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# Reframing the New Alliance Agenda: A Critical Assessment based on Insights from Tanzania

*‘Experiences since the mid-20th century remind us that increasing food production alone will not be enough to eliminate poverty and hunger in the world.’*

–**Jomo Sundaram**, Assistant Director General for the Economic and Social Development Department, FAO

## Executive Summary

A dedicated investment in smallholder farmers to enable them to improve their land use and productivity is critical to achieve sustainable and inclusive growth in African countries. The New Alliance for Food Security and Nutrition (‘New Alliance’) focuses on public-private partnership (PPPs) with local investors and multinational corporations (MNCs) to produce food. However, this is unlikely to solve chronic problems of hunger, malnutrition and poverty because of under-investment in smallholder agriculture, and the rolling back of state support following structural adjustment programmes

from the 1980s onwards. The initial signs of New Alliance implementation, instead of reversing this chronic under-investment in smallholder agriculture, suggests the adoption of corporate agriculture, either turning smallholder farmers into wage workers and hooking them into value chains in which they have to compete with MNCs, or expelling them to search for alternative livelihoods in the growing cities. Although tempered by promotion of ‘outgrower’ schemes, in practice this agenda promotes large-scale commercialisation. We argue that African countries engaging with the New Alliance should focus instead on securing citizens’ access to land, water and improved

governance. African countries have a better chance of addressing the root causes behind rural poverty and low agricultural productivity by investing directly in smallholder farmers themselves.

## Action points

- **Secure land tenure rights** and ensure access to strategic resources such as water and forests – essential prerequisites for farmers to improve land use and agricultural productivity.
- **Reform governance** to improve transparency and accountability essential for managing the country's resources.
- **Invest in smallholder farmers** through extension services, agricultural inputs and access to necessary information and markets, to enable them to improve land use and productivity.

## The Birth of the New Alliance

The New Alliance for Food Security and Nutrition was crafted by the G8 at the Camp David Summit in the United States in May 2012. The initiative was agreed on between the G8 leaders and heads of five African countries (Tanzania, Ghana, Ethiopia, Burkina Faso and Côte d'Ivoire) who decided to mobilise resources from the government and private sector to curb hunger and nutrition by investing in agriculture. The initiative's overarching goal is to pull 50 million people out of poverty in the next 10 years using a 'collective approach of pro-poor policies committed to by African governments, substantial private sector investment in order to increase agriculture productivity and farmer incomes, and donor governments aligning behind country-led plans i.e. Comprehensive African Agriculture Development Programme (CAADP)'. It is further framed as 'additive and

complementary to the L'Aquila commitments' by the G8 on improving food security [1].

## The Expansion of the New Alliance in Tanzania

In Tanzania, the New Alliance initiative is targeting an existing flagship project, the Southern Agricultural Growth Corridor of Tanzania (SAGCOT). Born at the World Economic Forum Africa Summit in Dar es Salaam in 2010, 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'<sup>1</sup>. Under SAGCOT, the Government of Tanzania has earmarked nearly one-third of the country for agricultural commercialisation, including the most fertile and high-potential regions across the southern 'grain basket'. Within this, it has embarked on putting up areas of between 20,000 and 60,000ha for tender, for the establishment of large estates and ranches. SAGCOT, now with New Alliance support, brings together resources and expertise from the government and more than 20 global agribusiness multinational corporations, donors and international financial institutions in an ambitious public-private partnership to commercialise farming [2].

Agribusiness expansion is also intended to provide extension services to small-scale farmers around the project area. However, the entrance of MNCs into Tanzania's agriculture poses a significant threat to local companies – most of which depend on smallholder produce. Instead of competing with these emerging local companies, and diversifying the economy, the MNCs are likely to outperform them and come to dominate the market, excluding smaller market players [2].

## SAGCOT MAP



The Southern Agriculture Growth Corridor covers approximately one-third of mainland Tanzania. It extends north and south of the central rail, road and power 'backbone' that runs from Dar es Salaam to the northern areas of Zambia and Malawi.

Source: <http://www.sagcot.com/about-us/what-is-sagcot/>

Currently, the Tanzania Investment Centre (TIC) has identified a number of suitable and surveyed sites within SAGCOT which will be put up for tender. These are large tracts of land (63,000ha) for large-scale farming of sugarcane and rice as well as cattle ranching<sup>2</sup>. This is a new system of land use to be practiced in the land-based investments in Tanzania, and calls for close monitoring and analysis. Key concerns arise about this new approach of making public land available on tender:

- How transparent and accountable is the tendering process?
- What are the criteria for awarding a tender and who defines them?
- Is it feasible for smallholder farmers to win a tender?

In contrast with the promotion of PPPs in the SAGCOT framework, the New Alliance initial document indicates a rather different scenario [1]. For instance, among the investors that

have indicated interest in investing in African agriculture are larger MNCs such as Unilever, Yara and Monsanto.

The dominance of MNCs is worrisome for a number of reasons. Firstly, the incentive of MNCs is to generate profit from their investments and protect intellectual property rights. Both before the 1960s and after the 1980s, Tanzania experienced the failure of grand schemes to bring foreign investments into large-scale farming, such as the Kondoa Groundnuts Schemes [3] and the Basotu wheat plantations [4], which were doomed by inefficient business models. Yet, the African Union's CAADP initiative has now embraced the G8's New Alliance, at the expense of smallholder farmers. Secondly, the common practice for MNCs is to go for large-scale monoculture plantations. In SAGCOT, these take the forms of sugarcane and rice plantations and livestock ranches, all of which have socio-environmental impacts, as described below.

## Large-scale farming brings negative socio-environmental impacts

The introduction of large-scale farming needs large tracts of land, which in most cases excludes access by the immediate rural communities that depend on shifting cultivation, nomadic life, and natural resources on their current land. Rural communities depend on land to have access to their cultural areas as well as natural herbs, building materials, energy and income. In rural Africa, the natural environment provides 100% of traditional medicines, 75% of building materials and 90% of energy sources used by local people [5,6]. A recent cost-benefit analysis of large-scale farming of biofuel expansion in Tanzania also found that 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 these natural resources [7]. The dominant narratives of large-scale farming as economically efficient, and thus profitable, have also been challenged by a number of studies which indicate through the recent land reforms in Zimbabwe [8,9] and South Africa [10] that smallholder farming can indeed work. In contrast, a recent analysis of various commercial farming models in Africa shows that plantations or large-scale farms are characterized by widespread evidence of low wages, long hours and poor working conditions as well as high health risks [11].

To avoid the consequences of large-scale farming, associations of smallholder farmers in Africa, a section of academia, think tanks, international organizations (UNEP, FAO) and civil society organisations (CSOs) are now encouraging the empowerment of smallholder farmers through inclusive business models such as hybrid [12] and contract farming [11]. In practice the hybrid business model combines the advantages of large scale farming (or milling) with those of smallholder farmers while offsetting the disadvantages of each [6]. Using hybrid business models, for instance, smallholder farmers are able to supply sugarcane to an existing miller with an estate or without an estate. In contract farming of crops like cotton or coffee, cooperatives play a valuable role in buying and marketing farmers' crops. These alternatives provide more returns to the lives of ordinary people and generate more inclusive and sustainable growth. These business models need to be designed and implemented locally because contextual considerations vary from one location to the other, from crop to crop and from one market to the next [13]. Nonetheless, Tanzanians can learn from and improve on the existing hybrid model practiced by the sugarcane-producing smallholder farmers and millers in Morogoro and Kagera regions

where smallholder farmers and millers both produce sugarcane and share the proceeds using transparent agreements [12]. Indeed, smallholder farmers currently supply about 70% of the world's food [14]. As such, what need to be done is to enable them access the current local and global markets, allowing them to thrive in a competitive business environment.

## New agrarian change?

Little has been achieved in the implementation of SAGCOT so far. It has taken some time to get started because of bureaucratic hurdles and ongoing broad consultations to bring in suggestions and recommendations from local communities, grassroots organisations, academics and political leaders. The recent statement released by the Tanzania Natural Resource Forum on behalf of CSOs in Tanzania recognised the potential of SAGCOT but cautioned:

'We recommend that the exact content of the Investment Guidelines should form the subject of a wide-ranging consultative process. It will be necessary to produce a well-defined set of Guidelines that will not be open to wide latitude of interpretation. The guidelines should also adhere to FAO's Voluntary Guidelines/best agricultural investment guidelines'. [15]

The concerns raised by the CSOs are important for a number of reasons. First, many countries in Sub-Saharan Africa, including Tanzania, have progressive land laws which recognize the rights of the majority of their citizens who hold land under customary tenure, but the same laws have failed to protect both village and public lands from being leased out by governments against the wishes of local customary landholders. Then why might anyone expect that further

large-scale land acquisitions will help protect land rights and convert the current 'land grabs' into responsible land-based investments? Clearly, Tanzania should look to the lessons of recent large-scale land-based investments in the country, such as the biofuel projects under which nearly 50,000ha of transacted village lands remain undeveloped since 2006 [16].

In the midst of the G8's promotion of the New Alliance, we see a dramatic shift in the direction of agrarian change: towards large-scale agriculture based on global capital, with capital-intensive production systems being established in poor countries, displacing local farmers, to produce at scale for global markets.

### **Flawed assumptions underpinning the current New Alliance framework**

The main goal of the New Alliance is to increase agricultural productivity and technology transfer through private-public partnerships. However, the analysis of rice production systems among smallholder farmers in China around the 1980s suggests that there is no straightforward relationship between technology and productivity. Instead, growth in agricultural productivity was largely due to the ways in which labour and production were organized [17].

This argument was made precisely by Jomo Sundaram, the Assistant Director General for the Economic and Social Development Department of FAO:

Experiences since the mid-20th century remind us that increasing food production alone will not be enough to eliminate poverty and hunger in the world. After all, there is currently enough food produced

to feed everyone. The problem is that most of the poor and hungry cannot adequately feed themselves. They need the incomes or other means to do so. [18]

This suggests the need to understand the local context, and thorough consultation at the grassroots level to enable communities to develop sustainable business models to suit their own socio-cultural and economic needs.

In Tanzania, for example, the existing food shortage is not entirely due to low productivity, but rather poor market access and weak distribution networks. For instance, for a number of years smallholder farmers in the southern region of Rukwa have produced surplus maize, but have failed to supply this to the rest of the country where there is huge demand for it because there are no accessible transport networks. Nonetheless, the Tanzanian government continues to import maize and rice almost every year to curb the food shortage [19]. Solutions to food production in Africa lie in broader issues such as social change, infrastructure and efficient budgetary allocation, as stipulated in the African Union's Maputo Declaration, as well as reducing rampant corruption and improving governance to ensure transparency and accountability.

In the context of food production and trade, good governance is needed to protect the poor majority who depend on agriculture to earn their living. Good governance would include securing resource rights, providing services such as market information, investing in appropriate infrastructure and facilitating associated trade and regulatory services. Such reforms could well increase food productivity, reduce hunger and poverty and enable smallholder farmers to feed themselves and sell their surplus.

## Conclusions

The New Alliance agenda proposes to boost investment in infrastructure such as irrigation schemes, roads and railways. It also promotes 'inclusive' business models such as outgrower schemes to create synergies between large and small farms – often touted as a 'win-win' solution, but without a clear evidence base. Its core thrust, though, is to attract private capital for large-scale ventures, an approach which often excludes local people's access to resources and displaces local smallholders, as is evident in the Tanzania case. These New Alliance proposals suggest that, with the support of national governments, the direction of agrarian change will be determined by large-scale, corporate and multinational private capital. This is happening in a context of an unprecedented (in the post-colonial era) investor rush for African farmland and water. Unless based on securing the rights of existing landholders and smallholder farmers, such provisions run the risk of smoothing the way for global investor interests to preside over local smallholder interests. For existing smallholder farmers to direct the ways in which agriculture develops requires a concerted policy effort, backed up by legal reforms, institutional change and targeted budgets, to secure land rights and invest in the productivity of existing farmers.

## Recommendations

This paper recommends that African governments work to improve food security and nutrition among their citizens by investing in smallholder farmers to secure their land and other resource rights, enable them to improve their agricultural productivity, feed themselves and sell their surplus. Facilitating locally designed, inclusive business models in

agriculture can empower smallholder farmers to produce, re-invest and accumulate. For this to happen, access to inputs, extension support and building local market opportunities are key. In the case of Tanzania, the alignment of the New Alliance to the SAGCOT initiative is inappropriate to the objective of boosting food security. The G8 should reframe the current New Alliance agenda in the following ways.

## Policy priorities

### **#1: Secure resource tenure rights**

Secure land tenure rights and access to strategic resources such as water and forests, in line with the FAO Voluntary Guidelines on the Responsible Governance of Land, Fisheries and Forests in the Context of National Food Security<sup>3</sup>. These are all essential for people's livelihoods and for farmers to improve their land use and productivity and to achieve sustainable and inclusive growth and wellbeing.

### **#2: Improve governance**

Reform land and other governance institutions to ensure that transparency and accountability prevail in the allocation and use of the country's resources. This would improve delivery of public goods while protecting individual and communal access to key resources such as land, water and capital.

### **#3: Invest in smallholder farmers**

Invest in developing smallholder farmers in order to solve the problems of hunger, malnutrition and poverty in developing countries. Necessary investments include quality extension services, agricultural inputs (fertilisers, seeds and pesticides if needed), irrigation systems and access to necessary information and markets.

## End Notes

- <sup>1</sup> For details visit SAGCOT website: <http://www.sagcot.com/>
- <sup>2</sup> See the invitation for the expression of interest for the sugarcane and rice site at: <http://www.sagcot.com/news/newsdetails/artikel//invitation-for-expression-of-interest-for-the-tender-of-the-mkulazi-site/>
- <sup>3</sup> For details on FAO Voluntary Guidelines see <http://www.fao.org/docrep/016/i2801e/i2801e.pdf>

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