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### **Southern Agricultural Growth Corridor in Tanzania Programme and Food and Nutrition Security in Covid19 Crisis**

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#### **Introduction**

Southern Agricultural Growth Corridor in Tanzania (SAGCOT) is a programme initiated in 2010 to promote large scale agricultural investments in southern Tanzania covering a zone from the eastern coast through the southern highlands to the borders of Malawi, Zambia and DR Congo. The programme was conceived and championed by private investors, the government and development partners, in line with partnership framework proposed by G20 and endorsed by UN General Assembly in 2012. Investors supported by the government and development partners, in consultation with civil society and farmers organizations, were expected to bring under cultivation 450,000 hectares benefiting the local population in terms of direct job creation, a wide range of benefits to outgrower smallholder farmers and Corporate Social Responsibility support to villagers. It was assumed that if conducted responsibly investments would elicit support from the local population and would spur agricultural transformation in the region. An ensuing SAGCOT Partner membership and SAGCOT Centre Ltd were expected to provide necessary coordination and monitoring mechanism.

SAGCOT was proclaimed to be part of the implementation of “Kilimo Kwanza” Policy (in English- Agriculture First) with the aim of modernization and commercialization of the agriculture sector. The Southern Agriculture Growth Corridor (SAGCOT) programme became started as a Public Private Partnership that brought together Private Sector investors, Central Government, Local Governments, NGOs and Development partners to promote investment and support smallholder farmers in the Southern Corridor. It is significant that the programme evolved in line with the partnership framework proposed by G20, and which was endorsed by the UN General Assembly in 2012.

As the name suggests SAGCOT activities were expected to concentrate in the southern part of Tanzania but these would be implemented in six value-chain clusters, namely Rufiji, Ihemi, Kilombero, Mbarali, Ludewa, Sumbawanga clusters. By mid-2020, only three of those clusters had come into operation. SAGCOT Centre Ltd was created, with a Governing Board- to coordinate SAGCOT activities and facilitates partnership members toward inclusive, sustainable and commercially viable agricultural investments. The SAGCOT Partnership members were expected to abide with SAGCOT principles, basically to promote the twin objectives of SAGCOT namely commercial growth and poverty reduction but also to forge cooperation between members, engage small-holder farmers, maintain communication between themselves, and commit to resolve policy and infrastructure complaints. Along with the SAGCOT Centre a

SAGCOT Catalytic Fund was also established mainly to promote and oversee financing of SAGCOT activities and projects by Development partners with matching funds from Government of Tanzania.

Among the key governance actors in the SAGCOT initiative included (but were not limited to); The SAGCOT Centre Ltd., a private entity responsible for coordinating the overall initiative, working with the government, national and international businesses, civil society, farmers, and others; The Catalytic Trust Fund, which is responsible for channeling funding to specific initiatives; two SAGCOT Boards to oversee the Centre and Catalytic Fund, respectively. A Green Reference Group (GRG), a multi-stakeholder body also became established recently to advise SAGCOT on 'inclusive green growth'; this one is in turn advised by various 'Feeder Groups among which are an Environmental Feeder Group and a Social Feeder Group, which are comprised of CSO representatives that advocate for and advise the GRG on environmental and social issues, respectively.

This paper was conceived in the broad context of inclusive largescale agricultural investments and in particular the implications on food security more so under COVID 19 crises. Large-scale agricultural investments have usually impacted negatively on the local population and this has led to the design of responsible investments code of conduct for investors (RAI). The emergence of COVID 19 pandemic would only make matters worse.

## **Materials and methods**

This paper is backed by research on six large investments- Silverlands Tanzania, Mtenda Rice Company, Clinton Development Initiative Ngongwa Farm, Kapunga Rice Co., Kilombero Valley teak Co. and Unilever Tea Tanzania. Questionnaire method and indepth interviews were held with the investment schemes, workers, outgrower farmers and villagers near those schemes. Thanks to the Grand Challenges Explorations (2019-2021) Project of the Bill and Melinda Gates Foundation for the support extended to conduct a broader research from which information for this article was extracted.

## **Results and discussion**

Agri-business does have potential benefits to small-holder farmers and villages near investment schemes in terms of providing wage employment, procuring agricultural produce from farmers for processing, provision of credits to the small-holder farmers, improving infrastructure, improving technology and farmers' skills, etc. Those benefits in turn contribute to increased productivity, incomes as well as poverty reduction. For many years the large-scale agri-business sector in Tanzania has collaborated with out-grower small-holder farmers, being their source of market and providing a range of services to them. Despite those benefits to small-holder farmers and villagers living near large agricultural investments, those investments are also known to be harmful, causing such problems as land alienation and displacements of small-holders from their ancestral land holdings, unfair compensation to people evicted from their farms, low wage rates and indecent jobs to labourers on farms and factories including poor housing and living conditions which are contrary to inclusive growth and development (Schiavoni, C. et al 2018). In the light of such practices, SAGCOT is compelled to proceed carefully including assessing the practice of the partners in order to ensure that members adhered to the SAGCOT Code of Conduct and partnership principles.

In addition to agribusiness investments which existed prior to the SAGCOT initiative, a few new schemes have emerged and become registered under the SAGCOT partnership. The pace of

establishing new investments has been very slow, in fact a number of them even wound up after a few years or had to spend a lot of time before they could get land and finalize necessary procedures required to start their business operations. Some schemes lost the land they initially acquired from government agencies after it was established that their agreements skipped some necessary procurement procedures. The Big Results Now (BRN) programme operating directly under the President's Delivery Bureau showed some promising prospects toward solving problems confronting SAGCOT investors, having immediate access to the highest office on the land, but with change of regime from President Kikwete to President Magufuli the BRN programme itself became abolished. Because President Kikwete shared a lot of interest in SAGCOT the BRN held a lot of promise to overcoming the impending problems. Meanwhile, SAGCOT Centre Ltd and Tanzania Investment Centre lacked the mandate to solve some of those problems. In fact, over time SAGCOT Centre Ltd itself retreated from proactive support of large investments as its public messages shifted more to supporting smallholder farmers. Some of the SAGCOT Partnership members also pulled out perhaps as expected benefits could not be sustained. Thus, the very fears of protests by the local populations against investors, reminiscent of the colonial era and against which RAI principles were actually designed, came to haunt large scale agricultural investment. Nor was government's attitude to investors and especially its constant self-professing as a pro-poor government of any help.

To mitigate against negative implications of agri-business under the collaboration of FAO, UNCTAD and World Bank, and endorsed by the United Nations Principles of responsible investment were evolved in 2012 which were since pursued by the Committee on World Food Security (CFS). The RAI principles is a comprehensive international guidance on agricultural investments. FAO has expressed the need to create country-level institutional, regulators and incentives frameworks to operationalize RAI and a commitment to support member states to adhere to the Principles., it is not certain that the SAGCOT Partnership Principles was a step in that direction especially if it is all the national translation of RAI into the country's context., as it is, this falls far short of that aim, lacking both in breadth and detail.

RAI firstly recognizes and in fact protects existing rights to land and natural resources, is against jeopardizing food security, calls for transparency and monitoring of processes relating to investment, and for people affected materially by investments to be consulted and the agreed upon decisions to be recorded, and calls for investors to ensure respect to rule of law. Moreover, RAI recommends that agricultural investments should reflect best practice, and pursue economically viable projects that result in durable shared value, "respecting existing land rights and avoiding land disputes". This principle discourages large-scale agricultural investments on land already in use by smallholder farmers or pastoralists which would normally lead into displacements. In this respect, acquisition of land ought to be transparent and consultative with local communities. In case where smallholder farmers have to lose their land, compensation should be fair and resettlement processes transparent, participatory and assisted. Moreover, grievance redress mechanisms are also advised. (UNCTAD-WB RAI Kn 12). Consideration should also be made of the land where they are resettled with respect to rain, water, access to roads and social services. (ibid. pg 3). This principle takes care of smallholder farmers and pastoralists whose livelihoods would have been destroyed by ruthless profit maximizing large investors. Clearly, these very fundamental principles have not been translated into Tanzanian context.

RAI also pays particular attention to labour, especially occupational health and safety standards and the need for labour to be afforded access to Personal Protective Equipment (PPE), respective training and monitoring, and upholding international standards to the effect (UNCTAD-WB RAI

Kn16). It is not quite clear about decent job in terms of living wage, presumably because countries have set minimum wages, although those are not necessarily equal to living wages.

RAI principles also set standards of investors' relationship with outgrower farmers. Recognizing the fact that the use of outgrowers is one of the agricultural investment models that have gained ground lately (UNCTAD-WB RAI Kn 04 pg4), whereby outgrowers grow/supply farm produce to the investors for onward processing and marketing, RAI has called for price determination mechanism of the produce that ensures outgrowers perceive the prices as fair and transparent, and for grievance mechanisms and dispute resolution procedures to be provided (ibid. pg2).

RAI advises on a prior environmental and social impact assessment in order to foresee the impact of the investment, to establish mitigation measures and grievance redress mechanisms. Corporate Social responsibility is also advised in order to compensate the negative consequences of an investment. Responsible investment principle also addresses the issue of food security including considering food security and nutrition in consultations and contracts with local community, labour and outgrowers, supporting rural infrastructure, empowering women, and strengthening outgrower farmers associations and trade unions. But, governments also have a role to play in terms of ensuring food security commitments in contracts and monitoring investments.

Promotion of agricultural investments through SAGCOT was, as already pointed proclaimed to be a step to implement Kilimo Kwanza with the aims of modernizing and commercializing the agriculture sector, toward increased growth and poverty reduction on the one hand, and on the other hand, in international perspective was an initiative toward contributing to global food security and nutrition. It is significant that SAGCOT was part of a global design that was launched by the World Economic Forum at Mlimani City in Dar es Salaam. Likened to 'Hub and Spoke' as the Chairman Shamte of SAGCOT Centre described the SAGCOT concept, in this initiative large investors will relate to smallholder farmers, and together there would be a win-win situation.

The findings of this study reveal most of the labour on largescale farms was farm labour and that investors were paying wage rates slightly higher than official minimum wage although still lower than living wage. A range of non-wage benefits such as health support, paid leave and overtime payments were also provided. Personal protective gear was commonly supplied. But such terms applied to permanent employees only who were members of labour union and not to seasonal workers who consisted the majority of the labour. In the case of labour in activities sub-contracted by investors to SMEs conditions were worse. Some of the labourers had their own farm plots, in general most labourers interviewed saw themselves working with the investors in the near future, it was partly a question of reliability of income, though small. COVID 19 made things worse as supplies and marketing got disrupted leading to downsizing of labour. Tanzania boasts of several legislations to protect labour including Employment and Labour conditions Act, Employment and Labour Relations Act 2004, Labour Institutions (Regulations of Wages and Terms of Employment Order 2007), National Employment Policy 2008 ((ILO/URT, 2009) But of course, despite the existence of legal labour standards, one should guard against loopholes including recourse to contracting and sub-contracting arrangements which may allow non-adherence to occupational health, social protection and minimum wages may not be strictly enforced. Besides, the year 2013 was the last update of minimum wage in Tanzania.

On Investor - Outgrower relationship, the study discerned two types of relations, namely outgrowers without contracts who sold their produce to investors and those bound by formal contractual agreements with investors. Two forms of contractual agreements were involved, namely investment schemes with contractual agreements with local farmers and SMEs to receive

specific services within their plantations, services in the harvesting of produce and transportation, and this is different from employment contracts. The other type is more complex contractual arrangements involving combination of options ranging from land leasing, processing services, extension and quality monitoring services, input and cash loans, and acquisition of farmers' produces. While outgrowers under formal contracts have benefited in various ways like financing, technology, extension services, quality monitoring and assistance with occupational and health safety, in some cases the terms and conditions of such assistance in the context of unequal power relations and interpretation of agreements/contracts have often raised disputes. Crop rejection of outgrowers produce was common and quite high but there was also a case of an investor not offering to buy a crop variety they had sensitized outgrowers to grow on grounds of quality. These defaults were a serious financial burden to the outgrowers. As was correctly observed by FAO/Eaton and Shepherd (2001), the study found out that outgrowers - which are usually less subjected to monitoring of labour standards - were often a means of obtaining cheap labour and captive supply chains whereby being debt bonded, outgrowers kept working for investors. Despite that investors negotiated with outgrowers cooperatives, unequal power relations resulted in investors' dominance, and they determined the prices which were also invariably inflexible to market dynamics. Apparently, there was limited Central Government, Local Government or CSOs leverage in this area. In the wake of COVID 19 the situation became worse given supply and marketing interruptions.

In relation to neighboring villages, the threats of land-grabbing could not be avoided as some investors either acquired more land than they needed or would not make fair compensation for the land and support resettlements (Schiaivoni, C. et al, op. cit). Our study confirmed that land disputes between investors and the local community or previous land occupants were not an isolated phenomenon. Thus land was acquired without due regard to existing land rights which defeats the purpose of poverty reduction and undermines local food security. This was a very disturbing phenomenon which village members near one of the schemes we researched had opportunity to make a very moving presentation at the Annual Mwalimu Nyerere Chair of PanAfricanism Conference at the University of Dar es Salaam. To this day there are complaints of land disputes in almost every investment scheme.

In terms of collaboration with local communities' investors were especially involved in Corporate Social Responsibility, although often in activities of immediate interest. On top of being local supportive, investors were found largely divorced from the day to day community activities outside their CSR programs. Their engagement in activities such as village meetings and involvement of local leaders in the participatory decision were reported when their interests were at stake. For example, investors are reported to be closer to the local leaders on matters of irrigation water the distribution committee and through outreach activities to mitigate theft and uncontrolled grazing. Moreover, economic engagements with local SMEs remain limited

COVID-19 Pandemic, as observed by FAO Regional Conference (October 2020) has impacted on agribusiness in different ways. Although the pandemic has been discounted and in fact dismissed by the Government of Tanzania, it has impacted on SAGCOT in many ways including on investors to labour, outgrowers and the local communities. The underlying aim behind SAGCOT was largely to enhance local, national and world food security, but in the national context to implement Kilimo Kwanza policy toward increased agricultural productivity, creating employment and reducing poverty. As was to be expected, lockdowns in many parts of the world, including Tanzania's major trading partners of Eastern and Southern Africa region, China, various European countries, etc., affected the country's exports and supply chains, and thereby investors production, demand for labour, etc. It should be noted that there was no official lockdown in Tanzania itself, the country initially braced through the crisis with minimal

restrictions of human activity which was limited to observing Government and health advice on hygiene (washing hands and using sanitizers), social distancing and wearing of masks. Air travel, tourism, schools, colleges and universities, sports and recreation, and borders were closed for a relatively short period of time compared to neighboring countries and many parts of the world, otherwise the official policy for most of the time has been business as usual in order to mitigate on adverse economic impact. By June 29, 2020 all education services were opened and in fact since May 2020 reporting of new cases was restricted Wearing of masks disappeared day by day, today there is virtually no more wearing of face masks nor social distancing. As a result, most of the effects investors suffered were inflicted by lockdowns and other restrictions in trading partner states.

The most direct effect of COVID-19 on the large scale agricultural investments has therefore been disruption of exports (due to lockdowns and travel restrictions on drivers), the decline of world commodity prices due to shrinking consumption, and to some extent disruption of supplies from the country's regional and international trading partners. Hundreds of trucks got stranded at Namanga border with Kenya and Tunduma/Nakonde border with Zambia, some of them carrying much needed supplies for agricultural investors. Hence while such products as tea from Mufindi and Njombe, avocado from Njombe poultry and dairy products from Iringa, and timber from Kilombero valley, etc., were affected by declining markets and prices, the supply of essential inputs such as fertilizers, soy beans and other efficient feeds, etc. was limited by cross border and travel restrictions and shipment barriers. The newly enacted law mandating auctions of export commodities made things even worse during the international travel bans. As a result of those combined forces investors were forced to limit their operations, thus cutting down on labour and contractors services, and causing temporary unemployment, and exacerbating poverty and food insecurity contrary to the aims of SAGCOT. Meanwhile, additional costs became imposed on the investors to meet the supplies of masks and sanitizers, and combined with marketing and declining operations, led to fall of profit margins, affecting their commitments in loan repayment, taxes and Corporate Social affecting Responsibility.

## **Conclusion and outlook**

Started in the context of global food and nutrition security and Tanzania's Kilimo Kwanza policy of modernizing and commercializing agriculture toward increased productivity, incomes, growth and poverty reduction, SAGCOT has experienced mixed success, including impact on food security. SAGCOT Partnership was formed along with partnership principles although far short in both breadth and detail, including monitoring and enforceability. Unclear government position toward investment and especially its outspoken position as a government for the poor has not been much encouragement to new investors either, more so in the context of existing land laws and absence of a supposed land bank. As such expansion of agricultural investment has been slow, some of the perceived clusters are yet to be launched, perceived cluster networks are yet to be realized while spin-offs like smallholder activities supported by the from SAGCOT Catalytic Fund are yet to realized.

The large number of non contract seasonal workers and unmonitored outgrowers that are not subject to responsible investment nor partnership principles, undermines SAGCOT ability to increase incomes, reduce poverty and enhance food security and nutrition amongst the local population.

The outbreak of COVID 19 Pandemic, although its severity has been discounted by the Government of Tanzania has affected agricultural investments in various ways and therefore had implications on the local population of workers, outgrowers and villages bordering the

agricultural schemes. The added costs of PPE, declines in domestic demand and exports and challenges in haulage had implications on employment, procurement from outgrowers and Corporate Social Responsibility, and therefore incomes, growth, poverty reduction and food security and nutrition.

Nonetheless, there is need to explore in more detail the impact of the COVID 19 pandemic on the SAGCOT and in particular the implications to labour, outgrower farmers and the community near large investments as well as responses by various stakeholders such as Government, NGOs, the investors and Development partners.

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