Over the past decade, 13 companies acquired approximately 200,000 hectares of land in Tanzania for biofuel production. Only one of them is operating. Linda Engström visits a village as it grapples with the sudden departure of an investor.

When investors leave

*Text by Linda Engström*

**IN MY SPIRIT**, I feel this is still village land. The villager shrugs his shoulders.

We are sitting on a bench in a small wooden hut in his village in the district of Rufiji, Tanzania. The village chairperson beside him, we gradually realise, is drunk. The hot midday air is still and sweat is dripping down my back.

– But we are not using the land. Because there is no statement from the investor that we can, explains Magembe Nkini, one of five male farmers who joined our meeting.

A few years before our visit, the village was approached by an Anglo-Norwegian company, African Green Oils, wanting to invest in oil palm plantations on the village’s land. First they asked for 25,000 hectares, but the villagers said no.

According to Tanzanian law, villages need to have their land surveyed and its uses planned before an investor can have access to it. In this way farmers know the size of their land and which areas should be used for what purposes, such as food production, grazing and wood collection. Many villages also set aside land for future generations. This village had no land-use plan, but the local government official encouraged the village assembly to give the land to the investor anyway, and without a contract. First, he explained, they needed to see whether the company was serious or not. Then, they could proceed with a contract.

**THE VILLAGE DECIDED** to give the investor 200 hectares of land from the plots set aside for future generations. In return, the company promised to deliver better water access, education facilities and to build a health clinic in the village.

Only one year after the land had been cleared of all vegetation and the palms had been planted, the company disappeared, leaving the palms growing in the fields. They claimed that lack of water made it impossible for the operation to be profitable, an explanation the villagers don’t believe.

– They claimed they would invest 50 billion shillings over seven years. By 2011 the company had invested 2 billion and suddenly they are bankrupt? You can see there is plenty of water on this land. And the palms are still growing well, says Magembe Nkini.

**THE TRAIL NARROWS,** and we leave our car and walk under the hot sun through the village land set aside for future generations. After half an hour, we reach the field of oil palms on sandy soil, with palm fruit bunches beginning to turn reddish-orange. The fruit will soon be ripe enough to be harvested and crushed for palm oil. This oil has been widely used as cooking oil in the area for decades, and can also be processed into biodiesel, which was the original aim of African Green Oils.

Since there is no contract, no one seems to know who the land belongs to now, not even the local government officer we talk to. The villagers agree that the land should be theirs, since there is no contract stating the contrary. According to the villagers, the national authority coordinating investment in land – the Tanzanian Investment Centre – had identified the investor as serious, but was unaware that African Green Oils had actually acquired land in Rufiji. The villagers have complained to the authority and to the district about their situation, but have received no answer. They also tell us that the benefits promised by the investor did not materialise. However, after exerting pressure including through the local media, a ward health clinic was...
RURAL CHANGE

Built. As yet, there is no nurse or electricity.

Before the investor came, the villagers used the land for collecting firewood, water and timber for construction. Then, they were employed to clear the land for the company – pull out the stems, drag them away, clear all the bushes and burn the land. For this, they got paid 2,500 shillings (equivalent to US $1) per day, on condition they cleared one hectare in teams of 10 people. If they did not meet this target, the amount of pay would be spread over two days. Some villagers have sued the investor for not paying their final wages before leaving.

However, one could also see some potential benefits in that a major investment has been made in the form of land preparation and planting and the trees are now left to the villagers. The villagers could manage the plantation themselves, for example, by starting their own company and harvesting the fruit. The farmers we meet, however, don’t see it that way.

– We don’t have the time to manage these fields, we have enough to do on our own farms, they say.

What they really need is employment. The fact that this would also take time away from their own agricultural commitments does not seem to matter. Instead, they put their hopes in another investor.

– If the investor is good, we can benefit.

While acknowledging that data on land investments is elusive, an overview conducted within NAT’s current research project on large-scale land acquisitions shows that 35–40 companies have requested land for biofuel investment in Tanzania over the past decade. Of these, 13 companies have acquired land, covering a total of 200,000 hectares. However, only one of them, an oil palm company, is operational. Another company has highly advanced plans to establish large-scale cane plantations for sugar and ethanol production. It seems most companies never even started their operations, while some companies have switched to other crops and others have gone bankrupt and sold to new investors.

The reasons for bankruptcy have not yet been investigated in detail. However, during the financial crisis of 2007–08, it became harder to find financing for these costly investments. For jatropha plantations, companies have pleaded, for instance, lack of water and disappointing yields from a crop that was heavily promoted for its excellent qualities. Social conflict, weak national governance and the criticisms of international civil society have also contributed. Over the past few years, Tanzania has been developing a national biofuel policy that is now nearing finalisation. The policy, together with lessons learned from previous investments as well as ongoing EU processes, will give important signals as to where Tanzania is headed regarding biofuel investments in the future, and to what extent environmental and social impacts can be mitigated.