

Debt and Despair: How Small-Scale Farmers Feel the Impact of So-Called “Responsible Investment”

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Global Research, July 09, 2015

[Common Dreams](#) 17 June 2015

Region: [sub-Saharan Africa](#)

Theme: [Global Economy](#)

A woman farmer weeding in rice fields near the KPL plantation in Tanzania. (Photo: Greenpeace)

What is now happening in Tanzania should be an example of how not to behave if you want to help poor farmers make a living and feed their communities.

Kilombero Plantations Ltd (KPL) is no ordinary rice farm. Based in Kilombero Valley, Tanzania, the company owns a 5,800 hectare plantation and buys rice from local farmers. Not only is it now the largest rice producer in East Africa, it's become a flagship for international backers hoping to prove that corporations can deliver economic development for communities.

A subsidiary of UK-based multinational Agrica, KPL is at the forefront of a series of initiatives backed by African and G8 governments, charged with attracting corporate investment in to Africa's food system. Bought by KPL in 2008, the plantation lies within the controversial Southern Agricultural Corridor of Tanzania (SAGCOT), a government initiative to help agribusiness access 350,000 hectares of prime farming land and establish industrial farming projects. KPL's project forms part of the Tanzania's deal with the [G8's New Alliance for Food Security and Nutrition](#), a multi-billion dollar initiative that is using aid and corporate investment to leverage policy reforms that will help big business access land, seeds, and markets in ten African countries. Farmer groups in Tanzania and beyond fear that SAGCOT and the New Alliance could be a death blow for small-scale farmers struggling to keep control of their livelihoods, and have branded the projects “a new wave of colonialism.” Undeterred, the UK government have announced they will directly co-finance KPL with £6.7 million. Global fertiliser and seed giants Yara and Syngenta are partners in the project.

Hailed as a “responsible investor”—and with backers keen to prove that what's good for corporate profit is good for poor communities—KPL is under pressure to deliver.

Yet a [new report](#) published by Global Justice Now, Oakland Institute and Greenpeace Africa today suggest all is not going so well for KPL. Not only do farmers displaced by the project complain of receiving inadequate compensation, KPL's outgrower scheme has left many in despair. KPL's outgrower farmers, who were required to buy seeds and fertilisers from the company and sell their produce back, reported falling in to dangerous levels of debt. This was made worse when KPL offered lower prices than expected. Locals reported low wages for casual labour with KPL, and that many of the promised jobs for farmers have not materialised. “Life now is very bad as compared to before,” said one farmer. “Previously I was able to earn money from my own farm, but now I have to earn money by doing various small jobs for cash. Before, I was able to cultivate my own food. Now I need to buy the food

with the small income I have.”

With multinationals receiving negative publicity surrounding communities being displaced from land investments, many are now choosing to buy directly from farmers who own or lease their own land through ‘outgrower’ schemes. Such schemes are also becoming the preferred options for governments and backers in the development sector. Yet KPL’s is one of a number of schemes on which farmers have reported getting a bad deal. In March, [Action Aid reported](#) that a similar outgrower scheme by Eco Energy in Tanzania, also backed by the New Alliance, saw farmers falling in to debt.

Since the G8’s New Alliance was launched in 2012, governments and corporations are struggling to prove their positive impacts on communities. With farmers being displaced and livelihoods hanging in the balance, the evidence is demanding that governments take a whole new approach building better food systems in Africa. Across the continent, small-scale farmers are [using their own solutions](#) to sustainably increase yields and feed their communities, free from corporate control. With support from governments, these farmers could transform their food systems for the better.

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