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Large Scale Agro-Businesses and Rural Development in Tanzania: Lessons Learned, Steering Requirements and Policy Responses

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Abstract

Large scale agro-investments (LSAIs) in sub-Saharan Africa, in particular if including land acquisitions, are fiercely debated with regards to their impact on rural development and food security. The Government of Tanzania is actively supporting LSAIs, mainly by trying to attract them and link them into rural clusters along the Southern Agricultural Growth Corridor of Tanzania (SAGCOT). However, the track record of these endeavours is poor up to now, and it is also unsettled yet what developmental impacts such LSAIs actually have. A study by a group of researchers from four German and Tanzanian research organisations looked into the reasons for lack of progress in establishing LSAIs, their impacts and the policy efforts hitherto made to steer them. It draws lessons learned for better national and local management of the investments to be established and to economically thrive while providing positive and avoiding negative impacts. The methodology comprised the selection of nine LSAIs, all including both land acquisition and outgrower schemes (nucleus-outgrower model), in three different sub-sectors – sugarcane, tea, rice – in different phases of realisation: planning, establishment, full production and (close to) failure. Around each investment, about 20–30 qualitative interviews and focus group discussions were conducted, in addition about 30 interviews with key informants at national level on policy issues. Results show that there is considerable potential of these investments to support local development, in particular through providing employment, outgrower farmer incomes, infrastructure and corporate social responsibility projects as part of community compensation. Depending on the concrete business model, the opportunities as well as risks are different. In general, the policies to attract and steer LAIs them are not yet sufficiently developed, coordinated and implemented. Several sets of recommendations are made with emphasis on land, agriculture-related policies, investment regulation and climate, and investor-community relations.

Keywords: Land acquisitions, large scale agro-investments, outgrower models, policy, rural development