, the UK Commodity Trader. In June 2016 Illovo Sugar Group was purchased by Associated British Foods (Dubb et al 2017). The sale of KSC to South Africa's largest sugar company needs to be viewed against the South African government's support for home-based companies expanding their business across the continent, acting as the conduit for other global interests in agriculture (Hall 2011, 2012; Martiniello 2017).

After taking over the management of KSC, Illovo changed the name to Kilombero Sugar Company Limited (KSCL), embarked on renovating factories, improving its production in sugar estates and mobilising outgrowers by providing cheap loans, maintaining their infrastructure and guaranteeing a market and fixed price (Kamuzora 2011; Martiniello 2017; Smalley, Sulle, and Malale 2014). To date, the company leases about 9562ha from central government, 8000 ha of which is under sugarcane, with the remaining land used for factories, offices, staff houses and social amenities. (Illovo 2014). It sources the rest of its sugarcane from over 8500 registered outgrowers. The partnership between KSCL and the outgrowers is based on a cane supply agreement (CSA) negotiated and signed by the company and canegrowers' associations every three years. Contract farming arrangements today differ from the 1980s when state-owned parastatals or private firms had contracts with farmers who were supplied with inputs, tractors and extension services to assist their production (Oya 2012). In Kilombero, the contractual arrangement has changed over time, so that today most outgrowers carry out most of their production activities on their own land. Given the nature of the sugar business, outgrowers' incomes are variable. Income may be affected by cheap imports of sugar, variable sucrose levels and other agronomic factors, and by the terms of the contract with the processor.

KSCL's expansion strategy, which includes an outgrowers' scheme, is financed by the government of Tanzania, the EU among other donor agencies, local and international financial institutions and NGOs (Sulle and Smalley 2015; Tomlinson 2005). As a result, both estate and outgrowers' outputs have increased substantially with outgrowers accounting for about 43 percent of total cane processed by the company's mills (Illovo 2014; Sulle 2017). Nonetheless, these increases in productivity must not be attributed to privatisation per se, but to a number of factors at play. The entrance of foreign capital was accompanied by several policy reforms and increased state investment in public services and goods. Three years after KSCL was privatised, the government enacted the Sugar Act of 2001, which restricted cheap sugar imports, raised the price of locally produced sugar and boosted local production. This was followed by the EU's Preferential Trade Agreement which, among other things, ensured that products from least developed countries (LDCs) entered European markets on a duty-free and quota-free basis. As such, further development of sugarcane production in Tanzania needs to be assessed against the current EU regulatory reforms in the sugar industry, which ceased the Preferential Trade Agreement on 30 September 2017 (European Commission 2017).

Gender and commercial sugarcane production

The global economic trend towards liberalisation and increased labour flexibility since the 1980s has brought with it a rise in the participation of women in the labour force, including in commercial agriculture. However, this 'casualisation' and 'feminisation' of the workforce (Standing 1989) has not automatically produced an overall improvement in women's employment prospects in global supply chains. As Kabeer argues, 'employment itself has started to take on some of the "informalised" characteristics of work conventionally associated with women' (Kabeer 2003, 65). Global supply chains depend on women's work being undertaken not only as waged employees, but also informally, using visible and hidden labour within households (Dunaway 2014; Dancer and Tsikata 2015, 13). These changes in systems of commodity production, particularly the shift from food crop to cash crop, have also had significant impacts on household food security and gender relations within households (Carney and Watts 1990; Mbilinyi 2010, 2016; Meinzen-Dick et al 2011; Razavi 2003; Von Bülow and Sørensen 1993; Whitehead 2009). These impacts include changes in the gender division of household labour and access to and control over resources, including land. However, studies focusing on gender emphasise that the effects of agricultural commercialisation on women's farming are not uniform. Local gendered social norms and practices contribute to gender differentiation across different models of commercialisation (Mate 2001; Oya 2010; Smalley 2013). At an individual level, gender differentiating impacts of commercialisation are also shaped by the interactions between gender and other factors of social difference, including wealth, ethnicity, age, education and marital status.

It is well established that in areas of commercial pressure on land, women with limited access to resources tend to lose out in agricultural contracting arrangements (Behrman, Meinzen-Dick, and Qusumbing 2012; FAO 2011; Schneider and Gugerty 2010). This is in part, because the contracting arrangements within outgrowing often entrench pre-existing gendered power relations within households as companies contract with household heads and land is converted from household food crops (some of which are sold by women in local markets) to cash crops. A common finding among the studies cited above is that expansion in cash crop production also usually has the effect of increasing women's workloads overall and reducing women's bargaining power within the household where most cash-crop income is retained by men.

Estate agriculture is often associated with labour exploitation and has been shown to have a negative impact on intra-household gender relations, labour patterns and wage inequalities (Mbilinyi 1988; Smalley 2013, 52). In terms of labour exploitation, studies demonstrate that it is often poorer women who have limited livelihood options that represent a 'captive labour pool' for farms and estates (Cramer and Pontara 1998; Hayami 2010; Loewenson 1992; Smalley 2013). The consequences of high levels of mechanisation on women's work have varied according to context. Mechanisation has both increased feminisation of the workforce, and excluded some women from the labour market, depending on the kind of labour that mechanisation has replaced (Dolan and Sorby 2003).

Recent studies of African sugarcane production show mixed results in terms of their implications for gender relations and women's economic power within the household. In Zambia, Richardson (2010) found that in married sugarcane-growing households, both men and women enjoyed increased economic stability and improvements in family diets, but existing gender inequalities within the household were unchanged by the institutional arrangements of the company's commercial outgrower model. By comparison, widowed female heads of households experienced greater benefits in terms of increased status and income through their participation in the model, as it was more socially acceptable for them than for married women, to own and manage their own land for sugarcane growing. These findings are supported by studies of irrigation schemes in Mozambique and South Africa, which highlight that an 'efficiency discourse' that opposes the use of irrigated land for subsistence agriculture risks accelerating processes of social and economic marginalisation for poor rural women in particular (Pellizzoli 2009). Similarly, research from Swaziland identifies female-headed households as at a particular risk of increased food insecurity in areas experiencing a swift move towards irrigated sugarcane. In that local context, the shift was accompanied by cessation of cotton and declining maize, beans and sweet potato production (Peter et al 2008).

The impacts of sugarcane commercialisation on estate employment are also highly gender-differentiated. In Mozambique patterns of casualisation have seen employed women workers disproportionately affected by permanent and seasonal job cuts, with a heavy reliance on migrant labour from neighbouring or distant regions for seasonal field work (Lazzarini 2017; O'Laughlin and Ibraimo 2013). This and other research on Tanzania and Zambia (Mbilinyi and Semakafu 1995; Rocca 2014) reports a masculinising of certain areas of the workforce, particularly cane-cutting. Other field labour, such as weeding, is conventionally associated with women and older men and is less well paid.

This study explores the relationship between the political economy of sugar in Tanzania and gender differentiation in KSCL's estate-outgrower model, in a local agrarian context with a legacy of colonial expropriation of land and *ujamaa*. There is some debate within the mainstream literature as to whether this estate-outgrower model has been effective for balancing the interests of rural outgrowers, investors and national economic development in Tanzania (Sulle and Nelson 2009). In a 1990 study of gender and tea-growing in the Usambara Mountains of northeastern Tanzania, Sender and Smith then argued that growing social differentiation in rural Tanzania was reinforced by the failure of the *ujamaa* project. Labour shortages on Tanzania Tea Authority estates were argued to be the result of husbands' control over the labour of their wives. Wage employment on estates and smallholder farms was seen as 'an escape route, a liberation from the most oppressive, and even physically violent, relationships with men' (Sender and Smith 1990, 68). What was needed, they argued, was increasing cash crops to generate foreign exchange through exports. While *ujamaa* as an overall economic policy has been roundly criticised, our findings in the case study context do not point towards the legacy of *ujamaa* as the source of increased gender differentiation in women's participation in sugar production today. A lack of local customary ties to land resulting from *ujamaa* villagisation policies and gender-equal principles of village land allocation, have mitigated some of the most gender-differentiating effects of global capitalism and pressure on local land markets. Gender differentiation in sugarcane production in Kilombero *has* increased. However, this is better explained as the consequence of privatisation, commercial pressures on land, and burgeoning local land markets, rather than *ujamaa*.

Case study: Gender and sugar production in Kilombero District

The research centred on two adjacent villages close to the company plantation – Msolwa Ujamaa and Sanje. Each village has a distinct history, which has resulted in differences in land tenure patterns between the villages. In Msolwa Ujamaa, prior to the 1960s, most land belonged to a single individual member of the leading Tanzanian African National Union (TANU) party. Some land was given in parcels to a limited number of people to establish a village (Smalley et al 2014; Sulle and Smalley 2015). Other land was later nationalised and became the village farm. As part of *ujamaa* policies of the 1960s, plots were allocated to both men and women villagers on an equal basis. In contrast to Msolwa Ujamaa, in Sanje today, land tenure shows a marked differentiation between four large-scale farms comprising over 500ha, and villager-owned small plots of around 1.5ha (4 acres) (Smalley et al 2014). Originally appropriated by German, Dutch and South African settlers, the large-scale farms were re-acquired by new owners – Tanzanians with Indian and Arabic origins - after the previous owners were ejected by the independent Government of Tanzania (Sulle and Smalley 2015). However, unlike in Msolwa Ujamaa, they were not redistributed or brought under communal control. *Ujamaa* policies were practiced in Sanje, but not to the same extent as in Msolwa Ujamaa. The inequality in the distribution of land in Sanje between four large-scale farmers and other villagers continues to this day. In the two villages, our findings show that the enduring impact of *ujamaa* is more apparent in Msolwa Ujamaa than in Sanje, both in terms of access to and control over land (Mbilinyi 2016) and village administrative structures (Greco 2016). Some *ujamaa* practices have been eroded over time. For instance, villagers no longer work collectively on communally owned farms where they used to share the proceeds of agricultural production, although Msolwa Ujamaa has maintained its village farm and uses the revenue it generates to pay for various social services, medical services, construction and medical staff houses (Interview, Msolwa Ujamaa Village Chairman, 25 October 2016).

Gender and land tenure

As Mbilinyi (2016) has argued, the long-term outcomes of the implementation of *ujamaa* villagisation policies are complex and context-specific.

Table 1. Modes of acquisition of land in Msolwa Ujamaa and Sanje village households.

	Man only	Woman only	Both (held either jointly or individually)	Man only	Woman only	Both (held either jointly or individually)
Purchased	3	0	5	5	3	6
Inherited	5	2	4	5	3	1
Allocated by village for free	4	2	6	3	1	4
Rented or borrowed	2	2	5	3	2	0
Settled without permission	0	0	0	2	1	1
Other	1	1	1	2	0	1
Totals	15	7	21	21	10	13

Msolwa Ujamaa (n= 30) Sanje (n = 30)

Note: 23 households acquired land through at least two different modes of acquisition.

They have also created opportunities for rural women to participate in various economic activities, '… including women's cooperative farms, shops, maize mills and beer halls which provided employment, income, and access to productive property as well as to scarce goods during the economic crisis of the late 1970s and early 1980s' (Mbilinyi 2016, 120). In the Kilombero Valley, the historical legacy of allocating equal-sized plots of land to men and women in *ujamaa* villages, a buoyant local land market and a high proportion of migrants from other regions of Tanzania, has meant that issues of gender-differentiation often associated with customary land tenure practices have less applicability in the area. Table 1 shows the results of a 2014 survey of modes of acquisition of land by 30 households in each of the two study villages (*n*=60). Land is acquired in multiple ways within both villages - through purchase, inheritance, allocation by the village, renting, borrowing and by adverse possession. 23 (approximately one-third) of the households acquired land through at least two different modes of acquisition. It was also common for both men and women to own land, whether jointly or individually. The survey results show that in Msolwa Ujamaa, allocation by the village was the most common mode of acquisition for men and women. In Sanje, more households purchased land than by any other means. However, overall, men were twice as likely as women to acquire land in their sole name, whether by purchase, inheritance or allocation by the village (Table 1).

There was also gender differentiation in the size of plots. In Msolwa Ujamaa respondents reported the average size of plots owned by individual men as 2.13ha - more than 0.4ha (one acre) greater than the average plot size of 1.5ha held by individual women. By contrast in Sanje, where plot sizes are on average smaller for most villagers, the gender differentiation in average size of land tenure was much less (1.58ha for men, 1.48ha for women).[1602] Overall, the average farm size in Tanzania is 1.2ha (FAO 2018). A key reason for higher than average farm sizes in

[160] Villagers self-declared the size of their plots during the household surveys. While self-declared figures are necessarily approximate, they are supported by interview data on plot sizes obtained from the company and canegrowers' associations.

these villages is the ongoing expansion of canegrowing as a result of market demand and higher prices for sugarcane compared with other crops in the area (Sulle 2017).

There are a number of reasons why gender differentiation in land-holding exists in this area in spite of the legacy of *ujamaa*. It may be attributable to social norms concerning male ownership of land notwithstanding a lack of historic customary ties; or the consequence of unequal access to resources used to purchase land, where demand for land has increased in local land markets. At the same time, with changes in social attitudes to female land-holding, there is some evidence from focus group discussions with women to suggest that more women are retaining their husbands' land as widows than in the past. Moreover, as canegrowers' associations have proliferated in the area and are subject to harvesting quotas issued by the company, some husbands and wives have registered themselves individually as owners of the land with two different canegrowers' associations as a tactic to maximise the chances of their cane being harvested (Interview, association leader, 17 April 2014).

Labour

In the study villages, many outgrowers rely on labour beyond their own households and many villagers undertake casual work in sugarcane production, whether for other farmers or for KSCL. Around half of the respondents in the 2014 survey said that their households employed others to assist them with cane cultivation. This type of work was generally preferred over casual opportunities within the company due to the system of payments and relatively lower rates of pay. Mbilinyi and Semakafu (1995) reported similar findings prior to privatisation. There are notable differences in the type of work and income of men and women, both for other farmers and for the company. Weeding, pesticide and fertiliser application tasks are undertaken on a casual basis on outgrowers' farms, and on a seasonal or casual basis at KSCL. In both cases, it was widely stated in key informant interviews and survey findings that women and older men do most weeding, whereas men do most of the pesticide and fertiliser work. In Mbilinyi and Semakafu's study, it was also observed that in the early 1990s, both men and women perpetuated gender stereotypes of strong masculine cane-cutters and weaker women and older men as weeders (Mbilinyi and Semakafu 1995).

Employment at KSCL was uncommon among the 215 households surveyed. KSCL reported that in 2013 one-third of its employees were ‘local citizens of the country’ (Interview with company officials, April 2015). However, the company relied heavily on migrant labour from elsewhere in Tanzania at all levels of the workforce, from seasonal workers to senior management. By comparison with the wages paid on outgrowers’ farms, in April 2014 KSCL company statistics showed that wages for work done mostly by women were lower than for work done mostly by men. Wages for weeders, for example, were lower than those for pesticide application and cane-cutting. Weeders working on a seasonal basis of six days per week were paid TZS 5,499.46 (US$3.4) per day. Those employed on a daily casual basis were paid at a lower rate of TZS 5,118.30 (US$3) per day. Pesticide application was paid at a rate of TZS 5,875.15 (US$4) per day for seasonal workers, and TZS 5,679.11 (US$3.5) for casual daily workers. All of these wages were lower than those paid to cane-cutters working a six-day week, who earned TZS 6435 (US$4) per day. Mbilinyi and Semakafu reported similar income-differentiation between weeding and cane-cutting in their 1995 study. At first glance the 1992 wage statistics suggest parity between weeders and cane-cutters, with both earning the same basic wage of TZS 134/70 per day along with a bonus scheme for regular attendance and task completion. However, cane-cutters were also able to enhance their wages through an incentive scheme for additional work done above the daily ‘task’. There was no additional piece rate wage paid to weeders (Mbilinyi and Semakafu 1995, 5, 73).

Table 2. Longitudinal comparison of employment status in the KSCL workforce by gender.

	Men		Women		Total	
Year	*1992*	*2013*	*1992*	*2013*	*1992*	*2013*
Permanent	4008 (44%)	760 (36%)	495 (64%)	110 (27%)	4503 (45%)	870 (34%)
Seasonal	4861 (52%)	1259 (59%)	228 (29%)	250 (61%)	5089 (51%)	1509 (59%)
Other non-permanent	344 (4%)	117 (5%)	56 (7%)	49 (12%)	400 (4%)	166 (7%)
Total	9213 (92%)	2136 (84%)	779 (8%)	409 (16%)	9992	2545

Source: 1992 data from Mbilinyi and Semakafu (1995, 68); 2013 data supplied by KSCL Human Resources, April 2014. Per- centage figures for men and women represent the proportion of all men and all women working in each category of employment. Percentages in the vertical total column represent the proportion of the workforce working in each category of employment.

The 2014 company data reveals significant gender differentiation in the employment status and seniority of positions occupied by women and men as employees at KSCL. Table 2 shows that in 2013 the proportion of women in the KSCL workforce was 16 percent. Women comprised 13 percent of permanent staff. At first glance, this compares favourably with the 1992 data, where women comprised eight percent of the total workforce and 11 percent of permanent staff. However, as at 2013, only 27 percent of women and 36 percent of men were employed on a permanent basis. This represents a sharp reduction from the 64 percent of 779 female employees and 44 percent of 9213 male employees in 1992. The difference is explained by the relative decline in the number of permanent jobs in favour of seasonal and other non-permanent employment. Between 1992 and 2013, the 64 percent of women employed on permanent as compared with 27 percent on seasonal contracts had almost completely reversed (to 29 and 61 percent respectively), meaning that women have been disproportionately affected by the company's shift from permanent to seasonal employment. Between 1992 and 2014 there was a striking reduction in the number of employees at KSCL, while overall production increased, concurrent with restructuring following privatisation and increased mechanisation in sugarcane production over time. In the 2013 fiscal year KSCL employed a quarter of the number of people it employed in 1992. The biggest reduction has been in the number of staff employed on a permanent basis. A similar trend has been observed elsewhere within sugarcane production in Mozambique (Lazzarrini 2017; O'Laughlin and Ibraimo 2013).

The nature of employment by job level is also gender-differentiated. In 1992 Mbilinyi and Semakafu found that 65 percent of women in permanent employment were hired in administration doing mainly secretarial work, compared to 17 percent of men, meaning men had a wider range of permanent employment opportunities than women. They also noted that it was a stated intention of Kilombero Sugar Company to reduce wage costs by keeping long-term workers on casual, temporary or seasonal terms (Mbilinyi and Semakafu 1995, 70-72). Currently, women continue to be employed largely in semi-skilled positions, many as office workers, cleaners or administrators. In 2013, 79 percent of female employees worked in semi-skilled and unskilled positions, as compared with 68 percent of men (Table 3). There is relative gender parity at the first level of line management. However, overall across all levels of skilled work and management men outnumber women by a ratio of 11:1 (243 men (32 percent of men): 23 women (21 percent of women)).

Table 3. Gender-disaggregated data for employment by job level at KSCL in 2013.

	Men	Women	Total
Senior managers	42 (5.5%)	2 (1.8%)	44 (5.1%)
Middle managers	35 (4.6%)	2 (1.8%)	37 (4.3%)
First line managers	85 (11.2%)	13 (11.8%)	98 (11.3%)
Skilled	81 (10.7%)	6 (5.5%)	87 (10%)
Semi-skilled	417 (54.9%)	82 (74.5%)	499 (57.4%)
Unskilled	100 (13.2%)	5 (4.5%)	105 (12.1%)
Total	760	110	870

Source: Data supplied by KSCL Human Resources, April 2014.

Today, as part of its attempt to attract more local women to work for it, the company says that it offers a range of support services for families including job offers for spouses. Permanent employees have housing within the company's compound, schooling, childcare and health facilities and local transport around the factory site. However, despite all these attempts, few women have been employed in more technical positions. Both company and Sugar Board of Tanzania officials attributed this to the low proportion of girls studying science subjects in secondary school and higher learning institutions. One company official also commented on families generally being reluctant to relocate to the countryside to enable wives to take up skilled employment opportunities. Where families were separated by work commitments, it was far more common for husbands to live away from the family home for long periods (Interview, company employee, 24 April 2014). Presently, company statistics report that 82 percent of seasonal and temporary workers employed by KSCL are men.

With a workforce in 2014 one-quarter of the size it was prior to privatisation in 1992, the majority of job cuts have been to permanent positions, and the impact on female employees proportionately greater than on men. Across the workforce a disproportionate number of women continue to occupy the lowest paid jobs at KSCL and few reach senior grades. There are many reasons for this. The first stems from the perception that the pool of female skilled labour in the agricultural sector is small. A second is the socially and commercially entrenched gender stereotyping of men and women in different roles within sugarcane production. However, both of these factors were present before privatisation and contributed to gender differentiation at that time. Increased levels of casualisation of the workforce since 1992 are attributable to changes in company policy itself, namely the strategic casualisation of the workforce post-privatisation in favour of seasonal migrant employment. These changes have created employment conditions which are largely only attractive to young men, some of whom leave their families for months at a time in search of livelihood opportunities. However, this company strategy must also be viewed in the context of global structural adjustment policies and commercial attempts to maintain comparative advantage in the national sugar industry in the face of cheap sugar imports.

Gender, wealth and leadership of canegrowers' associations

Since privatisation, in terms of size of farmland, inequality among outgrowers has increased (Sulle 2017). While the number of famers cultivating less than five acres has doubled from 3384 in 2003 to 6320 in 2013, the number of outgrowers cultivating between five and 50 acres has increased from eight in 2003 to 1667 in 2013 (Illovo 2014). This represents a significant shift in resource ownership in the area, consolidating control over land and social power in the hands of a minority of richer farmers, while poorer farmers are shifting to food crop farming further afield (Sulle and Smalley 2015). Increased social differentiation in resource accumulation also represents a barrier to leadership positions within canegrowers' associations and concentrates control in the way cane processing quotas are administered. In the Tanzanian sugarcane sector, outgrowers gain access to processing facilities via canegrowers' associations, each of which are allocated quotas for cane harvesting by the company. The constitutions of canegrowers' associations vary; however, often a higher than average threshold of land ownership – for example ten acres (4ha) – is a prerequisite for leadership positions in associations. It is not unusual for chairpersons of canegrowers' associations to own far in excess of 40ha of land.

Leadership within Kilombero's canegrowers' associations is highly gender differentiated. In April 2014, of the 15 local canegrowers' associations in Kilombero, only Muungano had a female chairperson. This exception is explained by the fact that, in common with other association chairpersons, Muungano's chairperson also owned a substantial acreage of land. In interview, she explained that she had inherited 198 acres of land from her father:

> *Even God allows women to own land. I was the only child of my father, so my father gave me all his land. This situation, however, did not go down well with other members of my father's family. Some of them wondered why they were not given the land, but my father was clever. He knew they were not close family, so he left the land to me in writing* (Interview, 25 April 2014, translated from Kiswahili).

Although the amount of land she inherited was unusually large, the chairwoman's story that she inherited the land as a daughter and only child is not untypical (Dancer 2015; Odgaard 1999). However, although in this and other interviews with villagers, it was recognised that children of both sexes were entitled to own land, male inheritance of land is still prioritised. Muungano's chairwoman explained that she had already subdivided 49.5 acres of her inherited land among her three children as follows: 15.5 acres for the first born (female), 22 acres for the second born (male) and 12 acres for the last born (female). She added: *'my son now knows everything about farming and harvesting cane, and I am very proud of this because I know he can take care of his own future.'* (Interview, 25 April 2014, translated from Kiswahili).

Her decision to start her own canegrowers' association was in response to the difficulties she and other outgrowers had experienced in getting their cane harvested through other associations' quotas. Whenever their cane was left unharvested they accumulated debts as a result. The association began with ten farmers, whom she mobilised and led as the only woman among them. By April 2014 her association's membership had grown from 65 to 284 members, comprising 91 women and 193 men. Although she was the only woman on the Board of Trustees, five out of ten members of the association's council were women. By comparison, Sanje canegrowers' association had 379 members of whom 119 were women. At Msolwa Ujamaa canegrowers' association, of the 956 members in 2014, 456 were women and 494 were men. All executive committee members were men (women had not contested).

Why don't women contest for leadership positions in canegrowers' associations? One male canegrowers' association secretary said this could be due to the working conditions of leadership in sugarcane harvesting. This involves going to the fields at night, as harvesting and loading are done over a 24-hour period. He stated that women were less willing to attend to harvesting cane at night where there is also the risk of emergency cane fires (Interview, association secretary, 9 April 2015). By contrast, Muungano's chairwoman replied that this was a question that she was often asked, but that it was difficult to give a simple answer. She reflected that women need access to capital because canegrowing is capital-intensive. There is also a need for farming education and extension services. She added: *'We must change…we must get away from old views that women cannot do this and that… it is only men who can.*

Now we need to adopt a new system where we believe women can do it.' (Interview, 25 April 2014, translated from Kiswahili).

In practice leadership within canegrowers' associations requires social and economic capital – whether a large acreage of land, or connections. A woman may become a leader of an association, but it is her wealth that provides the social and economic capital to be respected in the role:

> *... being a leader with some property makes people put you into a different class. For example, when I decide to walk around my neighbourhood to attend a funeral or any other social gathering, people in the street will ask me: Where is your car? We know it is only us who deserve to walk. So this kind of societal view often pains me* (Pers Comm. Chairwoman, Muungano Cooperative Society, 28 February 2019, translated from Kiswahili).

However, the wealth a woman needs in order to lead an association can also create tensions within the household if gender norms of control over resources between husband and wife are displaced. As Muungano's chairperson acknowledged, in order to preserve harmony within the marriage, a wife with greater resources than her husband needs to exercise discretion in her use of resources in order to show her respect for him.

Conclusions

This article has explored relationships between state, corporate capital and local stakeholders in the political economy of sugar from a gender perspective. In doing so, it has addressed the relative paucity of empirical research on gender in mainstream studies of the African sugarcane sector, by analysing the relationship between privatisation and women and men's participation in the 'estate-outgrower' model of sugarcane production over time. The findings generate new insights into the degree to which the model can be regarded as 'inclusive' for women and men, thereby contributing to debates on the estate–outgrower model in developing countries, and the claim that it creates jobs and a win-win situation for private firms and contracted farmers, or outgrowers (Glover 1984; Kirsten and Sartorius 2002; World Bank 2007). It also reinvigorates the debates over gendered power relations and social differentiation often associated with contract farming (Cousins 2013; Scoones et al 2016).

As discussed elsewhere in the literature, the outcomes for outgrowers identified in this study are context-specific and shaped by local land tenure patterns, the particular contractual model and dynamics of the wider political economy (Cotula 2011; Dubb, Scoones, and Woodhouse 2017; Smalley and Corbera 2012; White et al 2012). Our findings on local land tenure patterns demonstrate a clear relationship between gender, wealth and social differentiation in outgrowing. Women's participation as registered outgrowers is generally greater in places where land was historically more equally distributed to villagers of both sexes during and after the implementation of *ujamaa* policies. Other factors that have proved favourable to women's land tenure in the area include relatively weak customary ties over the land following villagisation, and more recent awareness-raising of women's land rights as part of local land tenure formalisation processes. Yet, there is still significant gender differentiation in land tenure, with men twice as likely as women to acquire land in their sole name in the study villages. This is better explained as the consequence of privatisation, commercial pressures on land, and burgeoning local land markets rather than *ujamaa*, notwithstanding its reported failings as a national economic policy (Sender and Smith 1990).

The effects of privatisation of KSCL in 1998 on the opportunities for women and men's participation in the 'estate-outgrower' model mirror trends of elite capture of land for agriculture, casualisation and gender differentiation in the workforce observed in commercial agriculture and sugarcane production elsewhyere (Lazzarrini 2017; O'Laughlin and Ibraimo 2013). One of the most significant gender-differentiating outcomes since privatisation found here is the relative decline in women's permanent employment by comparison with men. This reflects an overall casualisation of the workforce since privatisation, which has disproportionately affected women; and a limiting of women's employment possibilities, with men outnumbering women by a ratio of 11:1 in skilled and managerial work in 2013. This gender differentiation may be attributable to societal perceptions of women in science as well as the employment conditions associated with seasonal work, which currently depend heavily on migrant labour and are therefore generally unsuited to women with family responsibilities. More could be done by the state and the agricultural sector to promote opportunities for women in agriculture both in terms of creating educational opportunities and challenging entrenched discriminatory views on women in science. However, in order to make employment within the sector a realistic and attractive prospect for both men and women, the company would need to invest more in permanent employment positions so that families were not forced to separate to undertake casualised seasonal work. Given the trend towards casualisation and lower paid work, it is perhaps unsurprising that both men and women who held land for canegrowing in the study villages expressed a preference for outgrowing over working as employees for the company. This is a finding shared by other recent studies where outgrowers reportedly earned more by working their own land than as wage labourers on plantations (Deininger and Byerlee 2011; Li 2011, 285).

The presence of women in leadership roles is an important factor for ensuring women's participation in commercial agriculture more generally. However, currently very few women occupy leadership positions in canegrowers' associations. This gender differentiation is maintained and reinforced by a concentration of social and economic power through land tenure in the hands of wealthier farmers, with richer farmers accumulating more land and increasing their production shares. Women on average hold less land than men and are largely excluded from leadership positions in canegrowers' associations by minimum criteria for selection based on land ownership.

At a national level the estate-outgrower model is touted as one which improves opportunities for smallholder farmers to participate in commercial agricultural production. However, elite capture in an area of pressure on land and consolidation of power in the hands of wealthier association leaders, has the consequence of disadvantaging poorer farmers in getting their cane harvested under quotas and marginalising women farmers in particular. Within company employment structures, sectoral reforms have disproportionately impacted upon women. Their employment possibilities have been limited by systemic factors associated with casualisation and societal gender biases concerning women and men's roles in sugarcane production. The intersection of gender norms with wealth inequalities and wider political-economic changes means that gender differentiation in commercial sugar production has not only been re-entrenched since privatisation, but is deepening.

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Research Paper IV

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Abstract

Currently, development partners and governments have embraced the catch phrase 'inclusive business model' to describe corporate expansion into smallholder agriculture – processes which are also described by critics as 'land grabbing'. This article examines a sugarcane production partnership between an agribusiness and outgrowers in Kilombero, Tanzania. It argues that while the studied model has some elements of limited inclusivity, the hyped-up narratives of win-win optimism are not entirely applicable, because there are winners and losers in such business arrangements. Instead, governments and stakeholders must invest in developing rural farmers' agency to ensure farmers benefit from their farming and influence decision-making processes.

Keywords: Inclusive business model, outgrowing, political economy, Tanzania

Introduction

In recent years, an 'inclusive business model' has become a catch phrase not only among development partners and policy makers, but also among national and international civil society organisations working on development and land issues (Otsuki et al. 2017; Chamberlain and Anseeuw 2017; BIF 2011; Vermeulen and Cotula 2010). Some studies have argued that inclusive business models provide alternative approaches to land-based investments. They are designed to mitigate the often significant and adverse impacts on rural people due to land and resource grabs[i], while still supporting foreign direct investments, particularly in agriculture in developing countries (Vorley et al. 2008; Cotula and Leonard 2010; FAO 2013). While a 'business model' refers to the value that a product or service brings to the customer, how the product or the service is delivered to customers, and how the profit is captured' (Halme et al. 2012: 746), an inclusive business model strives to achieve both financial and social goals (Kistruck and Beamish 2010; Halme et al. 2012). Unlike other businesses which offer social services through separate corporate social responsibility (CSR) activities, inclusive businesses aim to achieve development goals through their core business activities and as such claim to provide more meaningful and sustainable benefits (Wach 2012).

Despite recent strong support for inclusive business models in agricultural investments, these models still have significant limitations. Inclusive business models face a number of market-related barriers such as deficient market information and regulatory environments and lack of physical infrastructure or access to financial services (UNDP 2010; Prahalad 2005). Equally, as Halme et al. (2012: 743) observe operations constrained by management frameworks centered on 'short-term profit interests, business unit-based incentives structures, and uncertainty avoidance' lead to the failure of most business models claiming to be inclusive to meet broader development objectives, such as poverty alleviation.

The need to increase investments in agriculture in developing countries is clear, however, how such investments are implemented, by whom, for whose benefits, and at what cost are crucial questions. Research shows that many inclusive business models implemented by companies in partnership with outgrowers and or smallholders fail to address the power relations within which different actors are embedded (Margues and Utting 2010). This failure results in many shortcomings such as shifting production risks to smallholders, exacerbating land conflicts, and exaggerating social differentiation and class dynamics (*reference redacted*). Many of these shortcomings are common across the six types of commonly-practiced farming business models, identified by Vermeulen and Cotula (2010: 4): 'contract farming, management contracts, tenant farming and sharecropping, joint ventures, farmer-owned business and upstream/downstream business links'.

Expanding the debate on agricultural commercialisation, Hall et al. (2017) examined processes of change, patterns of accumulation, investment dynamics, and expansion and contraction in farm sizes, under three 'models' of agricultural commercialisation: plantation or estate farming; commercial farming areas; and outgrower and contract farming. Using nine case studies from Ghana, Kenya and Zambia, each with different histories of agricultural commercialisation, they discuss how the trajectories of agricultural growth are implicated in the changing social relations in the countryside. They draw particular attention to gender and inter-generational relations. Based on empirical and secondary data, they found that there is no simple conclusion about the impact of such models (Hall et al. 2017: 531). Indeed, many factors need to be considered in deciding which business model might suit a particular group in a specific location, within a given policy, legal, and institutional framework (Vermeulen and Cotula 2010; Oya 2012).

In this article I argue that any analysis of an inclusive business model needs to be situated within the political economy of a particular country, and how it relates to global political economy of the time. It needs to be further situated within the agrarian political economy, which examines not only the social relation of production and reproduction, but more importantly the power relation in agrarian formations, and how they change over time (Bernstein 2010). In addition, such analysis must take into account the individual characteristics, strengths and weaknesses of each model (Lahiff et al. 2012; Vermeulen and Cotula 2010).

On the basis of these criteria, this article focuses on a partnership between a Kilombero Sugar Company Limited (KSCL) with sugarcane estates and on-estate processing, and the outgrowers supplying sugarcane to the miller under negotiated arrangements. KSLC was chosen for study because this is the largest sugar producing company in the country and it operates with the largest number of outgrowers. Its business model is hailed by the government of Tanzania, donors and investors as an inclusive model that should be replicated in the country's wider efforts to commercialise and modernise agriculture (URT 2013; Nshala and Locke 2013).

The article asks the following interrelated questions: To what extent is the company-outgrowers business model inclusive in nature and character? Inclusive of whom?. In addition to these questions, I adopt Henry Bernstein's four questions of political economy of production and reproduction that include "Who owns what? Who does what? Who gets what? And what do they do with it?" (Bernstein 2010:22), within the operations of this inclusive business model?

To answer these questions, field research was carried out between July 2013 and July 2017. During this period, each year the researcher made two major field trips where he stayed in case study villages for two to four weeks. Throughout this period, 145 key informants drawn from farmers' groups, the Sugar Board of Tanzania, Kilombero district, the company, civil society organisations, researchers, and academics were interviewed using semi-structured questionnaires.

Based on the field research findings, the article highlights that a deeper, more nuanced understanding of inclusive business models is crucial given that the contemporary outgrowing scheme is promoted as the means to modernize and commercialise agriculture in Tanzania and elsewhere in Africa. It shows that it is necessary to unpack the conditions, policy, legal, and institutional frameworks under which such models are established. While the studied model has some elements of limited inclusivity, small outgrowers are also incorporated into the operations of the company with adverse effects. The extent to which such models can benefit small outgrowers is not only affected by class and gender, local and national politics, but also by the international politics of commodity trade and shareholdings. Therefore, narratives of inclusive business models obscure the rural farmers' agency, which as this study has shown, is the much-needed ingredient not only to ensure farmers benefit from their farming and farming trade-related upstream and downstream activities, but also to effectively influence decision-making processes (Cotula et al. 2019). I argue that despite hyped-up narratives of inclusive business models as offering a 'win-win' solution, the case study shows that such optimism is not always applicable, because there are winners and losers in such business arrangements. In this case, the resource and power constrained outgrowers are losing out.

Theorising outgrowing scheme as an inclusive business model

An outgrowing scheme is a type of contract farming, which is among the group of inclusive business models viewed first as an alternative to 'land grabbing' (Cotula and Vermeulen 2010, Cotula and Leonard 2010), and secondly as an opportunity to increase private sector investments in agriculture in developing countries (SAGCOT 2012; World Bank 2013). The World Business Council for Sustainable Development (WBCSD) first defined inclusive business in 2005 as

> sustainable business solutions that go beyond philanthropy and expand access to goods, services, and livelihood opportunities for low-income communities in commercially viable ways. Inclusive business leads to the creation of employment opportunities for low-income communities – either directly or through companies' value chains as suppliers, distributors, retailers and service providers […] (WBCSD 2014: 1).

For WBCSD, inclusive business thus aims not only to create 'synergies between development goals and the company's core operations,' but also to deliver 'higher socio-economic value for communities' (WBCSD 2014:1). Unlike this generic definition, others have defined this model along sectoral lines. Vermeulen and Cotula (2010: 3) state, '[b]usiness models are considered as more inclusive if they involve close working partnerships with local landholders and operators, and if they share value among the partners… None of these models is perfect…'

According to Vermeulen and Cotula (2010) the main objective behind an inclusive business model is to ensure that smallholder farmers working with an agribusiness or a processing mill to secure a market for their produce, participate in business decision-making processes, reduce the risks of doing business and maximise benefits through a wide range of rewards (see Vorley et al. 2008:2; Cotula and Leonard 2010; Figure 1). Arguably, this is achievable in an environment where there is an effective legal and institutional framework that clearly stipulates the ownership of resources and sharing of risk and rewards among the operating partners (Anseeuw et al., 2012 and Prowse 2012). XX et al (*reference redacted*) observe that government, through regulation, information, model contracts and brokerage, can facilitate inclusive business models succeed or fail. State legislation can require that certain purchases and industry distribution activities be sourced from local producers (*reference redacted*). Yet, there is some opposition to requiring locally purchased goods on the grounds that they are often more expensive as a result of reduced or limited competition (Ettmayr and Lloyd 2017).

Following intense debates and discussions around land grabbing from the-late 2000s onwards (Cotula et al. 2009; Scoones et al. 2013), development agencies such as DFID through its Business Innovation Facility (BIF) (Ashley et al. 2014), USAID (2014), and institutions like the World Bank (2013) and FAO (2013) began promoting 'inclusive business models'.

Concerns about land grabbing have also triggered enduring debates about the relative merits of small- versus large-scale farming (Hall et al. 2017; Baglioni and Gibbon 2013). At the core of these debates is whether any model can create benefits for rural communities and the economy of a particular country, without negatively affecting the land rights of local land users (*reference redacted*).

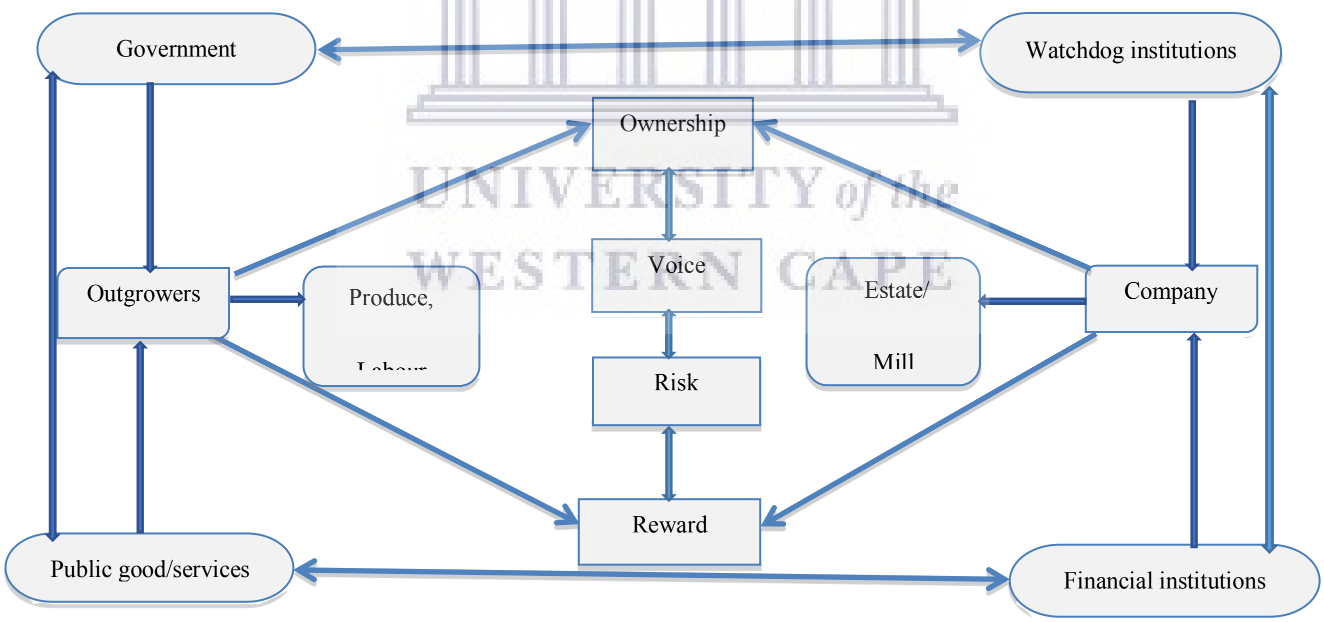
The literature on inclusive business models presumes that incorporation of smallholders into value chains is advantageous, yet as I show in this article, smallholders are also adversely incorporated into the corporate value chains. Advanced by Hickey and du Toit (2009: 4), the term 'adverse incorporation' is a "multi-dimensional concept that refers to particular forms of interaction involving the state, market, community and household. It draws explicit attention to the terms of inclusion in these institutional forms and thus to the relations that keep people poor over time". Indeed, as this paper elaborates below, agricultural investment models such as nucleus–outgrower schemes are the results of state interventions in agriculture in collaboration with the private sector trying to integrate smallholders into global value chains over which the latter have little control.

Analysis that pinpoints what elements make up an inclusive business model is sparse. A UNDP (2008) study states that an inclusive approach includes concepts such as inclusive markets, inclusive growth, and even 'inclusive capitalism', and focuses on the potential for development opened up by the integration of the previously *excluded* poor into the global economy. But the UNDP study is short of details on the extent of the purported integration. Vermeulen and Cotula (2010) provide four criteria that can be used to assess the extent to which an investor's business model shares value with local landholders and operators. These include the resource ownership, sharing of risk, reward, and voice among all business partners in key decision-making processes. As such the business is inclusive if it shares value including on (i) the ownership of the business (equity shares) and of the key project assets such as land and processing facilities; (ii) the participants' ability to influence decision-making processes; (iii) the way that risks are shared by the parties in the business, including political and reputational risks; and (iv) economic costs and benefits such as financing and prices (Vermeulen and Cotula 2010: 35).

Other factors which affect the operations of an inclusive business model are market actors, institutions, policy, legal frameworks, and watchdog institutions (Vermeulen and Cotula 2010; see Figure 1). Land tenure security and trade competition among other factors influence agricultural investments. But in practice implementing an inclusive business model goes beyond this policy rhetoric since business deals encompass many aspects, including the local to national level politics of resource ownership, and the national, regional and international trade and diplomacy policies (Vorley et al. 2008; Vermeulen and Cotula 2010).

As Figure 1 illustrates, the ideal type of an inclusive business model in agriculture involves a partnership between various institutions – mainly the company and outgrowers – supported by the government, financial, and watchdog institutions. The government provides regulations and infrastructure, financial institutions offer credit to outgrowers and the company, and finally, watchdog institutions (including NGOs and academia) provide guidance on the overall design and operations of all parties in this model.

Figure 1. Ideal type of an inclusive business model: creating 'win-win situation'



Source: Author inspired by Vermuelen et al. 2009; Vermeulen & Cotula 2010; Vorley et al. 2008; Lahiff et al. 2012.

This diagrammatic representation shows the theoretical claims of the proponents of inclusive business models, combined with the variables that I identify as being central to the nature and extent of 'inclusion': ownership, voice, risk and reward. It is, therefore, the manner in which partnerships are structured, and the ways in which this shapes these four dimensions, that determine the character – and politics – of 'inclusion' in the business model. In the next section, I explore, historically, how relations between smallholders and state/private millers has evolved, and the relationships of ownership/voice/risk/reward that have been evident in different ways over time in Tanzania.

Interrogating a company-outgrower partnership in Kilombero, Tanzania

The Kilombero Sugar Company Limited (KSCL) based in in the fertile Ruaha river valley of southeast Tanzania operates two sugar estates and processing factories, while outgrowers supply cane to its factories under a pre-negotiated arrangement. KSCL is one of five commercial sugar producing companies in Tanzania. It was established as a private company in the 1960s, later nationalised in 1967, and then subsequently privatised in 1998. From its start, the company operated with outgrowers and today it buys sugarcane from over 8,500 registered outgrowers who cultivate about 12,000 ha of sugarcane (*reference redacted*).

Currently, KSCL shares are owned as follows: 55 percent by the Illovo Group (which is 100 percent owned by Associated British Food), 25 percent by the Tanzanian government, and 20 percent by ED&F Man, the UK commodity trader. It leases 9562 ha of government land, including two cane estates amounting to around 8000 ha, while the rest of the land is used for company factories, staff houses, seasonal migrant workers' hostels, and social service facilities (Illovo 2014). In March 2020, the company had 830 permanent employees and 2418 seasonal agricultural workers at peak periods (Illovo website 2020). These employment figures show that despite the rhetoric of job creation, large-scale investments in agricultural crops such as sugarcane generate fewer permanent jobs than casual and seasonal jobs due to increasingly mechanised production (Hall et al 2017; *reference redacted*).

Revisiting the key analytical criteria established by Vermeulen and Cotula (2010), on resource ownership, sharing of risk, reward, and voice among all business partners in key decision-making processes, we can judge the level of inclusivity in this model (Table 1).

Table 1. Examining the inclusivity of KSCL case in Tanzania

Criteria	*Vermeulen and Cotula characterisation*	*KSCL case in Tanzania*	
		Company-outgrower hybrid model	*Comment*
Ownership	Ownership of the business (equity shares) and of key project assets such as land and processing facilities.	The company leases land for its estates and runs processing factories; outgrowers either own or lease their land and carry out production on their own; they have no equity shares in the business.	The lack of equity shares for outgrowers is a key challenge which limits their participation in key business decisions. Outgrowers' control over land gives them some limited freedom in the monopsony sugar business.
Voice	The ability to influence key business decisions, including weight in decision-making, arrangements for review and grievance, and mechanisms for dealing with asymmetries in information access.	The company and the outgrowers are equally represented in country's decision-making bodies. Outgrower association leaders negotiate on behalf of fellow farmers, but daily operations, sugar business, distribution, and marketing are solely decided by the company.	While outgrowers representation on the Sugar Board of Tanzania is crucial, their absence in the daily operations of the company such as weighing cane load and determining sucrose content reduces their ability to hold the company responsible and accountable for most business decisions.
Reward	Sharing economic costs and benefits, including price setting and finance arrangements.	The cane supply agreement stipulates mechanisms for sharing business proceeds between the company and outgrowers, but they are short on detail about downstream products such as ethanol, molasses and related businesses.	Outgrower absence in downstream sugar business limits their decision-making power, reduces their knowledge of the industry, further limiting their potential earnings in this partnership.
Risk	Including commercial (i.e. production, supply and market) risk, but also wider risks such as political and reputational risks.	Initially the company covered outgrowers' risks such as accidental fire on cane, but it later scrapped this provision in the cane supply agreement, arguing that outgrowers had	The lack of a clear legal basis upon which the company could be held liable for not covering core operational/production and business risks such as its failure to process all matured cane in a season or cane accidently burnt adversely affects outgrowers.

		surpassed the company's processing capacity.	

Resource ownership

Access to and control over productive resources is at the heart of debates on inclusive business models (Chamberlain and Anseeuw 2017; Vermeulen and Cotula 2010). Unlike the ideal-type inclusive business model, which assumes that the partnership between company and outgrowers will be mutually beneficial, this is not the case in practice. As I show below, the more access and control one party has over such resources, the greater their bargaining power and the greater benefits they can realise.

In 2014, the company's two cane estates and two factories were operating at 88 percent of crushing capacity (tonnes) of cane (Illovo 2014). The company inherited most of its infrastructure – factory buildings, irrigation system, airstrip, housing, health, primary school, and seasonal migrant labour hostels from the state (*reference redacted*). Furthermore, the government gave the company industrial and irrigation rights to use water from the Great Ruaha River, which flows through its two estates. Clearly in this case, the company has a variety of large resources at its disposal. On the other hand, the outgrowers partnering with the company own their individual pieces of land, most of which are untitled.

Farmers carry out all their own cane production-related activities (planting, weeding, fertilizer and pesticide application), cane cutting, and transporting it to the mill. Yet, unlike the company, outgrowers lack basic infrastructure such as an irrigation network and their cane is rain-fed. Since sugarcane is capital intensive, cane grower associations are now assisting farmers to transport cane to the mill, and purchase fertilisers and pesticides in bulk (interview, 24 October 2016).

In an attempt to consolidate its access and control over land, immediately after it took over KSCL, Illovo was keen to expand its area under plantation (Chachage 2012; *reference redacted*). Its plans were hampered not only by the area's geographical features and conserved areas, but by villagers' unwillingness to give up their land (*reference redacted*). Although the President has the final power to allocate land for any project deemed to be of national interest, for political reasons, villagers' consent is considered a crucial step in transferring village land rights in the country. These factors are likely to have contributed to the company's focus on increasing outgrowers' production, raising their share of production from 30 percent in 1996 to 45 percent in 2014 (Illovo 2014; Mmari 2014). One farmer recalls how the company convinced them increase their sugarcane production:

> At the beginning we decided to grow sugarcane in areas close to the company's estate and food crops in the rest of our village lands. But when Illovo came, it convinced us to grow sugarcane on the promise that we could earn more money from cane. This was the beginning for many in the villages of Msolwa and Sanje to put most of their land into cane production (interview, 19 July 2015).

The company also uses its charitable arm – the Kilombero Canegrowers' Charitable Trust – to establish block farming and facilitate farmers' access to loans from local commercial banks. From 2007 to 2012 the company managed to establish seven block farms with an average size of 67 acres (27ha) formed by about 29 farms (*reference redacted*). The history of block farming in Tanzania, particularly in Kilombero Valley, dates back to the Ujamaa Villagisation policy of 1974, which saw villagers working on collective farms. Under the collective farming policy, villagers worked on communal farms, making use of communal tractor services which they paid for individually and later share proceeds based on their labour contribution over time (Von Freyhold 1979: 111). But block farming is not free of challenges. The company does not have the capacity to crush all outgrowers' cane produced in a season, and since it is the only buyer in the area, some sugarcane remains unharvested, placing significant financial stress on poor outgrowers (*references redacted*). As XX and XX (*reference redacted*) have observed, in some cases, farmers feel forced to join block farms to avoid the risk of having their sugarcane left out during the harvesting season.

As this case shows, the company's move to expand block farms must be viewed as part of its wider policy to expand its indirect access to outgrowers' land (Hall 2011), and not because of this so-called inclusive business model. This is because, elsewhere in sub-Saharan Africa, Illovo is promoting block farming and has successfully enlisted a number of outgrowers into this model of production in Zambia (Matenga 2017), Mozambique (*reference redacted*) and Swaziland (Terry and Ogg 2017).

Sharing rewards

The cane supply agreement spells out the benefits which the outgrowers get once they have supplied their cane to the company and once the latter has sold its products. As of 2016/17, the outgrowers received TZS 101,000[ii] ($45.30) per tonne of delivered sugarcane before adjustments for sucrose levels and actual sales are made. This price represents a ten percent increase over the price of the previous season due to an increase in the price of sugarcane in local markets following government's strict control on illegal imports of sugar. Once all processed sugar is sold, the proceeds are shared on a ratio of 60 to 40 percent for company and outgrowers respectively (i.e. the ratio of 3:2). This represents a 17 percent loss to outgrowers as the proceeds ratio was 43 to 57 percent for company and outgrowers respectively in 2016 (*reference redacted*). The company explained to outgrowers that their share of the proceeds declined because of the decline in their overall tonnage produced in the harvesting season 2016/17 (pers. comm. 10 August 2017). From 2016/17 to date, while the price per tonne of cane fluctuated, the ratio of proceed-sharing remained the same.

Nonetheless, from outgrowers' perspectives, there are high levels of arbitrariness with which sucrose content is determined and that they have no means to counter assessment of low sucrose content, and thus low the low price they receive subsequently. Outgrowers also have complained about a lack of transparency in the weighing processes of the cane they deliver to the company and that their cane weighs less than the actual weight. These complaints are reported not only during the interviews for this research but as far back as the 1980s when the company was still under government management (Sprenger 1989; Mbilinyi and Semakafu 1995). The benefit-sharing agreement lacks transparency and accountability on how exactly the percentage of the proceeds is calculated, how the outgrowers' cane is measured and the sucrose content determined, and how much the company earns from downstream products such as ethanol. As one farmer lamented:

> I do not know what this "inclusive business model" you are talking about means, but I can tell you, a lot of the successes you see in this area is partly contributed by the presence of sugarcane farming. However, given the limited level of transparency and accountability among the company staff and our own association leaders, we continue to face numerous challenges. We feel that we are not well paid by the company because we are told our sugarcane fetches low levels of sucrose.

The interviewed company official dismissed these claims, arguing that outgrowers are welcome to station their own representatives to witness cane weighing and testing of sucrose content (Interview, 23 April 2016). Based on the structure of this partnership between the company and outgrowers, it is clear that company's position as key and largest resource owner gives it the power to influence not only prices, but also on compensation it should pay or not.

Risk-sharing

Agriculture is a risky business due to many uncertainties, such as policy changes and its dependency on weather (Hardaker et al., 2004; OECD 2009). At the beginning of the partnership, the company agreed that it would prioritise harvesting the sugarcane of outgrowers whose fields accidentally catch fire or those who had unharvested cane in the previous season. These actions were taken to ensure outgrowers do not incur production and harvesting risks alone (*reference redacted*). However, the company no longer covers these risks on the grounds that outgrowers have overshot their production, exceeding the company's capacity to process cane (Interview, company official, 23 April 2016).

As XX and XX (*reference redacted*) have observed, the sugarcane harvesting uncertainty surrounding cane business in the area is causing havoc among the outgrowers as farmers incur significant losses and accumulate debts when they are unable to sell their matured cane. However, since cane production dominates the area, it is difficult to leave sugarcane farming. As highlighted earlier, outgrowers are adversely incorporated into the company's capitalist production, and even though they know risks they will be exposed to, they have limited options for leaving the sector (Hickey and du Toit 2007; *reference redacted*).

Voice in decision-making processes

The company-outgrower partnership is slightly different from the usual contract farming schemes where farmers only sell their primary produce to the buyer, who in turn provides inputs and extension services (Little and Watts 1994; Eaton and Shepherd 2001). The company-outgrower partnership has a limited inclusivity. It allows farmers' association leaders to participate in decision-making meetings, including those that decide on annual price for cane delivered and the percentages of the proceeds to be shared after the cane is sold (*references redacted*). Outgrower representatives sit on the Sugar Board of Tanzania and voice outgrowers' concerns in the sector's highest decision-making body. However, neither the association leaders nor individual farmers fully participate in the other sugar value chain businesses controlled by the company. Outgrowers' knowledge and understanding on how sugar and other downstream products are produced, distributed and marketed in the country is limited. Interviewed outgrowers have decried their limited understanding of the politics of sugar trade regionally and internationally.

> My brother, I hear sugarcane outgrowers in some African countries are paid a lot more than us. So, how can we know their trick please so we can increase our income and the capacity to deal with the company on the one hand and the government on the other? (Interview, 24 March 2016).

This farmer's views represent not only farmers' dire need to close the information gap between them and the company, but also to increase their capacity to influence policy to ensure that they earn sufficient revenues from the sugar value chain. A similar observation was reported by XX and XX (*reference redacted*) based on field research carried out among the Illovo's sugarcane outgrowers in Manica District in southern Mozambique. In the next section, I expand on the political-economic factors that have significant impact on the company's operations with outgrowers.

The political economy of a company–outgrower partnership

While the four main criteria developed by Vermeulen and Cotula (2010) provide useful starting points in assessing the inclusivity of a business model, these are not enough. As I elaborate below, at least four factors affect the performance of parties engaged in so-called inclusive business models, and also the agricultural sector at large.

Labour

Proponents of large-scale land-based investments, which involve outgrowing schemes, claim to create rural jobs (World Bank 2008; 2013). Yet, using World Bank's own data, Tanya Li (2011) shows that large-scale agricultural investments create fewer jobs than the number of people (communities) that are displaced during the process and the implementation of such investments. While Kilombero Sugar has not directly displaced people, findings from this study and elsewhere confirm that plantations or estates create fewer and poor quality jobs, often only for men, especially in permanent positions (Hall et al 2017; Smalley et 2013). For example, since it took over, Illovo Sugar slashed a large number of employees, and shifted towards casualisation, feminisation of casual labour, outsourcing, and use of migrant seasonal labour (Kamuzora 2011; *reference redacted*). In 1992, when the company was under the government of Tanzania, it employed 4,008 people on a permanent basis and 4,861 seasonal workers (Mbilinyi and Semkafu 1995. In 2014, company reports indicate that the company only has 870 permanent staff and 1,675 seasonal workers – mostly migrant cane cutters. Disaggregating these employment data further shows that among its permanent staff in 2013, only 110 were women and the rest (760) were men (Illovo 2014).

The company's strategy to reduce permanent workers and increase its reliance on temporary and seasonal migrant workers is similar to other sugar producing companies in southern Africa. These companies tend to employ seasonal workers from distant areas, few professionals from urban areas, and offer limited opportunities to neighbouring communities in terms of casual labour (see Lazzarini 2017 for the Mozambique case and Dubb et al. 2017 for six other southern African countries). As Issa Shivji (1986) argued, unlike permanent workers from the nearby areas and localities who can easily be unionised, migrant workers are less likely to organise and protest to demand their rights, including fair wages. Unlike estates, however, outgrowing does create some auxiliary job and economic opportunities both at the local and national levels (Hall et al. 2017; *reference redacted*).

State policy, legal and institutional frameworks

Tanzania's legal framework governing the sugar industry provides an easy entry into cane production but limited opportunities in downstream activities such as processing and distribution of final sugar products. An outgrower requires a minimum farm size of 0.4 ha within a 40 km radius of a registered factory where the farmer intends to sell cane. The outgrower then registers with the Sugar Board of Tanzania in their own name, or via an association, which must enter into a commercial agreement with a sugar factory to which they are to sell cane (FAO 2012). This requirement allows many small farmers to enter sugarcane production. Until 2014, about 70% of all sugarcane supplied to the company came from farmers with less than 5 ha of land (Illovo 2014: 24–25).

However, there is little inclusivity in processing, trade, distribution and marketing of sugar, and competition is limited because the law does not allow any firm or an individual to operate a sugarcane processing factory within a 40 km radius of an existing factory. As such companies like KSCL are monopsony buyers in their respective regions of operation. Also, most downstream activities are controlled by a handful of traders (Massimba 2013). This legal framework, together with the power of capital owned by traders with foreign origin, leaves outgrowers under the full control of a single buyer and a few traders. Government and civil society organisations are yet to regulate and / or provide model contracts for farmers engaging with agribusinesses, leaving poor outgrowers to be adversely incorporated into the company's operation. This evidence is not only raised by Tanzanian scholars (Massimba et al. 2013; *reference redacted*) but by the European Parliament Directorate of Research Report (2015) which argues that the lack of model contracts is a key challenge to the EU's efforts to support agricultural initiatives in Africa.

Local, national and international politics

Access to and control over productive resources are affected by local, national, and international politics (Pichler et al. 2016). The company's expansion strategy was unsuccessful not only in areas surrounding the Kilombero valley, but even in distant villages such as Mofu and Ruipa where the government offered land to the company as compensation for a portion of its land occupied by villagers in the valley (Chachage 2012). Villagers who occupied the land formerly allocated to the former state-owned Sugar Development Cooperation overwhelmingly resisted their eviction to pave the way for sugar estates. Villagers argued that for over a decade they had occupied and used land they had found idle. Their claims were upheld by the court, which ordered the government to only acquire the land after paying full and prompt compensation (Bergius 2014). Thereafter, villagers' land was left untouched because of local-level politics intertwined with certain business interests at the national level.

As a net importer of sugar, Tanzania's sugar industry is continuously affected by unstable sugar prices on the international market. Unlike other crops, sugar is a commodity whose consumption is affected by price. Most governments intervene by stabilising prices, either through import subsidies and/or waiving import tax (Bates 1981). Moreover, sugarcane is a 'flex crop' whose uses can be switched between food (sugar) and fuel (ethanol), and the production of each output can be pegged to the local and world economy (Borras et al. 2011). Therefore, as long as major producers like Brazil continue to switch the end product of sugarcane, i.e. producing ethanol when ethanol prices are high or sugar when ethanol prices are low and vice versa, the price of sugar will remain volatile and will carry on disrupting production in countries like Tanzania.

Farmers' agency

Farmers' associations or cooperatives play a crucial role in cushioning members from business risks by bargaining with multinational companies on behalf of members (UNCTAD 2011; Isager et al. 2018; Collord 2019). In Kilombero, outgrower associations played this bargaining role from the time the company was under the state control to date. Unlike farmers' associations which are less accountable to state auditing mechanisms, cooperatives are governed by the

Cooperatives Societies Act of 2013, which requires cooperatives to be audited by the Controller and Auditor General. In a move to address outgrowers associations' shortcomings, in early 2017, the government ordered outgrowers to establish Agricultural Marketing and Cooperative Societies (AMCOS) to replace associations.

District agriculture and cooperative officials explained that farmers would benefit more by moving to AMCOs (interviews, 22 April 2017). They stated that resistance among sugarcane outgrowers was the result of fear among big farmers who want to keep the current associations because they have minimal supervision from the government. On their side, outgrowers and association leaders had varying opinions about the government proposal to abandon farmers' associations. Some believed that through cooperatives the government would hear their concerns, while others were more cautious about the impacts on their associations' assets (interviews, 22 April 2017; 13 May 2017). At a research dissemination event held in Morogoro in 2018, one farmer from the newly-established Msolwa Ujamaa Cooperative Society stated that ougrowers do not reject government's order to adopt cooperative societies instead of associations, but wonder why they are not informed about the real benefits and risks of this new institution. Given the previous successes and failures of cooperatives in Tanzania, it is useful to follow up their development in practice following their recent reintroduction.

Conclusion

This paper interrogates the 'inclusiveness' of the business model and its associated politics. The studied outgrowing scheme is to some extent inclusive for outgrowers that depend on the company's operation. However, this inclusivity is not necessarily because of the model itself. Rather the Tanzanian existing legal and institutional framework allows farmers, even those with a tiny amount of land, to enter sugarcane farming. Secondly, to meet its production targets the company had to include outgrowers because of the difficulties it faced in securing land to expand its estate.

While the studied company is not implicated in any case of land grabbing, it indirectly accesses outgrowers' land by incorporating them into its corporate production under the purported inclusive business model – the 'outgrowing scheme' – to ensure steady supply of their much-needed raw materials. As such, the estate-–outgrower model currently being promoted as an inclusive business model not only perpetuates the fundamental challenges of this model – power imbalances and information asymmetry (Glover and Kusterer 1990; Little and Watts 1994) – but more importantly, the adverse incorporation of outgrowers into the sugar value chain. Adverse incorporation results from the company externalising its production, operation, and marketing risks onto outgrowers (Glover and Kusterer 1990; Little and Watts 1994) by taking no risks whenever it does not buy or process outgrowers cane, even though the company remains a monopsony buyer.

Moreover, this case shows that integrating smallholders into agricultural models such as estate–outgrowers, which hook them into global value chains, has significant limitations regarding effective participation of smallholders in decision making process pertaining to their agricultural produce in the entire value chain (Cotula et al. 2019). Instead, I argue that purported inclusive business models such as the company – outgrowers partnership studied may result in the integration of the 'included poor' into the global economy, with some adverse effects. The findings from this study further evoke the debates highlighted in previous work about small- versus large-scale farming (Hall et al. 2017; Baglioni and Gibbon 2013) and the history of large-scale plantations in Tanzania and elsewhere. As the studied model has shown, outgrowers are better off farming their land, but they need better legal and institutional frameworks to ensure they benefit from their farming activities by earning sufficient income from their produce.

As Cotula et al (2019) have argued, the narrative of inclusive business models obscures the rural farmers' agency, which as this study has shown, is the much-needed ingredient not only to ensure farmers benefit from their farming and farming trade-related upstream and downstream activities, but also to effectively influence decision-making processes. Moreover, the optimism of the hyped-up narratives of inclusive business models as 'win-win' solutions, as this articles shows, is not always warranted, because there are winners and losers in such business arrangements. It argues that the focus on inclusive business models not only diverts attention from already productive and resilient smallholders (Wegerif 2017; *reference redacted*) but also shifts public investment to wealthy individuals such as those with large farms and machinery and multinational corporations as this case has shown.

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[i] In this paper land grabbing refers to acquisitions or concessions with certain characteristics that (might) turn into negative consequences for local people. Key among these characteristics include, the violation of human rights and decisions that are not based on free, prior and informed consent of the affected land-users (ILC 2011).

[ii] The average exchange rate in 2016 was 1US$ = TZS 2230 and in April 2020 is 2279. Source: Bank of Tanzania