

**OXFAM AMERICA**  
RESEARCH BACKGROUNDER

# **Sustainable and inclusive Investments in agriculture**

Lessons on the Feed the  
Future Initiative in Tanzania

Emmanuel Tumusiime and Edmund Matotay





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Series editor: Kimberly Pfeifer

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# ACRONYMS AND ABBREVIATIONS

AGRA	Alliance for a Green Revolution in Africa
ASDP	Agricultural Sector Development Program
CAADP	Comprehensive Africa Agriculture Development Program
CSOs	Civil Society Organizations
GoT	Government of Tanzania
FTF	Feed the Future
FAO	Food and Agriculture Organization of the United Nations
IFAD	International Fund for Agriculture Development
KPL	Kilombero Plantation Limited
PPP	Public Private Partnership
URT	United Republic of Tanzania
USAID	United States Agency for International Development
SAGCOT	Southern Agricultural Growth Corridor of Tanzania
SRI	System of Rice Intensification
YOSEFO	Youth Self Employment Foundation loan scheme
TAFSIP	Tanzania Agriculture and Food Security Investment Plan
TAPP	Tanzania Agriculture Productivity program
WEAI	Women's Empowerment in Agriculture Index

# EXECUTIVE SUMMARY

With frequent global food crises and persistent poverty in rural areas in low-income countries, governments and donors, as well as commercial investors, have increased investment in agriculture. Yet evidence of who is (or is likely) to benefit from the investments, and implications relating to sustainable food security and inclusive economic growth are limited. This research is a case study on the US Feed the Future (FTF) Initiative in Tanzania. It focusses on two projects—the Tanzania Agriculture Productivity Program (TAPP) and NAFKA Staples Value Chain. The research uses qualitative methods to examine the two FTF projects' targets and implementation approaches, and potential implications on sustainable food security and inclusive economic growth. It is important to note that the FTF portfolio in Tanzania comprises eight projects; thus conclusions and observations drawn in this research do not necessarily apply to the entire FTF portfolio in Tanzania. The overarching purpose of the research is to contribute to ongoing discussions of sustainable and inclusive investments in the agriculture sector.

The study involved a desk review of literature, field surveys of key stakeholders, and field observations. Key stakeholders interviewed included some of the farmers who benefit directly from the two FTF projects; project implementers; US Agency for International Development (USAID) staff; relevant local government staff; and informed stakeholders mainly from the NGO community. Other key stakeholders interviewed were staff of private sector companies linked to the New Alliance for Food Security and Nutrition or US FTF programs or both.

The broad finding indicates that FTF TAPP and NAFKA projects have demonstrated success in transferring horticulture, maize, and rice crop intensification farming technologies to smallholder farmers. However, not all small-scale farmers are positioned to take advantage of these programs. Only smallholder farmers with advantageous endowments of land that has access to water, as well as those with access to capital and some level of organization are participating.

From a governance perspective, USAID FTF investments are credited with showing greater support for and alignment with country-led plans. However, local stakeholders' participation and oversight over aid project activities are limited, which is especially worrying not only for accountability and harmonization of activities, but also for sustainability and scaling of results.

Specific initiatives could be undertaken to increase sustainability and inclusiveness:

1. Strategies to achieve broad-based participation, especially for economically vulnerable smallholder farmers, should be pursued. These strategies should involve increasing access to credit at affordable, flexible, and fair terms to support project activities. They could also involve provision of guarantees for farmers willing to take risks and invest the little capital they have by promising inputs such as seed and fertilizer next season if the crop fails.
2. USAID FTF and project implementers need to deepen consultation and coordination with local leaders, particularly at the district and ward level, and especially with the district and ward extension officers.
3. Much more emphasis needs to be placed on building the capacity of farmers' associations as economic empowerment systems, not just as passive recipients of innovations.
4. The use of inorganic fertilizers is a key ingredient to raising productivity. However, FTF should deepen efforts to promote ecologically sustainable agriculture. Doing so will require relying on fewer external inputs and teaching farmers to supplement chemical fertilizers with organic manure. This approach is already occurring to a greater extent with the rice crop, but less with the horticulture and maize crops. Additionally, farmers need to be taught about the proper economic use of fertilizers under changing input and output market conditions so that farmers derive reliable profits from the use of inputs and the technology.

# INTRODUCTION

Agriculture has come into sharp focus as a development priority due to recent global food crises as well as persistent poverty in rural areas in low-income countries. In responding to these circumstances, donors and governments have committed to scaling-up funding to agriculture in low-income countries and recasting the role of small-scale agriculture as critical to achieving food security and rural poverty reduction. The 2009 L'Aquila Declaration, in which G8 members pledged \$20 billion for food security and agricultural development, especially for sub-Saharan Africa, demonstrates increased donor commitment and optimism. With the plight of small-scale farmers, especially women smallholders, often invoked to call for increased investments in the agriculture sector, there is a need to review the available evidence of who is (or is likely) to benefit from the investments, as well as the foreseeable implications on sustainable food security and broad-based poverty reduction.

The US government is a major donor to agriculture in low-income countries. As part of the G8 L'Aquila commitments, the US pledged \$3.5 billion and launched the Feed the Future (FTF) initiative to implement this commitment.<sup>1</sup> In principle, FTF aims to benefit smallholder farmers and more economically vulnerable populations, and is required to target and empower women in particular.<sup>2</sup> The emphasis on smallholder farmers and women in particular in FTF investment has been well received among development practitioners and advocates. However, aware that implementation of plans is not always inevitable, it is important to learn from field experiences, particularly whether there is a gap between the stated intentions and implementation.

Tanzania is one of the FTF focus countries, and estimates suggest it is the largest contribution from a single donor to the country's agriculture sector for the period 2011 to 2015 (Table 1). There is potential for FTF funding to have significant positive impact on smallholder farmers in Tanzania, but there is also the possibility FTF will fail to achieve these goals if funding is not targeted to subsectors and populations that will drive broad-based food security and economic growth. This paper explores two projects supported by FTF in Tanzania: one focuses on the rice and maize value chains, and the other on horticulture. The research examines their targets and implementation approaches and potential implications for sustainable food security and inclusive economic growth. It is worth noting that the two projects are part of the FTF

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<sup>1</sup> For details on FTF, see: <http://www.feedthefuture.gov/>

<sup>2</sup> United States Agency for International Development (USAID), International Food Policy Research Institute (IFPRI), and Oxford Poverty and Human Development Initiative (OPHI), "Women's Empowerment in Agriculture Index (WEAI)," *IFPRI, OPHI and USAID Publication*, 2012.

portfolio in Tanzania that comprises eight projects.<sup>3</sup> These two projects are of particular interest because they encompass subsectors where most of the production and marketing activities under FTF are focused and where most smallholder farmers are directly involved. More broadly, a focus on FTF activities is of particular interest because FTF is a major donor initiative in 19 countries, 12 of which are located in sub-Saharan Africa. Lessons learned from this initiative could inform other agriculture development initiatives, not only in Tanzania but also in other countries where FTF is focusing its efforts.

This research, commissioned by Oxfam America, should not be mistaken as an attempt to evaluate the impacts of FTF or any of its projects in Tanzania. On the contrary, it is an attempt to contribute to ongoing discussions on sustainable and inclusive investments in the agriculture sector. Field evidence generated from this study could be useful information for stakeholders (including donors, project implementers, civil society and policymakers) to learn and improve targeting and implementation of investments with the ultimate goal of achieving sustainable and inclusive agricultural growth.

**Table 1. Major investments in the agricultural sector in Tanzania**

Activity	Donors	Timeframe	Cost (\$m)
<b>Accelerated Food Security Project</b>	World Bank	2008-2010	160
<b>Feed the Future</b>	USAID	2011-2015	350
<b>Tanzania Bread-Basket Transformation Project</b>	URT, AGRA	2010-2015	173
<b>Southern Agriculture Growth Corridor for Tanzania</b>	URT, private sector, World Bank, other donors	2011-2031	3,400
<b>Marketing Infrastructure, Value Addition and Rural Finance Support Program</b>	URT, IFAD, AfDB, AGRA	2011-2018	150
<b>Southern Highlands Food Systems Program</b>	FAO	2011-2012	5.3
<b>Rural Micro, Small and Medium Enterprise Support Program</b>	IFAD	2007-2013	25
<b>Rural Livelihoods Development Program</b>	SDC	2005-2011	21

Source: Adapted from United Republic of Tanzania 2011: Annex 4.

<sup>3</sup> See the section "Feed the Future: investment strategy in Tanzania" for a list of all FTF investments in Tanzania.

## MOTIVATION FOR RESEARCH

As governments and donors increase funding for agriculture, they are calling for the transformation of small-scale agriculture to commercial farming, and for private-sector-led agricultural growth.<sup>4</sup> Donors and governments view private investments as alternative sources of funding that can complement government and donor financing and can provide specialized technical services as well as market and value chain development<sup>5</sup>—all of which are inadequate or missing in African agriculture. Because of their focus on maximizing profits and/or value, private investors are considered suitable agents for catalyzing small-scale agriculture commercialization. In parallel to promoting small-scale commercial agriculture, there is increased acceptance among governments and donors to viewing large-scale farming as a complement if not an alternative to small scale-led agricultural growth. The focus on private investors and the shift in direction of agrarian change toward commercial and large-scale agriculture raises important concerns for inclusive agricultural growth and poverty reduction in low-income countries.

There is precedent for concern that arises largely from past initiatives. Beneficiaries of interventions have often not been consulted about the design and implementation of programs, and women have often been excluded or marginalized. In addition, past interventions have often had a bias in favor of the agriculture export sector; yet this agriculture export sector has been shown to lack the scale and linkages to smallholder farmers, particularly women. At the same time, there is growing concern that private sector actors often focus on farming systems, enterprises, and regions with greater promise for economic returns. This focus could lead to neglecting farming systems, crops, and areas that are less profitable but are important for food security and equitable growth. Moreover, development experiences also reveal that private sector-led investments have tended to be exclusionary and only benefit a small fraction of farmers, mostly medium and large-scale farmers already relatively well off.

A range of stakeholders, from non-governmental organizations (NGOs) to national governments and donors, are now encouraging investments that empower smallholder producers through inclusive business models. At the same time, scholarly research has shown that the poverty-reducing impact of investments in agriculture depends on the participation of small-scale producers and on investments being targeted to subsectors and populations that are central to sustainable food security and inclusive economic growth.<sup>6</sup>

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<sup>4</sup> The summit in L'Aquila in 2009 emphasized that the response to global food security must be country-led, with donors and the private sector playing a strong role.

<sup>5</sup> Verena Bitzer, "Partnering for Change in Chains: The Capacity of Partnerships To Promote Sustainable Change in Global Agrifood Chains," *International Food and Agribusiness Management Review* 15 (B) (2012): 1-37.

<sup>6</sup> Diao, X. et al. (eds.) *Strategies and Priorities for African Agriculture: Economy-Wide Perspectives from Country Studies*. International Food Policy Research Institute, Washington DC, 2012. Available at:

Persistent food insecurity and poverty in rural areas of low-income countries mean that debate will continue as to whether small-scale farmers will benefit from the increased public and private investments. In particular, two critical questions are engaging stakeholders and motivated this research. First, how are smallholder farmers being included in interventions in the agriculture sector? Secondly, what is the foreseeable consequence of these interventions on food security and broad-based poverty reduction?

This research addresses a set of specific questions related to the broad concerns described above and relevant to the implementation of the FTF:

- What are the categories of farmers and enterprises targeted in the investments?
- To what extent are the investments sustainable, adaptable, and reflective of the needs of smallholder farmers?
- Are small-scale farmers, especially women, being empowered to improve their individual and collective agency in terms of making production and marketing choices?

Tanzania is a good site for this study. The government of Tanzania (GoT) has placed significant attention to the agriculture sector as a path to rural economic prosperity. This is reflected in the increasing budget allocation since 2001-2002.<sup>7</sup> At the same time, the GoT has sought to make the country attractive to foreign and domestic private sector investors and is a prototype of public-private partnerships (PPP) in the agriculture sector. In 2010, the government identified a core area, the Southern Agricultural Growth Corridor of Tanzania (SAGCOT), as a focus of investments, and launched the SAGCOT initiative.<sup>8</sup> The US FTF investments in Tanzania are also concentrated in this corridor.<sup>9</sup>

The rest of the paper is organized as follows. Section 2 provides background on agriculture and food security in Tanzania and discusses agriculture policies and investment framework. The section ends with a brief characterization of the New Alliance for Food Security and Nutrition—an example of a PPP in Tanzania closely linked to FTF. Section 3 discusses the Feed the Future Initiative and its investments in Tanzania. In section 4, we present the data sources and methods

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<http://www.ifpri.org/sites/default/files/publications/oc73.pdf>; see also Alain de Janvry, and Elisabeth Sadoulet, "Agricultural Growth and Poverty Reduction: Additional Evidence," *The World Bank Research Observer* 25, no. 1, 2009, Available at: <http://wbro.oxfordjournals.org/content/25/1/1.full.pdf+html>; Barrett, C.B. et al., Smallholder Participation in Contract Farming: Comparative Evidence from Five Countries. *World Development* 40: (2011): 715-30.

<sup>7</sup> The agriculture budget increased from 3 percent of the national budget to 7.8 percent in 2010-11, but it declined to 6.8 percent in 2011-12, and then increased to 7.2 percent in 2012-13. However, this allocation is still below 10 percent of the national budget, and the annual increase after 2008 has fallen far short of 6 percent, according to the Maputo commitment.

<sup>8</sup> See "A Green Growth Investment Framework for the Southern Agricultural Growth Corridor of Tanzania: The SAGCOT Green Print," August, 2012. Accessed March 15, 2013, [http://www.sagcot.com/uploads/media/SAGCOT\\_Greenprint.pdf](http://www.sagcot.com/uploads/media/SAGCOT_Greenprint.pdf)

<sup>9</sup> See United States Government (USG), "Tanzania Feed the Future Fiscal Year 2011-2015 Multi-Year Strategy," USG document February 2011, Available at: <http://www.feedthefuture.gov/sites/default/files/country/strategies/files/TanzaniaFTFMulti-YearStrategy.pdf>.

employed to collect the data as well as the framework for the analysis. In the penultimate section, we present results from the field surveys and observations. The paper ends with conclusions and propositions that could foster broad-based economic rural transformation.

# BACKGROUND

## AGRICULTURE AND FOOD SECURITY IN TANZANIA

The agriculture sector in Tanzania is the main source of livelihood for about 77 percent of the population, and it provides strong intersectoral forward and backward linkages with non-farm sectors. Hence, growth in the agriculture sector is considered the most viable and inclusive path out of poverty. Currently, however, growth in the sector is low compared to overall GDP growth.<sup>10</sup> And the contribution of agriculture to GDP is declining. For instance, it fell from 32.5 percent in 2002 to 27.1 percent in 2011<sup>11</sup> and to 26.8 percent in 2012.<sup>12</sup> Ironically, this decline has not been matched by a proportional reduction in the population deriving a livelihood from agriculture.

In terms of food security, Tanzania is relatively food insecure. For instance, the 2012 Global Hunger Index (GHI) project ranked Tanzania 54<sup>th</sup> out of 79 countries, with a score of 19.3, indicating “serious” food insecurity.<sup>13</sup> Nationally, however, Tanzania is considered relatively self-sufficient in food. The food insecurity is localized, mostly in food-deficit regions, districts, and households without ability to produce enough, or where economic opportunities are too limited to enable access through the market, or both. From farmers’ perspective, household food security is uncertain because of variable rains and lack of or limited access to inputs and markets for produce.

Typically, producers’ yield for staple crops is 20 to 30 percent less than the potential yields found on research stations. The deficit is often attributed largely to low level application of external nutrients, either from organic or inorganic sources or both. The low level of external nutrient application is raising concerns about soil nutrient mining. A survey by the Tanzania Bureau of Statistics in 2008 revealed that only 9 percent of farmers regularly used fertilizers on their crops.<sup>14</sup> Nationally, the per hectare application level of external nutrients is reported to be 7 kilograms of nutrients per hectare for agricultural land under permanent crops or under permanent pasture, and 25.5 kilograms per hectare on land under

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<sup>10</sup> For instance, in 2009 and 2010, the agriculture sector growth rate was estimated at 3.2 percent and 4.2 percent respectively, which is lower than 7 percent GDP growth rate in the same period.

<sup>11</sup> International Monetary Fund (IMF) and World Bank, “Rural-Urban Dynamics and the Millennium Development Goals: Global Monitoring Report 2013,” *World Bank Publications*, 2013: 192.

<sup>12</sup> Budget speech by the Minister of Finance, April 16, 2013.

<sup>13</sup> The 2012 Global Hunger Index is available at: <http://www.ifpri.org/sites/default/files/publications/ghi12.pdf>.

<sup>14</sup> This level may have gone up slightly in recent years with the implementation of the agricultural input subsidy program (the National Agricultural Input Voucher Scheme).

temporary crops or pasture, or under market or kitchen gardens.<sup>15</sup> These nutrient application levels are considerably lower than the minimum 50 kilogram per hectare application targeted under the Abuja Declaration.<sup>16</sup>

The new investment drive in Tanzania's agriculture sector is seen as an opportunity to spur productivity among smallholder farmers and address rural poverty. However, as observed in a recent report by Oxfam, increased funding for agriculture is necessary but not sufficient to transform small-scale farming; the quality of investments is critical, particularly targeting investments to address the needs of smallholder farmers and support their enterprises.<sup>17</sup> In Tanzania, whereas both men and women play substantial roles in agriculture, women are slightly the majority of the labor force (52 percent versus 48 percent) and produce about 70 percent of food crops.<sup>18</sup> With participation in agriculture tilted toward women, it is only logical that investments recognize women's needs and support their enterprises. Incidentally, many agricultural policies and programs encompass motives to improve women smallholder farmers' participation, but these intentions often fail to translate into real benefits for women farmers.

## AGRICULTURAL POLICY AND INVESTMENT FRAMEWORK IN TANZANIA

Since the proclamation of the Comprehensive Africa Agriculture Development Program (CAADP) framework, in 2003, some African governments have adopted policy frameworks geared toward its implementation. Tanzania in particular has seen an evolution of policies and investment frameworks. The GoT launched the Agricultural Sector Development Program (ASDP), in 2006, as a medium-term (2006-2013) agriculture sector development plan. ASDP objectives have been to enable farmers to have better access to and use of agricultural technologies, and to promote private investment. In 2010, the GoT signed the CAADP compact, and in 2011 launched the Tanzania Agriculture and Food Security Investment Plan (TAFSIP) as the CAADP country investment plan. TAFSIP is essentially an enhanced version of the ASDP 2006-13.<sup>19</sup> At the same time, a new initiative, the Kilimo Kwanza (Agriculture First), had been created by private-sector actors in

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<sup>15</sup> Benson Todd, Stephen Kirama, and Selejio Onesmo, "The Supply of Inorganic Fertilizers to Smallholder Farmers in Tanzania: Evidence for fertilizer Policy Development," *International Food Policy Research Institute (IFPRI) Discussion Paper* 01230, 2012.

<sup>16</sup> In June 2006, the African Union Special Summit of the Heads of State and Government adopted the "Abuja Declaration on Fertilizer for the African Green Revolution" that resolved to increase fertilizer use to 50.0 kilograms of nutrients per hectare by 2015.

<sup>17</sup> Bill Vorley, Lorenzo Cotula and Chan Man-Kwun, "Tipping the Balance: Policies to Shape Agricultural Investments and Markets in Favor of Small-Scale Farmers," *Oxfam International Research Report*, December 2012.

<sup>18</sup> Amanda Ellis, Mark Blackden, Jozefina Cutura, Fiona MacCulloch, and Seebens Holger, "Gender and Economic Growth in Tanzania: Creating Opportunities for Women," *World Bank Publications*, Washington DC, 2007.

<sup>19</sup> United Republic of Tanzania (URT), "Tanzania Agriculture and Food Security Investments Plan, 2011-12 to 2020-21," URT document, October 2011.

Tanzania in 2008, and embraced by the GoT in 2009, as its private-sector-driven initiative and to provide a push for ASDP.

The Kilimo Kwanza initiative's vision is to cause transformation of small-scale agriculture into commercial small-scale farming on the model of the Green Revolution through public-private partnerships, as well as to promote large-scale commercial farming<sup>20</sup>—similar to the SAGCOT initiative. With large-scale agriculture, it is hoped that smallholder farmers will benefit by being involved in the supply chain, for example as out growers or through contract farming arrangements. Both Kilimo Kwanza and SAGCOT initiatives have already won substantial financial support from donors, including the World Bank and the US through Feed the Future, and “good will” from international multi-stakeholder agriculture investment platforms such as Grow Africa and the World Economic Forum.

By contrast, civil society organizations (CSOs) as well as some scholars have voiced concern that small-scale farmers will certainly not benefit or see their livelihoods transformed, and that the real impetus of the Kilimo Kwanza initiative is to promote large scale, export-oriented farming, particularly around the Southern Agricultural Growth Corridor of Tanzania (SAGCOT), where a major emphasis has been placed on large-scale commercial farming. Critics include the Agricultural Non State Actors Forum (ANSAF), Tanzania Gender Network Platform (TGNP), Haki Ardhi, and Tanzania Association of Non-Governmental Organizations (TANGO).<sup>21</sup> They argue that the stated concern for smallholder farmers is simply to get consensus on policy choices supporting large-scale commercial farming, especially around the southern growth corridor.

Opposition to large-scale farming stems from two premises. First, that it is less inclusive and its ability to productively employ labor is below that of smallholder agriculture.<sup>22</sup> And second, that its success will ultimately depend on heavy use of chemical fertilizers, pesticides, and hybrid seeds.<sup>23</sup> As a result, large-scale farming is seen as a threat to local ecological sustainability and the local seed system, as well as a farming system that could undermine resilience to climate change. CSOs are instead calling for smallholder-sensitive investments that recognize the potential of smallholder farmers and provide greater support to their innovations—viewed as more attuned to the particularities of local conditions as well as the demands of social and biological diversity. Moreover, and as IFAD recognizes, smallholders' own investment is by far the primary investment in

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<sup>20</sup> See United Republic of Tanzania, “Ten Pillars of Kilimo Kwanza,” 2009. Accessed May 17, 2013, <http://www.tzonline.org/pdf/tenpillarsokilimokwanza.pdf>.

<sup>21</sup> The views of these organizations were established during field interviews.

<sup>22</sup> Annelies Zoomers, “Rushing for Land: Equitable and sustainable development in Africa, Asia and Latin America”, *Development* 54, no.1 (2011): 12-20; See also “When Kilimo Kwanza Carries the Seeds of Slavery,” In *Business Times*, June 10, 2011, accessed May 15 2013, [http://businesstimes.co.tz/index.php?option=com\\_content&view=article&id=1097:when-kilimo-kwanza-carries-the-seeds-of-slavery&catid=1:latest-news&Itemid=57](http://businesstimes.co.tz/index.php?option=com_content&view=article&id=1097:when-kilimo-kwanza-carries-the-seeds-of-slavery&catid=1:latest-news&Itemid=57)

<sup>23</sup> Miguel A. Altieri, “Agroecology, Small Farms, and Food Sovereignty,” *Monthly Review* 61, no. 3 (2009): July-August, accessed October 22, 2013, <http://monthlyreview.org/2009/07/01/agroecology-small-farms-and-food-sovereignty>. See also Rosenzweig Cynthia and Hillel Daniel, “*Climate Change and the Global Harvest*,” New York: Oxford University Press, 2008.

agriculture in low-income countries.<sup>24</sup> Enhancing these investments is critical to improving food security and nutrition and to reducing rural poverty.

The Southern Agriculture Growth Corridor has a particular appeal among donors and investors because it is seen as a high-potential agriculture area, yet like other rural lands, appears inefficiently utilized and therefore suitable to invest in to rapidly boost production. This is generally what has shaped the GoT's interest in offering land to investors who (claim to) have the capital and skills to use the land efficiently. By offering high-potential agricultural areas for investment, the government hopes that greater agricultural output and employment will result, which will lead in turn to lower food prices and accelerate economic growth to the benefit of the poor, including those in less-productive areas. Some analysts have also argued that rapidly increasing production in high-potential areas is the surest way to guarantee food for rapidly growing urban populations. The US/Tanzania FTF multi-year strategy paper also indicates that more than 80 percent of the FTF investments are concentrated in this corridor.<sup>25</sup>

Conversely, there is growing recognition among CSOs and scholars that the logic behind neglecting less-endowed areas is part of the failures of past investment initiatives that have been unable to resolve the problem of food insecurity and rural poverty.<sup>26</sup> By failing to invest in less-potential areas, fewer economic opportunities are created in these areas which catalyze outmigration. Research has also pointed out that although people are migrating to well-endowed areas and urban jobs, they are also multiplying faster than they are leaving.<sup>27</sup> Other studies have questioned the wisdom that greater production output will lower prices for the poor, including those in less-favored areas, particularly given that such populations have limited purchasing power to solve their food security problems through the market.<sup>28</sup> Therefore, if the goal is to ensure equitable food security and poverty reduction in Tanzania, concentrating public investments in high-potential areas may be missing populations that are at a greater risk of increased food insecurity and poverty. The World Food Program has estimated that about 40 percent of Tanzanians live in food deficit areas, which mostly are

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<sup>24</sup> Up to 80 percent of the farmland in Africa and Asia is farmed by smallholder farmers. IFAD, "From Summit Resolutions to Farmers' Fields: Climate Change, Food Security and Smallholder Agriculture." Background Paper Prepared for the Governing Council 2010. Accessed June 4, 2013, [http://www.ifad.org/events/gc/33/panels/panel\\_e.pdf](http://www.ifad.org/events/gc/33/panels/panel_e.pdf); see also Committee on World Food Security (CFS), Policy Roundtable on Increasing Food Security through Smallholder-Sensitive Investment in Agriculture. CFS 37<sup>th</sup> Session, Rome, October 17-20, 2011. Accessed June 4, 2013, <http://www.fao.org/docrep/meeting/023/mc066E.pdf>

<sup>25</sup> United States Government (USG), "Tanzania Feed the Future Fiscal Year 2011-2015 Multi-Year Strategy," USG document February 2011, <http://www.feedthefuture.gov/sites/default/files/country/strategies/files/TanzaniaFTFMulti-YearStrategy.pdf>

<sup>26</sup> Fan, Shenggen and Chan-Kang Connie, "Returns to Investment in Less-Favored Areas in Developing Countries: A Synthesis of Evidence and Implications for Africa," *Food Policy* 29 (2004): 431-444.; Melinda, Smale and Emily Alpert, "Making Investments in Poor Farmers Pay: A Review of Evidence and Sample of Options for Marginal Areas," *Oxfam America Research Backgrounder*, December, 2009, accessed July 16, 2013, <http://www.oxfamamerica.org/files/making-investments-in-poor-farmers-pay.pdf>

<sup>27</sup> See International Monetary Fund and World Bank, Rural-Urban Dynamics and the Millennium Development Goals: Global Monitoring Report 2013.

<sup>28</sup> Michael, Carter I and Christopher Barrett, "The Economics of Poverty Traps and Persistent Poverty: An Asset-Based Approach," *Journal of Development Studies* 42, no. 2 (2006): 178-199.

semi-arid areas in the far north and south with less potential to produce sufficient cereals and have poor infrastructure to enable access from other regions.

The real concerns regarding the SAGCOT and Kilimo Kwanza initiatives are, however, on land tenure, access, and use. Especially since the surge of global food prices in 2007-8, many governments in sub-Saharan Africa have become receptive to the idea of transferring large pieces of land to private agribusiness companies, which, it is argued, will use the land productively and create jobs while also contributing to national food security objectives. According to pillar five of the Kilimo Kwanza initiative, the Village Land Act No. 5 of 1999<sup>29</sup> will be amended to “facilitate equitable access to village land for Kilimo Kwanza investments.”<sup>30</sup> The SAGCOT Centre has already started identifying land suitable for acquisition and development.<sup>31</sup> In a parallel arrangement, a policy proposal to make land available for investors while promoting benefit sharing with smallholder farmers is also under consideration. The proposal, namely “land for equity,” aims to ensure that landowners in targeted areas gain a stake in the investment by using their land as equity. However, some analysts note that such a policy is aimed at making it easier to transfer village land to investors and turn smallholder farmers into “casual” laborers on their land or otherwise displace smallholder family farming.<sup>32</sup> Noteworthy, claims and disputes of land grabbing in Tanzania are already numerous and stoke critics’ fears.<sup>33</sup>

More generally, there is a negative perception, particularly among representative organizations of smallholder farmers and CSOs, that private-sector investors take advantage of smallholder farmers and weak governance structures in low-income countries. Private investors and development initiatives such as SAGCOT will need to go beyond trying to minimize the negative consequences of large-scale land acquisitions and instead promote investment models that empower small-scale producers, address gender inequalities, and promote agro-ecological farming practices.

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<sup>29</sup>Land in Tanzania is managed under three main categories, namely, Reserved Land, Village Land, and General Land. About 80% of Tanzanian land is classified as “village” land. Land utilization and management are governed by the Land Act and Village Land Act of 1999, respectively.

<sup>30</sup> United Republic of Tanzania, “Ten Pillars of Kilimo Kwanza,” 2009, <http://www.tzonline.org/pdf/tenpillarsforkilimokwanza.pdf>.

<sup>31</sup>See invitation for bids to acquire and develop the Mkulazi site at: <http://www.sagcot.com/news/newsdetails/artikel//invitation-for-expression-of-interest-for-the-tender-of-the-mkulazi-site/>; Mkata site at: <http://www.sagcot.com/news/newsdetails/artikel//invitation-for-expression-of-interest-for-the-mkata-cattle-farm/> Viewed July 3, 2013.

<sup>32</sup> “When Kilimo Kwanza Carries the Seeds of Slavery,” In *Business Times*, June 10, 2011, accessed May 15 2013, [http://businesstimes.co.tz/index.php?option=com\\_content&view=article&id=1097:when-kilimo-kwanza-carries-the-seeds-of-slavery&catid=1:latest-news&Itemid=57](http://businesstimes.co.tz/index.php?option=com_content&view=article&id=1097:when-kilimo-kwanza-carries-the-seeds-of-slavery&catid=1:latest-news&Itemid=57)

<sup>33</sup> Frederic, Mousseau, Grace Phillips and Anuradha Mittal, “Understanding Land Investment Deals in Africa: Tanzania Country Report,” *The Oakland Institute*, 2011

## THE NEW ALLIANCE FOR FOOD SECURITY AND NUTRITION: UNBALANCED PARTNERSHIP?

A recent impetus to agricultural investment in Tanzania is the New Alliance for Food Security and Nutrition (“New Alliance”). Created at the G8 summit in 2012, the New Alliance is a commitment by G8 leaders to work with some African governments<sup>34</sup> and the private sector to address food security, nutrition, and poverty. It is framed as a complement to the L’Aquila commitments and, in essence, is a PPP that brings together resources of G8 donors, governments in focus countries, and agribusiness companies (both local and multinational corporations).<sup>35</sup> In Tanzania, the New Alliance is framed as a program under the SAGCOT initiative. The US government commitment to the New Alliance is through the “whole of government” approach, mainly through existing initiatives. The New Alliance dovetails particularly well with FTF’s goal of attracting and leveraging private sector investments, and in fact, the 2012 FTF progress report notes that FTF is the “principal vehicle through which the US is contributing” to the New Alliance.<sup>36</sup> Given the relationship between FTF and the New Alliance, on the one hand, and concerns over private sector investments in agriculture, on the other, it is also important to understand the relationships between private companies in the New Alliance and smallholder producers in Tanzania, especially those under the FTF portfolio.

A key feature of the New Alliance is that membership obligates a partner to specific commitments.<sup>37</sup> On the host government side, these include refining policies to foster a positive business environment by way of providing access (notably to land and to markets for seeds, fertilizers, and pesticides) and mitigating risk. Private investors commit to increase investments in agriculture. In Tanzania, more than 20 domestic and international private investors have already signed “letters of intent,” and more are expected to follow. On the other hand, donors pledged financing and technical support. These complementary commitments are designed to overcome single-actor failures. Promoters also assert that the investors are being held to high standards by seeking to adhere to international standards of responsible agricultural investments, including the Voluntary Guidelines on the Responsible Governance of Tenure of Land, Fisheries, and Forests.<sup>38</sup>

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<sup>34</sup>Tanzania, Ghana, and Ethiopia are the founder focus countries of the New Alliance. Burkina Faso, Ivory Coast, and Mozambique joined in September 2012, and Benin, Malawi, Nigeria, and Senegal followed suit in 2013.

<sup>35</sup> See Camp David Declaration, May 2012, accessed April 26, 2013, <http://www.whitehouse.gov/the-press-office/2012/05/19/camp-david-declaration>

<sup>36</sup> Feed the Future, “Progress Report: Growing Innovation, Harvesting Results,” June 2013, accessed August 15, 2013, [http://www.feedthefuture.gov/sites/default/files/feed\\_the\\_future\\_progress\\_report\\_2013.pdf](http://www.feedthefuture.gov/sites/default/files/feed_the_future_progress_report_2013.pdf)

<sup>37</sup> For Tanzania, specific commitments are available in the country cooperation framework at <http://www.state.gov/documents/organization/190624.pdf>.

<sup>38</sup> Although adherence to international investment standards is a conditionality stated in country cooperation framework documents, it is not clearly stated how this will be enforced or monitored.

However, this truism glosses over growing concerns expressed by CSOs and some scholars, who worry that donor and government commitments are designed to incentivize agribusiness corporations and / or simply respond more to investors' demands instead of prioritizing the needs of smallholder producers.<sup>39</sup> The question at the heart of the discussion is whether smallholders are taking (or will take) advantage of the partnerships or whether, conversely, the bargain benefits private investors primarily or exclusively.<sup>40</sup> Although it is too early to determine the real impact of the New Alliance on intended beneficiaries and on the Tanzanian economy as a whole, examining emerging trends from activities thus far, particularly investment patterns, and stakeholders' perceptions, can provide credence as to whether there is basis for public concern. This is presented in the results section.

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<sup>39</sup> Gisele Henriques, "Whose Alliance? The G8 and the Emergence of a Global Corporate Regime for Agriculture", May, 2013, accessed July 8, 2013, [www.cidse.org/resources/](http://www.cidse.org/resources/) and at [www.e-alliance.ch/en/s/resources/](http://www.e-alliance.ch/en/s/resources/); see also Emmanuel Sulle and Ruth Hall, "Reframing the New Alliance Agenda: A Critical Assessment Based on Insights from Tanzania," *Institute of Poverty, Land and Agrarian Studies*, Policy Brief, June 2013.

<sup>40</sup> Ibid.

# FEED THE FUTURE: INVESTMENT STRATEGY IN TANZANIA

In Tanzania, the FTF strategic objective is to contribute to the alleviation of hunger and poverty through agricultural growth and improved nutrition. The initiative aims to help bring 834,000 vulnerable Tanzanians, mostly smallholder farmers, out of hunger and poverty, and improve nutrition for more than 430,000 children.<sup>41</sup> FTF's rural transformation approach is quite similar to the vision of Kilimo Kwanza, which is premised on raising agricultural productivity, establishing linkages to markets, and facilitating policy reform.

A review of the US/Tanzania FTF strategy and government investment framework documents shows that FTF in Tanzania and the country's national development strategies are closely aligned.<sup>42</sup> More specifically, FTF investments fit within and support the country-owned Kilimo Kwanza initiative and TAFSIP (the country CAADP investment plan). In addition, secondary sources indicate that FTF investments are structured to take the form of partnerships among USAID, beneficiary countries, and target populations, as well as private sector partners as service providers (e.g. input suppliers). Private sector partners include some companies under the New Alliance such as the Tanzania Horticulture Farmers Associations (TAHA), which has also received a direct grant from USAID, and Kilombero Plantations Limited. The USAID FTF model of investments and partnership is carried out through project grants and contracts.

Eight projects funded through the FTF in Tanzania were identified in discussions with USAID staff (Table 2). For the analysis in this report, however, a deliberate choice was made to focus on two FTF investments, namely, the rice and maize, and horticulture projects. These projects encompass subsectors where most of the production and marketing activities under FTF are focused and where most farmers work. Maize in particular is a basic staple. Key constraints to growth in these subsectors have been documented as poor seed quality, poor agronomic practices, and challenges due to climate change and weather variability.<sup>43</sup> Market analysts also argue that maize, rice, and horticulture are in significant demand both locally in Tanzania as well as regionally.

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<sup>41</sup> See United States Government (USG), "Tanzania Feed the Future Fiscal Year 2011-2015 Multi-Year Strategy," USG document February 2011.

<sup>42</sup> Ibid; See also A Green Growth Investment Framework for the Southern Agricultural Growth Corridor of Tanzania: The SAGCOT Green Print," August, 2012; and United Republic of Tanzania (URT), "Tanzania Agriculture and Food Security Investments Plan, 2011-12 to 2020-21," URT document, October 2011.

<sup>43</sup> Ministry of Agriculture, Food Security and Cooperatives 2008.

The rice and maize project is locally known as NAFKA.<sup>44</sup> Approximately 80 percent of NAFKA FTF resources are concentrated in the Morogoro region within the SAGCOT on the rice value chain; the remaining 20 percent focuses on the maize value chain in Dodoma and Manyara regions, and on rice in Zanzibar.<sup>45</sup> The horticulture project (involving mainly onion, tomatoes, cabbages, and potatoes) is commonly referred to as the Tanzania Agricultural Productivity Program (TAPP).

**Table 2. Feed the Future Projects and Expected Funding Levels, 2011-2015**

Project name	Activity	Funding*
<b>Tanzania Agricultural Productivity Program (TAPP)</b>	Improve productivity and marketing of horticulture crops	\$24M, over 5 years
<b>Tuboreshe Chakula Food Processing and Consumption</b>	Capacity building of agro-processors Distribute micro-nutrient powder for home use	\$22M, over 4 years
<b>Irrigation and Rural Roads Infrastructure</b>	Support construction of six irrigation schemes Upgrade and rehabilitate rural roadways	\$16.7M, over 5 years
<b>NAFAKA Staples Value Chain</b>	Improve productivity and marketing of staples (rice and maize)	\$30M, over 5 years
<b>Mwanzo Bora Nutrition Program</b>	Strengthen institutional capacity to develop and manage social and behavioral change, communication plan Raise awareness of under nutrition	\$30M, over 5 years
<b>SERA Policy</b>	Conduct policy analysis, research, and advocacy in support of policy reforms	\$5.6M, over 5 years
<b>iAGRI Research and Training</b>	Fund 120 students at master's and doctoral level in the field of agriculture Collaboration between Sokoine University and consortium of American universities	\$24M, over 5 years
<b>Monitoring and Evaluation</b>	For monitoring and measurement of performance of FTF project activities	\$5.5M, Over 5 years

Source: Assembled from program reports and interviews

\*Funding is subject to results and availability of funds

<sup>44</sup> NAFKA is a Swahili word meaning grain.

<sup>45</sup> See presentation by Lee Rosner (ACDI/VOCA Chief of Party in Tanzania), at [http://microlinks.kdid.org/sites/microlinks/files/resource/files/May\\_Breakfast%20Seminar%2069\\_Rosner\\_FINAL.pdf?file=http://microlinks.kdid.org/sites/microlinks/files/resource/files/May\\_Breakfast\\_Seminar\\_69\\_Rosner\\_FINAL.pdf&nid=5750](http://microlinks.kdid.org/sites/microlinks/files/resource/files/May_Breakfast%20Seminar%2069_Rosner_FINAL.pdf?file=http://microlinks.kdid.org/sites/microlinks/files/resource/files/May_Breakfast_Seminar_69_Rosner_FINAL.pdf&nid=5750).

# RESEARCH METHODS AND ANALYTIC FRAMEWORK

To provide insights on the questions raised in this paper in relation to FTF, we conducted a qualitative study that involved surveying key stakeholders to gain their perspectives, as well as field visits to inform the discussion. Key stakeholders identified for this research include farmers benefitting from the Feed the Future projects, project implementers, USAID staff in Tanzania, relevant local government staff, and informed stakeholders mainly from the NGO community. Other key stakeholders interviewed are staff of private sector companies investing in SAGCOT and/or linked to the New Alliance and US FTF programs. These included staff of AGRICA/Kilombero Plantation Limited (KPL) (in Dar es Salaam and Ifakara), Shambani Graduates Enterprises Limited, Agro EcoEnergy Limited and Tanzania Horticulture Association (TAHA).<sup>46</sup> AGRICA/KPL is a USAID partner in the NAFKA rice value chain program, whereas TAHA works with TAPP under the FTF portfolio.

## CASE STUDY SELECTION AND FIELD WORK METHODOLOGY

The fieldwork of this study was carried out in northern Tanzania and in the SAGCOT area. These areas were visited during two periods: February to March 2013; and May to early July 2013. Preparation for the fieldwork involved meetings with USAID staff in Dar es Salaam and lead project implementers—FINTRAC and ACDI/VOCA.<sup>47</sup> FINTRAC is implementing the TAPP project and ACDI/VOCA implements NAFKA. The method of data collection involved individual interviews with stakeholders (other than farmers) and Focus Group Discussions (FGDs) with farmers' groups benefitting from the NAFKA and TAPP FTF projects.

The interviews were guided by a semi-structured questionnaire to obtain qualitative information. Some questions to gather basic numerical data were also asked, the aim of which was to provide some indicative data on issues that might

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<sup>46</sup> KPL is a public-private partnership between RUBADA (8.7 percent) and Agrica (91.3 percent). It was established in 2008 to redevelop Mngeta Farm, in Kilombero district, Morogoro region. In addition to rice production, the company grows cereals that include common beans, peas, pulses, and sunflower. Agro Eco Energy is a joint venture company, of which 93.5 percent is owned by EcoEnergy Africa AB, 5 percent by Tanzania Petroleum Development Company and 1.5 percent by Community Finance Corporation Limited. The company intends to cultivate sugar cane and manufacture sugar in its Bagamoyo project and plans to produce renewable energy for the domestic market. TAHA is a horticulture sector-specific company involved in advocacy, technology support, and market promotion.

<sup>47</sup> FINTRAC and ACDI/VOCA are US-based companies. For details about ACDI/VOCA-NAFKA, see <http://www.acdivoca.org/site/ID/tanzania-staples-value-chain-NAFKA>; for details about FINTRAC-TAPP, see <http://www.tanzania-agric.org/>, accessed June 28, 2013.

benefit from being systematically investigated in future research. Farmers' groups sampled were purposively selected from a list provided by project implementers, and farmers included in FGDs were mobilized by group leaders. This means that rural women and men who were not involved with the Feed the Future projects—TAPP and NAFKA—were not interviewed by way of comparison or control. It also means that the diversity of the interviewees was to some extent influenced by which farmers turned up to participate. No attempt was made to create a statistically representative sample; instead, deliberate efforts were made within the qualitative approach to interview a broad cross-section of stakeholders.

## STUDY SITES AND INTERVIEWEES

### **NAFAKA: Rice and maize**

For rice, FGDs were held in Ifakara district, Morogoro at Dakawa, and Mlandizi Village in Kibaha district. In Ifakara district, three focus groups were conducted: one with Mgudeni Farmers Association (five women and four men); another with Mwaya Farmers Association (four women and five men); and Njage rice out growers under KPL (six men and five women). At Dakawa, FGDs were held in the Umoja wa Wakulima Wadogo wadogo wa Kilimo cha Mpunga Dakawa (UWAWAKUDA)<sup>48</sup> cooperative association (3 women and 6 men block leaders<sup>49</sup>). Individual interviews were also held with the production manager, and chairperson of the UWAWAKUDA group.

For maize, interviews focused on beneficiaries in Kongwa district, Dodoma region. Five FGDs were held. The groups included Slow but Sure in Iduo village (6 men); Wazee group in the village of Suguta (5 men); Nafaka women group of Suguta village (7 women); Muungano group in Manyata village (10 women); and Ukombozi group in Manyata village (3 men).

### **TAPP: Horticulture**

Our interviews focused on beneficiary farmers in Lushoto, Arusha, and Kilimanjaro areas. In Lushoto, two FGDs were held with Upendo Women group (5 women) and another with Ngabwa group (6 women and 7 men). In Arusha-Kilimanjaro area, the following groups were interviewed: Oitera farmers (eight men and two women); Njiro farmers (three men and four women); Ikusura Patandi (eight women and two men); Kichirampinda (six women and two men);

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<sup>48</sup> Uwawakuda started in 2008 and has a membership of 926 farmers (but not all are active). The cooperative manages 5,000 acres of land that belonged to the defunct government irrigation scheme in Dakawa, Morogoro. FTF NAFKA program adopted this group in 2011, and had completed one harvest season by the time of the field visit.

<sup>49</sup> The 5000 acres cultivated by UWAWAKUDA is divided into 28 blocks. Each block is subdivided into plots that are farmed by individual smallholder farmers.

Engosengiu (four men and two women); and Majengo farmers group (five women and two men).

Government stakeholders interviewed included the district agriculture extension officers, Ward Agriculture Extension Officer (both agriculture and cooperative), in Lushoto and Kibaha.

## ANALYTIC FRAMEWORK

Inclusive and sustainable agriculture sector growth is multidimensional and depends on a variety of factors, some of which may lie outside the sphere of a single project. To guide further analysis in this report, we provide a list of four qualitative functions of inclusive and sustainable agricultural investments, relevant to the Feed the Future programs:

- Targeting and participation
- Empowering smallholder producers
- Promoting sustainable farming practices, and
- Strengthening the capacity of local institutions.

From the aid-effectiveness perspective, these functions are expected to be integral to FTF. It is therefore of particular interest to observe practical instances of how they are being manifested. The aspects of each of these functions are briefly described below:

1. *Targeting and participation*: This function addresses two questions. First, which enterprises (crops) are promoted or supported by FTF and where in the specific value chains the investments are concentrated. Second, which categories of farmers receive direct support from FTF projects. In principle, FTF is intended to benefit smallholder farmers. However, the characteristics of these farmers vary significantly, and they have different needs.<sup>50</sup> It is important that agricultural development initiatives such as FTF involve the economically vulnerable and socially marginalized groups, and are also targeted to the enterprises where these farmers work.
2. *Empowering smallholder producers*: Farmer empowerment can take many forms. Sharma Raju recommends the following three aspects as crucial for farmer empowerment: skills and knowledge; economic participation; and

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<sup>50</sup> For a review of smallholder differentiation, see Julio, Berdegú and Escobar German, "Rural Diversity, Agricultural Innovation Policies and Poverty Reduction," *AgREN Agricultural Research and Extension Network Paper*, 122 (2002), ODI, London, UK; see also Bill, Vorley, Lorenzo Cotula and Chan Man-Kwun, "Tipping the Balance: Policies to Shape Agricultural Investments and Markets in Favor of Small-Scale Farmers," *Oxfam International Research Report*, December 2012.

rights.<sup>51</sup> Partev Rashid and David King, on the other hand, observe that farmer empowerment is about helping farmers to get organized.<sup>52</sup> They observe that resource-poor farmers cannot be empowered without an organization that represents them at the local, subnational, and national levels. Women smallholder farmers in low-income countries constitute a particularly economically and socially disempowered group. Although individual development interventions or projects may not redress the gender inequalities in the short term, development initiatives are well positioned to empower women, thereby catalyzing the process of change to bridge the gender parity gap. In particular, FTF places significant emphasis on women's empowerment and has developed a tool—the Women's Empowerment in Agriculture Index (WEAI)—to monitor progress.<sup>53</sup> According to the WEAI, a woman is considered empowered if she has adequate achievement in four of the five domains: decisions about production; access to and control over productive resources; control over use of income; leadership in the community; and time use. Given the range of these domains, we explore the extent to which FTF is empowering beneficiaries.

3. *Promoting sustainable farming practices*: This function relates to the socioeconomic viability of farming and the ecological sustainability of the system. Productivity gains in recent decades have often masked significant externalities to the ecological health of the farming system.<sup>54</sup> At the same time, the farming models promoted by development partners need to be economically rewarding and adaptable by poor farmers. The question here is whether agricultural technologies and practices promoted under FTF are economically viable, socially adaptable and sustainable, and environmentally friendly.
4. *Strengthening the capacity of local institutions*: This function relates to working with and through local institutions and providing greater support to them to perform effectively and efficiently. This also addresses alignment with local development priorities and ownership by local institutions. Local institutions include local governments, civil society organizations, private sector actors, as well as established national and local regulations. Ensuring/enabling meaningful participation of and working through local stakeholders is especially important in establishing local needs and setting priorities as well as ensuring accountability to the beneficiaries of

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<sup>51</sup> Raju, Sharma, "Empowerment Mobilization for Effective Women's Development," *LEISA Magazine*, 17, no. 1, (2001): 15.

<sup>52</sup> Rashid, Partev and David King, "The Essential Role of Farmers' Organizations in Developing Countries," *Agriculture and Rural Development* 7, no. 1 (2000): 28-30.

<sup>53</sup> See United States Agency for International Development (USAID), International Food Policy Research Institute (IFPRI), and Oxford Poverty and Human Development Initiative (OPHI), "Women's Empowerment in Agriculture Index (WEAI)," *IFPRI, OPHI and USAID Publication*, 2012.

<sup>54</sup> For instance, although the Green Revolution enhanced production, it has been blamed for being unsustainable, since it damaged the environment and caused dramatic loss of biodiversity and associated traditional knowledge.

development initiatives. It is also important for achieving sustainability of results, cost effectiveness and inclusiveness.

# FIELD RESULTS AND DESCRIPTIVE ANALYSIS

In this section, field data and observations are presented and discussed along the four functions of inclusive and sustainable agriculture: targeting and participation; smallholder empowerment; sustainability; and capacity-building of local institutions. The presentation of the data and discussion under each of the four functions builds on the intuition described in the analytic framework section above.

## TARGETING AND PARTICIPATION

Interviews suggested a range of paths by which a farmer could become a beneficiary of TAPP or NAFKA, but being in an organized group and having previous experience farming the particular crop were a primary criterion used to identify prospective beneficiaries. Proximity to a nucleus farm or irrigation scheme was also a criterion for inclusion, especially for farmers in the out grower scheme, such as that of AGRI/KPL in Ifakara. Project implementers reported that several farmers targeted for inclusion were already growers (of maize, horticulture, or rice) and observed that there is no asset or minimum acreage requirement for participation. However, our field observations reveal that participation, especially for rice and horticulture crops, is conditioned by access to water and capital.

Farmers interviewed belong to associations, cooperatives, or women's groups, most of which predate FTF programs; although a number of other groups have been started by the projects. These groups are viewed as good starting points and represent effective service delivery and receiving systems as well as instruments for mobilizing local participation. Most of the beneficiaries have been recruited by project extension staff, who invite them for field visits (days) on demonstration plots, popularly known in Kiswahili as *Shamba darasa*. According to our field interviews, FTF NAFKA and TAPP extension programs have been well received in local communities. This is particularly the case since public agricultural technology development and transfer services are ineffective or unavailable in rural areas. Compared to government extension agents, FTF project staff are well resourced and motivated, and thus do much better in attending to farmers' needs.<sup>55</sup>

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<sup>55</sup> Interview with TAPP extension technician; this technician previously worked for public service and quit to work for TAPP.

One of the FTF goals is to ensure women's equal participation in project and program activities.<sup>56</sup> Our sample, though not random, reveals that many groups include women, and some have more women members than men; others are exclusively women. A project officer with TAPP indicated that women directly supported by the project account for 40 to 43 percent of total beneficiaries.<sup>57</sup> A staff member of NAFKA indicated that 46 to 48 percent of the rice farmers directly affected by the project are women. These estimates suggest that although women's participation is not proportionately the same as men's, it seems reasonable to infer that the projects have made efforts to reach women farmers. The question that remains, however, is whether women in groups are representative of the target female population with regard to economic status. Bernard van Heck observes that a significant majority of poor women farmers are often left out in projects delivered through groups because of several factors, including antagonism with domestic responsibilities and obstruction by well-resourced farmers or cultural barriers.<sup>58</sup> Our field interviews also revealed that most of the groups (except those made up exclusively of women) are headed by men. High illiteracy and low education levels among women were cited as constraints to women's active participation in groups' governance structures.<sup>59</sup>

Independent of gender, the major factor that enables or constrains participation in rice and horticulture crop production activities is access to land with water, and capital. For maize, which is mostly produced under the rain-fed system, land availability is not a binding constraint to participation. This is partly because Tanzania as a whole is less densely populated, at least compared to its neighbors, and only 40 percent of the total land area is under agricultural use.<sup>60</sup> As such, land rental costs are generally low. For instance, Ukombozi farmers in Kongwa district revealed that they rent an acre of land to grow maize for a fee ranging between 15,000 TSHs (about \$10) to 20,000 TSHs (\$13) for a crop season. Horticultural crops and rice, in particular, need soil with ample moisture for better growth and yield; access to water is thus a binding constraint with regard to these crops, especially for women.

Horticulture and rice farmers interviewed irrigate their fields, and that has proven to be costly. For instance, the head of Njiro farmer group (at the outskirts of Arusha) who grows cabbages, onions, and tomatoes indicated that it costs him 9 or 10 liters of gasoline weekly<sup>61</sup> to irrigate a fifth of an acre. Rice farmers of UWAWAKUDA cooperative voiced a similar concern about water and the cost of

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<sup>56</sup> United States Agency for International Development (USAID), International Food Policy Research Institute (IFPRI), and Oxford Poverty and Human Development Initiative (OPHI), "Women's Empowerment in Agriculture Index (WEAI)," *IFPRI, OPHI and USAID Publication*, 2012.

<sup>57</sup> Interview with chief of party, Fintrac at Arusha.

<sup>58</sup> Benard van Heck, "Participatory Development: Guidelines on Beneficiary Participation in Agricultural and Rural Development," *FAO Publications*, 2<sup>nd</sup> edition, 2003.

<sup>59</sup> Interviews with project officer, group member in northern area, Ifakara and Dakawa.

<sup>60</sup> World Bank, "World Development Indicators," Washington, DC, 2011.

<sup>61</sup> The farmer irrigated three days in a week, each day for three hours.

pumping it to the fields.<sup>62</sup> Fortunately, the irrigation infrastructure used by *UWAWAKUDA* had been installed by the defunct government irrigation scheme, and the FTF Irrigation and Rural Roads Infrastructure program helped to rehabilitate it.

Many potential participants face capital constraints to enable them to adopt the farming technologies promoted under the two FTF projects. This is also true for some farmers who have received knowledge from FTF through demonstrations but lack capital to actually practice what they have seen or learned. In reality, the problem of affordability is due more to credit or financial liquidity constraints and risk aversion than to the farming technologies being expensive. Typically, farmers apply very little or no fertilizers, sow recycled seed, and rely on family labor in their traditional maize and rice farming systems. Thus, and effectively, even farming technology requiring modest usage of purchased inputs is, in the view of many farmers, costly. To put this problem in perspective, a woman farmer who has benefited from the training interviewed in Ifakara said:

“If we follow all the procedures and the required steps on one acre of rice, it requires one to have TShs 750,000.00 (\$468); the harvest will give about TShs 3,500,000.00 (\$2,187). For me, a small farmer and woman who has children to look after, it is not easy to have such an amount of money to invest in agriculture.”

Rice farmers in Dakawa also indicated that one needs 700,000.00TSH (about \$440) to 800,000.00TSH (about \$500) per acre in a season to cover production costs. Thus, participation is limited to relatively few farmers well endowed with resources—access to water and investment capital.

## EMPOWERING SMALLHOLDER PRODUCERS

With the funding, FTF partners are helping farmers apply new and/or improved farming techniques that are having a significant positive impact on yields among beneficiary farmers. For instance, female farmers in Patandi village group reported tomato yield increases of 100 to 150 percent. An onion farmer in Oloigeruno village, Arusha, reported a threefold increase from 12 bags to 36 bags (representing a 200 percent yield gain) compared to the previous season before enlisting in FTF TAPP program. Similarly, rice farmers reported yield increases of 100 to 150 percent. And for maize, available data suggest yield gains of more than 100 percent. These field results demonstrate that the knowledge gap of production for these crops is being solved. However, perfecting and systematizing these technologies is a slow process; thus,

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<sup>62</sup> *UWAWAKUDA* indicated that the generator that pumps water is connected to the national electric grid. The power company charges the cooperative as commercial users or manufacturers, a cost that farmers consider expensive for the farm sector.

sustained support will be critical for sustainability of results. This also confirms the assertion that traditional farming methods practiced by the majority of farmers in sub-Saharan Africa are suboptimal, and huge yield gaps exist to exploit.

The knowledge is founded on crop intensification. For horticulture farmers, this involves planting the crop in raised beds, early and careful transplanting, drip irrigation, proper spacing, planting improved seeds, reliance on Integrated Pest Management techniques and cultural practices (e.g. removing diseased plants and keeping the garden clean of weeds). For maize, the standard technology package involves teaching farmers to plant in lines and follow proper spacing, to use better seeds and apply fertilizer efficiently, and of course to keep the garden clean of weeds.<sup>63</sup> The maize technology package is essentially the full package of practices under the orthodox extension system. Meanwhile, for rice, the farming model is the system of rice intensification (SRI), which has been praised for substantially raising yields by merely changing how the crop is established and managed in the field. With SRI, farmers are taught practices such as ensuring good soil leveling, efficient fertilizer use, thinly sowing the seedling nursery, early transplant to the field, sowing at low density and keeping the soil moist—principles founded on the physiology and patterns of rice growth.<sup>64</sup>

Compared to conventional rice cultivation, SRI has a particular appeal among farmers interviewed. Besides increasing yield, it is credited with saving seeds and reducing usage of inorganic fertilizers. NAFKA agronomists we interviewed also contend that SRI is saving water, and due to green manuring and weed incorporation, SRI is increasing soil organic matter on farmers' fields.<sup>65</sup> These benefits have also been reported in many empirical studies in India, Madagascar, Vietnam, and other Asian countries where SRI has become a wide-spread practice. Development agencies Oxfam America, Africare, and World Wildlife Fund also promote SRI on account of it substantially raising rice yields with limited capital inputs while protecting the environment and making food production more climate resilient.<sup>66</sup>

The drawback of SRI and conservation farming is that they are labor intensive and time demanding. Our field interviews established that smallholder farmers, especially those without sufficient family labor and without capital to hire laborers, rarely follow all the guidelines of SRI and some are not adopting at all, similar to the findings of Christine Moser and Christopher Barrett in

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<sup>63</sup> Interview with Margret, NAFKA field officer in Kongwa and maize farmers in Kongwa.

<sup>64</sup> For detailed discussion of the agronomic science behind SRI, see: A. William Stoop, "The Scientific Case for System of Rice Intensification and Its Relevance for Sustainable Crop Intensification," *International Journal of Agriculture Sustainability* 9, no. 3 (2011): 443-455.

<sup>65</sup> Interview with agronomists of NAFKA.

<sup>66</sup> Africare, Oxfam America, World Wildlife Fund (WWF), "More Rice for People, More Water for the Planet," WWF-ICRISAT Project, Hyderabad, India, June 2010, accessed, July 15, 2013, <http://www.oxfamamerica.org/files/more-rice-for-people-more-water-for-the-planet-sri.pdf>

Madagascar.<sup>67</sup> Horticulture farmers interviewed also voiced similar concerns regarding labor intensiveness.

Apart from skills and knowledge, a key aspect of farmer empowerment is organization.<sup>68</sup> This to some extent, especially at the local level, is being realized since activities in the two FTF projects are implemented mostly through farmer organizations, some of which have been started with FTF projects' support. There is also evidence that USAID has supported activities of associations that organize and represent the farmers' voice at the national level. For instance, TAHA, a horticulture-sector-specific apex organization involved in advocacy and the provision of information on technology and market access, has received financial support from USAID/FTF. However, we did not find evidence nor are we aware of a national organization that provides organizational and advocacy support to smallholder rice farmers.

As noted previously, one of the goals of FTF is to empower women smallholder farmers to attain power in the areas of decisions about production, access to and control over productive resources, control over use of income, leadership in the community, and time use.<sup>69</sup> Because of this study's timing and scope limitations, unfortunately it did not generate data on all aspects of the WEAI. Given that achievements in the domains discussed in WEAI require behavioral, cultural, and structural change (e.g. election cycle), women interviewees did not candidly claim noticeable achievement in some domains. At the time of interviews, most beneficiaries had participated in FTF projects for only one or two seasons. However, discussions with women farmers benefiting from the projects revealed that, for the most part, access to and control over land remain in the hands of men. This suggests that women beneficiaries continue to lack autonomy in making production decisions. At the same time, interviews with women beneficiaries revealed that decisions to spend farm income are made mostly jointly or through consultation within the household.

### **Market and access-to-credit challenges**

But yield isn't everything; farmers need fair markets for their produce. Horticulture farmers revealed that they sell their produce on the local market, which is readily accessible, but that prices are not promising. Rice farmers in Ifakara also voiced concerns about low and fluctuating prices. For some farmers, unfair prices are the result of credit constraints. For instance, according to *UWAWAKUDA* farmers in Dakawa, "marketing sometimes occurs on-farm to pay for the loan obtained

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<sup>67</sup> See Christine M. Moser and Christopher B. Barrett, "The Disappointing Adoption Dynamics of a Yield-Increasing, Low External-Input Technology: The Case of SRI in Madagascar," *Agricultural Systems*, 76, no. 3 (2003): 1085-1100.

<sup>68</sup> See Rashid, Partev and David King, "The Essential Role of Farmers' Organizations in Developing Countries," *Agriculture and Rural Development* 7, no. 1 (2000): 28-30.

<sup>69</sup> United States Agency for International Development (USAID), International Food Policy Research Institute (IFPRI), and Oxford Poverty and Human Development Initiative (OPHI), "Women's Empowerment in Agriculture Index (WEAI)," *IFPRI, OPHI and USAID Publication*, 2012.

from traders during the growing season to cover production costs.” Typically, farmers take “soft” loans from traders and promise to pay at harvest time with part of the harvest (not cash), usually at much discounted prices. For instance, in the season just before our interviews took place, some farmers took credit of 30,000TSH for a sack of unmilled rice. At harvest, the trader received a sack of rice, which according to a women farmer, “was immediately sold for between 70,000 and 80,000 TSH.” Maize farmers, on the other hand, are worried about fertilizer costs and cultivation costs, including labor and tractor hire expenses.

The key challenge is to increase access to credit at affordable, flexible, and fair terms. Fortunately, for some farmers under the KPL rice out-grower scheme, the challenge of access to credit is being eased. In particular, the company trains smallholders in SRI practices and business skills; once they “graduate” they qualify for credit from the Youth Self Employment Foundation loan scheme (YOSEFO) whose risk is bought down by KPL as a guarantor. At harvest, farmers repay the loan through KPL in the form of paddy rice.<sup>70</sup> Farmers then sell the rest of their harvest on the free market. According to the rice farmers of the Njage village group, prices paid to growers under the KPL loan arrangement are mostly favorable. For instance, in 2012, rice delivered by growers to repay the loan was valued at 500TSHs per kilogram, whereas the market rate was 350TSHs per kilogram.<sup>71</sup> Such arrangements need to be scaled and reach many more farmers.

## SUSTAINABILITY: ENVIRONMENTAL AND SOCIO-ECONOMIC

The long-term success of the FTF projects and other development initiatives will depend greatly on the extent to which they can integrate the different components of sustainability. From an ecological point of view, the TAPP and NAFKA projects have tended to harness agro-ecological-friendly farming practices. As noted previously, high productivity under SRI and conservation farming has occurred with the use of chemical external inputs and water that is either minimal or efficient or both, consequently minimizing the negative impacts on the environment. Pretty et al. point out that these outcomes are characteristics of “sustainable agriculture intensification.”<sup>72</sup> Interestingly, most farmers interviewed consider environmental concerns a “far cry” by the elite or simply overstated.

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<sup>70</sup> Interview with KPL staff Sijabaje, Flora and Salome, Kikoti, May 31<sup>st</sup>, 2013; Interview with Njage village focus group, May 30<sup>th</sup>, 2013.

<sup>71</sup> In 2012, the government allowed importation of rice from Pakistan which dampened the market for locally produced rice. Small-scale rice growers complained about the loss in revenue due to price decline. Interview with Njage village focus group, May 30<sup>th</sup>, 2013.

<sup>72</sup> Jules Pretty, Camilla Toulmin and Stella Williams, “Sustainable Intensification in African Agriculture,” *International Journal of Agricultural Sustainability* 9(1) (2011):5-24.

Intensification allows greater yield (output) per unit area, and with efficient use of inputs; beneficiary smallholder producers reported improvements in their farm incomes. These outcomes lead to greater economic sustainability, and farmers cited them as motivation to continue with the new farming practices, even after FTF project support ends. The drawback to these projects is that many smallholder producers are effectively excluded from participating as they do not have the advantages of access to water and financing, and some level of organization. The challenge to stakeholders is to spread the technologies and effective process to many more smallholder producers.

Another effect of the projects is the potential increased social capital as farmer groups have enabled more interactions, learning, and networking among farmers and with other groups through field exchange programs. As for the adaptability of the technologies and farming practices, a good indicator is the “rate of adoption” and locals’ ability to implement the technologies. While this study is limited in scope and not intended to estimate adoption rates, many groups interviewed had significant numbers of passive members. In addition, some farmer groups are not doing as well as expected because they have not gained sufficient technical knowledge or attained sufficient organizational capacity when direct support from the FTF project is terminated, or both.

A typical example of this is the Upendo Women’s Farming Cooperative at Mlandizi, Kibaha. Upendo’s greenhouse was inaugurated by US Secretary of State Hillary Clinton, on June 12, 2011. However, the group’s activities were near collapse at the time of the study. Upendo members report that the agronomist from TAPP left in less than a year— before they gained sufficient technical skills. The women believe they received attention from TAPP to demonstrate results to Clinton. Further discussions with group members revealed that the support they received focused on the technical aspects of production, not training to strengthen the group’s capacity in activities such as group organization and leadership. Interviews with some farmer groups involved in horticulture production in Arusha/Kilimanjaro areas revealed similar insights.

Another concern, especially voiced by the farmer out growers under KPL, is that they have had to grow a certain variety of rice, namely SELO5, even though the taste is not what they prefer for eating at home. Farmers said they grow SELO5 for commercial purposes and buy the local variety for home consumption from the market. However, although commercial varieties such as SELO5 are good for higher yield and potentially bringing in more currency to purchase other foods and goods, they make farmers dependent on uncertain markets for their seed and food security needs. In particular, local varieties are known to offer greater harvest security in the midst of diseases, pests, and droughts that are becoming common with the changing climate. Moreover, and as experiences with SRI have shown, local varieties can often be adapted to increase productivity.

## STRENGTHENING THE CAPACITY OF LOCAL INSTITUTIONS

Tanzania is often cited as a model of donor-government partnership.<sup>73</sup> A variety of mechanisms have been developed to facilitate alignment of donor assistance with national priorities and the harmonization of operational procedures among donors. These include the Annual Public Expenditure Review Process and the Joint Assistance Strategy, which lay out principles governing the relationship between donors and the GoT. These mechanisms have enhanced local ownership as well as allocative and system alignment of development aid, not only for US aid, but also for other development partners in Tanzania.

Members of civil society organizations interviewed for this study revealed that the US has shown commitment to supporting the CAADP implementation plan (TAFSIP and SAGCOT Centre), as well as the Ministry of Agriculture. USAID/FTF is also credited with working with local organizations and private sector actors (such as TAHA and TAHA Fresh Limited, Kilombero Rice Plantations, Food Fortification Alliance and NatureRipe Kilimanjaro Limited, among others) in the FTF programs by supporting either new activities or additions and expansions of existing programs. These efforts are facilitating linkages in value chains and increasing reach, thus increasing the sustainability of results.<sup>74</sup>

In addition, a review of secondary information suggests that although US development aid is oriented toward a project support approach, USAID programming in Tanzania is consolidating projects into programs. That is, projects are coordinated to overcome or minimize weaknesses of “stand alone” projects and linked to respond to requirements of overall agricultural sector growth. This is illustrated by coordination among TAPP, NAFKA, and other FTF projects that support infrastructure development—including rural roads, rehabilitation of irrigation schemes (e.g., Dakawa rice irrigation farm), human capital building through training at the local level and in tertiary institutions, and policy reform support. This will ultimately have a positive impact on the long-term organization and development of the agriculture sector.

Nonetheless, while these implementation approaches hold promise to increase impact and sustainability of results, USAID’s project approach continues to challenge local governments’ ownership and leadership over projects. Civil servants consider projects implemented by FTF to be outside of their public duties. They also view partnerships between the GoT and donors, private sector companies and project implementers as top-down, lacking the meaningful involvement of local stakeholders such as district and Ward leaders. Local

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<sup>73</sup> Organization of Economic Corporation and Development (OECD), “Aid Effectiveness 2005-10: Progress in Implementing the Paris Declaration,” OECD Publication, 2011.

<sup>74</sup> Interview with members of local NGOs and companies, and triangulation with secondary data sources.

government staff (at the district level) interviewed for this report indicated that consultations are often at the national level, with little to no coordination with staff at the district level.<sup>75</sup>

Views expressed by district officials interviewed suggested little awareness of FTF programs, if not poor coordination and working relationships. For instance, the Mlandizi Ward Agriculture Extension Officer (WEO) lamented:

“I am surprised that agriculture experts come from Arusha and the US to give agriculture advice to farmers, while ignoring us. This is not the proper way of supporting our agriculture. After all, they are not doing anything new which we do not know except that they have resources, that is why we see them succeeding. If our Government could provide resources we could achieve the same results.”

Typically, agricultural development in Tanzania is decentralized to districts as implementers of programs including extension, marketing, and cooperatives. Implementation of FTF programs should adequately recognize the decentralization of government agricultural service delivery by increasing coordination with local extension service workers and district leadership.

On the contrary, FTF project staff indicated they had been unsuccessful in collaborating with government extension officers because the latter demand allowances to participate in FTF activities. Incidentally, some farmers we interviewed blame the government extension staff for being lazy or just unmotivated to work. Unfortunately, by failing to effectively coordinate with district staff, FTF programs inadvertently fail to contribute to strengthening local capacity that would ensure sustainability while also contributing to the sector’s long-term development.

## EVIDENCE ON THE NEW ALLIANCE IN TANZANIA

With regard to the differing perspectives on the New Alliance, concerns exist that private companies are taking advantage of government and donor commitments while doing little or nothing to help smallholder farmers’ economic situation, or even worsening it. This section draws on field evidence to illuminate the debate, in particular regarding whether there is basis for public concerns.

Our field interviews reveal that the policy reforms and donor commitments establish a series of advantages that are enjoyed exclusively by private companies. These include tax abatements on imports of agriculture capital goods for “strategic investors”, opportunity to expand into new markets (notably for

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<sup>75</sup> Some local government officers in SAGCOT area also indicated that they do not know how to deal with private companies that are accountable to the SAGCOT center and the prime minister’s office.

fertilizers and hybrid seeds), gaining political capital by being recognized by government (=good will), and opportunity for partnerships with donors as well as access to long-term low-cost capital.<sup>76</sup> Although some advantages, such as the “strategic investor duty-free status,” have not yet materialized, they are expected. Private companies, however, deny being enticed by the New Alliance commitments from government and donors to do what they are doing, citing that their business plans had already been in place and were proceeding with long-term capital investments in spite of the New Alliance. To them, the New Alliance simply means another business opportunity.

Regarding whether smallholder farmers are benefiting from relationships with investors, opinions are divided and potentially generate controversy, but it is also too early to know the full extent of the partnerships’ impacts. Private investors and donors assert that certainly smallholders are benefiting. For instance, interviews with staff of Kilombero Plantations Limited (KPL), a flagship investment in the SAGCOT area and participant in the New Alliance, revealed that the company has empowered 3,000 smallholder farmers around its Mngeta Farm with skills and knowledge of SRI or its variant and easing credit and marketing constraints.<sup>77</sup> The Njange rice farmers interviewed for this research are among the beneficiaries.

On the production side, KPL asserts that it provides its out growers with improved seed and extension services, and with support from USAID,<sup>78</sup> the program hopes to reach as many as 5,000 farmers by 2016. KPL staff interviewed indicated they provide business skills training to smallholders, especially in managing records. With its focus on improving cultivation practices in farmers’ fields and also alleviating financing constraints for some producers, it is tempting to construe AGRICA/KPL as a positive example of a PPP that is benefiting smallholder resource-constrained producers. Donors and the GoT agree, and a growing number of CSOs concur when they affirm that SRI is environmentally sustainable and economically relevant for resource-poor farmers.

A potentially controversial investment is Agro EcoEnergy, another company participating in the New Alliance. Agro EcoEnergy plans to grow cane for sugar and bio-energy with the involvement of out growers—up to 1,500 farmers.<sup>79</sup> The 7,800 hectares of the total 11,200 hectares targeted in Bagamoyo were provided by the GoT in exchange for equity. The land, however, is not without controversy. Until 1994, it was a cattle ranch. Since then, it has been occupied by smallholder farming and pastoralist families, most of them from the minority Datoga ethnic group, who are now subjects of relocation (implicitly or even explicitly—in

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<sup>76</sup> Interviews with staff of KPL, Shambani graduates enterprises Limited, Agro EcoEnergy and TAHA

<sup>77</sup> Interview with company KPL staff, Graham in Dra es Salaam, May 23, 2013.

<sup>78</sup> AGRICA/KPL has also received funding from CAPRICON and NORFUND.

<sup>79</sup> Interview with R. Schram of AgroEcoEnergy, May 16<sup>th</sup>, 2013.

essence, eviction). Although the Agro EcoEnergy says the relocation and compensation is following Tanzania laws and African Development Bank Involuntary Resettlement Policy, one is tempted to regard this as evidence of smallholders being pushed off farmland in favor of large-scale investors. Indeed, current users have complained about the government's plan to evict them. Villagers have also complained that the total land Agro EconEnergy plans to develop encroaches on theirs (by as much as 6,000 hectares).<sup>80</sup>

However, if we recognize the out-grower model of KPL as a positive example, then we might owe similar recognition to Agro EcoEnergy in the future. After all, KPL too had problems with relocation and compensation in its early years around its Mngeta farm in Kilombero. The difference in the case of Agro EcoEnergy may reflect disagreements over the crops and products involved (i.e., sugar and biofuels). The project is a typical clash of interests between ensuring the energy and food security (of the nation—implicitly the rich) and the livelihoods and food production of the poor.

Another company involved with the New Alliance is TAHA. TAHA provides technical and marketing support to both large- and small-scale farmers, including access to inputs, smoothing business transactions between small and large-scale actors, and industry branding. TAHA has received funding from USAID under its FTF portfolio.

The evidence presented here suggests that whether the partnerships supported through the New Alliance eventually yield positive benefits for smallholder farmers is a question that must be answered on a case-by-case basis; it will depend to a greater extent on the company's business model.

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<sup>80</sup> "Villagers Cry Over Land Grabbing", In *The Citizen*, March 13, 2013. Accessed July 15, 2013,

<http://farmlandgrab.org/post/view/21776>; See also "Dubious Land Sale in Bagamoyo Creates Dispute Between Villagers and Investor", *IPP Media*, March 8, 2013, accessed July 15, 2013, <http://www.ippmedia.com/frontend/index.php?l=52068>

# CONCLUSIONS

The increase in public- and private-sector investments in agriculture in low-income countries, particularly investments in smallholder farmers, is a welcome development. At the same time, a new agricultural development consensus is emerging that recognizes smallholder producers as primary investors in agriculture in low-income countries. In order to have a sustainable and broad-based effect, the new investments flowing into agriculture will have to enhance smallholder producers' own investments and link to their interests and potential.

However, smallholder producers are highly differentiated, and each has specific needs. Interventions that favor small-scale producers need to take this differentiation into account in the design and implementation of investment projects. Unfortunately, the poor and economically vulnerable populations who need the support most tend to be overlooked in agricultural investment programs. For example, women smallholder producers will continue to play a critical role in agricultural growth but are also a disadvantaged group in terms of access to resources. Therefore, investment inclusiveness should also contribute to redressing biases against disadvantaged groups such as women and the poor.

The US Feed the Future (FTF) initiative is one of the major Official Development Assistance programs that emerged following the summit at L'Aquila in 2009. Tanzania is one of the beneficiary countries of FTF. In principle, the FTF initiative intends to benefit smallholder producers and economically vulnerable groups, especially women. Oxfam America commissioned this research to gain an understanding of the extent to which FTF concepts translate into practice. The fieldwork for the study involved two FTF projects, the Tanzania Agriculture Productivity Program (TAPP) and the NAFKA Staples Value Chain. The study also explored the relationships between FTF and the New Alliance for Food Security and Nutrition in Tanzania, and the potential benefits to farmers.

Based on the two FTF projects, TAPP and NAFKA, this study finds that FTF has demonstrated successful transfer of horticulture, rice, and maize crop intensification farming technologies to smallholder producers. The technologies and farming practices are lifting participating farmers' productivity from subsistence levels. Through more optimal use of inputs and increased production per hectare, beneficiaries report improved farm income. There is also evidence to infer that the projects have made efforts to reach women farmers. Participating farmers voice a sense of achievement and empowerment as a result of the knowledge gained through FTF programs.

At the same time, evidence presented in this report raises critical issues that may limit FTF's achieving its stated objectives of inclusive and sustainable agricultural growth. Investment costs for crop intensification are high for most ordinary

smallholder producers to afford. In general, smallholder producers actively participating in FTF (TAPP and NAFKA) projects are relatively well endowed with productive assets, mainly with access to suitable land with water availability, finance, and some level of organization. Thus, food security and the agricultural path out of income poverty are likely to be relevant for only a portion of the rural poor. The evidence presented in the paper calls for the need to target the poor more precisely to ensure that they receive greater direct benefits from new technologies.

As a best practice, much more emphasis needs to be placed on building the farmer associations' capacity as systems of economic empowerment, not just as passive recipients of innovations. A requirement to implementers to include leadership and group management and development training in their menu of activities is particularly crucial. Special attention needs to be placed on increasing the leadership abilities of women.

The use of inorganic fertilizers is key to raising productivity. However, FTF should deepen efforts to promote ecologically sustainable agriculture. Doing so will require relying on fewer external inputs and teaching farmers to supplement chemical fertilizers with organic manure. This already occurs to a greater extent with the rice crop, but less so with the horticulture and maize crops. In addition, farmers need to be taught about the proper economic use of fertilizers under changing input and output market conditions so that farmers derive reliable profits from the use of inputs and the technology.

With regard to scaling up to reach more farmers or even sustainability of results, we need to be careful; given the significant resources available to FTF project implementers and the fact that local district involvement is marginal, it remains to be seen if more farmers will adopt these technologies. Future research should seek to systematize the conditions under which such successes are likely to emerge.

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