



Madelena holds the remains of her failed crop, Balaka, Malawi, July 2012. Photo: Amy Christian / Oxfam

MORAL HAZARD?

'Mega' public–private partnerships in African agriculture

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Governments in Africa are turning to large-scale partnerships with donors and multinational companies to stimulate investment in agriculture. However, so-called mega agricultural public–private partnerships are by and large unproven and risky, and are likely to skew the benefits of investments towards the privileged and more powerful, while the risks fall on the most vulnerable. Oxfam concludes that there are more effective, tried and tested approaches for donor aid and public investment that are more likely to reach those who need it.

SUMMARY

After decades of underinvestment in agriculture, African governments are rightly looking at how best to mobilize funding for the sector. Donors in turn are keen to reverse a trend of neglect and to support initiatives that are simultaneously likely to enhance productivity, improve livelihoods and increase private sector investment. Private investors, concurrently, are looking for new consumer markets and production opportunities in Africa.

As a result, very large public–private partnerships (PPPs) are an emerging trend across the African continent – mega agricultural PPPs at scale that are supported and facilitated by donors and governments and which typically involve large multinational investors. Legislative and policy changes to incentivize private sector investment invariably accompany these initiatives; the G8’s New Alliance for Food Security and Nutrition and growth corridor initiatives in numerous African countries are prominent examples. Such is the enthusiasm for these partnerships that donors have committed over \$5.9bn in multi-annual aid to further the aims of the New Alliance, and \$1.5bn in grants and loans to support African growth corridor programmes.

In response to this growing trend, Oxfam has sought to assess the effectiveness and potential of such PPPs as a vehicle for poverty eradication and improved rural livelihoods by asking three simple questions. Firstly, who primarily benefits from these initiatives? Secondly, who shoulders the burden of risk? And lastly, who holds power in decision making?

Oxfam’s findings, based on an extensive literature review, key informant interviews and three case studies in Burkina Faso, Malawi and Tanzania¹ suggest that in relation to all three crucial indicators, the poorest people are all too often likely to lose out or be bypassed, while the priorities of women are left unmet. Mega agricultural PPPs are by and large unproven and risky, and appear likely to skew the benefits of investments towards the privileged and the more powerful, while the risks fall to the poorest and most vulnerable.

This is not to say that there is no role for large-scale agriculture, or that African governments should not incentivize responsible private sector investment if it can truly meet national and development goals. On the contrary, with recognition of tenure rights for local communities, and transparent, responsive and judicious land governance, strong labour and women’s rights legislation and the application of human rights standards, the private sector has a crucial role to play in driving poverty eradication and food security improvements in African countries, across both small- and large-scale models.

However, the crucial question is whether such mega-PPPs should be a priority focus for overseas development assistance (ODA) spending by donors or for valuable public funds earmarked for agricultural investment by African governments, which by definition should have a demonstrable impact on poverty reduction. Given that the benefits to the poorest

citizens are unproven and the risks to the most vulnerable are high, Oxfam concludes that there are more effective, tried and tested approaches for donor aid and public investment that are more likely to reach those who most need it.

Recommendations

1. Governments and donors should revitalize public investment in African agriculture targeted at the needs of small-scale producers and women. This represents a proven policy to meet poverty and food security goals through agriculture and at lower risk than mega-PPP investment models.
2. Governments and donors should ensure that land legislation and policies are in place to protect the land rights of local communities *prior* to the initiation of any large-scale investment programme, through mega-PPP models or otherwise. Such policies can also encourage small-scale producers to invest in agricultural activities themselves and realize food security objectives.
3. Governments and donors should aim to unlock the potential of domestic and regional markets, and local small- and medium-sized enterprise to deliver for African agriculture. In addition, mega-PPPs should not be supported where they might stifle competition or support the creation of monopoly or monopsony positions in the market.
4. Governments, donors and companies should ensure that any agricultural investment builds, rather than undermines, the climate and environmental resilience of local communities. This agenda should include a strong analysis of the opportunity cost of the use of land and water through large-scale agricultural investment initiatives.
5. The sponsors of current mega-PPP projects urgently need to revisit the fairness, transparency and accountability of these arrangements. These reforms should also aim to mitigate the 'moral hazard' in project design, meet the needs of local communities, and ensure a fair sharing of risks and benefits.

Suggested principles for improved governance and accountability of mega-PPPs

Governance and process

- Local communities (particularly women), POs and CSOs co-design project vision, aims and means of implementation
- The board of governance includes national government at director level
- Local observer organizations are included in governance arrangements to monitor implementation and impact
- Grievance mechanisms are established, with independent dispute arbitration
- Break clauses are included within contracts for parties to exit

Disclosure

- The theory of change in relation to poverty eradication is outlined and publicly available
- The opportunity cost of the use of public money in the PPP model is outlined and justified
- MoUs or shareholder agreements are publicly available
- There is full investment disclosure from all partners involved in the scheme
- Predicted and actual equity returns of partners are published and monitored
- Statements of public sector risk and financial liability are publicly available

Monitoring and evaluation (M&E)

Stringent M&E mechanisms are established to include:

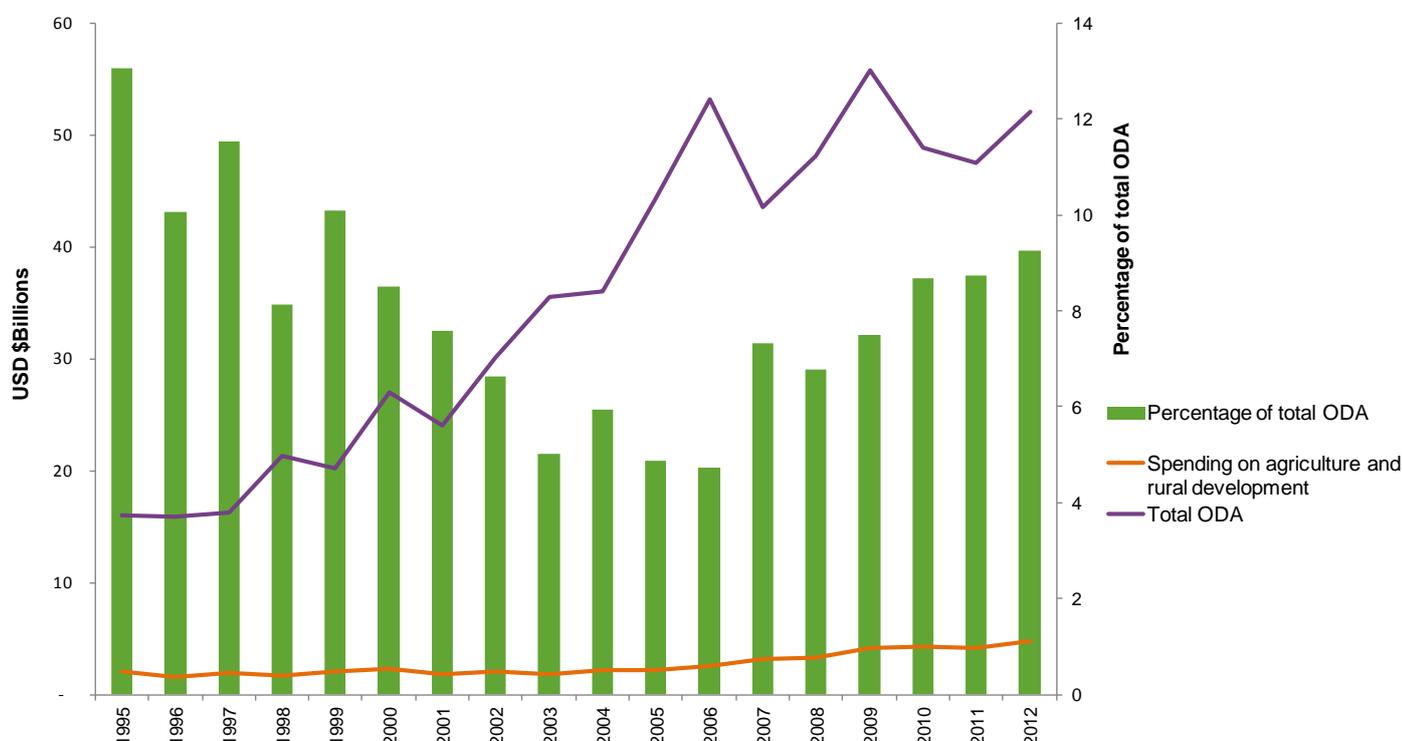
- Human rights frameworks (with metrics to include adherence to land and labour rights)
- Livelihood impact (metrics to include food security, income, assets, progress-out-of-poverty indicators within investment target area)
- Trade relationships (market information, services and credit, increased market options for producers)
- Gender impact (including time and income measures)

1 AFRICAN AGRICULTURE IN CONTEXT

Agriculture forms the backbone of African economies. The number of Africans with livelihoods dependent on agriculture stands at 530 million and is expected to exceed 580 million by 2020 – nearly half the continent’s total population (and up to 70 per cent in East Africa).² The sector accounts for a quarter of gross domestic product (GDP) in sub-Saharan Africa and for around half in a number of countries.³ Small-scale farming is central to agricultural production, and over 80 per cent of farms in Africa are smaller than two hectares.⁴ In countries as diverse as Mali and Tanzania, agriculture is crucial to development prospects.

Despite the sector’s importance, donors have neglected agricultural investment over the past three decades. Aid spending on agriculture and rural development in sub-Saharan Africa dropped from around 25 per cent of total ODA in the late 1970s and early 1980s, to 13 per cent in the mid-1990s to less than 5 per cent in 2005–2006, before picking up again slightly following the global food price crisis in 2007–8 (see Figure 1).⁵

Figure 1: Donor ODA spending on agriculture and rural development in sub-Saharan African countries (1995–2012)



Source: Oxfam analysis based on OECD DAC Creditor Reporting System (CRS).

Note: Figures adjusted to 2012 levels to allow cross-comparison. Analysis based on ODA commitments to sub-Saharan African countries in agriculture, forestry and fishing and on rural development reporting lines.

National governments in Africa have also systematically underinvested in agriculture. In 2003 at the African Union (AU) Head of State Summit in Maputo, governments agreed to invest more than 10 per cent of their total national budget allocations in the agricultural sector – agreement which was reiterated at the Malabo summit in June 2014. Despite some notable increases, progress has been slow. While countries such as Malawi and Ethiopia are investing significantly, others are spending a low proportion of their national budgets: Côte d'Ivoire, Mozambique and Tanzania, for example, are spending just two, six and seven per cent respectively on agriculture – despite the large number of people employed in the sector (see Figure 2).

To put this in context, during the period of agricultural take-off in India from the 1970s to the 1990s, the government spent 20–25 per cent of its national budget on agriculture, irrigation and rural development, resulting in widespread improvements in agricultural productivity and poverty reduction.⁶ In particular, investments in rural roads and education, agricultural research and development (R&D) and subsidies for credit yielded benefits for poverty reduction calculated at three to four times the initial outlay.⁷

This trend of low public spending is surprising considering the proven impact of investment and growth in the agricultural sector on poverty reduction in comparison with other sectors. Rigorous cross-country economic analysis shows that one per cent growth in per capita agricultural GDP reduces poverty for the 'ultra-poor' by five times more than a one per cent increase in per capita GDP in other sectors.⁸ In addition, growth generated through small-scale farming is more likely to lead to poverty reduction due to the greater intensity of labour on small farms than larger farms.⁹

Policies that target support to the rural economy as a whole have also been crucial. In Asian countries such as Indonesia and Vietnam, a combination of policy reforms and state-led investments in agricultural R&D, rural roads, electricity, health and education have supported rapid growth in agricultural productivity. In Vietnam, in particular, land reforms that provide security of tenure for smallholders, price supports and input subsidies have been critically important in supporting smallholder-led investment and rapid reductions in poverty.¹⁰

Perhaps due to this lack of support, African agriculture is beset with challenges. Deep inequalities in access to land and water, and small and diminishing plots for smallholders mean that many people are unable to farm enough land to feed their families. In the absence of other opportunities, they are very vulnerable to food insecurity and hunger. Nearly half of the rural population of sub-Saharan Africa live in poverty, while 25 per cent of the total population are undernourished. Unsurprisingly, attracting young people to work in agriculture remains a very real challenge.

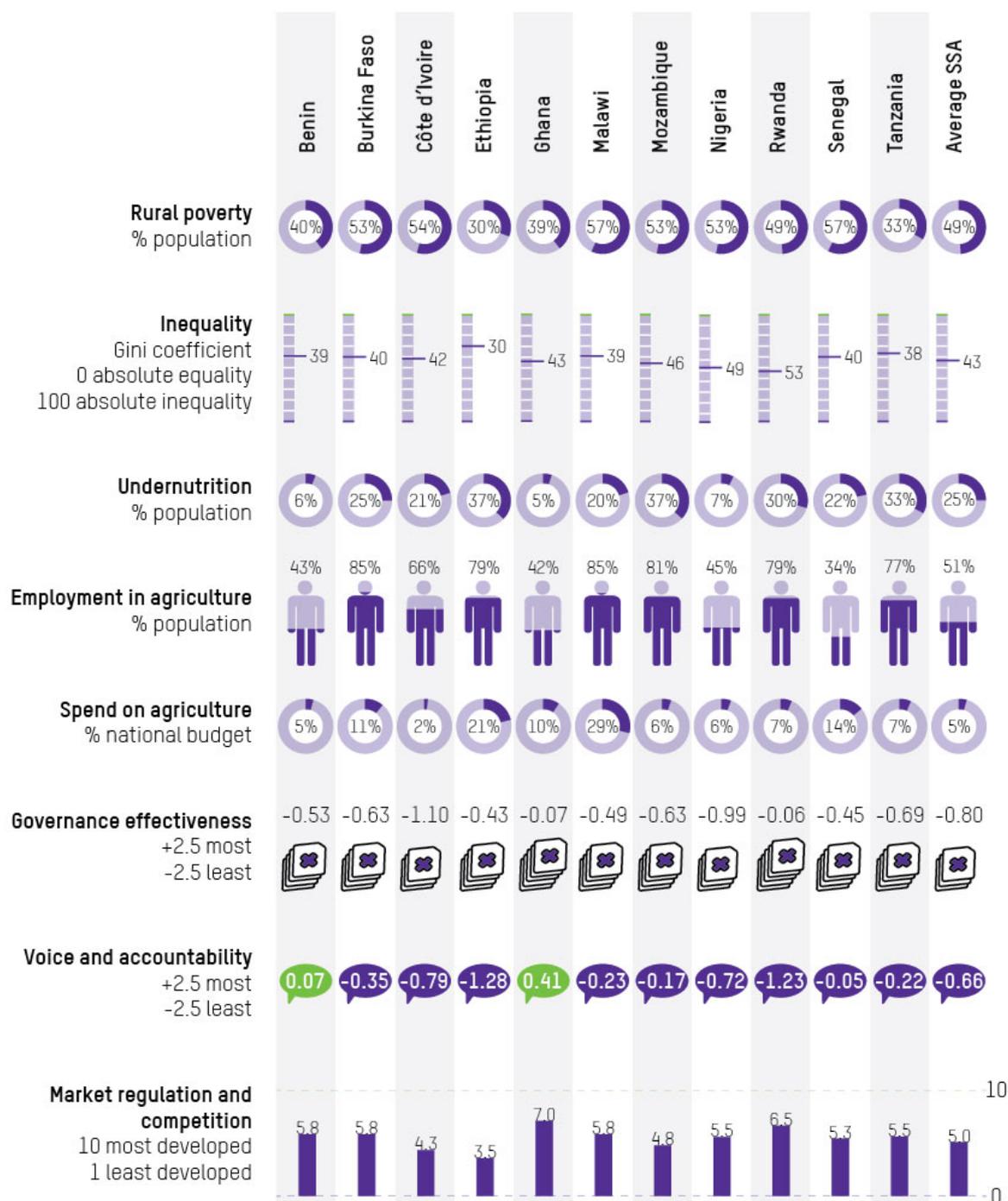
The lack of investment in agricultural support services, available to all, underpins many of these challenges. A chronic lack of irrigation adapted to small-scale farmers' needs means that they must rely on increasingly erratic rainfall to water their crops; and lack of government support has resulted in limited access to important agricultural inputs such as credit, seeds and fertilizer, and extension services. When farmers do produce surplus, they often lack access to markets or storage – particularly in remote rural areas. This creates challenges for investors and small-scale farmers alike.

Adding to these challenges, the impacts of climate change are unfolding across the continent at a time when African countries are 'woefully unprepared to cope'.¹¹ Sub-Saharan Africa has experienced increasing temperatures over the past 50 years, with a reduction in rainfall across the Sahel and increasingly unpredictable precipitation in South and East Africa. This is causing greater incidence of both drought and flooding.¹² While calculations differ, the IPCC estimates yield reductions of 22 per cent by 2050 when aggregated across sub-Saharan Africa.¹³ With a global rise in temperature of 3°C, all the current cropping areas for maize, millet and sorghum in African countries could be unsuitable for growing these vital food security crops.¹⁴

'I like to say that farming is like rocket science, and farming in Africa is like farming on Mars. You are farming in an entire agronomic vacuum.'

Investor in Tanzania

Figure 2: African agriculture in context



Sources: World Bank, World Development Indicators. UN Food and Agriculture Organisation, FAOSTAT. A Green Revolution for Africa, Africa Agriculture Status Report: Focus on Staple Crops, Nairobi, Kenya: AGRA. ReSAKSS, Trends in Public Agricultural Expenditures in Africa, November 2013. Yu, B. (2012), SPEED Database: Statistics on Public Expenditure for Economic Development, Washington, DC.: IFPRI. Bertelsmann Stiftung (2014), Transformation Index, Gutersloh: Bertelsmann Stiftung. Most recently available figures cited. Rural population, agriculture spending and undernutrition figures rounded to the nearest whole number.

Note: Governance effectiveness measures perceptions of quality in public services, the quality of the civil service, and a degree of independence from political pressures, the quality of policy formulation and implementation and government commitment to these policies. Voice and accountability captures perceptions of the extent to which citizens are able to participate in the selection of their government, as well as freedom of expression, freedom of association and free media. Market regulation and competition measures the effectiveness of policies around market-based competition, anti-monopoly, liberation of trade and the banking system.

2 BIGGER AND MORE AMBITIOUS: PUBLIC–PRIVATE PARTNERSHIPS IN AFRICAN AGRICULTURE

Mega-PPPs reflect a response to these challenges from governments aimed at increasing investment in the agricultural sector; a move by donors towards partnerships and co-investment with private sector companies as part of aid programmes; and a belief from some private sector actors that Africa offers untapped consumer markets and huge swaths of ‘uncultivated arable land’ for production.¹⁵

There is no common definition of PPPs in agriculture – they can differ in scale, aim, the actors involved and structural arrangements (see Table 1). In general, PPPs are usually defined in terms of joint planning, joint execution and the sharing of costs, risks and benefits between partners in a particular project.¹⁶ Sometimes they are defined to include any collaborative engagement between public, private and not-for-profit actors or institutions to address a specific developmental issue, and often include stand-alone governance arrangements.¹⁷

Table 1: Types of public–private partnerships in agriculture

Scale	Typical aims	Examples
‘Mega’ or macro level	Changes in economic, legal and regulatory policies to ensure that conditions exist for the private sector to develop Increases in domestic and foreign direct investment (FDI) Improvements in agricultural productivity/job creation	New Alliance for Food Security and Nutrition GROW Africa Growth corridor model of agricultural development
Meso level	Making markets work for the poor Providing grants or non-recourse loans to further business ideas that could have a positive impact on poor people	Challenge funds Advance market commitments Integrating farmers into local/national or international value chains
Micro level	Reducing risk for smallholder farmers and improving livelihood options Transferring technology to farmers	Micro-finance arrangements Micro-insurance Women’s economic empowerment activities to link women to credit and markets

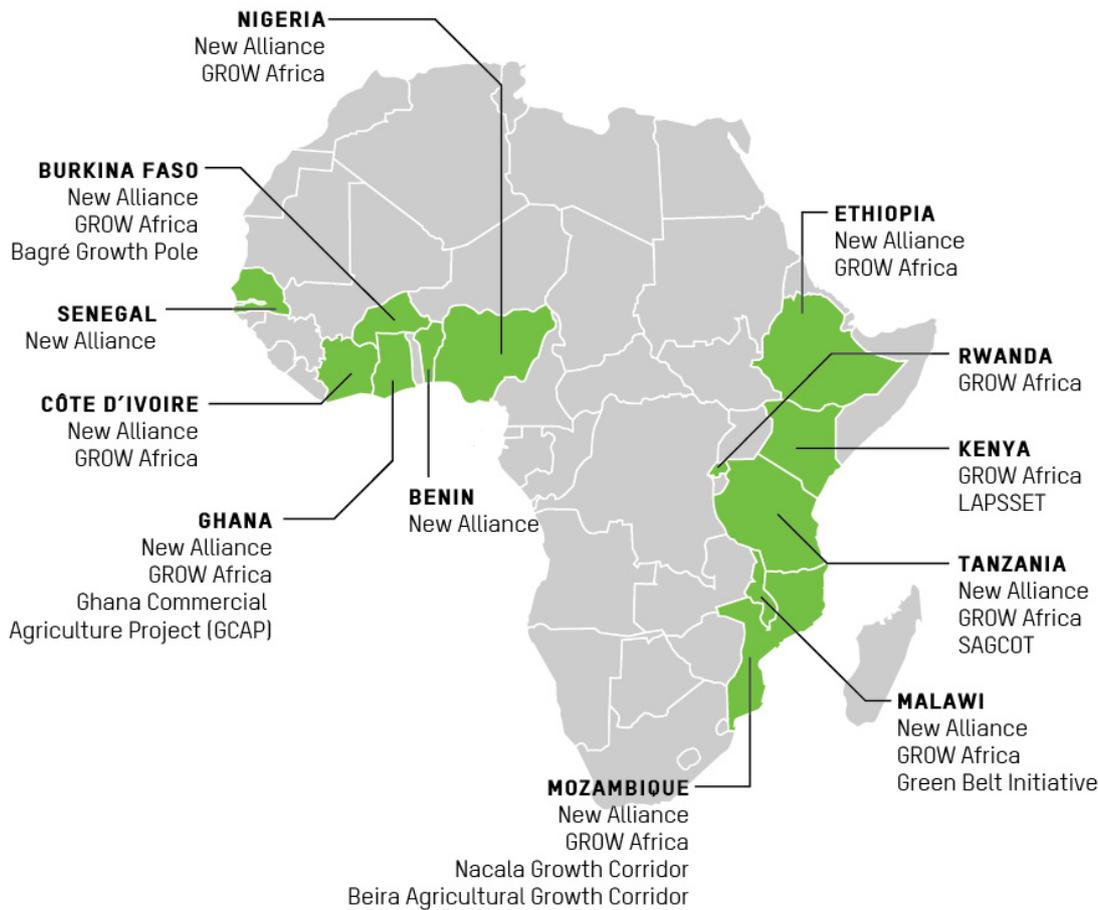
Source: Oxfam, adapted from S. Kinornay and F. Reilly-King (2013) ‘Investing in the Business of Development: Bilateral Donor Approaches to Engaging the Private Sector’, North-South Institute and the Canadian Council for International Cooperation.

The logic behind 'mega' partnerships is that the creation of incentives (such as changes in tax, trade and land policy and legislation, for example), and the development of backbone infrastructure, can encourage investors and large-scale agricultural operators to enter into African agriculture. Through this approach, it is hoped that greater capital, knowledge and technology will drive productivity and efficiency, support economic growth, create jobs and reduce poverty. It is also anticipated that increases in national food production will drive exports thereby increasing foreign exchange, leading to import substitution and can reduce food prices for staple crops such as rice.

On the strategic and policy level, the New Alliance for Food Security and Nutrition, which was initiated by the G8 in 2012, and GROW Africa, a public-private platform initiated by the World Economic Forum to link partner countries and potential investors, represent models to further this vision.

The clustering of agribusinesses in large fertile areas of land, located close to strategic infrastructure such as trunk roads, ports, and railroads represent attempts to realize this vision in practice. Growth corridor programmes in Tanzania (the Southern Agricultural Growth Corridor of Tanzania, or SAGCOT), Ghana (the Ghana Commercial Agriculture Project, or GCAP), Malawi (the Green Belt Initiative, or GBI), Burkina Faso (the Bagré Growth Pole) and Mozambique (the Beira Agricultural Growth Corridor and Nacala Growth Poles – also referred to as 'ProSAVANA'¹⁸) are all examples of this type of programme, which aim to transfer 'idle' or 'under-utilized' land to investors, increase productivity and link agricultural businesses to regional and global markets.¹⁹

Figure 3: Mega-PPPs in African agriculture



MORE, MORE AND MORE: INCREASING COMMITMENT FROM DONORS

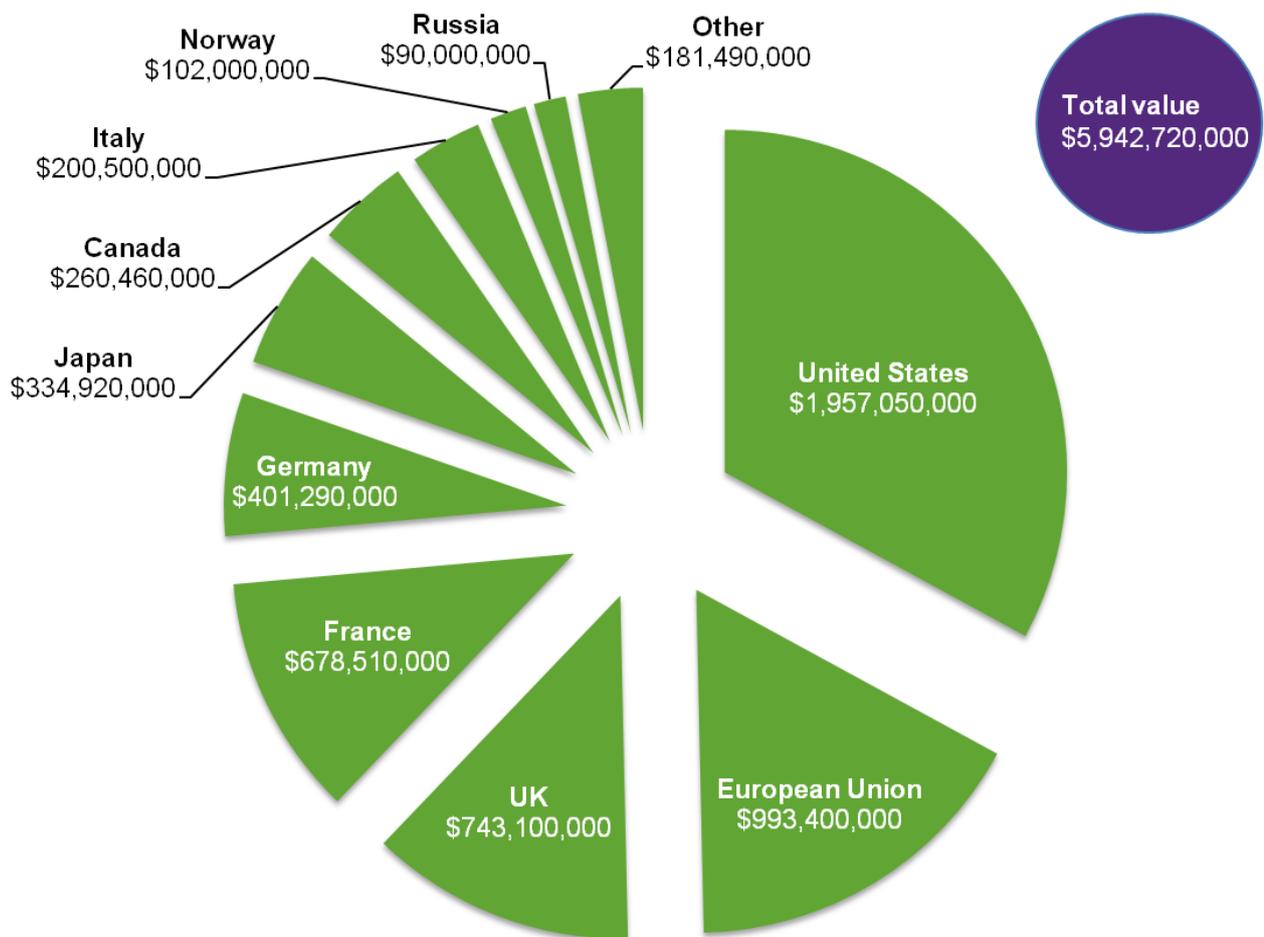
Globally, donors are increasingly committing resources to further the aims of mega-PPPs. A lack of clarity around the definitions of donor spending lines and reporting mechanisms to support such partnerships makes it difficult to ascertain definitive spending figures on PPPs. The OECD estimates that in 2010 donors channelled \$903m in aid into the PPP modality, a significant increase from \$234m in 2007.²⁰ In 2010, the European Network on Debt and Development (Eurodad) estimates that around €7.27bn of public finance was invested in companies operating in the world's poorest countries by the International Finance Corporation, the European Investment Bank and six European bilateral agencies.²¹

Within African countries, donors are committing substantial resources to mega-PPPs. For example, donors have committed over \$5.9bn of multi-annual ODA to further the aims of the New Alliance for Food Security and Nutrition in 10 African states.²² While many investments are yet to be realized at the project level, donors have committed nearly \$1.5bn of ODA in grants and concessionary loans to support growth corridor

initiatives in five African countries – with support committed to infrastructure such as roads and irrigation, the establishment of outgrower farming arrangements and ‘catalytic funding’ for businesses wishing to invest in target areas.²³

Figure 4: Donor commitments to mega-PPPs in African countries

Donor commitments to the New Alliance for Food Security and Nutrition (multi-year)

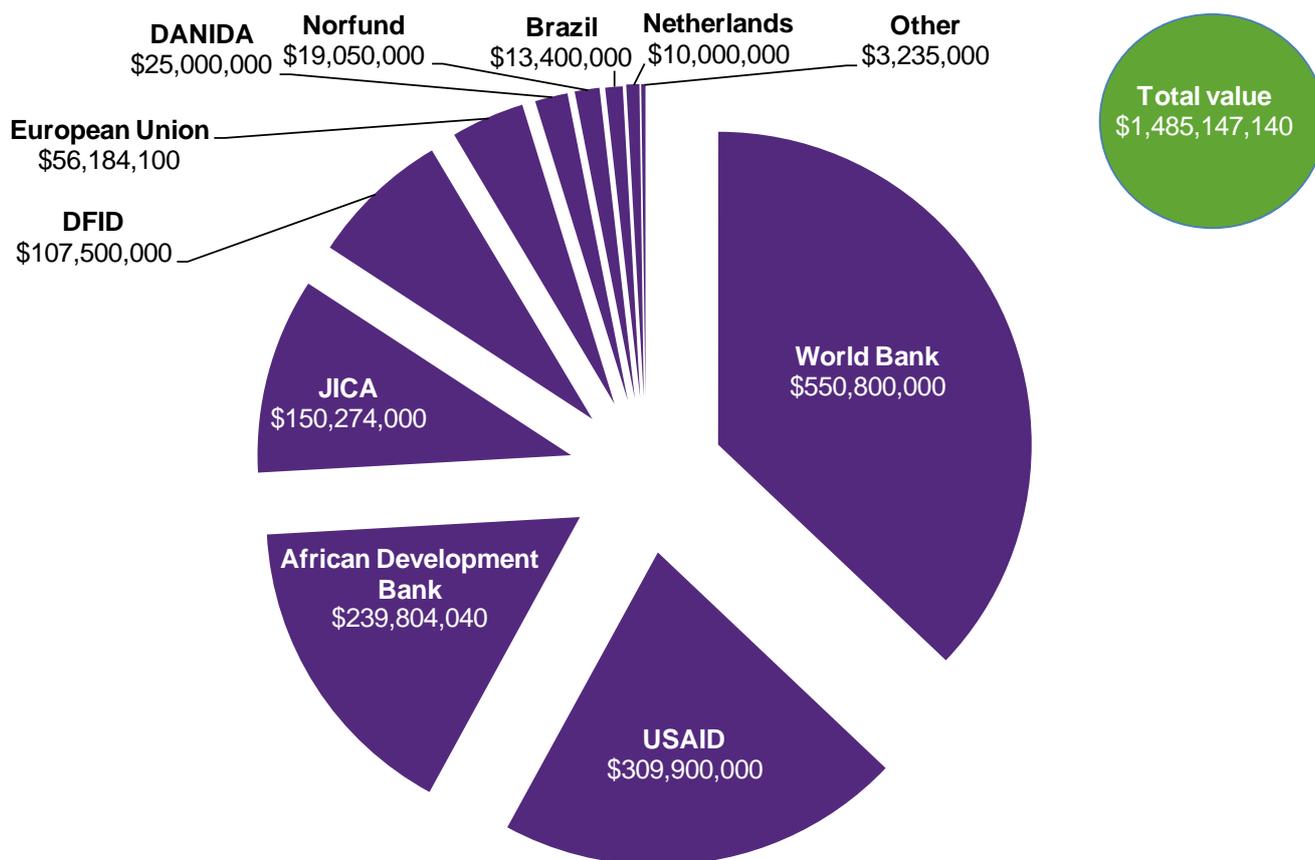


Source: New Alliance Country Cooperation Framework Agreements.

Note: 'Other' indicates Belgium (\$70,000,000), Ireland (\$38,700,000), Switzerland (\$34,800,000), the Netherlands (\$21,600,000), and the African Development Bank (\$16,390,000).

Commitments are multi-year, ranging from one year to five years in some cases. Note that these do not necessarily represent new commitments from donors but may represent the ‘recycling’ or ‘folding in’ of ongoing aid programmes or spending lines.

Donor commitments to growth corridor projects in Burkina Faso, Ghana, Malawi, Mozambique and Tanzania (multi-year)



Source: Multiple sources using donor spending agreements, business cases and project reporting documents.

Note: 'Other' indicates UNDP (\$2,000,000) and Irish Aid (\$1,235,000).

This figure includes both grants and loans using data where donors have noted an ongoing or future commitment to growth corridor initiatives in these five countries. Activities include infrastructure, catalytic funding, administrative support and funding for outgrower initiatives linked to these growth corridors. Note that non-DAC donors may not report investments. Data should be treated with some caution and as an indicative illustration. Note that these commitments may also form part of the New Alliance spending figures above.

Although activities under the mega-PPP model can differ, there are common roles and responsibilities (see Box 1). In particular, partners aim to engage smallholders in PPP schemes through contract farming or the 'nuclear estate and smallholder' (NES) business model. Under this arrangement, a 'hub farmer' or central processing unit with a large-scale operator provides credit, inputs and extension advice to surrounding farmers and purchases their crops when harvested, which are then processed in a central plantation or hub processing unit before value addition and trade – usually regional or international.

Box 1: Activities under the mega-PPP model

Although activities under the mega-PPP investment vehicle differ with context, there are common elements, which include:

National governments

- Changes in public policy to create an 'enabling environment' for large-scale businesses and investors (this can include e.g. changes in tax, land or trade policy and legislation)
- Facilitating access to 'idle' or 'underused' land for long-term lease by investors and agricultural businesses
- Creation of a land bank to attract investors
- Investment in infrastructure such as road and port facilities located near fertile land
- Establishment of PPP governance arrangements

Donors

- Support for irrigation and road development in areas of fertile land
- Providing 'patient capital' for agricultural businesses: investment with longer-term time horizons than traditional capital markets. This aims to plug the gap in national financing for business development
- Financing 'catalytic funding' arrangements: donors provide matching grants to national or international businesses wishing to invest in the PPP target zones. The finance aims to reduce operational and capital costs for companies wishing to expand smallholder production²⁴
- Smallholder engagement activities: through organization of farmers into outgrower or contract farming schemes; support to extension services
- Administrative support or capacity building for PPP governance, and facilitating investment agreements between investors and governments

Private sector

- Guarantee of investment within target areas
- Agreement to work with surrounding smallholders through outgrower or NES business model
- Brokering international trade

3 WHO BENEFITS? WHO SHOULDERS THE RISK?

LEARNING FROM EXPERIENCE

The evidence base around mega-PPPs in agriculture is weak and fragmented, with little robust research on either their positive or negative impacts through independent evaluation. A major review of PPPs in developing countries shows that the evidence base for PPP evaluations is scarce and 'rarely relies on sound or robust empirical counterfactual evidence'.²⁵ Perhaps unsurprisingly, donor support for public–private partnerships and 'macro-level' private sector development remains controversial (see Box 2).

On a smaller scale, partnerships with the private sector and cross-sector collaborations can be usefully deployed to further development objectives in agriculture. For example, challenge funds offer a useful mechanism to fund local enterprise development, and public bodies (represented by either governments or CSOs) play a positive role to link farmers into markets. Also, when well designed, innovative partnerships with larger businesses can help to deliver better finance or insurance to farmers, for example.²⁶

However, large-scale macro-level partnerships between national governments, large-scale foreign companies and donors require strong governance to ensure the fair sharing of risks and benefits between the parties involved, and with other stakeholders in society. They also require institutional and legal frameworks to regulate PPPs, consultation with multiple stakeholders and end-users prior to the initiation of partnerships of this type, and considerable public sector expertise in areas such as the pricing of assets and liability.²⁷

As a result, mega-PPPs are inherently risky in sub-Saharan African countries, where governments have low levels of government effectiveness, challenges in regulating markets and difficulties in including the voices of the poor in policy (see Figure 2). Therefore, governments may lack the resources or skills to enable large PPPs to be structured and managed fairly.²⁸ Evidence shows that in contexts with poor governance, PPPs can also provide opportunities for corruption and political gain.²⁹

Evidence from other industries in Africa, such as extractives, illustrates the need for caution. In its own project appraisal document for a proposed loan to the Government of Mozambique for the Nacala Growth Corridor development, the World Bank Group points out that mega projects involving investments of over \$500m have had negligible spill-over benefits for domestic private sector actors. It notes that such projects also have had limited impact on employment creation and

productivity despite dominating exports, and that the government has failed to benefit financially from such schemes through tax revenues, due to the financial incentives provided to investors.³⁰

In South Africa, the Strategic Partnerships programme – part of ongoing national land reform since 1994 – provides an illustrative example of some of the challenges involved in forging partnerships with actors of different sizes, skills and commercial expertise. Through this programme, the government encouraged joint ventures between large-scale agribusiness and local communities seeking restitution to land from which they were dispossessed during apartheid. It was hoped that the communities would benefit from improved financial resources and business expertise; while commercial operators would maintain high levels of productivity from land.

However, the serious challenges of integrating small-scale farming into highly complex farming operations, a lack of clarity on responsibilities and poor government oversight and monitoring of contract compliance led to the collapse of many schemes – to the disappointment of both local communities and private sector partners.³¹

Box 2: The use of donor spending to support private sector development

Donor interventions to improve small-scale business development or to make markets work for the poor have an important role to play in poverty reduction. However, the use of public money to support a reform of the enabling environment for business or to promote mega-PPPs as a route to poverty eradication is contested and therefore controversial.

A recent review of DFID's Private Sector Development portfolio by the Independent Commission for Aid Impact (ICAI) recognizes positive work from the department when working with the poorest people to develop small-scale enterprise. However, it highlights serious flaws in DFID's macro-level private sector development work, which provides useful learning for donors in the context of increasing partnership with the private sector. These include:

- Theories of change that are over-simplified and do not recognize the complex political and economic environment within which private sector development initiatives are situated;
- An insufficient understanding of the links between support to the private sector, economic growth and poverty alleviation;
- That given the dynamic nature of market systems, DFID is taking risks that it does not properly understand and is ill-equipped to manage;
- That insufficient attention is given to the unintended consequences of these types of intervention, including on the poorest people.

Source: Independent Commission for Aid Impact (2014) 'DFID's Private Sector Work', London: ICAI.

IMPACTS ON LAND RIGHTS

In the context of poor governance and stalled or incomplete land reform processes in many African countries, the mega-PPP model threatens to increase risks around land use rights and access for local communities. These risks are stark against a background of heightening competition for fertile land and water: rural communities are experiencing rapid population growth creating pressure over land use, wealthy urban dwellers are investing in land at a growing pace, and foreign companies are looking for abundant and apparently cheap land.³²

While this increasing interest in land represents an acute risk for many local communities, it also offers a prescient opportunity to improve land governance in African countries (see Box 3).

Land transfers to investors, facilitated by national governments, are a core component of the mega-PPP agenda in African agriculture. In target countries such as Mozambique, Tanzania, Malawi and Burkina Faso, governments are offering to lease 'idle' or 'underutilized' customary and leasehold land to investors under certain conditions, such as the production and processing of priority crops like rice and sugar and the inclusion of smallholders in the business model of investor companies.

Within just five African countries hosting growth corridor initiatives, the land situated within PPP investment target areas is equal to more than 765,102 sq km – three times the land area of the UK and larger than countries such as Ukraine or France (see Table 2). While not all of this land will be leased for agricultural use, national governments in these five countries are targeting the transfer of 12,587 sq km (1.26 million hectares) to investors in the initial phases of these programmes – as much as the entire amount of land under agricultural production in large African countries such as Zambia or Senegal.³³

When offering land to investors, governments can value it at extraordinarily low levels. In 2013, the GROW Africa initiative suggested that the Government of Mozambique was offering land to investors with 50-year leases at a cost of \$1 per hectare per annum, with reduced corporate taxation rates of 2–5 per cent and exemptions from import duties.³⁴ This compares with prices of around \$15,000 per hectare for prime productive land in Brazil, and \$2,000 in frontier regions with poor infrastructure. Unsurprisingly, one Brazilian agricultural association has described this offer as 'too good to ignore'.³⁵

Within just five African countries hosting growth corridor initiatives, the land situated within PPP investment areas is equal to more than 765,102 sq km – three times the land area of the UK and larger than countries such as Ukraine or France.

Table 2: The great land offer: mega-PPPs in Africa

Project and country	Total area within investment target zone	Initial land size targeted for transfer to investors
Tanzania SAGCOT	307,000 sq km	350,000 hectares ³⁶ (3,500 sq km)
Malawi Green Belt Initiative	10,000 sq km	200,000 hectares ³⁷ (2,000 sq km)
Burkina Faso Bagré Growth Pole	5,000 sq km	12,712 hectares ³⁸ (127 sq km)
Mozambique Nacala Growth Corridor Beira Agricultural Growth Corridor	112,997 sq km ³⁹ 230,403 sq km	356,000 hectares (3,560 sq km) ⁴⁰ 190,000 hectares (1,900 sq km) ⁴¹
Ghana Ghana Commercial Agriculture Project	99,702 sq km ⁴²	150,000 hectares ⁴³ (1,500 sq km)
Total	765,102 sq km 76.5m hectares	12,587 sq km 1.26m hectares

Due to the complex land tenure context in Africa and weak land governance, attempts by government to transfer land from customary users to investors place local communities at acute risk of expropriation or dispossession.

Such transfers raise a number of concerns:

- **State control over land use:** In many countries, land is managed and controlled by the state, with power vested in the office of the president or the executive. This means that significant investment projects that are considered to be for public purposes can enable the compulsory removal of legal rights to land, while in some cases governments have not used the principle of eminent domain ‘judiciously’ or for projects that serve the public interest.⁴⁴ The central role of the state in the management and control of land, in particular, can provide national elites or unscrupulous investors with opportunities to benefit from land transfers through business activities and political patronage.⁴⁵ A lack of separation in powers between the institutions that sponsor mega-PPP projects, those that identify land for investment and institutional mechanisms to negotiate investment agreements provides further challenges.

Weak tenure rights: A recent study by the World Bank Group shows that only 10 per cent of rural land in sub-Saharan Africa is registered, while the rest is undocumented and informally administrated, and thus vulnerable to land grabbing and expropriation without adequate compensation for land users.⁴⁶ Land rights may differ between investors and local communities. For example, while investors may hold legal tenure over land for periods of 30–100 years under lease

‘Maybe two percent of people have title deeds here. You need a survey, which is a high cost. Small farmers cannot afford this. They cannot afford the survey or to get titles [for their land.] And we have many, many smallholders here.’

Focus group discussion with local business association, Morogoro, Tanzania.

agreements, surrounding outgrowers are likely to hold customary tenure certificates, with less secure rights, leaving the latter at a disadvantage.⁴⁷ Registration processes to gain land tenure are often costly and cumbersome, meaning that in practice many people do not hold individual or communal land titles.⁴⁸

- **Legal provisions that favour investors rather than local communities:** Productive use requirements, under which the government can lay claim to ‘unproductive’ or ‘under-utilized’ land, poses a particular risk for local communities who rely on it for their livelihoods – providing a legal basis for governments to remove land from them for use by investors. Even in countries where functioning land laws exist, they are often not implemented, while governments are more likely to abide by laws that prioritize investor interests.⁴⁹ In Tanzania, a case study for this research highlighted ambiguity between two fundamental land laws (the Land Act and the Village Land Act) which could provide a loophole to favour investors over local communities.⁵⁰
- **Inadequate and opaque compensation:** Compensation payments for the transfer of land to investors or new farming operations often lack transparency on the terms of payment and can be open to exploitation. For example, under land legislation in Malawi,⁵¹ the government compensates current users for improvements made to the land (such as the value of crops), rather than the value of the land itself. In addition, local government officials unilaterally decide compensation payments, and individuals are only informed of their compensation amount after the release of funds. Once compensation is paid, the land is transferred and owners lose the legal right over land.⁵²
- **Benefits for local elites:** In Malawi, a proposed Land Bill that would allow registration of customary lands for local users has been stuck in political gridlock in the national legislature, awaiting sign-off from the President. As a result, traditional authorities and local chiefs, with power vested in them through the government, administer customary rights for land use and access at local level – giving them the power to allocate land to investors and evict local populations from land.⁵³ This context has resulted in conflict within the PPP investment areas for sugar outgrower schemes supported by the European Union and the African Development Bank, which aims to bring farmers into the supply chain of Illovo Sugar (Malawi) Ltd. Evaluations of the project show that local management trusts bypassed members of the local community during land allocation for the scheme in favour of ‘influential outsiders’ – causing conflict, a worsening of poverty and a disturbance of social relations.⁵⁴ Grassroots resistance has emerged in response to perceived injustice over the process of land acquisition in a number of areas within the country.⁵⁵

‘... We are in court. We are saying no to the taking of our land in our area – to be taken for planting sugar cane – because we use that land. The majority of people in the area cannot afford iron sheets [for roofing]; they use grass. If this land is taken there will be problems for them.’

Key informant interview: Pastor, Chikhwawa, Malawi

- **Women's land rights:** Women are less likely to own land than men and are often disadvantaged relative to men in terms of land ownership and rights.⁵⁶ Women are often left out of decision making and negotiations on land and their priorities are not considered. Customary and statutory institutions that adjudicate land disputes tend to be dominated by men, with women under-represented in discussions.⁵⁷
- **Food security:** Transferring land to larger investors reduces the already diminishing land holdings available to smallholder farmers. In land-constrained countries in Africa, farm sizes have shrunk by 30–40 per cent since the 1970s.⁵⁸ Land sizes in Malawi are around 1.2 hectares per family or 0.33 hectares per capita and will shrink further as fertile tracts of land are transferred to investors.⁵⁹ Changing land to large-scale agricultural use can also remove access for local communities who previously used this land for their livelihoods – with important implications for more vulnerable groups such as women, pastoralists and those who depend on natural resources in forests and wetland ecosystems.

Box 3: The African Union Land Policy Framework

The African Union Framework and Guidelines on Land Policy in Africa, alongside the draft Guiding Principles on Large-Scale Land-based Investments in Africa point to five priority areas for governments when considering potential large-scale investments in land:

1. **Small-scale first:** Investment decisions should be guided by national strategy for sustainable agricultural development, recognizing the role of small-scale producers in achieving food security, poverty reduction and economic growth
2. **Holistic assessment:** Decision making should be based on a holistic assessment of economic, financial, social and environmental costs and benefits associated with the proposed investment, throughout its lifetime
3. **Transparency:** Decisions should be based on transparency, inclusiveness, informed participation and social acceptance of informed communities
4. **Rights-based frameworks:** Policy and legal frameworks should ensure that investments are made within a framework that ensures respect for human rights and protection of legitimate rights in land and resources of all actors, including women and smallholder farmers
5. **Accountability:** Governments should commit to upholding high standards of cooperation, collaboration and mutual accountability with a view to redressing imbalances of power and promoting investments that are beneficial to African economies and people

Source: AUC, UNECA and AfDB (2014) 'Land Policy Initiative: Guiding Principles on Large-scale Land-based Investments in Africa – Draft', Addis Ababa; and (2010) 'Framework and Guidelines on Land Policy in Africa', Addis Ababa.

DEEPENING INEQUALITY

Inequality is extremely high in African countries by international standards. The Gini coefficient, a widely used measure of inequality that ranges from 0 (an indicator of perfect equality) to 1 (maximum inequality) stands at 0.43 in sub-Saharan Africa – second only to Latin America in its severity.⁶⁰ In this context, the current mega-PPP agenda could exacerbate these inequalities by skewing the economic opportunities and benefits of investment to more wealthy or powerful groups, while the risks fall onto the poorest and most vulnerable.

Bypassing the poorest

Oxfam's experience shows that to achieve rapid poverty eradication through agriculture, government policies should aim to respond to the diverse needs and aspirations of different segments of rural societies. This should include support for more commercially oriented farmers in areas such as contract oversight, but also for more vulnerable groups such as marginal farmers through support for informal production groups and the development of local and national markets. In addition, the most vulnerable, such as landless labourers and women, should be supported through job creation, social protection and the implementation of strong labour rights legislation.⁶¹

By design, the 'mega' PPP model focuses investments towards fertile tracts of land with good water availability – following a trend in which both foreign direct investment and government agricultural policy target investments in these areas.⁶² This points to the need for complementary investment plans to support more marginal, and food insecure areas - which are considered less attractive to private sector investors - to maximise poverty reduction.

Commercial incentives, coupled with the difficulties of working with often disorganized and widely dispersed smallholder farmers means that companies working within mega-PPPs are likely to work with more organized or 'commercially viable' farmers. These farmers will have access to larger land holdings and be able to meet more stringent quality control and sourcing requirements. These wealthier farmers represent 'the richest of the poor' in many rural contexts, constituting around 2–10 per cent of the population – and are likely to be located close to proposed plantation operations.⁶³

Furthermore, when local farmers shift from food crops to cash crops, the benefits might not spread widely to the community. For example, communities interviewed for this research within mega-PPP investment target areas in Malawi reported that local food prices had increased since farmers had joined the scheme and that there was increased volatility in prices – due to reduced local food availability and the need to transport food from neighbouring areas.⁶⁴

'Well in fact, the prices fluctuate because we don't harvest here now, we buy maize from the central region, on the other side of Malawi. So the prices are always high. Sometimes they go low at the new harvest. But prices are still a problem to us. Sometimes the money that we get from sugar and farming do not cover the prices charged at market.'

Focus group discussion,
Chikhwawa, Malawi

An illusion of smallholder engagement?

To bridge the gap between large-scale agricultural operations and local communities, partners in mega-PPPs are deploying outgrower farming models or nuclear estate and smallholder (NES) schemes. For example, in Tanzania the government is using this model in its SAGCOT initiative, where the government has earmarked land parcels of between 3,000 and 50,000 hectares to lease to investors, with the land around these plantations earmarked for smallholder farmers.⁶⁵ Through this arrangement, farmers are expected to benefit from better access to markets and support from 'hub' plantations through irrigation, inputs and extension services.

Some farmers are likely to benefit financially from these outgrower schemes, particularly due to increased access to inputs and improved market opportunities, in the absence of other government support. In Malawi, farmers engaged in outgrower arrangements for high-value crops such as sugar cane can earn up to \$1,000 a year on a three-hectare plot and benefit from more regular and timely payments for their harvest than might otherwise be the case. This is considerably more than other farmers can earn working in the target area.⁶⁶

However, due to huge asymmetries of power and information between the larger operators and smallholder farmers, the risks and benefits of these arrangements are unlikely to be shared fairly. Particular issues of concern with regard to outgrower or NES schemes include:

- **Debt financing:** In many cases, smallholders are indebted to a plantation or to a commercial bank for the cost of developing the outgrower scheme or for inputs, with debts generally being reimbursed through a levy on sales. In Malawi, the Kasinthula Cane Growers Trust within a sugar PPP has fallen into severe financial difficulties following devaluation of the national currency, resulting in an onerous debt that was consuming around half of its farming revenue.⁶⁷ Debt financing can substantially increase the risk to farmers who lack a safety net or other financial mechanisms to protect them from difficulty in repaying loans.
- **Land allocation in favour of nucleus farms over smallholders:** The ratio of land allocated respectively to nucleus farms and smallholders can dictate the incentives for companies to work with surrounding farmers.⁶⁸ With a larger nuclear farm, the company could fill its processing plant without needing to source crops from smallholders. In the SAGCOT programme, the proposed ratio for land allocation stands at around 80/20 in favour of the core estate in sugar, and at a more equitable 40/60 or 30/70 in favour of smallholders in rice.⁶⁹ The creation of 'agricultural dualism' between large and small farms has been shown to drive inequality in land ownership, which is difficult to reverse, in other contexts.⁷⁰
- **Market risks:** Oxfam's experience shows that creating a diversity of market outlets can increase prices and reduce vulnerability for farmers. However, outgrower and NES schemes can leave farmers

'They are not happy with their situation, but there is no way out. Instead of making them develop they are standing still. [Others] see that someone has been in the system for many years with no developments and no improvement in life.'

Local business association on sugar outgrower schemes. Focus group discussion Morogoro, Tanzania.

'They introduced us to a financial company to loan us money, but with high conditions. We incurred the costs and started farming, but they are not buying the rice as they promised.'

Outgrower farmer, Kilombero region, Tanzania

dependent on a single buyer. In Tanzania, farmers within a rice outgrower scheme interviewed for this research have suggested that plantation managers reneged on a verbal agreement to purchase their crops after entering the scheme. Farmers suggested that this has left them with a surplus that they were unable to sell on local markets as the newly introduced hybrid varieties did not suit local tastes. This illustrates some of the risks to farmers of relying on a single buyer, and also points to the importance of clarity in contracts for all parties prior to entering into a contract farming arrangement.⁷¹

- **Lack of transparency in contracts:** The terms of contracts and buying agreements between companies and farmers are often complicated and lack transparency. Prices are set through a complex formula that the company establishes unilaterally – a system that relies on the benevolence of companies not to exploit farmers. In Malawi, studies show that local management companies typically charge outgrowers a series of management fees, withholding taxes and levies on inputs, labour and land development costs. As a result, one farmer with a plot of land of less than three hectares lost 84 per cent of gross income through deductions.⁷²
- **Inability to exit schemes:** Once they have entered an outgrower scheme, farmers may not be able to exit. In Malawi, interviews for this research showed that once farmers had pooled land into a management trust to join an outgrower scheme, they lost the legal right to use that land. In some instances, companies may hold land as collateral for loans. Interviewees noted that farmers felt social pressure to join, as others had persuaded them of the benefits to the community as a whole.⁷³ Some suggested that community members felt pressure not to exit due to the debts owed to outgrower management companies and lack of alternative livelihood options.
- **Sustainability:** Due to the high costs of working with smallholder farmers and a lack of government support such as extension services, investors interviewed for this research suggested that engagement with outgrower smallholders was not financially viable or desirable in the absence of donor support. This illustrates a substantial level of risk for outgrowers if donors pull out of these schemes. It also poses questions about the cost-effectiveness of subsidizing businesses to work with smallholders, rather than supporting farmers to be ‘market ready’ and reducing risk by organizing farmers into cooperatives or providing training in marketing and business development.

‘No – people cannot leave. It is impossible. Firstly, there is an agreement and the factory expects a certain tonnage. Also, you need a lot of money to go into it. If people pull out there is a problem for us. People cannot move – even if someone has changed his views.’

Focus group discussion,
Chikhwawa district, Malawi

Gender-blind?

Empowerment of rural women in Africa requires investment of political capital in the establishment of rights-based legislation on land, as well as investment in tailored solutions that can help women in production and marketing. This includes support to informal production groups; a focus on commodities such as fruit, vegetables and tree-based products; and the development of high-value local and national markets.⁷⁴ Mega-PPP arrangements are currently unlikely to deliver these types of investment, and could exacerbate rather than alleviate gender inequality.

In Tanzania, interviewees for this research noted that women faced specific challenges in agriculture. In particular, unpaid care work means that women often struggle to find the time to engage in more lucrative trading opportunities; while tradition and custom prevent women from engaging in more formal markets – which are considered to be the domain of men. Also, while the land tenure system in Tanzania allows women to own and access land, customary law makes the head of the family the primary owner – which is often men. Lack of legal tenure over land makes it difficult for women to participate in contract farming in particular, where land ownership is often a prerequisite for entry.⁷⁵

In Burkina Faso, women-led production groups have struggled to benefit from the opportunities afforded by the New Alliance. For example, women farmers involved in an Oxfam-supported rice processing cooperative (the Connanet Union) have requested financial support of 15 million francs (\$30,000) to expand its rice processing operation in the Bagré Growth Pole. However, consultants sent to provide advice on the implementation of the New Alliance in the country suggested that the amount of money requested was too small – and recommended that the cooperative revise its investment plans to over a billion francs (\$2m). This illustrates some of the challenges faced by smaller operators in accessing credit for small-scale investments.⁷⁶

Women also face a number of other structural barriers, which mean that they are less likely to benefit from mega-PPP investments. Specific challenges for women include:

- **Limited control over decision making:** As the value of natural resources rises on commodity markets, control over decisions concerning those resources often passes quickly into the hands of men within investment target areas. In Malawi, interviewees for this research noted that the significant amount of violence and conflict associated with land transfers has pushed decision making over investment further into the ‘male domain’.⁷⁷
- **Different investment priorities:** Women often prioritize time-saving technologies and value addition, whereas men value productivity improvements.⁷⁸ However, women are often not represented in decision making on investment priorities. For example, in Tanzania, interviewees noted that water points and market facilities located close to local communities would provide significant benefits to their livelihood, rather than increasing productivity of cash crops.⁷⁹
- **Commodity and market focus:** While women often grow fruit and vegetables and food security crops to serve local and informal markets, the crops targeted by large-scale PPPs, such as rice and sugar (in Tanzania and Malawi, for example) target international or regional markets, and are traditionally controlled and farmed by men.
- **Vulnerability in wage labour:** In some instances, mega-PPPs may create new wage labour opportunities for women. However, in general, wage labour on plantations and family farms tends to be low-paid, poorly regulated and risky.⁸⁰ This is particularly important in the

context of low minimum wage requirements in a number of countries in which mega-PPPs are taking place. In Malawi, for example, the minimum wage is set at MWK 551 per day (\$1.38), making it one of the lowest in the world, and Oxfam has previously pointed to problems of low wages for women working in the tea industry in the country.⁸¹

Box 4: The deployment of 'mega farms': is there an alternative?

Large-scale agriculture or 'mega-farms' form a key component of the current mega-PPP agenda in Africa. Advocates suggest that large-scale agriculture based on plantations offer efficiency gains due to reduced costs of technology acquisition and dissemination, certification and quality control, in-house R&D and easier access to international capital markets.⁸²

However, small-scale rather than plantation agriculture, represents the optimum pathway towards poverty eradication and household food security in African countries.

A weight of evidence points to the central role of small-scale farming in reducing poverty, generating employment and contributing to local food security.⁸³ A World Bank Group review shows that there little evidence to demonstrate the existence of economies of scale in agricultural production.⁸⁴ At the same time, evidence shows that large-scale agriculture is more likely to increase land speculation, worsen inequality of land ownership, and lead to environmental damage.⁸⁵

Mega-PPP initiatives in Africa try to bridge the gap between large and small-scale farming through the use of outgrower or NES models. However, as noted, there are multiple risks to this approach that can exacerbate inequality and lead to exploitation. Alternative investment models exist which can lead to greater economic empowerment for small-scale producers, improved choice of livelihood options and reduced risk.

In particular, policy and financial support to producer organizations (POs) and informal women's production collectives allow smallholders to more effectively engage in markets by supporting easier access to inputs, reducing risk in financial transactions and giving them a stronger bargaining position in contract negotiations and policy formulation.

Similarly, governments can encourage the establishment of small and medium-sized plantations independent of large operators through extension services, subsidies or loans for plantation development and support for the establishment of cooperatives. An Oxfam review of inclusive business models shows that this approach can result in a more diverse agro-ecological landscape, greater economic opportunities for women, and increased local food availability than large-scale monocrop plantations.⁸⁶

PASSING ENVIRONMENTAL RISKS ON TO THE POOR

In the context of a changing climate, mega-PPPs can contribute to the causes of climate change, and impose severe environmental risks for local communities.

Countries in the Horn of Africa and the Sahel are bearing the brunt of the changing global climate, with warming temperatures and increasingly

variable rainfall causing havoc for farmers.⁸⁷ In Burkina Faso, seasonal summer rainfall has been 15 per cent lower in the past decade than in the 50 years between 1920 and 1969. Since 1975, temperatures have increased by more than 0.6°C across most of the country – reducing harvests and the availability of pasture, and amplifying the impact of water shortages and droughts.⁸⁸

The expansion of large-scale agricultural production through mega-PPPs can contribute to the causes of climate change. For example, the conversion of land into plantations or large-scale farms in areas of high-carbon stock, such as peat land or forests, releases significant carbon emissions.⁸⁹ The most recent report by the Intergovernmental Panel on Climate Change (IPCC) shows that around 12 per cent of global emissions in the period 2000–09 were from land use change of this type.⁹⁰ There are numerous critical and natural habitats in the SAGCOT investment zone, including wetlands, and nearly 6 million hectares of forest reserves.⁹¹

The environmental risks of mega-PPPs are likely to fall on local communities. In particular, extensive irrigation development in investment target areas threatens to reduce water availability for other users – such as small-scale farmers or pastoralists. Other risks inherent in the large-scale agricultural model include soil erosion, ecological and health risks from the use of agro-chemicals and severe loss of biodiversity that could impact negatively on local communities.⁹² These risks are likely to be exacerbated by the fact that a number of companies engaged in mega-PPPs are large agro-chemical businesses.

In Tanzania, the SAGCOT zone is one of special ecological importance, with 40 per cent of the area representing a critical natural habitat and a wildlife corridor linking protected habitats. Laudably, the SAGCOT project is attempting to manage some of these risks through a ‘Green Growth’ strategy, which incorporates agricultural, social and environmental objectives.⁹³

However, reduced water availability due to agricultural development represents a serious threat to local communities in the SAGCOT target area. The entire Rufiji basin, which comprises four sub-basins (the Great Ruaha, the Kilombero, Luwegu and Lower Rufiji), falls in the SAGCOT zone, and accounts for a third of all rainfall in the country and a quarter of its river flow.⁹⁴ The basin is of national significance, with huge potential for agricultural production but also for other uses such as hydro-energy and supporting the livelihoods of small-scale producers.⁹⁵

Many parts of the zone are already suffering water stress. Large-scale irrigation for monoculture plantations in the basin area will lead to increased demand for water, particularly during the dry season, leading to further pressure on wetland and other aquatic ecosystems. In Kilombero, planned irrigation would require a daily water supply of 180 million m³, which far exceeds mean daily water flow, according to current data. Hydrological assessments in the Great Ruaha basin suggest that surface water use has already reached ‘unsustainably high levels’.⁹⁶

‘They are confined to a very small place where they water their livestock. That is not fair – the land is gone and everything is gone – pastures, their rights to use the river. ... they have invested in the land and made trenches [for agriculture]... They are denied access to water.’

Pastoralist representative,
Morogoro, Tanzania

4 WHO DECIDES? WHO HOLDS THE POWER?

THE GOVERNANCE AND ACCOUNTABILITY DEFICIT

To achieve a positive impact on poor farmers, any form of partnership requires strong participation from the people that it purports to target in the planning stages, and monitoring and feedback loops to measure any unintended consequences. However, the voices of producer organizations and local groups in target areas are largely missing in the governance arrangements of existing mega-PPPs. As a result, the risks and benefits of these arrangements will not be shared equally. Instead, the risks are likely to be passed downwards to local communities – illustrating a strong case of ‘moral hazard’ in project design.⁹⁷

At a smaller scale, PPPs can work within local development plans and can deliver tailored solutions for local farmers or communities based on local context. However, due to issues of scale and asymmetries of power, mega-PPP arrangements poorly represent the voices of POs and civil society, the groups that they should be designed to serve.

In particular, there has been a lack of participation by POs and civil society groups in the formulation of mega-PPPs. For example, in Malawi the EU led on the formulation of the New Alliance Cooperation Framework in 2012, which included two roundtable discussions in Blantyre and Lilongwe with leading business representatives, donors and the national government. The National Farmers Union (NASFAM) and the Farmers’ Union of Malawi (FUM) were represented at these meetings, but other important civil society groups such as the Civil Society Agriculture Network (CISANET) were not – an oversight that the roundtable coordinators put down to time constraints and pressure to pull together policy agreements prior to a G8 summit.⁹⁸

Similarly, in Burkina Faso donors and the national government agreed the New Alliance Cooperation Framework rapidly during July and August 2012, with scant attention paid to the participation of POs or CSOs, particularly women’s groups. Although the country’s Chamber of Agriculture, a public body, participated in designing the framework (and was considered to represent CSO and PO views), neither CSOs nor NGOs were asked to join the process.⁹⁹

In Tanzania, a number of non-state actors such as the Agricultural Council of Tanzania (ACT), the Agricultural Non-State Actors Forum (ANSAF) and the Tanzanian Horticultural Association (THA) have signed an MoU with the SAGCOT programme – although this came four years after the creation of the programme.¹⁰⁰

Perhaps unsurprisingly, the governance arrangements of these mega-PPPs are likely to be driven by the needs of their more powerful members – creating a risk that policies will benefit larger-scale agricultural actors rather than smallholders. The policy reform agenda of the New Alliance, in particular, has not been driven by identified needs of smallholder producers. Oxfam has highlighted that a number of policy reforms agreed through Cooperation Framework Agreements to land laws and policies, seed and input policies, and tax and trade regulations are likely to favour larger-scale agricultural businesses rather than small-scale farmers or small and medium-sized enterprises (SMEs).¹⁰¹

Accountability is weak within mega-PPPs. Due to their scale, theories of change around mega-PPPs are broadly defined, with a top-line focus on increasing investment and a poor measurement of poverty or food security. For example, metrics for GROW Africa and the New Alliance include quantitative indicators around investments made, jobs created, smallholders reached and the progress made by poorer governments in changing policies in line with guidelines such as the World Bank Group's 'Ease of Doing Business' index.¹⁰² This, therefore, lacks clear indicators of impact on small-scale producers, poverty or food security.

Arrangements of this type face serious challenges in reporting and accountability due to the differing goals and objectives of the actors involved, 'public' funding components being held by donors rather than governments, and commercial confidentiality concerns, all of which create inherent complexity. Accountability issues are compounded by a lack of comprehensive policy, legal or institutional frameworks providing clear guidelines on PPPs in low-income countries. Perhaps as a result, the sharing of best practice on monitoring and evaluation for pro-poor PPPs is limited.¹⁰³

ELITE CAPTURE

Due to significant asymmetries of power, the introduction of large agricultural businesses into African agriculture through mega-PPPs poses a risk that larger firms will create a dominant market position and crowd out of local businesses. This is a particular concern against a backdrop of increasing donor support to large companies based in their home country,¹⁰⁴ and of policy changes from governments to support the introduction of large-scale input companies into national markets.

Donors are increasingly supporting companies based in home markets as part of aid programming, and aligning aid spending more closely with other government objectives such as trade expansion. For example, the UK government has noted its intention to support British businesses and to develop frontier markets through aid spending during a major Ministerial speech in Tanzania in 2013.¹⁰⁵ Norfund, a development arm of the Norwegian government, has loaned NOK 33m (\$5.5m) to Norway-headquartered fertilizer company Yara to establish a fertilizer terminal at Dar es Salaam port as part of its commitment to SAGCOT.¹⁰⁶

Similarly, the German Federal Ministry for Economic Cooperation and Development (BMZ) and development agency GIZ have initiated a 'German Food Partnership' with large German businesses such as Bayer CropScience and BASF. This partnership aims to support food security in developing and emerging economies by the co-development and funding of value chain projects with smallholder farmers. German civil society groups have criticized the partnership for a lack of participation from those the project purports to help, for a theory of change that is likely to bypass the most marginal and food-insecure farmers and for its bias towards an input intensive agricultural model.¹⁰⁷

Huge asymmetries of power exist between multinational agribusiness companies, well-connected regional or national players, and smaller firms in African countries. For example, the combined annual revenue of the input companies involved in the SAGCOT initiative – Bayer, Monsanto, Syngenta, Yara and United Phosphorus – is nearly \$100bn; triple the gross national income (GNI) of the Tanzanian economy.¹⁰⁸ While the entrance of large-scale input companies could increase access to fertilizer for some farmers, it also creates the risk of the creation of monopoly positions and the crowding out of local enterprise in these markets – both now and in the future.

The combined annual revenue of the input companies involved in the SAGCOT initiative – Bayer, Monsanto, Syngenta, Yara and United Phosphorus – is nearly \$100bn; triple the gross national income (GNI) of the Tanzanian economy.

Mega-PPPs may also entrench pre-existing positions of market dominance for commodity buyers. Support from donors to bring outgrower farmers into the supply chains of larger companies should be considered carefully in this context. For example, the EU and the AfDB has funded irrigation schemes and training to bring outgrower farmers into the supply chains of Illovo Sugar Ltd in Malawi. However, the company holds a monopsony position in the country as a dominant buyer, processor and trader of sugar cane. This situation can add significant risks for farmers, as they do not have the opportunity to sell to other agents. The position of a single buyer can lead to the possibility of market abuse and extraction of disproportionate value from the producer – or an unfair shifting of risks from buyers to smallholders.¹⁰⁹

Weak regulatory environments are ideal settings for anti-competitive business practices and rent-seeking by big businesses at the expense of consumers or other actors in the supply chain. By failing to act when dominant firms crowd out competition, governments can tacitly permit big business to capture significant profits and transfer income from less well-off sectors of society to the rich.¹¹⁰ Monopoly positions also impact negatively on human and economic development. In particular, large farms can use locally dominant positions to monopolize input and output markets; subvert public goods like education; and restrict political participation.¹¹¹ Evidence shows that firms with a monopoly position have also historically lobbied for policies such as capital subsidies or protection in trade to 'lock in' economic advantages at high social cost.¹¹²

Perhaps unsurprisingly, local businesses are likely to find it more difficult to engage in mega-PPPs than with larger enterprises based in OECD countries. Poor macro-economic conditions such as inflation, the high cost of credit and barriers to trade for small-scale enterprises mean that many national operators are at a natural disadvantage compared with bigger players based in richer countries.

Case studies undertaken for this research show that national companies are struggling to benefit from some of the potential opportunities offered by the New Alliance in Burkina Faso. In particular, companies have noted difficulties in gaining funding due to the relatively small amounts of capital that they are requesting, while interest rates of 10–13.5 per cent in national banks is inhibitive for small businesses. This has limited the engagement from local companies in the initiative.¹¹³ Similarly, interest rates of 30–40 per cent are common within commercial banks in Malawi.

The use of aid spending to support PPPs requires strong adherence to aid effectiveness principles from donors (see Box 5), as well as the formation and implementation of strong competition legislation from national governments. It also raises questions around the opportunity-cost and appropriateness of donor money, and in particular, whether ODA would be better spent to unlock some of the constraints faced by small- and medium-sized business in Sub-Saharan Africa rather than co-investment with larger companies based in donor countries.

Box 5: Busan Partnership for Effective Development Cooperation

Shared principles to achieve common goals

1. **Ownership of development priorities by developing countries:** countries should define the development model that *they* want to implement
2. **Focus on results:** achieving a sustainable impact on *poverty eradication* should be a driving force behind investments and efforts in development policy making
3. **Partnerships for development:** development depends on the participation of *all* actors, and recognizes the diversity and complementarity of their functions
4. **Transparency and shared responsibility:** development cooperation must be *transparent* and *accountable* to all citizens

Source: The Busan Partnership for Effective Development, July 2012.

5 CONCLUSIONS AND RECOMMENDATIONS

GETTING PRIORITIES STRAIGHT

Though African countries are in desperate need of agricultural investment, the mega-PPP model represents an unproven and high-risk model to deliver poverty reduction and food security; with the poorest communities, rather than the project partners, bearing the brunt of risks associated with these initiatives.

Rather than prioritizing mega-PPPs with companies based in richer countries, both donors and national governments should put in place tried and tested policies and investments that are proven to deliver for agricultural development and poverty reduction. This vision should be one that is pro-smallholder, pro-women, and can nurture, rather than undermine local markets and small- and medium-sized enterprise in African agriculture.

Recommendations:

1. Revitalize public investment in African agriculture targeted at the needs of small-scale producers and women

- African governments should urgently prioritize a target-based timeline and mechanism for monitoring progress towards meeting and then *exceeding* the Maputo Declaration 10 per cent spending target on agriculture within national budgets, which was reiterated at the AU Summit in June 2014. Mega-PPPs cannot replace this urgently needed public investment agenda.
- Government investment priority areas should include agricultural R&D that is appropriate for small-scale farmers; extension services that are tailored to the needs of women; subsidies for inputs such as credit and fertilizers and marketing boards to support trade in rural areas.
- Governments and donors should place the economic empowerment of women at the heart of the agricultural development agenda. This should involve supporting informal women's production groups and the development of local and national markets in crops that are prioritized by women.
- Donors should ensure that ODA supports this publicly-led vision for agricultural development and adheres to development effectiveness principles outlined at Busan of national ownership; a focus on results aimed at poverty eradication; promotion of inclusive partnerships; and transparency and accountability.

2. Protect the land rights of local communities

- Governments should ensure that land legislation and policies, and implementation capacity are in place to protect the rights of local communities *prior* to the initiation of any investment programme (the Voluntary Guidelines on Responsible Governance of Tenure and the African Union Land Policy Framework should be used for guidance).
- Governments should pay particular attention to strengthening women's land rights, and support interventions that can promote joint or sole land registration and tenure for women. This can reduce the risks to this group of the negative impact of land acquisitions for investment.
- All parties should avoid any large-scale transfer of land away from farmers or local communities within investment programmes unless absolutely necessary. In addition, governments and donors should put in place independent grievance mechanisms for those communities affected by land dispossession as a result of large-scale investment projects through public–private partnerships.
- When investing in land, all parties should adhere to the principle of Free Prior and Informed Consent (FPIC) for communities prior to any investment. Businesses should also ensure consistency with internationally recognized standards of responsible investment – such as the UN Principles on Business and Human Rights and the OECD Guidelines on Multinational Enterprise.

3. Unlock the potential of domestic and regional markets and small- and medium-sized enterprises to deliver for African agriculture

- Governments and donors should not support PPPs where they could stifle competition or support the creation of a monopoly or monopsony position in the market. Rather, governments and donors should provide support for producer organizations and informal producer groups through business training and basic infrastructure, as well as the expansion of banking services, credit and insurance in rural areas – particularly those that can be accessed by women. This could form part of a more inclusive PPP agenda.
- Governments should introduce (or enforce) competition policy to prevent the creation of dominant market positions by larger private sector players, break up existing cartels, and remove barriers to national trade – such as the multiple taxation points for cooperatives.
- Governments and donors should invest in infrastructure such as feeder roads that can link rural areas and small-scale electrification to provide opportunities for local private sector actors to develop. PPPs could also be used to create processing and value addition facilities for rural communities – thus building local and national markets.
- Donor support towards private sector development should focus on unlocking the constraints faced by local small- and medium-sized enterprise – such as the expansion of credit and education and business training rather than support to companies based in home markets.

4. Promote climate and environmental resilience for rural communities

- All parties should conduct and publish third party environmental impact assessments, ensuring that climate risks and environmental impact for local communities are incorporated and counter-measures are outlined prior to any large-scale investment programme.
- Governments and donors should review and publish the opportunity-cost of water and land use when assessing investment applications from the private sector in relation to investment programmes.
- Governments and donors should train technical advisers and extension agents on ecological farming and on sharing this approach, and support the farmer-to-farmer sharing of ecological approaches.

5. Guarantee fairness, transparency and accountability within current mega-PPP arrangements

- Within PPP arrangements, all parties should ensure that both governments and local communities act as key partners and principal agents in planning to avoid a situation of moral hazard (where PPP actors are willing to take risks in the knowledge that the negative consequences will be felt elsewhere, notably by local communities).
- Governments and donors should ensure a clear separation of powers between the institutions that sponsor mega-PPPs, those that identify land for investment, and those that negotiate with local communities over land transfers.
- Donors should support the capacity of producer organizations or apex groups to negotiate on behalf of smallholder farmers when engaging with governments and larger companies in PPP arrangements.
- When allocating land within PPPs, governments should earmark a larger amount to small-scale and family farmers than to plantation estates – thus tipping the incentives for larger operators to work with smallholders without the need for donor subsidies.
- All actors within mega-PPPs need to urgently revisit the governance, transparency and accountability of current mega-PPP arrangements – with a particular focus on increasing participation from small-scale producers and local communities, full disclosure of investments and stringent monitoring and evaluation of impact (see Box 7). This transparency and accountability agenda should be applicable to all investors, both public and private, international and national within mega-PPP investment vehicles.

Box 6: Suggested principles for improved governance and accountability of mega-PPPs

Governance and process

- Local communities (particularly women), POs and CSOs co-design project vision, aims and means of implementation
- The board of governance includes national government at director level
- Local observer organizations are included in governance arrangements to monitor implementation and impact
- Grievance mechanisms are established, with independent dispute arbitration
- Break clauses are included within contracts for parties to exit

Disclosure

- The theory of change in relation to poverty eradication is outlined and publicly available
- The opportunity cost of the use of public money in the PPP model is outlined and justified
- MoUs or shareholder agreements are publicly available
- There is full investment disclosure from all partners involved in the scheme
- Predicted and actual equity returns of partners are published and monitored
- Statements of public sector risk and financial liability are publicly available

Monitoring and evaluation

Stringent M&E mechanisms are established to include:

- Human rights frameworks (with metrics to include adherence to land and labour rights)
- Livelihood impact (metrics to include food security, income, assets, progress-out-of-poverty indicators within investment target area)
- Trade relationships (market information, services and credit, diversity of market options for producers)
- Gender impact (including time and income measures)

NOTES

All URLs were last accessed in August 2014 unless otherwise stated.

- ¹ Note on research methodology: background research for this paper comprised a comprehensive literature review looking at the risks and opportunities of the mega PPP approach in agriculture, key informant interviews with stakeholders working within PPPs and three case studies in Burkina Faso, Malawi and Tanzania which used key informant interviews and focus group discussions with government officials, investors, farmers groups, and local communities within investment areas. Data was later cross-referenced and triangulated with other sources.
- ² New Partnership for Africa's Development (2013) 'African Agriculture, Transformation and Outlook', November 2013, Johannesburg: NEPAD.
- ³ Deutsche Bank (2014) 'Agricultural Value Chains in Sub-Saharan Africa', April 2014, Frankfurt: Deutsche Bank Research.
- ⁴ New Partnership for Africa's Development (2013) 'African Agriculture, Transformation and Outlook', op. cit.
- ⁵ Figures using OECD DAC Creditor Reporting System (CRS), adjusted to 2012 rates to allow cross-comparison.
- ⁶ S. Fan et al. (1998) 'Government Spending, Growth and Poverty: An Analysis of Interlinkages in Rural India', Washington DC: IFPRI.
- ⁷ Economist Intelligence Unit (2008) 'Lifting African and Asian Farmers Out of Poverty: Assessing the Investment Needs', New York: EIU; cited in T.S. Jayne et al. (2011) 'Agricultural Commercialisation, Rural Transformation and Poverty Reduction: What Have We Learned and How Do We Achieve This?', Synthesis Report for African Agricultural Markets, Programme Policy Symposium, Kigali, April 2011.
- ⁸ L. Christiansen, et al. (2010) 'The (Evolving) Role of Agriculture in Poverty Reduction', Helsinki: UNU-WIDER. See also C. Delgado et al. (1998) 'Agricultural Growth Linkages in Sub-Saharan Africa', Washington DC: IFPRI.
- ⁹ N. Loayza and C. Raddatz (2006), 'The Composition of Growth Matters for Poverty Alleviation', World Bank Poverty Research Paper, World Bank Group, Washington, DC.
- ¹⁰ International Fund for Agricultural Development (2009) 'Smallholder Farming in Transforming Economies of Asia and the Pacific: Challenges and Opportunities', Rome: IFAD.
- ¹¹ Oxfam International Media Briefing (2014), 'Hot and Hungry – How to Stop Climate Change Derailing the Fight against Hunger', Oxford: Oxfam International
- ¹² Intergovernmental Panel on Climate Change (2014), 'Final Report of Working Group II – Africa', IPCC: Geneva.
- ¹³ Ibid.
- ¹⁴ M. Burke, D.B. Lobell and L. Guarin (2009), 'Shifts in African crop climates by 2050 and implications for crop productivity and genetic resources conservation', *Global Environmental Change*, Vol. 19, pp.317–325, cited in UN Environment Programme (2013) 'Africa's Adaptation Gap', Nairobi: UNEP.
- ¹⁵ McKinsey Global Institute (2010), *Lions on the Move: the Progress and Potential of African Economies*, London: McKinsey Global Institute.
- ¹⁶ D. Spielman, D. et al. (2007), 'Public–Private Partnerships and Developing Country Agriculture: Evidence from the International Agricultural Research System,' Sussex: Futures Agriculture Consortium, p.2.
- ¹⁷ OECD–DAC (2010), Reporting Directives for the Creditor Reporting System, Paris: OECD.
- ¹⁸ Note that the ProSAVANA project is a discrete programme within the Nacala Growth Corridor, led by the Brazilian and Japanese governments. To avoid confusion – this paper will refer to the Nacala Corridor only.
- ¹⁹ AgDevCo (2013) 'Beira Growth Corridor: Delivering the Potential', London: AgDevCo.
- ²⁰ B. Tomlinson (2012) 'Global Aid Trends: A growing donor private sector orientation in multistakeholder aid architecture', in B. Tomlinson (ed.) *Aid and the Private Sector: Catalysing Poverty Reduction and Development?*, Philippines: IBON Centre.
- ²¹ Cited in S. Kinomay and F. Reilly-King (2013) 'Investing in the Business of Development: Bilateral Donor Approaches to Engaging the Private Sector', North-South Institute and the Canadian Council for International Cooperation.
- ²² Oxfam analysis using New Alliance for Food Security and Nutrition Country Cooperation Framework Agreements. Note that these aid commitments may constitute a continuation or 'folding in' of current aid programmes into the New Alliance framework. See New Alliance (2014), 'Increased Private Sector Commitments in support of the New Alliance and GROW Africa', available at <http://www.new-alliance.org>
- ²³ Calculated from donor aid concept notes, and project reporting mechanisms. Note that some of this spending may be 'double counted' from New Alliance spending agreements due to a lack of available data on donor spending.
- ²⁴ For example, in SAGCOT the World Bank Group has capitalised a catalytic fund with \$60m using International Development Association funding. Matching grants are offered of \$250,000 to \$1.5m with a matching contribution of 30 per cent by national businesses and 40 per cent by international businesses.
- ²⁵ Ministry of Foreign Affairs of the Netherlands (2013), *Public–Private Partnerships in Developing Countries: A systemic literature review*, The Hague: Ministry of Foreign Affairs of the Netherlands.

- ²⁶ See for example, DFID, Africa Enterprise Challenge Fund; Oxfam International (2013), 'The Lead-Firm Model: Connecting Smallholders to High-Value Markets in Tanzania', Oxford: Oxfam International; and Oxfam America, the World Food Program and Swiss Re., 'R4 Rural Resilience Initiative'.
- ²⁷ OECD (2012), 'Public Governance of Public-Private Partnerships', Paris: OECD.
- ²⁸ For example, infrastructure PPPs may improve cost effectiveness and project quality in some instances – although they require government capacity to capture these benefits. P. Bloomfield and F. Daniel Ahern (2010), 'Long-term Infrastructure Partnerships: Country Risk and Recommendations,' paper presented for the International Public Procurement Conference on Public-Private Partnerships.
- ²⁹ World Bank Institute (2012), 'Public-Private Partnerships - Reference Guide', Washington DC.: World Bank Group.
- ³⁰ World Bank Group (2013) 'IDA Project Appraisal Document for a Proposed Credit of US\$100 million to the Republic of Mozambique for an Integrated Growth Pole Project, April 1, 2013', Washington DC: World Bank Group. For example, the appraisal suggests that despite representing 62 per cent of production value in the manufacturing sector, such projects contribute only 3 per cent of the sector's labour force and 2 per cent of urban private sector employment.
- ³¹ N. Davis and E. Lahiff (2011) 'Joint Ventures in South Africa's Land Reform Programme: Strategic Partnerships or Strategic Resource Grab?', paper presented at the Global Land Grabbing Conference, Brighton, UK, 6–8 April 2010.
- ³² T.S Jayne et al. (2014), Land Pressures, The Evolution of Farming Systems and Development Strategies in Africa, A Synthesis, *Food Policy Journal*, July 2014.
- ³³ Data on land under cereal production in hectares, including wheat, rice, maize, barley, oats, rye, millet, sorghum, buckwheat and mixed grains. Data from World Bank Group, World Development Indicators.
- ³⁴ GROW Africa (2013) 'Investing in the Future of African Agriculture', Geneva: World Economic Forum. p. 70. Note that the right to use land [DUAT] in Mozambique is awarded for economic activities valid for a period of 50 years, renewable for a similar period upon request of the holder [Land Law, Article 12]. The amount of the annual fee is calculated according to the location of the land, size and the reason for its use. At present the annual use fee stands at 75 Metical per hectare per year (around \$2.50).
- ³⁵ See Reuters (2011) 'Mozambique offers Brazilian farmers land to plant', 15 August 2011; and S.F. Classon (2013) 'Analysis of Discourse of the ProSAVANA Programme in Mozambique, Focus on Japan's Role', Tokyo, 20 January 2013.
- ³⁶ Government of Tanzania (2013) 'Southern Agricultural Growth Corridor of Tanzania (SAGCOT), Strategic Regional Environmental and Social Assessment (SRESA) – Draft Final', May 2013, Dar es Salaam: GoT.
- ³⁷ Government of Malawi (2011) 'Green Belt Initiative Concept Note', Lilongwe: GoM. This notes that the aim of the project is to develop 1m hectares of land in the area. Initial land offering based on Country Cooperation Framework to Support the New Alliance for Food Security and Nutrition in Malawi.
- ³⁸ Premier Ministre du Burkina Faso (2013), 'Call for Expressions of Interest for the Allocation of Irrigated Land in Bagré', Ouagadougou: Government of Burkina Faso; and Oxfam International (2014) 'For Whose Benefit? The G8 New Alliance for Food Security and Nutrition in Burkina Faso', Oxford: Oxfam International. Of this initial amount the state will develop 2,790 hectares for the benefit of small farmers, with the remaining allocation granted to private sector operators of more than 5 hectares.
- ³⁹ Calculated using FGV Projetos (2013) 'Nacala Corridor Fund', Rio de Janeiro: FGV Projetos; and Government of Mozambique District Authority data to calculate land size.
- ⁴⁰ R. Rodrigues (2013) 'Nacala Corridor Fund': Centro de Agronegocio de Fundacao Getulio Vargas, presentation available at: http://arquivos.portaldaindustria.com.br/app/conteudo_13/2013/08/26/480/20131010154251814977u.ppt.
- ⁴¹ AgDevCo (2013), op. cit.
- ⁴² Data combines two investment zones of the Accra Plains, which total 200,000 hectares (2,000 sq km), and SADA area, which equals 99,702 sq km. Data from Government of Ghana and RS/GIZ Multi-Criteria Zoning of the Accra Plains Irrigation Project, presentation.
- ⁴³ Ministry of Food and Agriculture, Republic of Ghana, 'Ghana Commercial Agriculture Project (GCAP)', http://mofa.gov.gh/site/?page_id=7036
- ⁴⁴ African Union, African Development Bank and Economic Commission for Africa (2010) 'Land Policy in Africa: Eastern Africa Regional Assessment', Addis Ababa: AU-ADB-ECA Consortium; also L. Cotula (2012) 'The international political economy of the land rush: a critical appraisal of trends, scale, geography and drivers', *The Journal of Peasant Studies*, Vol. 39 (3 and 4), July–October 2012, pp.649-680.
- ⁴⁵ L. Cotula (2012) 'The International Political Economy of the Land Rush', op. cit. Strategic risk assessments of the SAGCOT scheme undertaken by the World Bank Group and USAID explicitly point to risks of elite capture within the programme, noting 'non-transparent features such as an automatic allocation of equity from investors to government organizations at various levels'.
- ⁴⁶ F. Byamugihsa (2013) 'Securing Africa's Land for Shared Prosperity: A Programme to Scale-Up Reforms and Investments', Washington, DC: World Bank Group.
- ⁴⁷ Interviewees for this research noted that this differing legal status leaves surrounding farmers vulnerable to dispossession should plantation operations wish to expand as part of PPP projects. Interview in Dar es Salaam, March 2013.
- ⁴⁸ L. Cotula (2012), 'The International Political Economy of the Land Rush', op cit.

- ⁴⁹ L. German, G. Schoneveld and E. Mwangi (2011), 'Contemporary Processes by Investors: Case Studies from Sub-Saharan Africa, Indonesia: CIFOR.
- ⁵⁰ For example, in Tanzania there are three land categories – village, general and reserved land. The Land Law states that all land within the boundary of the village belongs to that village and can be used for its purposes, except for minerals, which belong to the nation. However, the Land Act also defines general land (which is managed by the government and can be allocated to investors) as that which is not reserved land or village land – and includes *unoccupied* or *unused* village land. Interviewees noted that this legal ambiguity can provide a legal loophole for authorities to transfer land from local communities to investors.
- ⁵¹ The Land Law (1965) and the Land Policy (2002). Note that the Government of Malawi passed a new Land Bill in June 2013 in an attempt to clarify confusion over land tenure arrangements in the country, although this awaits sign-off from the President.
- ⁵² Landell Mills (2012), 'Study into the land allocation and dispute resolution within the sugar sector and EU irrigation development programmes in Malawi', Trowbridge: Landell Mills.
- ⁵³ Ibid.
- ⁵⁴ In Dwangwa and Chikhwawa districts of Malawi cited in Landell Mills (2012) op. cit. Note that representatives of the EU in Malawi note that inadequate 'sensitisation' of local communities by outgrower management groups also contributed to discontent. See also B. Chinsinga, M. Chasukwa and S. Zuka (2014) 'Large-scale land deals in the sugar industry and rural development in Malawi: a political economy inquiry', in P.B. Mihya (ed.) *International Land Deals in Eastern and Southern Africa*, Addis Ababa: Organisation for Social Science Research in Eastern and Southern Africa. European Union Funding provided by the European Development Fund and STABEX funding.
- ⁵⁵ See for example, B. Chinsinga and M. Chasukwa (2012), 'The Green Belt Initiative and Land Grabs in Malawi', Brighton, UK: Future Agricultures Consortium.
- ⁵⁶ C. Doss, et al. (2013) 'Gender Inequalities in Ownership and Control of Land in Africa', IFPRI Discussion Paper, Washington, D.C.: IFPRI.
- ⁵⁷ Oxfam International (2013) 'Promises, Power and Poverty – Corporate Land Deals and Rural Women in Africa', Oxford: Oxfam International; and Government of Tanzania (2013), op cit.
- ⁵⁸ T. S. Jayne et al. (2014), op cit.
- ⁵⁹ B. Chinsinga, M. Chasukwa and S. Zuka (2014), op cit.
- ⁶⁰ See Figure 2 and Africa Progress Panel (2014) 'Grain, Fish, Money: Financing Africa's Green and Blue Revolutions', Africa Progress Panel.
- ⁶¹ Oxfam International (2012) 'Tipping the Balance: Policies to Shape Agricultural Investments and Markets in Favour of Small-Scale Farmers', Oxford: Oxfam International.
- ⁶² See for example D. Hallam (2009), 'Foreign Direct Investments in Developing Country Agriculture – Issues, Policy Implications and International Response', Rome: Food and Agriculture Organisation.
- ⁶³ Note that requirements for the processing of sugar cane, in particular, mean that sourcing must take place close to processing facilities due to potential losses of glucose due to fermentation.
- ⁶⁴ Ibid.
- ⁶⁵ Land allocation for investors and smallholders depends on location and crop. For example, in Mkuluzu, the government has earmarked 50,000 hectares for nucleus farm operations and 25,000 hectares for smallholders in sugar. In Kisigese in Kilombero, the government has identified 10,000 hectares for nucleus farm operations and 15,000 hectares for smallholders in rice cultivation. See Government of Tanzania, Vision 2025: National Key Result Area – Agriculture. Dar es Salaam: GoT. Available at <http://tinyurl.com/k6dh9oj>
- ⁶⁶ Malawi case study. Based on a focus group discussion with outgrower farmers in Chikhwawa District of Malawi, March 2014.
- ⁶⁷ Malawi case study; see also Landell Mills (2012), op. cit.; and B. Chinsinga et al. (2014), op. cit. Landell Mills (2012) note that farmers in Kasinthula Cane Growers Limited earned around MKW 935,000 (net) against gross income of MKW 2,688,000 per household in 2012 – meaning that household income was 35 per cent of gross income. Note that this debt was taken by the Outgrower Trust from Illovo Sugar Limited in Euros with a loan procured through the European Investment Bank.
- ⁶⁸ Oxfam's experience in Indonesia shows that the reversal of a decision to allocate a larger proportion of land to smallholders rather than a core plantation reduced the incentives for the core estate to work with the local community. See Oxfam International (2014), 'Fair Company – Community Partnerships in Palm Oil Development', Oxford: Oxfam GB.
- ⁶⁹ Government of Tanzania (2013), Vision 2025: National Key Result Area – Agriculture Lab, Dar es Salaam, GoT, p.4
- ⁷⁰ K. Deininger and D. Nizalov and S.K. Singh (2013), 'Are Mega Farms the Future of Global Agriculture?', Washington DC.: World Bank.
- ⁷¹ Tanzania case study. Plantation representatives have explained that the company only agrees to purchase paddy from farmers who have accessed loans from micro-finance institutions, although others may have been trained for free by the company without receiving such loans. Plantation representatives suggest that confusion over the terms of agreement between the company and smallholders may have contributed to this resentment from farmers. Based on key informant interview with outgrower farmers and plantation representatives in Morogoro, Tanzania in March 2014.
- ⁷² MWK 979,631 in gross income resulting in MWK 162,390 in take-home net income. Deductions were levied for haulage, land development, weeding, inputs and labour costs. Cited in B. Chinsinga, et al. (2014), op cit.

- ⁷³ In response, the European Union in Malawi has suggested that poor communication with local communities was in part to blame for misunderstanding on the benefits and risks of the scheme. Personal correspondence with the European Union, August 2014.
- ⁷⁴ Oxfam International (2013), 'Women's Collective Action: Unlocking Potential in Agricultural Markets', Oxford: Oxfam International
- ⁷⁵ Tanzania case study. Based on interviews with civil society organizations in Dar es Salaam, March 2014.
- ⁷⁶ B. Sanou (2014), 'Monitoring the New Alliance for Food Security and Nutrition in Burkina', Ouagadougou: Yiriwa.
- ⁷⁷ Malawi case study. Based on email correspondence with a leading Malawian academic, July 2014.
- ⁷⁸ M. Holderness (2013), 'Public–Private Partnerships for African Development', Presentation at the FARA Summit, Accra, Ghana July 2013.
- ⁷⁹ Tanzania case study. Based on key informant interview with civil society groups in Dar es Salaam and Morogoro.
- ⁸⁰ Oxfam International (2013) 'Promises, Power and Poverty', op. cit.
- ⁸¹ Ethical Trade Partnership and Oxfam (2014), Understanding Wage Issues in the Tea Industry, Oxford: Oxfam International.
- ⁸² See for example, World Bank Group (2013), 'Food Price Watch – November 2013', Washington DC.: World Bank Group; and P. Collier and J. Venables (2011), 'Land Deals in Africa: Pioneers and Speculators', Discussion Paper 8644, London: Centre for Economic Policy Research.
- ⁸³ For examples, see World Bank Group (2008), 'World Development Report', Washington, DC.: World Bank Group; C. Barrett (1996) 'On price risk and the inverse farm-size productivity relationship', *Journal of Development Economics*, Vol. 51 (2); and M. Lipton (2009), 'Land Reform in Developing Countries: Property Rights and Property Wrongs', New York: Routledge.
- ⁸⁴ D. Byerlee and K. Deininger (2013), 'Growing Resource Scarcity and Global Farmland Investment', *Annual Review of Economics*, Vol. 5(1).
- ⁸⁵ See Byerlee and Deininger (2013), op cit. See also D. Byerlee (2013), 'A Global Land Rush?' Paper Presented for a Conference at the Crawford Fund for International Agricultural Research, October 2012.
- ⁸⁶ Oxfam International (2014), 'Fair Company–Community Partnerships in Palm Oil Development', op cit.
- ⁸⁷ Intergovernmental Panel on Climate Change (2014), 'Final Report of Working Group II – Africa', IPCC: Geneva.
- ⁸⁸ C. Funk, et al. (2012) 'FEWSNET: A Climate Trend Analysis in Burkina Faso', Washington, D.C.: USAID and USGS.
- ⁸⁹ G. Nelson et al (2014) 'Advancing Global Food Security in the Face of a Changing Climate', Chicago: Chicago Council on Foreign Affairs.
- ⁹⁰ Intergovernmental Panel on Climate Change (2014) 'Working Group III: Mitigation of Climate Change, Agriculture, Forestry and Other Land Use Change', Berlin: IPCC.
- ⁹¹ Government of Tanzania (2013), 'SAGCOT SRESA – Final Report', op. cit.
- ⁹² Government of Tanzania (2013) 'SAGCOT SRESA – Interim Report', op cit., .
- ⁹³ Government of Tanzania (2012), 'A Green Growth Investment Framework for SAGCOT', Dar es Salaam: GoT
- ⁹⁴ WREM International (2012) 'Rufiji IWRMD Plan: Interim Report, A Water Sector Development Programme', Atlanta, Georgia: WREM International.
- ⁹⁵ Government of Tanzania (2013), 'SAGCOT SRESA – Interim Report', op cit.. Note that civil society groups have also criticized the Rufiji Dam for negative environmental impacts. See Olson, E. (2001), 'World Bank Group Report Discloses Environmental Problems at Tanzanian Dam', Oslo: FIVAS.
- ⁹⁶ WREM International (2012), 'Rufiji IWRMD Plan: Interim Report', op. cit.
- ⁹⁷ Moral hazard can be defined as 'a situation in which the person makes a decision about how much risk to take, while someone else bears the cost if things go badly'. Economists describe moral hazard as a cause of excessive risk taking. See P. Krugman (2008) 'The Return of Depression Economics', London: WW Norton.
- ⁹⁸ Key informant interview with donor representatives in Lilongwe, March 2014. While the roundtable was dominated by donors, larger national and international players, the Clinton Development Initiative, and the donor-supported African Institute for Corporate Citizenship were also in attendance.
- ⁹⁹ Oxfam International (2014) 'For Whose Benefit?', op. cit.
- ¹⁰⁰ See SAGCOT Centre (2014), 'Farmers Associations Strengthen Voice in SAGCOT,' Press Release, <http://www.sagcot.com/newsdetails/article//farmers-associations-strengthen-voice-in-sagcot/>
- ¹⁰¹ Oxfam International (2013) 'The New Alliance for Food Security: A New Direction is Needed', Oxford: Oxfam International.
- ¹⁰² See GROW Africa (2014), 'Agricultural Partnerships Take Root Across Africa', Johannesburg: GROW Africa.
- ¹⁰³ S. Boettinger (2011), 'PPPs in Agricultural Development: Current Initiatives, Gaps, Overlaps and Opportunities', Paper presented at the 'Catalysing PPPs Workshop, Zurich, May 30, 2011.
- ¹⁰⁴ S. Kindomay and F. Reilly-King (2013), op cit.

- ¹⁰⁵ The UK Secretary of State for International Development, Justine Greening, clearly outlined this vision in a speech in Tanzania in 2013 when she stated: 'The Chinese government has invested and it's time the British government makes sure we're helping British businesses have that advantage to invest in Africa too.' *The Times* (2013) 'Britain must invest more in Africa to compete with China', 7 November 2013. In a speech at the London Stock Exchange in January 2014, the Secretary of State also noted DFID programming forms part of broader UK government policy to increase global exports in frontier markets, and to create markets and new investment opportunities for British business. Justine Greening, 'Smart Aid: Why its All About Jobs', speech to the London Stock Exchange, January 27, 2014.
- ¹⁰⁶ Norfund (2012) 'Yara Fertiliser Terminal', available at: <http://www.norfund.no/eastern-africa/yara-fertilizer-terminal-article897-319.html>. The aim of this project is to make fertilizer more readily available to smallholders and to free up port capacity at Dar es Salaam.
- ¹⁰⁷ Forum Umwelt und Entwicklung (2013) 'German Food Partnership – Entwicklungszusammenarbeit zum Nutzen deutscher Konzerne oder zur Bekämpfung von Hunger und Armut?', November 2013.
- ¹⁰⁸ Figures from company reports based on Bayer and UPL Annual Reports and Financial Times company reporting, GNI of Tanzania using World Bank Group, World Development Indicator figures based on the Atlas method of measurement.
- ¹⁰⁹ O. De Schutter (2010), 'Addressing Concentration in Food Supply Chains', Geneva: UN Human Rights Council.
- ¹¹⁰ Oxfam International (2014), 'Inequality and Political Capture', Oxfam GB: Oxford; and J. Stiglitz (2012) *The Price of Inequality: How Today's Divided Society Endangers Our Future*, New York: WW Norton.
- ¹¹¹ K. Deininger and D. Nizalov and S.K. Singh (2013), 'Are Mega Farms the Future of Global Agriculture?', op cit.
- ¹¹² H. Binswanger, K. Deininger and F. Gershon (1995), 'Power Distortions, Revolt and Reform in Agricultural Land Relations,' *Handbook of Development Economics*, Vol. 3, Amsterdam: Elsevier.
- ¹¹³ B. Sanou, (2014), 'Monitoring the New Alliance for Food Security and Nutrition in Burkina', Ouagadougou: YIRIWA.

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