

Biofuel Investments Threaten Local Land Rights in Tanzania

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Just a couple weeks ago, Iowa State University (ISU) [withdrew from advising the Iowa-based firm AgriSol Energy](#) on its planned land deal in Tanzania. AgriSol Energy is [seeking to acquire 320,000 hectares](#) in Rukwa Region for large-scale food and biofuel production.ⁱ ISU's role had been to ensure that the for-profit venture be [socially responsible](#) and benefit local communities. However, the development of AgriSol's large-scale farm requires the [eviction of 162,000 local farmers](#) – hardly a benefit to the local communities.

In October 2011, work at the jatrophaⁱⁱ plantation in Kisarawe District, Tanzania came to a halt when managers of Sun Biofuels, a British company, told more than 300 workers to collect their final paychecks and [leave until further notice](#). The company established the 8000-plus hectare estate in 2008, but is now facing [serious financial problems](#).



These layoffs came on the heels of BioShape, a Dutch company, ceasing operations in November 2009 on its 34,000 hectare jatropha plantation in Kilwa District. BioShape had employed more than 100 permanent staff, and about 700 casual laborers.ⁱⁱⁱ In February 2010, the company suspended its last field operations and stopped paying salaries to its local employees and, in June 2010, [BioShape was officially declared bankrupt](#).

Other biofuel projects in Tanzania are also struggling to sustain their operations, including [Swedish Sekab AB, Europe's largest ethanol company](#). Despite these experiences, however, the government of Tanzania is considering allocating even more land to biofuel companies such as AgriSol Energy.

Most rural people in Tanzania make a living off their land, including subsistence farming and animal husbandry. When their land is taken—even if properly compensated for their losses—many fall into deeper poverty. New policies and government practices are urgently needed to protect local property rights to land and natural resources.

A Haven for Biofuel Investments

In the early 2000s, when the [European Union](#) began discussing—and eventually (in 2009) adopted—a policy to meet up to 20 percent of their energy usage from renewable sources by 2020, multinational companies responded by acquiring large tracts of land to grow jatropha, sugarcane, palm oil and other crops to manufacture biofuels, such as ethanol and biodiesel. Companies were further incentivized in 2009 when United States [President Barack Obama called for doubling renewable energy within three years](#).^{iv} Africa has attracted considerable attention, and Tanzania, a large country with a low population density, has been a popular destination of biofuel companies seeking to establish large plantations.

Tanzania is a poor country, and the government is actively seeking foreign investors to acquire foreign exchange, promote economic growth and support development. The companies have promised money and jobs in exchange for access to large tracts of land for their biofuel projects. In 2009 alone, over 4 million hectares of land in Tanzania were requested by investors for biofuel production. Investors were allocated 640,000 hectares and [granted formal rights of occupancy to about 100,000 of this land](#).

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Expropriation for Private Interests

By law, [foreign investors can only hold land rights on General Land](#)—state land administered by the Commissioner of Lands. The amount of General Land in Tanzania is in dispute, but according to the Ministry of Land, Housing and Human Settlement Development, 70% of the land in mainland Tanzania is Village Land held and administered by village government, 28% is Reserved Land (principally protected areas) and [only 2% is General Land](#). With little available General Land, investors frequently identify Village Land for their projects. Before foreign investors can obtain rights to this land, however, the specific [Village Land must be formally and permanently transferred to the government as General Land](#).^v

The Village Land Act of 1999 provides the President with the authority to transfer Village Land to General or Reserved Land for public interest purposes and to make the determination of public interest (but makes clear that public interest includes “investments of national interest”).^{vi} The Act also establishes that all transfers of more than 250 hectares are the decision of the Ministry of Lands;^{vii} the affected villagers can provide [recommendations to the Ministry but cannot veto the transfer](#). By law, villagers must be compensated for their Village Land that is transferred.

[Advocates have accused the government of allocating energy companies prime arable land](#), threatening national food security and jeopardizing the livelihoods of the people whose land was taken for the biofuel estates. Sun Biofuels applied for 25,000 hectares of land and managed to acquire more than 8,000 hectares from 12 villages with a population of over 11,200 people. When some villagers refused to leave their farms, the company, with government backing, [threatened to have them forcefully evicted and arrested](#).

The government allocated BioShape a total of 34,000 hectares of valuable coastal woodland in Kilwa District. The company’s business model included revenue from the [sale of hardwood](#) from its estate, and, in the early phases of project implementation, the company established a sawmill and storage facility for the processed timber. BioShape expected to process 10,000 m³ of tropical hardwood and [earn roughly \\$6.7 million](#) from the sale of this timber.

Many villagers who lost land for the large biofuel plantations have not been compensated as required by Tanzanian law. The energy companies have not always provided the full compensation payment, and local authorities have captured a disproportionate share of some payments. For example, the government mandated that Sun Biofuels pay 800 million Tsh (US\$632,000) in compensation to the villagers who lost land for its plantation, [but less than 300 million Tsh had been paid](#) by the time the company shut its doors. BioShape gave local authorities US\$676,000 for its plantation, [but only 40% of this amount reached the farmers](#). The remainder went to the District Office, though it had no legal right to receive a share of the compensation.

Impacts on Local Villagers

While considerable attention has focused on company risks and government earnings, the costs that Tanzanian villagers pay for failed biofuel projects have not been adequately addressed. In a country where more than a third of the population is under the poverty line^{viii} and agriculture supports 80% of the workforce, the losses of land, jobs and back pay are significant. The livelihood costs incurred by villagers are particularly troublesome given that many of them had little say in the establishment of the biofuel plantations and little control over project implementation.

The biofuel projects have also resulted in significant environmental damages, especially from the clearing of natural vegetation to make way for plantations. Both the BioShape and Sun Biofuels estates included [critical ecosystems](#), including evergreen coastal forests, wetlands and *Miombo* woodland. These areas harbored unique biodiversity and provided important ecosystem services for local villagers, including fuelwood, medicinal plants and pasture for their livestock. BioShape and Sun Biofuels did not clear all of their concession areas before pulling out, but the land that was cleared degraded the local environment.

Stronger Land Rights are Critical to Safeguard Local Livelihoods

In October 2009, amid mounting pressure from farmers and NGOs concerned about land losses, food shortages and other problems associated with biofuel investments, the government [suspended](#) new biofuel projects and halted land allocations to [review the selection criteria](#) for each investment. But investments resumed six months later with the development of

National Biofuel Guidelines. While useful, they are [inadequate](#) to guide the development of biofuel in Tanzania towards desired sustainability goals. Additional measures are needed to protect villagers from public policies that favor foreign investments over smallholder production, and from high-risk and poorly designed biofuel investments. Strengthening and securing local rights to land and natural resources are urgently needed to safeguard rural livelihoods.

As other African governments also take measures to encourage foreign investment and boost economic growth, similar land issues are surfacing across the continent. To address these complex matters, there is a need to raise awareness and share best practices with government policymakers, development practitioners, and donor agency officials. The [World Resources Institute](#) and [Landesa](#) are partnering with the [Bill and Melinda Gates Foundation](#) and other donors to develop the [Focus on Land in Africa](#) education tool. The tool aims to:

- Inform and educate development practitioners, policymakers and donor agency officials about the relevance of land rights to their work;
- Deepen their appreciation for the role that land rights play in shaping livelihoods and development trajectories; and
- Encourage greater consideration of land rights in the design and implementation of development policies and projects so as to improve their outcomes and ultimate success.

To learn more about land rights in Tanzania and other African countries, click [here](#).

ⁱ Iowa-based Summit Group and Global Agriculture Fund of the Pharos Financial Group, in partnership with AgriSol Energy LLC and the College of Agriculture and Life Sciences at Iowa State University, are developing a large agriculture enterprise in Tanzania. The site encompasses three “abandoned refugee camps”—Lugufu in Kigoma province (25,000 ha), Katumba (80,317 ha), and Mishamo (219,800 ha), both in Rukwa province.

ⁱⁱ Jatropha seeds contain oil that can be processed into biodiesel.

ⁱⁱⁱ In early 2009, Eneco Energie BV, one of BioShape’s main investors, pulled out, concerned about the feasibility of jatropha as a business case.

^{iv} In 2011, [Governor Jerry Brown signed legislation](#) requiring California’s utilities to get 33 percent of their electricity from renewable sources by the end of 2020.

^v Peter Veit, Darryl Vhugen and Jonathan Miner. 15 September, 2011. Threats to Village Land in Tanzania: Implications for REDD+ Benefit Sharing Arrangements. Paper presented at LTC, 21-22 October, 2011

^{vi} Village Land Act, Article 4 states “(1) Where the President is minded to transfer any area of village land to general or reserved land for public interest, he may direct the Minister to proceed in accordance with the provisions of this section. (2) For the purposes of subsection (1), public interest shall include investments of national interest.”

^{vii} The village government must approve all transfers of less than 250 hectares.

^{viii} The average person in Tanzania lives on just over \$1/day.