

**Linking Smallholders with Trans-National Agribusiness through
Contract Farming: Pro-Poor Growth or Dependency?**

**A Gender-Differentiated Study of Equity,
Poverty, and Food Security Outcomes
in Tanzanian Peasant Communities**

**By
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**A Thesis Submitted to Saint Mary's University, Halifax, Nova Scotia
in Partial Fulfillment of the Requirements for the
Degree of Master of Arts in International Development Studies**

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Abstract

Contract farming—through which producers are integrated into commodity chains through direct supply agreements with agribusiness—is increasingly prominent in ‘the new agriculture’ promoted by major development actors. The Tanzanian government has cemented a rural development strategy prioritizing private sector-led growth, particularly through contract farming. While it is often framed as an optimal poverty-reduction model, concerns have been identified about less-quantifiable costs for farmers. Research was conducted in Iringa District among smallholders contracting with tobacco TNCs. A qualitative, gender-differentiated approach guided exploration of the potential of contract farming to generate pro-poor outcomes. The impacts on food security, poverty, and equity, and the dynamics of dependency and vulnerability identified demonstrate that contract farming fails as a development strategy in Iringa. It is argued that the language of ‘pro-poor’ growth is being misappropriated by state and international actors promoting contract farming. Recommendations are made for policy, alternatives and mitigation measures.

May 25, 2012

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List of Acronyms

| | |
|---------|---|
| AOTTL | Alliance One Tobacco Tanzania Ltd. |
| ASDS | Agricultural Sector Development Strategy |
| CBO | Community-Based Organization |
| CF | Contract Farming |
| CSO | Civil Society Organization/Community Service Organization |
| CSR | Corporate Social Responsibility |
| CSER | Corporate, Social and Environmental Responsibility |
| DIMON | DIMON Morogoro Processors Ltd |
| DO | District Officer |
| FAO | Food and Agriculture Organisation |
| FDI | Foreign Direct Investment |
| GDP | Gross Domestic Product |
| GoT | Government of Tanzania |
| GVC | Global Value Chain |
| HIPC | Heavily Indebted Poor Country |
| HIV | Human Immunodeficiency Virus |
| IFAD | International Fund for Agricultural Development |
| IFI | International Financial Institution |
| IMF | International Monetary Fund |
| ITR | Individualization, Titling and Registration |
| LDC | Least-Developed Country |
| MKUKUTA | Mpango wa Kukuza Uchumi na Kuondoa Umaskini Tanzania (Kiswahili for NSGRP) |
| MNC | Multi-national Corporation |
| NEM | Non-Equity Mode (of International Production and Investment) |
| NEPAD | New Partnership for Africa's Development |
| NGO | Non-Governmental Organization |
| NSGRP | National Strategy for Growth and Reduction of Poverty |
| PCS | Primary Cooperative Society |
| PHDR | Poverty and Human Development Report |
| PO | Producer Organization |
| PPP | Public-Private Partnership |
| PRS | Poverty Reduction Strategy |

| | |
|---------|---|
| PRSP | Poverty Reduction Strategy Paper |
| REPOA | Research on Poverty Alleviation |
| SACCOS | Savings and Credit Cooperative Society |
| SAP | Structural Adjustment Programme |
| SHTGA | Southern Highlands Tobacco Growers Association |
| SR | Special Rapporteur |
| SSA | Sub-Saharan Africa |
| TAT | Tobacco Authority of Tanzania |
| TAYOSED | Tanzania Youth Social, Employment and Development Association |
| TLTC | Tanzania Leaf Tobacco Company |
| TNC | Trans-national Corporation |
| TNBC | Tanzania National Business Council |
| TTB | Tanzania Tobacco Board |
| TTC | Tanzania Tobacco Council |
| WIR | World Investment Report |
| UC | Universal Corporation / Universal Leaf Tobacco Company |
| UNCTAD | United Nations Conference on Trade and Development |
| URT | United Republic of Tanzania |
| VEO | Village Executive Officer |

Introduction and Research Overview

Over the past decade, many African states and major development actors have placed increased emphasis on agricultural growth strategies based on the promotion of private-sector investment. UNCTAD (2011) reports that during this period there have been momentous changes in patterns of foreign investment in agriculture and in natural resource extraction.

One of these has been the upsurge in contract farming for both traditional and non-traditional commodities—such as tobacco, tea, sugar, cotton, biofuel and horticultural crops—in many least-developed countries (Da Silva, 2005). In the case of transnational corporation (TNC) participation, this involves contractual arrangements “entered into by farmers with TNC affiliates (or agents on behalf of TNCs) whereby the former agree to deliver to the latter a quantity of farm outputs at an agreed price, quality standard, delivery date and other specifications” (UNCTAD, 2009:xxvi). The buyers—typically transnational agribusiness firms, supermarket retailers, or commodity traders—provide agricultural inputs and training to farmers on credit at the start of growing seasons. Related costs are deducted when the product is delivered by farmers for sale.

More recently, high-level development institutions have embraced the idea of a ‘green revolution’ for Africa—this is perhaps most epitomized by the World Bank’s *World Development Report* of 2008, which emphasizes the private sector as the driving force of agricultural growth (including through smallholder contract farming), and redistribution of land for more ‘efficient’ production. Contract farming has become prominent in ‘the new agriculture,’ and is frequently framed as an optimal model for

export development and poverty reduction. It has been prescribed by national governments and international agencies, including the World Bank (2008) and the UN Food and Agriculture Organization (FAO)ⁱ.

The proposed benefits arise from direct integration of small-scale and marginalized farmers into global supply chains for high-value commodities. Proponents of contract farming suggest that the advantages to farmers and developing countries are manifold, since a single firm or buyer can simultaneously fill multiple gaps in market access, credit, and technical knowledge for marginalized populations. The outcome will be income and productivity gains for the farming household and increased export revenues for the country.

Prowse (2007) notes that in the aftermath of the collapse of international commodity agreements, agricultural value chains are becoming ever-more vertically integrated and buyer-driven; he reasons that in this context, contract farming is well-suited to smallholders, given their efficiency and relatively lower labour-related transaction costs. A different perspective comes from the Special Rapporteur on the right to food, Olivier de Schutter, who links the large numbers of smallholders who have joined contract schemes to the withdrawal of public services to agriculture. He raises concerns that since agribusiness firms, through contracts, offer access to markets, inputs and technical advice that would otherwise be inaccessible, they now often represent “the only viable option” for marginalized farmers (UNGA, 2011:5).

Most sub-Saharan states continue to contend with low or stagnating growth, deepening inequality, and the aftermath of unsuccessful strategies for addressing the region’s low share of international trade and growth. For most of these states, it is

recognized that the agricultural sector must be a central driver of growth, as it underpins food security, foreign exchange earnings, industrial and rural development, and employment. It is also vital to address the perennial crisis of resource and other constraints for small-scale farmers. The persistence of rural poverty and agrarian crisis implies a twofold challenge: to promote productive agricultural systems that will support overall economic growth, as well as inclusive, sustainable poverty reduction. These goals often appear at odds with one another.

The Tanzanian government has consistently promoted contract farming, especially since 2001, when private-sector involvement was made the backbone of its agricultural development policy. This was expressed in its Agricultural Sector Development Strategy (URT, 2001), and carried forward in subsequent policy statements (URT, 2005:2011). As evidence of the success of contract farming, government representatives have cited increased yields, employment, export and tax revenues (Karega, 2010). Indeed, the Director-General of the Tanzania Tobacco Board (TTB) recently reported that over 130,000 “families” countrywide are directly employed in tobacco contracting (IPP, 2011). These types of claims about CF mean that “its employment and poverty reduction implications are generally viewed positively” (UNCTAD, 2011:149).

Influential regional African initiatives have strongly endorsed contract farming, including the Africa Union; COMESA, the Common Market for East and Southern Africa; and ECOWAS, the Economic Community for West African States (NEPAD, 2006:4). The New Partnership for Africa’s Development (NEPAD) gave contract farming a central role in its latest strategy to revive African agriculture, citing its “immense potential to stimulate production in the face of globalization” (ibid., 1).

Contract farming has found a place in the ‘international development project’ at the non-governmental (NGO) level: for example, a massive cotton contract farming project was implemented in Mara province, Tanzania in 2007 by the Gatsby Charitable Trust, the first phase of which involved a commitment of GBP £6.5 million over five years.ⁱⁱ The project’s primary stated aim is to double the cotton yields of the 400,000 Tanzanian cotton smallholders.

The model is not without its critics, and it has been suggested that the standard approach to contract farming fails to recognize its less-quantifiable negative effects on small farmers. Some concerns in the literature (detailed in Chapter 1) include potential detrimental effects on food security, unstable farmer incomes, increased risk, disempowerment of farmers relative to contracting companies, and negative effects on women’s labour and enterprises—especially given that commonly-contracted crops are, as a rule, very labour-intensive (UNGA, 2011:4, Kazoka, 2011). These concerns have received scant historical attention in the policy-making and development communities. Recently, however, the Special Rapporteur on the right to food shone a much-needed spotlight on the issue. He issued high-level warnings to the UN General Assembly on the risks for developing countries, citing the potential adverse effects of contract farming on multiple dimensions of poverty and equity, as well as the limited potential for movement up value chains (UNGA, 2011).

There is a need to understand the dynamics of contract farming that determine the costs, benefits, and risks generated, in order to assess its potential to enable pro-poor outcomes. However, Maertens & Swinnen (2009) demonstrate that the few empirical studies on the welfare or income impacts of contract farming for smallholders, including

women, have, for various reasons, not yielded consistent results.

The varied and competing claims about the effects of contract farming raise questions about the path being cemented by the Tanzanian government (and its donors), which has continued to implement a rural development strategy prioritizing private sector involvement and further commercialization of agriculture. At the same time, the country has seen limited improvements in market development, transportation and infrastructure systems, and continuing widespread deprivation in basic needs. As socio-economic inequality has also steadily increased in Tanzania, the question of whether its new poverty-reduction strategies are likely to succeed is ever more pressing.

1. Research Overview

This research addressed questions about the potential of smallholder contract farming to contribute to pro-poor growth, by studying the Tanzanian experience with tobacco contracting. Research was conducted in Iringa District, Southern Tanzania, within communities with an established history of production through direct contracts with two tobacco leaf merchant TNCs, Universal Corporation and Alliance One International.

Given the features of contract farming that some critics have identified—especially the primacy of family labour for ensuring a cheap stream of commodities to buyers; the input- and labour-intensive nature of most contracted crops; and the systemic asymmetries of power and distribution of risk between small farmers and TNCs—it was hypothesized that alongside potential gains in farmer incomes, contract farming in Tanzania would have had detrimental effects on food security, poverty, and equity for

communities practicing contract farming, particularly for female farmers. All of these indicators are important constituents of a meaningful assessment of ‘pro-poor’ outcomes.

The primary research component of the study aimed to identify specific features, experiences and impacts of contract farming, in order to assess whether it has or can fulfill its promise of pro-poor growth for Tanzanian smallholders in these communities, and whether there are areas that can be targeted to increase the chances that contract farming will benefit them.

The research was based on in-depth individual interviews and focus group sessions. A primarily qualitative approach was taken to gain a comprehensive picture of processes and outcomes in the communities, with particular focus on incomes; food security; access to and ownership of assets; land and labour responsibilities (and decision-making processes regarding their deployment); organizational dynamics, including smallholder participation in contract arrangements and regulatory processes; and the impacts of power differentials and dynamics amongst various actors (from the intra-household to the macro level).

At all stages, gender-differentiated data was collected. While the generalized equity and welfare outcomes and gender dynamics were strongly interconnected, the focus of this thesis is on contract farming as a pro-poor development strategy. As such, much of the gender-specific data and analysis—such as on differences in resource entitlements, socio-economic factors, household data, and the resulting welfare implications—was excluded from the present discussion. However, this data will form the core of a separate publication on women in smallholder contract farming, analyzing the social, cultural and economic repercussions and dynamics in the communities.

Research Questions: Interviews conducted with smallholder farmers and other actors were designed to respond to the following research questions:

1. What are the effects of contract farming on poverty and food security in the communities studied in relation to (and how have related factors such as liberalization of agricultural markets, state development policiesⁱⁱⁱ, and socio-cultural norms affected):

- Poverty, incomes and distribution of incomes: Does contract farming provide a good, reliable or a steady source of income? What gains or losses have there been in the poverty status of farmers? Do individuals and communities benefit equally from contract farming?
- Food Security: Does CF have implications for food security, or does it marginalize food production? Particularly: to what extent does it create demand for unpaid household labour; or displace labour from other roles in food production?

2. What are the effects of contract farming on equity at various levels (including intra-household and in communities)? What is the nature of the relationship and power dynamic between smallholders and contract companies? (Specific questions include: what is exchanged; whether the relationship is autonomous or dependent; how risk is distributed; and how this relationship is perceived at the household level)

3. What factors determine smallholders' decision-making and ability to engage in, or to diversify away from contract farming?

Outline: Chapter 1 describes the ascendancy of contract farming in the global South. It surveys the literature on the relative advantages and disadvantages of contract farming for firms, farmers and governments; and on related agrarian questions for Africa in the context of integration. Chapter 2 presents the necessary background in which to situate the case study, outlining Tanzania's post-liberalization approaches to agricultural development and contract farming, and the particulars of tobacco contracting in the country. It describes Tanzania's unique economic history and transition to capitalism, and relevant socio-economic indicators. Chapter 3 sets out the methodology, details on participants, and the research process. Chapter 4 discusses the research findings: Section I deals with poverty, food security, livelihood and welfare issues; Section II with equity and distribution; and Section III with other overarching concerns, both concrete and theoretical, arising from the findings. Chapter 5 summarizes the conclusions, and offers a set of recommendations to inform policymaking and civil society, and for improving existing contract arrangements.

2. Summary Conclusions

The research demonstrated that within the communities, tobacco contracting was associated with detrimental effects on food security, poverty, and on farmer empowerment and equity, with particular effects on women and on more marginalized peasant farmers. It had not led to an appreciable improvement in basic livelihoods for most. Moreover, there was a high degree of vulnerability related to income instability, risk, and indebtedness. The relationship of farmers to the tobacco companies was characteristically one of severe dependency. For most, contracting was the only means of access to credit and farming inputs; and the predominance of contracting had coincided with government neglect of the area on the most basic levels. Especially for poorer households, there was vulnerability to food poverty. There were also steep gender inequities in contract farming groups, in service provision by contract companies and the state, and at the household level. Overall, smallholders were disempowered due to asymmetries of power, representation, and access to information. Other poverty-related outcomes that are to some extent crop-dependent were ecological depletion, deforestation, the prevalence of child labour, and health problems among workers.

It is argued that the language of poverty reduction and 'pro-poor' growth is being misappropriated by state and international actors promoting contract farming, because the distribution of benefits is conspicuously uneven and negative externalities are absorbed by local communities. There appears to be little merit in the expansion of contract farming as a strategy for improving the basic livelihoods of the rural poor.

Chapter 1.

Enduring and Emerging Agrarian Questions for Africa: **Contract Farming and ‘the New Agriculture’**

1. Contract farming in the Global South: current trends and debates

Although contracting in agriculture is not new, the volumes of production and numbers of players involved have grown massively over the past decade, in both developing and transition economies (Da Silva, 2005). The global trend towards ever-greater liberalization of investment regimes, and promoting market-driven growth by integrating producers directly into global value chains (GVCs) has, unsurprisingly, favoured certain modes of foreign investment through which multinationals enter into relatively flexible arrangements with local communities and firms (UNCTAD, 2011).

Contract farming has recently been identified by UNCTAD (2011) as one of a growing set of modes of production that has crucial implications for development and policymaking for developing economies, and hence one that should now be differentiated from traditional types of FDI and trade. These modes are grouped under the term ‘non-equity modes of international production and trade’ (NEMs) and involve contractual relationships between producers and trans-national corporations “through which TNCs coordinate activities in their global value chains and influence the management of host-country firms without owning an equity stake in those firms” (ibid., xix). Other important NEMs include contract manufacturing, services outsourcing, franchising, licensing, and management contracts.

Although information on the magnitude and overall economic contribution of contract farming globally is not available, due to unreliability of data (ibid., 132), production volumes and the variety and number of players in individual regions give us a sense of its scale. In 2011, TNCs were engaged in contract farming arrangements in more than 110 developing and transition economies, and the value chains involved included, among others, food and beverage commodities, bio-fuels, and supermarket retailing (ibid., 140). The share of major agricultural commodities produced through contract farming—often by smallholders—is, in many areas, growing. For example, in Kenya about 60 percent of tea and sugar, and almost all cut flowers for export, are produced through contract farming, and in Zambia, cotton and paprika are produced exclusively via contract farming^{iv}.

Most crops produced through contract farming are very labour-intensive, often both in terms of cultivation and post-harvest processing. They tend to be highly chemical input-intensive and technical (requiring much knowledge and precise timing), and normally have stringent quality, phyto-sanitary and time-bound processing standards. Some have conceptualised contract farming as a sort of replacement for a plantation system (e.g. Hayami, 1996:300). As such, the increase in contracting by smallholder farmers is often regarded as well-suited, given that labour is customarily deemed their most plentiful and cheapest asset.

Increasing proportions of non-traditional exports such as bio-fuel crops, fruits, and vegetables are being sourced through this method, and many African analysts and governments (see Khainga et al., 2011) have pinned hopes upon this emerging sector as a source of poverty alleviation and agricultural diversification for small-scale farmers.

As it has become more popular in national growth strategies, firms engaged in contract farming are often benefitting from financial incentives offered by developing-country governments, such as tax breaks and tariff reductions. De Schutter (2011) says that states see contract farming as a way to both attract foreign investment and reduce their fiscal burden, as firms provide the types of support to the agriculture sector that governments are traditionally responsible for. He therefore warns that contract farming “should not become a driver of the privatization of extension services, or serve as an excuse for Governments to neglect their duty to support farmers with the provision of public goods, since it is precisely the most marginalized farmers who would suffer most from the retreat of State support” (ibid., 6).

The complexity of supply chains and the numbers of actors involved also differentiate contract farming from traditional FDI, as the numbers of individual suppliers “are so great that arrangements with TNCs are made by intermediaries [...] in 2008 food manufacturer Nestlé (Switzerland) had more than 600,000 contract farmers in over 80 developing and transition economies as direct suppliers of various agricultural commodities” (UNCTAD, 2011:129). This complexity constitutes one of the particular challenges involved in the potential regulation of contract farming, and in designing systematic approaches to mitigation of any negative effects. However in most countries, the only role national governments play in contract farming is through commodity-specific boards; and the mandates of these boards rarely extend to regulation or cover protection for farmers (beyond some involvement in negotiations over pricing, or major dispute settlement).^v Added to this is the fact that there are, thus far, no explicit

international guidelines, conventions, or CSR standards for agribusiness firms engaged in contract farming—nor have there been efforts towards developing any such guidelines.

Agribusiness has had a major role in Africa since the mid-1980s (Bracking, 2003), corresponding with reduced state support. Patel (2007) writes that government spending on agriculture in developing countries fell in line with the World Bank's own aversion to supporting agriculture, and global official development assistance for agriculture fell from US\$ 6.7 billion in 1984 to US\$ 2.7 billion in 2002 (p. 9).

New agro-industries in agriculture-dependent developing countries, especially for 'high-value' exports, have been lauded as sites of employment to absorb dislocated labour from peasant agriculture, and to replace what is thought of as 'inefficient' peasant food production with cheaper imports (Razavi, 2000). Major modern agro-industries include tobacco in Mozambique and Tanzania, and horticulture and cut flowers in Kenya and Zimbabwe. The literature on contract farming can be considered a sub-set of that on these trends, which encompass new agro-industries and smallholder integration into GVCs for traditional commodities. Many of the concerns are shared—such as concentration of power in GVCs, and effects on smallholders, gender, and the environment.

2. Advantages and disadvantages to firms, farmers and states

Compared with industry, agriculture, particularly horticulture, requires higher levels of risk and flexibility to maintain a consistent global supply network for fresh produce (Kabeer, 2003:71). Kanji & Menon-Sen (2001:3) posit that in the current global system, agricultural supply chains tend to be organized such that risk is offset by powerful players at the distribution end onto the fragmented producers at the supply end (see also Malhotra, 2003). As Barrientos (1999) claims, agribusinesses are buffered against risk by flexible and casual employment, particularly of women; this also allows them to minimize costs of employment within highly seasonal sectors. One of the major controversies around contract farming of globally-traded commodities derives from this very issue, as it can appear to displace risk even further towards the producers.

As a business model, contract farming has been promoted as ideal for firms navigating the complexities of procuring commodities in developing economies, and “as a model of direct procurement which generally cuts out the middleman, contract farming may also be seen as a winning solution for consumers, firms, and farmers alike” (De Schutter, 2011:5). As a rural poverty-reduction model, farmers may gain higher incomes as a result of the “shift to higher-value crops, improved productivity and the lowering of their marketing and transaction costs” (ibid.). There are also political considerations related to the rise in large-scale land acquisitions in LDCs by foreign entities, for food and biofuel production; in its 2011 World Investment Report, UNCTAD claims that contract farming is a less politicized and controversial way for foreign investors to access land, and may therefore be preferential to land acquisitions (for the same purposes).

The dualism of the agricultural sector, gender-based differentials in people's entitlements to productive assets and resources, and the dramatic withdrawal of state involvement in agriculture have also been cited by critics as crucial influences on the material and the 'hidden' effects of contract farming.

Supply chains in contract farming: dynamics and governance

Prowse (2007), writing in support of the promotion of contract farming in the 2008 World Development Report (WDR), spells out what he calls clear and convincing advantages not only for poverty reduction, but for contracting firms. For firms, it can provide "increased reliability of supply quantity and quality, and off-loads production risk onto farmers. In this respect, contract farming can increase profits from, and improve governance of, the value chain" (p. 1). Conversely, Eaton and Shepherd (2001) claim that for farmers—depending on the particular type of contract arrangement—it can provide a guarantee that revenues will be more stable and insulated from market price fluctuations.

Since firms control the timing of production, and because conformity with phyto-sanitary, quality and other standards is a pre-condition for purchase under contracts, CF allows firms to promote these standards more easily than when relying on the spot market, and they are able to schedule supplies and delivery at optimal times, while also gaining access to land that might otherwise be politicized (Da Silva, 2005:19). Some of the advantages for firms are also clear disadvantages for farmers; for example, firms can maintain more fluid operations "because they are not constrained by fixed assets [...] this model spreads risk over a large number of suppliers (the buyer, therefore, is not at risk if any one major supply source defaults)" (De Schutter, 2011:4-5). This also implies, in

terms of lowered risk for firms—that firms can more easily withdraw from producers or countries that they consider unstable or otherwise undesirable.

The increased vulnerability of smallholders is highlighted by the multiple ways in which their employment allows firms to skirt labour costs and related social obligations that they would typically incur. Da Silva (2005) compares full vertical integration (in which the firm hires and manages the labour force) to contract farming, wherein those administrative responsibilities are transferred to farmers. In addition, “wages, social benefits, supervision and training, can represent a significant share of production costs in labour intensive farming operations. Farmers will use family labour and when hiring, they may not be bound to the same labour laws as agribusiness firms. Hence, labour costs tend to be lower under contracting schemes” (p. 19-20).

One of the main disadvantages to firms lies in the nature of large numbers of contracts; much of the business-oriented literature on CF is concerned with strategies for dealing with the general lack of enforceability of contracts, or mechanisms for enforcement. Another common problem is that of side-selling of commodities by farmers seeking a better price, or to avoid their loan repayments (IFAD, 2011).

Participation and market access

One commonly-cited advantage to farmers is that it can enable their entry into new, otherwise inaccessible, or high-value markets. Decisions on what to produce are largely determined by whether there is an accessible market. Market constraints are a fundamental barrier to smallholders benefiting from (national or international) demand for higher-value or alternative commodities. At the global level, structural barriers (such

as escalating tariffs) suppress participation and scaling up in value chains and economic diversification by developing countries (see Malhotra, 2003; Khor, 2002). But at the local level, inadequate infrastructure (such as roads and transportation in areas distant from commercial hubs) can be the foremost obstacle (Page & Slater, 2003). Ponte (2002), for example, found that in Tanzania's post-liberalization period, rural incomes had only increased in areas with better infrastructure and where there was access to main markets.

For De Schutter (2011), it is problematic that, partly as a result of the withdrawal of public extension, marketing and other supports to farmers over the past 30 years, "contract farming often represents the only viable option to improve livelihoods" (p. 5). This drives in the seriousness of another concern rarely addressed by proponents of contract farming—that many among the purported beneficiaries may not actually be able to participate:

Contract farming schemes often exclude the poorest farmers, who have limited and marginal land and fewer resources to invest and live in remote areas ... Unless vulnerable and marginalized groups are considered specifically, they may be excluded from the opportunities that these business models seek to create. (p.7)

Credit and technical assistance

Another commonly-cited advantage to farmers is access to credit, either provided directly by firms, or (less typically) by banks that accept farmers' contracts as collateral for loans. IFAD (2011) refers to studies in Kenya, Mozambique and Zambia showing that contract farming was "the major source of agricultural credit for smallholder producers (the likelihood is that it is in many other developing countries too)" (p. 133). In addition:

the evidence suggests that the terms on which smallholders have been able to access credit through this system have not been disadvantageous to them. This is because the prices at which they were able to access the inputs through agribusiness contractors – which purchased them in bulk – were considerably lower than they would have paid as individual buyers on the open market (ibid.)

However, other studies have unearthed evidence of smallholders being exploited by companies by being made to pay higher-than-market prices for inputs. This was the case in Iringa (see Ch. 4). It appears that some of the theoretical benefits of contract farming for farmers are dependent on the willingness of individual firms to provide these, as there are few avenues for enforcement or redress for farmers (UNCTAD, 2011).

Another incentive for farmers is access to technical advice that can facilitate access to complex certification schemes (Da Silva, 2005). Minten (2005) discusses an example of great success in Madagascar, where smallholder contract farmers supplying vegetables for European supermarkets were assisted with adherence to complex standards and phytosanitary requirements. Compared with farmers selling to local retailers, these farmers had higher welfare, shorter lean periods, and more income stability. However, he notes that this success was quite dependent on the practices of the company, Lecofruit.

Dependency and equity

Classic critical works on contract farming that explore elements of farmer dependency and political economy are Glover and Kusterer (1990), and Little and Watts (1994).

Critics of power imbalances between the players underscore that small farmers, despite high monitoring costs, are attractive to multinationals because of their reliance on cheap (unpaid) family labour and their higher degree of dependence, as farmers generally rely

entirely on the company for market access. As found in this study (see Ch. 4), dependency can allow firms more liberty to dictate the terms of contracts and exchange.

Larger debates on participation and equity in GVCs are pertinent to issues of international equity in contract farming. Much of the economic development literature (and development interventions) is concerned with eliminating market ‘distortions’ and practical constraints to participation in modern value chains, like communication and transport networks (see Page & Slater, 2003). Others, such as Malhotra (2003) suggest that there are less surmountable systematic biases against producers in developing economies. The concentration that typifies many contract farming-based GVCs suggests that these systematic biases may be particularly present for producers in contract farming.

At the local level, asymmetries of power mean that farmers are “usually in weaker bargaining positions. They may be illiterate or lack the skills to effectively defend their rights and interests in contract negotiations. Women often are marginalized, particularly where decisions are made at the community level through decision-making processes from which they are de facto excluded” (De Schutter, 2011:7).

Contract farming has been claimed by critics to be characterised by dependence of the farmer on the company; it tends to involve minimal external regulation, and links have been drawn between unregulated cash crop farming and chronic poverty (Bracking, 2003). Although some studies have shown that farmers benefit from contracting (via increased incomes), it is suggested that when externalities such as opportunity costs for food crops are taken into account, the benefits are vastly reduced (Efroymson, 2002).

Peasant labour in contract farming

For Little and Watts (1994), the basic reliance on unpaid family labour for contract farming speaks to fundamental issues of gender inequality: since agro-multinationals contract with the legal owner of the land, who is often the sole recipient of economic gain, women's and children's labour is exploited by the landowner. They argue that contract farming is essentially a method of self-exploitation of family labour, that places high levels of risk and environmental consequences on local communities and farmers. Based upon several case studies of peasant and smallholder contract farming, they conclude that the relations of production within the household and between the contractor and household "aims to exploit non-wage household labour through dense networks of dependence and subordination" (p. 12).

Classical economic perspectives on peasant agriculture recognize unpaid family labour as essential to the efficiency and competitiveness of peasant farming (see Ellis & Biggs, 2001). This is particularly so in labour-intensive cash crops. This idea remains current in international policy-making; for example, Manji (2003) found that the World Bank was still promoting land policies for Africa based on assumptions of motivated peasant household labour and on the availability of 'non-contractible' labour, both presented as positive factors (p. 97).

The peasantry in Africa, according to Sachs (1996), having largely failed to "complete the predicted transition to becoming proletarian" (p. 148), are often better described as semi-proletarian. In this regard, Maghimbi et al. (2011) view De Janvry's concept of the 'functional dualism' of Latin American agriculture (in which the inefficient dichotomy between advanced capitalist and traditional peasant production is

maintained by the peasant sector's over-exploitation of their own labour and by semi-proletarianization) as also relevant to contemporary African economies (p. 16). Some African scholars see semi-proletarianization as resistance to capitalism, or simply as a survival strategy, given the failure of agrarian capitalism to develop (ibid., 59).

The 'capture' of peasant labour has historically taken many forms (see Walker, 2002; Bryceson, 1995). Currently, unpaid or 'controlled' family labour ensures cheap supplies of labour-intensive commodities for buyers (Bracking, 2003; Madeley, 1999). The 'Resiliency Thesis' on the survival of the family farm in capitalist economies assumes that these enterprises have survived partly because the interplay between household and enterprise allows the 'exploitation' of family labour" (Sachs, 1996:125). This idea remains a consistent (yet troubling) theme regarding the links between survival of peasant agriculture, its ability to remain competitive, and exploitation of family labour.

Most discourses on the benefits of smallholder participation in GVCs through contract farming do not involve serious gender or household analysis, which may result in inaccurate estimations of benefits or inappropriate mitigation prescriptions.

Policymakers continue to speak of households rather than individuals as the unit of production (Kabeer, 1994), and incorrectly assume an *undifferentiated* return to family farm labour: that it "equally benefits those who produced it" (Deere, 1995:57).^{vi}

Food Security

A major theme in the contract farming literature relates to food prices and food security, both for households that allocate labour and land to contract farming, and for the community as a whole, whose interests may not coincide with those of participants in

contracts. For example, “contract farming may divert agricultural production towards cash crops that, while potentially increasing revenue for some producers, may also lead to local food price increases, as less food would be produced for local consumption, with the risk that food would become unaffordable for the poorest in some communities” (De Schutter, 2011: 7). Little and Watts (1994) write that changes in land-use patterns in favour of export cash crops (including contract farming) can alter traditional systems of agriculture. In this regard, there has been intense debate on whether the diversion of women’s labour to commercial farming is linked to food insecurity, or can actually lead to gains (see Sachs, 1996, cf. Spring, 2000).

Some analysts from a market-driven standpoint emphasize the income, food security and macro-level gains from cash cropping and contract farming. For example, Rweyemamu and Kimaro (REPOA, 2006) in a study of poverty in smallholder tobacco farming in Tanzania, suggested that if farmers concentrate on increasing tobacco acreage, while reducing their acreage of food crops, this should lead to higher incomes and greater demand for food products, thus stimulating the economy. Goetz (1993) asserts that cash crops are often a better source of food security, as farmers are assured of a “remunerative market outlet”, whereas there is “still no regular or reliable market outlet” for locally produced staples (p. 349). Conversely, in an equity-centred approach to contract farming, Baumann (2000) writes that even though cash incomes rise, food security and the overall ability to adjust to circumstances are reduced among the poor, due to income spent on food and labour, and “often unsustainable levels of risk” (p. 43).

3. Broader challenges for LDCs in the global economy

The preceding summary of the literature on contract farming must be considered in the context of certain of the broader challenges now facing the LDCs, and sub-Saharan Africa in particular. This section summarizes some of the special vulnerabilities of LDCs in the current global economy, especially for food-insecure populations and those promoting contract farming.

Sub-Saharan Africa has both the highest incidence of rural poverty (IFAD 2011:16) and the highest proportion of its population employed in agriculture. The deepening concentration and integration of the global economic (and agriculture) system means, however, that rural populations are now rather less shielded from external economic shocks. This has particular effects on net food importers (which many LDCs have become) and Highly Indebted Poor Countries (HIPC). The declining terms of trade and price instability for many agricultural export commodities should be considered in debates on the merits of export promotion in developing countries. Another is the welfare implications of food-import dependence (Madeley, 1999). This is ever-more relevant in light of the escalation in global food staple prices and agricultural inputs starting in 2007.

Changing demands and opportunities resulting from global integration and the influence of external actors have had profound effects on rural people. These have been influenced by widespread adoption of policy and institutional frameworks based upon the Washington Consensus, which “emphasises the role of market forces in the economy as the main mechanism for resource allocation and proposes to reduce the role of the public sector” (Chang, 2009:477). There have been disproportionate negative effects on the

poorest (IEG, 2006). Such frameworks have also tended to de-emphasize ‘human capital’ development (Razavi, 2003); in this regard, paradoxically, there is strong evidence that (for example) bridging basic gender inequalities in education can enhance overall agricultural productivity and economic efficiency (IFAD, 2001:30; Madeley, 2001:9). Gradual acceptance of the model’s weaknesses has resulted in the ‘post-Washington Consensus,’ which claims to be less fundamentalist—but Chang (2009) dismisses it as “more of a defensive window dressing by the advocates of the Washington Consensus than a genuine shift in thinking” (p. 478).

The general progress made by developing countries in income, productivity and welfare has, by and large, *not* been shared by the LDCs (according to a report by the Eminent Persons Group, 2011:14). This divergence is also structural: “While export concentration, an indicator of economic vulnerability, has remained largely static for non-LDC developing economies over the last decade, it has been increasing for LDCs” (ibid.). Madeley (1999) and Malhotra (2003) argue that for many developing countries, export-orientation prevents economic diversification and indigenous industrialisation.

Chapter 2.

Background to the Case Study: Contemporary and Historical Aspects of Tanzania's Transition

1. Agricultural development policies in Tanzania, 2000-2011: contract farming and the private sector

The fundamental transformation in Tanzania from self-reliance and communalism to market-driven integration is reflected explicitly in the national poverty-reduction strategy and rural development policy statements of the past decade. The most important of these are the PRSPs, negotiated between the government and the IMF; these set out the state's overall development vision and implementation processes:

- The first PRSP (URT, 2000), implemented between 2000-2004
- The second NSGRP (URT, 2005) implemented between 2005-2009, and
- The third NSGRP (URT, 2011) implemented between 2010-2015

The latter two NSGRP (National Strategy for Growth and Reduction of Poverty) documents are more commonly known by their Swahili acronyms, MKUKUTA I and MKUKUTA II (*Mkakati wa Kukuza Uchumi na Kupunguza Umaskini*).

These were supplemented by the government's Agriculture Sector Development Strategy (ASDS) statements in 2001 and 2005. In each successive PRSP, as well as in the ASDS and the new 'Kilimo Kwanza' vision for agriculture (discussed in the next section), the promotion of contract farming is explicitly located as one of the central strategies for rural growth and poverty reduction. The ASDS emphasized three key approaches for agricultural growth and poverty reduction, one of which was "to promote partnerships between the private sector and the public sector, and also between

agribusiness and contract growers” (URT, 2005a:4), through interventions to “encourage more private sector funding of support services” and to “encourage partnerships between processors and primary producers so as to ensure a sustainable raw material base for the processors and access to inputs, technology and markets for the primary producers” (ibid.). And the two most recent Poverty and Human Development Reports (PHDR) make clear that increased numbers of smallholders in contract farming is regarded by the State as an unequivocal good (URT, 2007; URT, 2009).

The Tanzania PHDRs (produced as part of the official MKUKUTA monitoring system, to report on indicators of achievement of its goals), have noted that:

Poverty in Tanzania is anchored in the widespread reliance of households on subsistence agriculture. Approximately 75% of the population depends on under developed smallholder primary agricultural production characterised by small scale cultivation, use of hand tools, and reliance upon traditional rain-fed cropping methods and animal husbandry. The majority of indicators for MKUKUTA’s goals for reducing income poverty, therefore, relate to assessing progress in improving the status of smallholder agriculture (URT, 2007:14; URT, 2009:24).

Rather strikingly, in relation to MKUKUTA goals 4 and 5 (‘Reducing income poverty of both men and women in rural and urban areas’), contract farming is placed *first* among the indicators chosen to assess the success of the strategy. The indicators are as follows:

- Percentage of smallholders participating in contract production and outgrowing schemes;
- Total smallholder land under irrigation as a percent of total cultivable land;
- Percentage of smallholders who accessed formal credit for agricultural purposes;
- Percentage of smallholders who have one or more off-farm income-generating activities, and;
- Percentage of households whose main income comes from harvesting, processing and marketing natural resource products. (URT, 2007:14; URT, 2009:24)

The cluster of goals for increasing agricultural productivity and tackling rural poverty are all based upon strategies emphasizing private capital investment, especially via international firms entering into contracts with both small and large producers. There is minimal emphasis on state initiatives to support smallholders to increase their productivity, or to promote alternative forms of production suited to the realities of the rural poor (such as low-input or otherwise more sustainable methods).

But despite the primacy placed on poverty reduction for smallholders through the promotion of contract farming, no indicators in either the MKUKUTA documents or the last three Poverty and Human Development Reports are presented to show any correlation between contract farming and reduced poverty, in Tanzania or elsewhere. According to formal estimates, only about 1 percent of smallholders were engaged in outgrowing for crop production in 2005, as compared with 25 percent of Tanzania's large farms (URT, 2007:14).

Kilimo Kwanza and the growing role of external actors: More recently, the private sector has come even further into the forefront of rural development policy in Tanzania, with the adoption of the Kilimo Kwanza (translation: 'Agriculture First') resolution in 2009. Kilimo Kwanza aims to usher in a 'green revolution' for Tanzania, by accelerating the modernization and professionalization of agriculture. This was spearheaded by the private sector through the Tanzania National Business Council, which is headed by the president of the republic, Jakaya Kikwete, and it has now been mainstreamed prominently into the state apparatus and national development planning. The Kilimo Kwanza resolution recognizes that "the greatest challenge facing Tanzania is to combat

poverty and that this will be possible mainly through enhanced agricultural productivity,” and that “considerable efforts have been made towards the transformation of agriculture without much success” (TNBC, 2009b:1).

The solution it proposes is to “Modernise and Commercialise agriculture for peasant, small, medium and large scale producers” through two tasks, which are to:

- “Transform peasant and small farmers to commercial farmers through emphasis on productivity and tradability” and
- “Promote medium and large scale farmers for the full realisation of the vision of KILIMO KWANZA” (TNBC, 2009a:1).

The other pillar of the resolution is to “Mobilize the private sector to substantially increase its investment and shoulder its rightful role in the implementation of KILIMO KWANZA” (TNBC, 2009b:2).

Among the implementation goals identified are: fast-tracking contract farming legislation (TNBC, 2009a:9), land capitalization, providing incentives for investment by international agribusiness, and expanding the role of the private sector in agricultural services, including input distribution.

Tanzania’s most recent MKUKUTA (URT, 2011) integrates Kilimo Kwanza as a central element of overall development efforts. It states that agriculture “is still dominated by small-scale farmers; with about 70 percent of farming being dependent on the hand hoe [...] This, notwithstanding, the sector has been identified as a growth driver” (p. 7). It also recognizes that given “the large proportion of the poor in rural areas who depend on agriculture as their mainstay, agriculture is central to poverty reduction in general and hunger/ food poverty in particular” (p. 6). However, it goes on to focus on the need to commercialize the sector, further underlining the state’s aim of doing away

with traditional and smallholder modes of agriculture. The major priorities outlined (including the continued promotion of contract farming, and of partnerships between agribusiness and farmers) are aimed at agricultural intensification in line with Kilimo Kwanza, with large producers as the main beneficiaries, rather than at addressing poverty reduction or food poverty in smallholder communities.

2. *Ujamaa* to austerity: the transition from national self-reliance

Given Tanzania's history, the speed at which the government is implementing market-led policies, described above, is notable. Tanzania's relatively recent transition away from socialism to capitalism is unique in the world. From independence in 1961 until 1986, Tanzania pursued state-centred development, with its apotheosis during the period of *Ujamaa* (literally 'brotherhood' or 'togetherness'). It was inaugurated by the 1967 Arusha Declaration, delivered by the then-president and architect of *Ujamaa*, Julius Nyerere. The vision was that of a new form of African Socialism, based on national and communal self-reliance. It aimed at the creation of an egalitarian, democratic society which would build upon the people's representative institutions; public ownership of the means of production and distribution; support for basic industry in order to diversify the economy; and other strategies toward balanced development and the realization of socially-defined priorities (Mshana, 2003:110).

Its main features were heavy state intervention, including through the nationalization of land and enterprises, and 'villagization,' which targeted the rural population for relocation away from dispersed settlements and into productive *Ujamaa* villages. Villagization was envisioned as the vehicle by which to realize the goals of self-

reliance, as well as universal free education/literacy and access to health care. Initially, it was implemented through voluntarism; however, government and local party officials began to resort increasingly to “commandist methods” (Maghimbi et al, 2011:27); by 1973, resettlement was made compulsory. The result was the massive re-organisation of seven million people—the entire rural population of Tanzania—into nuclear villages. Villagers were regularly required to work on communal cash crop farms, co-ordinated by local authorities.

By some measures, great success was achieved: between 1965 and 1976, Tanzania experienced low inflation and strong growth in real GDP, both in agriculture and industry (Mshana, 2003:111). And until the late 1970s, it had “impressive results in meeting the basic human needs of its population. This was seen as the primary goal of development” (Rusimbi, 2003:105). There was a ‘free-inputs’ system for many cash crops, provided through public ‘parastatal’ institutions. Extra resources for agriculture were oriented to disadvantaged and isolated areas that relied heavily on imported food. This “helped to open up the ‘big four’ regions (Iringa, Rukwa, Mbeya, and Ruvuma), which together became the ‘bread basket’ of Tanzania” (Mbilinyi, 2003:123).

But by the end of the 1970s, Tanzania was experiencing generalized economic crisis and low agricultural growth. The early 1980s saw a dramatic drop in living standards, accompanied by escalating corruption and inefficiency (ibid., 124). While the collapse of the Tanzanian economy is typically framed as failure of the political model, it was a concatenation of circumstances that contributed to the decline. Mbilinyi (2003) cites these as, among others: debt, export-orientation, and external shocks, including the breakup of the East African Community, increasing world oil prices, the costs of war

with Uganda, a period of drought, and worsening terms of trade. Other analysts have focused more on the failings of internal institutions and ideology, linking the crisis to, for example, strict trade regulation, inefficiencies in crop handling, delayed payments to farmers, low producer prices, sporadic availability of inputs, and lack of consumer goods. To access the external loans needed to stabilize the economy, the Tanzanian government attempted implementation of 'home-grown' structural adjustment programs; however these were rejected by donors (Chachage, 2003).

Negotiations in 1986 between the government (under the new president, Ali Hassan Mwinyi) and the International Monetary Fund marked the start of the liberalization process, and end of *Ujamaa*. Most government parastatals that previously exerted monopoly control over cash crops and inputs began to be dismantled, and agricultural supports such as pan-territorial pricing for cash crops were discontinued. The dissolution of parastatals is considered by critics such as Mbilinyi (2003) to have disadvantaged farmers, particularly in remote areas where market access is difficult (p. 125), although many have pointed out that they were largely inefficient (see USAID Tanzania, 2004). However it is clear that state support to farmers, especially through subsidised inputs, had previously been crucial (Mbilinyi, 2003; Posner, 2001).

The transition had profound impacts on the population, including rising inequality and vulnerability for the rural poor, escalating costs of living, and serious reductions in literacy, education (from universal primary school enrolment in the mid-1980s, to less than 65 percent in 1994) and access to health care. A decline in smallholder farming in 'the big four', as well as the intensification of capital costs of agricultural production for smallholders also resulted^{vii} (Mbilinyi, 2003:119, 125-126).

Agricultural liberalization in Tanzania has had contradictory results, according to Ponte (2002); in *Farmers and Markets in Tanzania*, he writes that the private sector has provided more efficient input marketing at the import and wholesale distribution levels. But in terms of secondary (local) distribution and credit provision, it has not been able to cover the gap left by the disintegration of state co-operatives and marketing boards. As a result of this 'market failure' and high input prices, input use in smallholder agriculture has declined steadily (p.15). He concludes that liberalization has produced a mixed picture: while livelihood diversification has increased, it has not necessarily resulted in higher off-farm incomes; rural incomes have only improved in areas with better infrastructure and access to main markets; and when higher rural incomes were achieved, this was through higher off-farm income. In all locations, farm incomes decreased; housing conditions improved, but access to and quality of public services deteriorated. He also found that income inequality was increasing (although it would have been even steeper without the mitigating effect of off-farm activities). Finally, young men seem to have gained, while women and elders seem to have lost.

Maghimbi et al. (2011), on the agrarian question in Tanzania, write that "since structural adjustment, the African state has retreated further from agrarian interventions, giving leadership to markets which, in the event, were not as well established as had been expected, and whose 'informality' grew further" (p. 46). The result, they conclude, was "a failed agrarian transition" (ibid.).

Aside from the reconfigured village system and some residual institutions, little remains of the *Ujamaa* era, except perhaps a relatively stronger sense of national identity than in neighbouring countries. Chachage writes of the fundamental transformation in the

national consciousness. He compares the former understanding among the citizenry and Tanzanian intellectuals of “emancipatory modes of politics” (2003:164) to the post-liberalization era, in which the individualist logic encapsulated by the now-common aphorism, ‘Mtaji wa maskini nguvu zake mwenyewe’ (translation: ‘The poor person’s capital is his/her own efforts’) has taken root. This is contrasted with *Ujamaa* ideology, which (at least in principle) understood poverty as an outgrowth of national and global inequality, rather than as a natural outcome. The consciousness of the possibility of another way, Chachage concludes, has been eroded, and so “we now talk about poverty alleviation instead of eradication” (ibid., 165).

3. Tanzania in the post-liberalization period: country profile

Macro-economic growth, agriculture, and rural employment

Amidst the fundamental economic and political transformations of the past few decades, agriculture has remained overwhelmingly the basis of livelihoods in Tanzania. In 2007, it employed around 15.8 million people (71.2 percent of the population); this was a decrease from 88.9 percent of the population in agriculture in 1988 (IFAD 2011: 256). However, Maghimbi et al. (2011) note that the *distribution* of agricultural labour has changed. While most land-holdings remain very small in size, massive numbers of the rural population have become dispossessed; they are either landless or unable, for various reasons, to farm their land, and are employed as temporary, migratory, or plantation wage labourers. Furthermore, the severity of constraints to agriculture mean that many Tanzanian peasants prefer wage employment to farming (p. 30-38).^{viii}

In Tanzania, agriculture is overwhelmingly rain-fed, and the hand-hoe cultivation method predominates (as is common in areas with little capital availability), both in subsistence and commercial smallholder farming. Bryceson's 1995 study showed that in this context, labour tends to be the limiting factor of production; consequently "control over the labour of others is the key to male power and authority in the society" (p. 8); its importance should not be understated.

While Tanzania remains firmly among the ranks of Least-Developed Countries, it has sustained relatively strong macro-economic growth over the past decade. Much of this growth has originated from non-agricultural sectors, including services, manufacturing, and mining. On the economy-wide scale, services represent over 40 percent of GDP share, industry and construction around 20 percent, and agriculture around 25 percent (URT, 2011:7).

Nevertheless, export agriculture remains a crucial part of the economy and source of employment, with coffee, tobacco, cotton and cashews representing the leading export crops. Coffee, sugar, and especially tobacco are produced extensively through contract schemes (Cooksey, 2003), and cotton is also being produced through contract farming. In 2005, agriculture supplied about 60 percent of export earnings (URT, 2005c:6). Maize is both the food staple and an important cash crop, traded in domestic and regional markets.

Over the past decade, vertical integration into export crops has been significant in Tanzania; for example, international coffee trading houses have become vertically integrated into export, processing, and domestic trade (and some have become involved in estate production).

Tanzania receives relatively large FDI inflows (compared to most LDCs) of between USD \$0.5- \$0.9 billion annually, and overall levels have held quite steady over the past few years (UNCTAD, 2011:40-41). These inflows, however, are largely directed to natural resource extraction, particularly mining, and to tourism (URT, 2009:16). In 2008, GDP per capita was USD \$362, representing an average annual growth rate of 1.4 percent through the 2000s—an improvement over the 1990s, when GDP stagnated (IFAD, 2011:240). Since 2005, the economy has grown an average of 7 percent per year, which was congruent with the PRS target of 6-8 percent (URT, 2011:vii).

The current PSRP for Tanzania admits that despite respectable overall growth, there has been slow progress in reduction of income poverty (basic needs and food poverty) during the past decade, including during implementation of the first PRS. In 2007, 34 percent of Tanzanians were poor, as compared to 36 percent in 2001 (URT, 2011:5). Notably, it also acknowledges that income poverty is more acute in rural areas: “Rural growth proxied by growth of the agricultural sector was about 4.5 percent on average. When this growth is contrasted with the national population growth rate of 2.9 percent, the change in rural per capita income becomes small, thus perpetuating poverty in rural areas” (ibid.).

The current PRSP cites external economic shocks as key constraints on more expansive growth. It states that the global financial crisis caused the slowdown of growth and reduction in financial and capital flows, while the effects of oil and food price increases are now also being “reflected in the surge for large scale land acquisitions for bio-fuel and food production [....] Much as such shocks threaten Tanzania’s economy, they also open several opportunities, e.g. in terms of increased demand for bio-fuel and

food produce” (URT, 2011:2). By 2009, four million hectares of land had been requested for bio-fuel investments in Tanzania (Maghimbi et al., 2011:49). There is however clear cause for concern about the repercussions of embracing these new ‘opportunities’.

UNCTAD (in its World Investment Report, 2009) noted that most large-scale land deals take place in LDCs or other poor countries such as Tanzania, “which are themselves facing severe food insecurity” (p. 159).

Poverty dynamics

Tanzania faces high levels of chronic and basic needs poverty, compounded by inadequate access to health, water and other services (UNDP, 2011). It is currently ranked at 152 out of 187 countries in the Human Development Index. And in 2000, it was estimated that over half of households on the mainland lived below the poverty line, representing an increase in poverty as well as deepening rural poverty (URT, 2000:6).

The Household Budget Survey conducted in 2007 showed little improvement since that time—the percentage of the rural population living below the basic needs poverty line (as identified by the HBS) inched downward from almost 39 percent to 37.6 percent, and the percentage of the rural food-poor population dropped marginally, from 20.4 percent to 18.4 percent. As a result, 40 percent of children under five are stunted, and 10 percent are underweight (ibid., 14).

| Incidence of poverty in Tanzania (poverty head count index) | | | | |
|---|--------|---------------|-------------------|-------------|
| | Year | Dar es Salaam | Other urban areas | Rural Areas |
| Food Poverty | 2000/1 | 7.5 | 13.2 | 20.4 |
| | 2007 | 7.4 | 12.9 | 18.4 |
| Basic Needs Poverty | 2000/1 | 17.6 | 25.8 | 38.7 |
| | 2007 | 16.4 | 24.1 | 37.6 |

*Fig. 1: Incidence of Food Poverty and Basic Needs Poverty in Tanzania
(Source: URT, 2011:5)*

A seemingly contradictory assessment of food poverty comes from the Rural Poverty Report by IFAD (2011), which places Tanzania within the group of agriculture-dependent LDCs “with a high level of hunger and rapid progress in reducing it” between the 1990s and 2000s (p. 51). ‘Rapid progress’ in this report, however, was defined as a rate of more than 0.5 percent per year, which is arguably quite minimal.

Rather more illustrative are the results of a study of rural poverty dynamics in nine developing countries, which compared households between the years 1991 and 2004. Results from Tanzania showed that in that period, there was more downward than upward mobility into poverty: 18.7 percent of the rural population remained chronically poor (that is, poor during both years surveyed), with 24.2 percent of the population entering into poverty, and 14.2 percent of the population exiting poverty (IFAD, 2011:58). Notably, factors associated with downward mobility in most countries studied included external shocks and large household sizes, and households in Tanzania engaged in the non-farm labour market were found to be significantly less likely to be chronically poor (ibid., 293). Since this study was based on national poverty lines, cross-country

comparisons were difficult; however, it was clear that “the frequency of downward mobility is ‘significant’ to ‘very high’ across the board, highlighting both the widespread vulnerability of rural people to factors that may cause them to fall (back) into poverty and the fact that macroeconomic growth is not enough in itself to prevent rural people from falling into poverty” (ibid., 290). There is a significant volume of literature by Tanzanian academics supporting, to varying degrees, the view that economic restructuring and deregulation (since implementation of SAPs began in the late 1980s) has contributed to the deepening of inequality and the increased vulnerability of the rural poor in Tanzania (see Cooksey, 2003; Chachage et al., 2003; Maghimbi et al., 2011; Ponte, 2002).

The gender dimensions of poverty: Steep gender inequities have persisted for rural and urban Tanzanian women over the past decade, including in overall economic poverty status (URT, 2000:6). A 1995 Participatory Poverty Assessment revealed that “women perceive themselves to be poorer than men owing to their vulnerability, the lack of asset ownership [...] and limited schooling” (ibid.). According to the 2000 PRSP, data on whether female-headed households (that have been steadily increasing, from 14 percent of all households in 2000) are more likely to be poor is not conclusive (ibid.). The 2011 PRSP notes that although over half a million new (mostly informal) jobs were created annually, unemployment remains serious, and “women constituted only 24.7% of paid employees” (URT, 2011:6). The concentration of women in the informal sector underlines both their economic vulnerability and the under-counting of their productive activities.

Tanzanian women, relative to men, have lower access to agricultural markets, credit, training, and leadership positions (Mbilinyi, 2003:128-130). Such constraints make women less likely to participate in livelihood-enhancing ventures, including higher-value ones (Sweetman, 1999; Spring, 2000) like contract farming. It is accepted that with women's dual roles in subsistence and commercial farming, their involvement in the former can decline with increased work in the latter (Fonchingong in Sweetman ed., 1999:78). Mbilinyi (in Chachage & Mbilinyi eds., 2003) holds that in Tanzania, the pressure to "grow more crops for sale [...] has diverted land, labour and other resources away from food crops, and undermined household food security" (p. 129).

Land Issues

Land issues feature strongly in the literature on smallholder contract farming. This section outlines relevant developments, and the implications for smallholders are explored in Chapter 4, with reference to the case study.

The ongoing land reform process in Tanzania has been contentious, with many civil society organizations (CSOs) challenging the state. This opposition mostly lies in fears that it may make small farmers more vulnerable to losing their land and cause further dispossession of the peasantry, given that the process is part of a top-down general effort to formalize and capitalize land-holdings.^{ix} It is aimed at individualization, titling and registration (ITR) of land. Some see individual land rights as a strategy by pro-liberalization lobbies to wedge open customary land management systems to market forces and foreign interests (Maghimbi et al, 2011:9). This debate remains vigorous in

Tanzania, where the state, under pressure from donors and banks (Shivji & Wuyts, 2009) has strongly promoted ITR over the past decade.

These reforms included, for the first time, legal land rights for women. But progress in strengthening women's land rights (through formalization of women's titles, or most commonly, co-titles) has been slow. The predominance of customary tenure—combined with commercial pressures that have eroded traditional protections for women's use-rights to land—is generally thought to mean that women, especially household heads, divorced, or widowed women are more likely to be land-insecure (Wanyeki ed., 2003:23, and Grigsby, 2004:207).^x Yet conflicting perceptions regarding modernization of tenure have led to women's formalized land rights being contested within civil society, in Tanzania and elsewhere.

4. Tobacco production and contracting in Tanzania

In Tanzania, tobacco has been a primary cash crop for decades—as early as the 1920s in some regions. In Iringa, tobacco has been grown since the mid-1940s by Greek settler farmers. But it was only after independence in 1961 that smallholders began to adopt independent tobacco farming. It subsequently became a main export crop. During *Ujamaa*, smallholders in Iringa participated in tobacco 'schemes', wherein adult village members were obliged to devote some labour time to tobacco on communal farms.

From the mid-1980s, most parastatals were dismantled; however, the marketing of export crops remained under the control of Crop Marketing Boards until 1993. From 1972-1990, the tobacco industry was managed entirely by the Tanzania Tobacco

Authority. As part of overall economic restructuring beginning in 1985, it was reorganized and renamed the Tanzania Tobacco Board (TTB). After 1993, the private sector was allowed to participate in procurement, price determination, processing and marketing of tobacco, along with the other main export crops produced by smallholders – namely, cotton, cashew nuts and coffee (Ponte, 1998:320).

Contract farming through private companies began in 1995, with the entry of the US-based Universal Corporation (the Tanzanian subsidiary of which is the Tanzania Leaf Tobacco Company, TLTC). Thereafter, the government's mandate was limited to some regulation and oversight of production through the TTB. Both small and large-scale farmers enter into contracts with multinationals. In Iringa, tobacco is produced entirely through contracts with Universal Corp. and Alliance One International (locally known as Dimon, the company's pre-merger name before 2002). These two TNCs are respectively the largest and second-largest tobacco leaf buyers/tobacco merchant companies in the world, and have dominated in Tanzania since 1995; in Kenya and Uganda, British American Tobacco and others are more active. Other major African tobacco producers are Zimbabwe, Malawi, and Zambia (Universal Corp., 2008).

According to the TTB, tobacco is the most viable crop in Iringa, with higher gross margins than other cash crops in the region. It has been among the leading four export crops for the country for the past decade, and in 2000, accounted for 9.7 percent of agricultural exports and 8.3 percent of all central government tax collection (Source: Interview, Kaniki, Zonal Leaf Manager Iringa, TTB, 2006). In 2006, tobacco reportedly provided employment to “more than 200,000 family men/women responsible for the upkeep of 3.6% of the population of Tanzania” (ibid.). In 2004/2005, it became (and has

remained) the second-largest cash crop in terms of export earnings. The managing director of Alliance One recently claimed that tobacco contributed about USD \$143.3 million annually to the country's economy (Kiishweko, 2009). Government officials have said that approximately Tshs 52 billion in tobacco taxes was collected in 2003/2004, rising to Tshs 90 billion in 2007/2008 (ibid.). The Bank of Tanzania monthly economic review for June 2010 indicated that tobacco exports rose from USD \$20.3 million in 2008 to USD \$38.5 million in 2010 (Karega, 2010).

In 2006, the government announced plans to double tobacco production, from 50 to 100 million kg of cured leaf annually, by providing a conducive environment for contract companies, and encouraging farmers to take up production. This was part of a blanket strategy, explicit in the updated Agricultural Sector Development Strategy (ASDS, 2005), to double the production of *all* contracted crops in Tanzania; this has remained an explicit goal for tobacco (Kiishweko, 2009). Its success is borne out by the numbers. Production has increased from 30 million kg in 2003 to 49 million kg in 2007 (Universal Corp., 2008:22). In 2008, Tanzania was projected to produce 59 million kg, thus overtaking Zimbabwe as the largest African producer, and becoming the fifth-largest tobacco producer globally, after Brazil, India, the U.S. and Argentina (ibid., 3). Production is expected to continue to grow.

In an article on tobacco farming (based on studies of contract farming), Madeley (1999) argues that it decreases food security due to soil degradation, deforestation, and—by distorting family spending patterns—access to food and food cultivation as a result of its labour-intensive nature. In Tanzania, some of the negative social, health and environmental impacts of contract farming, particularly of tobacco (given its relatively

more dramatic impacts), have increasingly been in the public eye. Deforestation and child labour have been extensively reported upon in the national media. Child labour appears more concentrated in labour-intensive crops; the major tobacco and cotton growing areas in Tanzania are both linked with high levels of child labour and low primary school enrolment (Kazoka, 2011).^{xi} This underlines the hugely labour-intensive nature of many crops produced through contract farming.

Smallholder contract farming has become widespread in Eastern and Southern Africa; a number of studies on the issue (or on tobacco farming), have been carried out in the region, particularly in Kenya—but Tanzania remains relatively under-studied.

Chapter 3. *Outline of the Study:*

Methodology, Research Locations and Participants

1. Introduction

The fieldwork was conducted with communities practicing contract farming of tobacco in Iringa Rural District (Southern Tanzania), one of the country's major tobacco-producing regions. Iringa is also among the top maize producers in the country—although there has been a marked decrease in productivity over the past decade. Iringa Rural District was chosen because both contract farming and tobacco as a major cash crop have been established in the region since the mid 1990s. It is also relatively more accessible by road from the capital, Dar es Salaam, than Tabora, the other major tobacco-growing district.

For the purpose of comparison (since some of the outcomes of smallholder contract farming may be crop-dependent), some data was collected on smallholder contract farming of paprika, a non-traditional export crop that had quite recently been introduced in the region (initially through a USAID-sponsored initiative). Paprika, like tobacco, is entirely produced through contract farming in the country.

The bulk of field research was conducted in Kiwere and Mfyome villages (both in Kiwere ward). Tobacco is the main cash crop in the region, and in Kiwere is cultivated almost exclusively by smallholders on plots of between one and five acres. There are a few medium-scale tobacco farmers (defined locally as those who farm at least ten acres of tobacco), but no large-scale farming. Some work was also conducted in Nzihi village (in the neighbouring Nzihi ward), an area that is home to some of the largest tobacco farms in the country, although there also remain some small-scale tobacco farmers there.

Iringa Rural is one of the seven districts of Iringa Region. According to the 2002 Tanzania National Census, the population of the Iringa Rural District was 245,623, and the population of Iringa Urban District was 106,668.

2. Methodology

The field research rested primarily on intensive semi-structured qualitative interviews and focus groups with women and men small-scale contract farmers, as well as interviews with village authorities and smallholder representatives. Interviews with farmers lasted an average of 3 hours each. Intra-household research was also conducted among selected participants; this was done by interviewing husbands and wives from the same household separately, using a largely parallel set of questions. Four focus group sessions were conducted, consisting of one women's and one men's focus group each in Kiwere and Mfyome villages. Potential participants were approached with the help of local connections, so as to bypass selection bias by the local authorities or the Village Executive Officer, often the first point of contact.

Annex III lists details on the participants, including economic status, expressed as: low, medium or high smallholder; low, medium or high medium-holder. In this study, 'economic status' was assessed based upon: self-reporting by participants; general situation relative to other villagers; state of housing (especially: thatched vs. iron roofing, brick vs. mud walls); asset ownership—primarily of adequate farmland, curing barns (for tobacco farmers), bicycles or donkey-carts; ownership of other business/activities; and the ability to use hired labour, or the need to work as casual hired labour.

Participants – general characteristics

Before proceeding with the detailed interviews, preliminary questions were asked of potential participants, partly to ensure diversity among respondents. As such, there was variation among participants in terms of economic status, farming history, age, household composition and land ownership. All were currently or had previously been contract farmers, but many pursued other activities as well. Most participants were married, some in polygamous arrangements; a few women identified themselves as household heads – they were either widowed, separated from spouses, or considered themselves the household head because their husbands were either absent or too sick to farm.

Almost all respondents were of the Hehe or Kinga ethnic groups, born either in the village or its suburbs, with a few from neighbouring villages. Kiwere and Mfyome villages were both created through *Ujamaa* resettlement schemes. Three participants came to or were brought to Iringa from Tabora (a Northern district, Tanzania's largest tobacco producer) because of their or their family's previous involvement in the tobacco industry. The age of farmers ranged between 21 and approximately 70.

All the farmers interviewed in Kiwere village were smallholders, except for three medium-holders: one woman and two men, one of whom was the Village Executive Officer (which is the highest political authority at the village level). Almost all farmers in the region are smallholders; among Kiwere village's 422 households, there were only four independent medium-scale farmers. Almost half of all village households were farming tobacco through contracts (Source: VEO, Kiwere).

Structure of questionnaire

The template for individual interviews (see Annex I for the full Kiswahili/English questionnaire) was organized into sections addressing the research questions:

1. General characteristics (of the participant)
2. Livelihood, farming history and market access
3. Asset and Resource Entitlement – Land and Labour
4. Distribution of Incomes/Returns
5. Food Security
6. Intra-household and contracting company/producer interactions
7. Factors that determine household decision making
8. Regulatory and Policy environment, and Institutions

For all participants, their best and worst years for tobacco production, income and prices were compiled. A set of questions regarding food security/food shortages experienced by participants over the preceding years were asked. The study also gathered feedback from participants about their experiences with contracting, their priorities, concerns and identified needs, as well as what, if anything, could be improved in order for contract farming to be more beneficial to them.

Field Research Overview

Field research was carried out between August and October, 2006, with preliminary work in Dar es Salaam. The fieldwork consisted of in-depth qualitative interviews and focus groups with women and men smallholder farmers who grow cash crops (tobacco and paprika) through contracts with TNCs. Supplementary research was carried out through review of literature and interviews with academics and development actors locally.

Dar es Salaam (August 25 - September 16)

While in Dar es Salaam, I was based at the NGO, Research on Poverty Alleviation (REPOA), through a partnership with the International Development Research Centre (Canada). Key activities consisted of: interviews and consultations with Tanzanian academics and NGOs, collection of recent literature, especially through REPOA's extensive library resources, and consultations with academics at the Sokoine University of Agriculture in Morogoro (See Annex IV). A research assistant was selected (based on recommendations by REPOA, and interviews) and trained. Questionnaires, consent forms/scripts and methodologies were reviewed and translated.

Iringa Urban and Iringa Rural Districts (September 17 - October 25)

Field work was conducted in Kiwere village, Mfyome village (Kiwere ward), and Nzihi village (Nzihi ward). Preliminary work in Iringa Urban District focused on logistical arrangements, and meetings with local NGOs, government officials, and others (See Annex IV for details). Formal permission to conduct village-level research in Kiwere ward was obtained by partnering with a local NGO involved in smallholder paprika contracting, the Tanzania Youth Social, Employment and Development Association (TAYOSED). Permission to conduct research in Nzihi ward was obtained through the District Extension Officer.

The results of the study are mostly based on fieldwork in Kiwere and Mfyome villages. The research in Nzihi was supplementary, adding some comparative insights. For various reasons—especially difficulty of access to a range of possible participants, including women—due to lack of cooperation from the Village Executive Officer and

other authorities there, it was not possible to pursue in-depth research in Nzihi without a severe selection bias.

Note on timing of research, and research locations

The field work was conducted in September and October, coinciding with the least busy period of the year for tobacco farmers. The tobacco production cycle structures the lives of regular tobacco farmers over a ten-month period, starting with the preparation of seedbeds near water sources, and transplanting of seedlings onto main farm plots in late October (dictated by the beginning of the ‘short rains’ rainy season), and ending with the harvesting, curing and marketing period which ends in late August.

Kiwere and Mfyome villages are located in Kiwere ward to the North-West of Iringa town, approximately 45 minutes and an hour respectively (see maps below) by car from the town, along a single-lane dirt road. Public transport is unreliable and rare, and the main form of transportation is bicycle or foot. Neither village has electricity. In Kiwere village, there is one public tap for clean water, maintained through user fees. The main water source is the ‘Little Ruaha’ river, about half an hour walk or more from the village. Almost all farmers in this region are smallholders. The situation in Mfyome, a neighbouring village, is not very different.

Nzihi village (Nzihi ward), west of Iringa town, is a major village surrounded by a few prominent large-scale tobacco farms, as well as some small-scale tobacco farms. As the region is somewhat more industrialised, the village has both electricity and a much better public water-tap system. It is regularly accessible by public bus, approximately an hour and a half from Iringa town along a mixed tarmac and (mostly) dirt road.

Participants in Iringa Rural District

Kiwere Ward:

In-depth interviews were conducted with 26 farmers in total (see Annex IV for full details). 18 were conducted in Kiwere village: 11 women (8 married, 3 single), and 7 men (all married). 8 people were married couples from the same household, interviewed separately. In Mfyome village, 8 farmer interviews were conducted: 5 men, 3 women. 4 people were married couples from the same household, interviewed separately.

Focus Groups: These sessions were conducted after the interview phase was complete. In each village, one session with men, and one with women, was conducted. The purpose was to test and confirm certain initial findings, explore contradictions and uncertainties, and stimulate discussion on topics related to crop preferences, perceptions on contract farming (benefits, incomes, labour, decision-making, participation, and gender roles), and on problems faced locally by contract farmers as well as potential solutions.

Participants were selected for variation in age and situation. In each group of eight people, one or two individuals previously interviewed individually (who appeared interested and able to stimulate discussion) were invited. Some participatory methods were used^{xiii} including charts and activities. (See Annex II for the full structure used to guide these sessions).

Nzihi Ward:

In Nzihi village, five interviews were conducted with male small-to-medium scale tobacco and paprika farmers, as well as an informal interview with the owner of the large-scale tobacco farm in the area, at his seedling plantation, on which many migrant labourers (primarily from the relatively more deprived region of Makete) are employed.

Additionally, interviews were conducted with Village Government representatives in all three villages, smallholder farmer representatives in Kiwere and Mfyome, and the head doctor at the regional hospital (located between Kiwere and Mfyome). Interviews were done mostly in the homes or compounds of interviewees. A few farmer interviews in Nzihi took place in the village government offices (in private). Focus group sessions took place in the houses of community members who volunteered the spaces for use.

Chapter 4. *Research Findings:*

Peasant Farmers and Tobacco TNCs in Iringa District, Tanzania

This chapter discusses the findings of the research study. Section I deals with poverty, food security, livelihood and welfare issues. Section II discusses equity and distribution issues. And Section III discusses other overarching themes resulting from the findings of study. In summary within the communities, tobacco contract farming was associated with detrimental effects upon food security, poverty and on farmer empowerment and equity, with particular effects on women. For most, contracting was the only viable choice, representing their only access to credit for increasingly expensive inputs, as well as being the only viable major cash crop in the locale.

All names and identifying details of participants have been changed; participants are referred to by name as well as a number (corresponding to their entries in the table of data contained in Annex III), and age.

Section I: Poverty, Livelihoods and Food Security

1. Incomes, economic vulnerability, and livelihood alternatives

Although a few had benefited significantly, contract farming had not led to an appreciable improvement in basic livelihoods for most. Moreover, there was a great degree of economic vulnerability related to income instability, risk, and indebtedness.

Amongst the participants and through observation of conditions in Kiwere and Mfyome, it appeared that not many contracting households had experienced an overall

increase in economic status. Although contract farming had visibly benefited a few people in the villages substantially, the vast majority had not seen much improvement in their circumstances since 1995. One man, for example (Jabulani, #11, 32) said that even though tobacco can bring in a lot of money, one can also *lose* a lot of money; and that perhaps tobacco had been disappointing, because they have remained just as poor as before. He was aware that living standards in Kiwere were very low, even relative to other regions.

A majority of respondents said (at least initially) that they were treated fairly by companies, except that their input loans and interest charges were unnecessarily high. However, many later spoke of feeling that they received lower prices, or lower grades, than was fair.

Most, when asked if they considered tobacco to be a reliable source of income, responded that it could be, if luck, hard work, and ideal external conditions (primarily weather) were on their side; but high incomes were limited to a few good years. In ‘good years’, people generally used tobacco incomes to build or repair their homes (especially to buy iron roofing), buy bicycles, send children to school, and buy food.

The potential for high annual incomes was offset by farmers taking on the risks of cultivation and processing, and absorbing losses in the years when external (primarily climatic) factors damaged or destroyed their crops, or in which curing barns were destroyed. Khadija’s (#5, F, ~50) response on reliability in tobacco contract farming (which she did every year) was: “No. It’s a lottery. If there’s no rain, we lose everything.” And one man said, “You can have a good harvest and think you will do well, and at the end find out that you’re getting almost no money, or nothing at all.”

When asked what the contract companies gained from farmers, most participants were amused, saying that the company gains so much more than they do and that while the farmers work really hard and get little money, the company benefits a great deal.

Risk was heightened by the fact that members of the farming groups (*vikundi*) were supposed to—as demanded by the companies, as a precondition of receiving a contract—act as guarantors for each other's loans. One member's failure to repay could slash incomes for the rest. This mode of organization seems to further disadvantage smallholders, as compared to medium- or large-scale farmers—who, being able to farm at least ten acres of tobacco, were granted the possibility of individual contracts.

The lack of stability and livelihood security in contract farming was underlined by the fact that, even though it was almost the beginning of the planting season, many participants still did not know if they would receive loans from the companies for the coming year, due to their debts. For both companies and farmers, insecurity of contracts appeared as a persistent problem.

Participants tried to recall which were their best and worst years for tobacco yields and prices, income, and food yields or security. The worst years (for both tobacco incomes and food security) for most were 1998 (the year of El Nino) and the 2004/2005 season, during which there was quite a severe drought. Tobacco prices had increased a little over the years, but respondents normally qualified this, as the cost of living and prices of the things people need (such as fertilizer) had increased even more.

The prices for tobacco were very good in 1996 compared to the expenses of farming it; now they're not good. But that might be because at the time, the land was more fertile. And now the [tobacco quality] grades are low and our expenses are very high [...] things have continued badly the whole time. If it had stayed the same as in 1996, development could have happened. – Jabulani (#11, M, 32)

| | Season | #families involved | Hectares planted | KGMS sold | Production per HA. | Value (TSHS) | Avg. Price |
|----|---------|--------------------|------------------|-----------|--------------------|---------------|------------|
| 1 | 1995/96 | 1,706 | 864.8 | 1,065,225 | 1,231 | 710,505,075 | 667.00 |
| 2 | 1996/97 | 2,180 | 1,132 | 1,857,346 | 1,640 | 1,377,916,287 | 725.72 |
| 3 | 1997/98 | 2,288 | 2,092 | 1,707,429 | 819 | 1,022,667,202 | 598.95 |
| 4 | 1998/99 | 1,628 | 1,507 | 1,594,269 | 1,058 | 948,512,583 | 594.95 |
| 5 | 1999/00 | 777 | 1,628 | 1,536,578 | 952 | 1,096,868,930 | 713.83 |
| 6 | 2000/01 | 44 | 1,057 | 1,202,842 | 965 | 766,798,875 | 715.14 |
| 7 | 2001/02 | 50 | 729 | 963,000 | 1,320 | 642,631,209 | 667.32 |
| 8 | 2002/03 | 53 | 729.6 | 888,874 | 1,218 | 703,861,038 | 794.11 |
| 9 | 2003/04 | 166 | 1,076.8 | 1,590,728 | 1,477 | 1,541,847,861 | 969.27 |
| 10 | 2004/05 | 562 | 1,350 | 2,243,017 | 1,661 | 2,234,291,663 | 996.11 |

Fig. 2 – Tobacco Production in Iringa District, 1995-2005 (Source: TTB)

As shown in Fig. 2, there was an enormous decline in contracted farmers in 2000-2003, when companies stopped financing farmers in the region. Only large-scale farmers and families able to independently afford inputs or get credit continued to farm tobacco.

I asked the regional head of the Tanzania Tobacco Board for an official perspective on how tobacco contract farming can improve smallholder livelihoods, in Iringa and generally. His answer (provided in typed format, by his request) was that smallholders in Iringa were earning money for their day-to-day livelihood from tobacco production, which has a prominent market. However, he recognised that there had not been much improvement in livelihoods, due to certain “intricacies”, as follows: “lack of adherence to recommended tobacco cultural practices; misuse of inputs; capital and labour constraints; poor curing techniques; poor extension service; and bad weather condition (late and low precipitation) + La Nina and El Nino” (Kaniki interview, 2006).

These intricacies, he wrote, lead to low productivity and poor quality, and as a result, farmers had failed to pay back all their debts to the companies. He added that some farmers in vikundi groups “contributed a lot in crossing over their tobacco to other buyers

who have no contracts with them” (ibid.), and that they sometimes go into debt because they borrow more fertilizer than required, so that they can sell it for cash.

In this perspective, the implication seems to be that the smallholders (and their failings) were mostly to blame for the problems they faced. However, Kaniki conceded that “among the reasons for smallholders failing to pay debts; bad weather can be considered a legitimate excuse [...] For example last season 2005/2006, tobacco production was very much affected by weather (little precipitation)” (ibid.). As such, he said that the government had (in a tobacco council meeting, 12-13 October 2006), negotiated for companies to “postpone part of the deductions so that the small farmers can get some money” (ibid.).

However, as seen later, at least one company—Alliance One—thereafter decided to dissolve their contracts with all smallholders in Iringa.

Agricultural markets and alternative livelihood sources in Iringa

The staple food, maize, was primarily grown for subsistence but is also considered a cash crop; however, many participants (especially the more economically-poor) said they sell maize *only* if they have surpluses, or in times of hardship/emergency (such as for school fees, or if someone gets sick). Markets for maize were said to usually be available and plentiful.^{xiii} Participants said that the main difference between tobacco and maize as cash crops is that the price of maize is more irregular; it fetches low prices around the harvest season, and high prices before the harvest. For this reason, many farmers indicated the value in having an ‘emergency’ store of maize, to sell at the right time if the income was needed. The main cash crop in Kiwere village (and the entire district) was tobacco, while

Mfyome was one of the few villages in which paprika was also grown. Other “smaller” cash crops were tomatoes and sunflower. There was not a clear line between many food and cash crops; tomatoes, sunflower, beans and peanuts were considered as both cash and food crops. Generally, participants said that they did not know of other cash crops with an accessible market that they could conceivably grow. Some wanted to try growing rice, but given the lack of irrigation infrastructure, did not have the means. In Kiwere village, a few people had heard that there was a market for paprika, but said that they did not know enough details to consider attempting it.

Paprika contract farming: The Paprika contract farmers interviewed in Mfyome indicated that initially, they had been very optimistic about the crop’s potential for poverty reduction; their main complaint was that prices had dropped drastically within a few years of the introduction of the crop. This was partly because the high prices were initially offered to attract farmers, and also because prices dropped as more farmers got involved and supply increased. The situation, people felt, was made worse because there is only one, monopolistic buyer for paprika. They also noted that paprika work—planting, transplanting, weeding, harvesting, and sun-drying—was very labour-intensive, although not as gruelling as tobacco. It is also an input-intensive and very technical crop, requiring precisely-timed applications of different fertilisers and herbicides. A majority of paprika farmers acknowledged that part of the appeal of paprika was that they were able to use some of the fertiliser loaned to them on their maize plots. As with tobacco farmers, many paprika farmers said that they felt powerless to argue, if they company assigned their product low quality grades and offered correspondingly low prices.

Alternative Sources of Livelihoods: The main source of income for all participants was farming; opportunities for off-farm income were few. Many people sometimes worked as casual (daily) wage labourers, in the village or nearby.

A large number of women said that they mostly get '*centi*' (small money) from making and selling home-brew ('*pombe*') in the village. A few women had no independent income at all. The second most-cited source of women's independent income came from selling non-maize food crops in the village or nearby urban centres. Most grew a few food crops of high nutritional value on their garden plots (*mazao wadogo*, or 'small crops') like peanuts, beans, black-eyed peas, tomatoes, kale, and potatoes (none of the married women surveyed used their garden plots for tobacco). But women generally seemed to value these primarily for their market value, rather than for family consumption; a few, such as Hawa (#2) said that they had given up on some, like peanuts and beans, because of price fluctuations or unreliable markets. In the context of prevailing economic poverty, women's responses suggested that they were very focused on ways to diversify household sources of cash.

Jabulani (#11, 32) used to make and sell charcoal (as did several other male villagers); but after the government banned use of the surrounding forest in 2005, could no longer legally do so. And so he, with a few friends, had been experimenting with bee-keeping (which he said had been "good", except for the fact that they lacked a market). He said that he would prefer to switch to new contract crops that involved less expenses and loans than tobacco; he thought that paprika might be better, even though there was only one buyer, because smallholders might be able to afford the inputs on their own:

If the government continues banning people from using forest around here for firewood – the [plantation] Mafinga wood is so expensive, then we will think of changing to a different crop like paprika. We were told by other researchers that the plantation wood will also finish ... then what? It's possible that rice can grow here, and also some trees that give diesel that we've heard of. They've already been taken to Songea [district].

Among the rest, three had been able to invest in new businesses in the village: a shop, a part-time butchery, and a restaurant; others supplemented incomes through activities like construction, sewing, and hiring out donkey-carts. Some of the smallholders able to diversify in this way were previously already better-off and had a little capital.

Perceptions on Tobacco and Alternatives: 'Slow' and 'Fast' Crops: A few women farmers and many male farmers (particularly the more well-off and medium-scale farmers) favoured tobacco production, indicating that growing tobacco every year was what they would ideally prioritize. On the other hand, the great majority of smallholders thought that contract farming was 'necessary' given the need for fertilizer loans to subsidize maize farming. Studies in south India and Tanzania have indicated that "since poor households deploy their assets more conservatively than wealthy households, their return on assets is lower" (IFAD, 2011:76). In Kiwere, it was not clear whether wealthier farmers were more likely to take the risk of prioritizing tobacco because they were already wealthier (thus more able to survive food shortages in the event of crop losses), or if they were wealthier because they were more risky.

In focus groups, a participatory exercise was carried out that encouraged people to rank their crop preferences. (See Annex II for details and examples of charts created). Due to varying priorities and interpretations by participants of the exercise, the charts cannot be considered substantial or consistent data sources. The value of the exercise lay

in inspiring ideas: in most groups, it led to sharing of and lively discussion of people's reasons for making the production decisions they do, and eventually on how to manage the circumstances they face as a community.

In discussions, women seemed generally *less optimistic* than men about the potential for tobacco farming to be a good source of income for smallholders in the community in general. In addition, discussions revealed that women may or may not get a share of the income from sales of maize or tobacco grown by the family. Incomes from tobacco—considered locally a 'male crop'—were said to rarely be distributed equitably (or to women's satisfaction) within households.^{xiv}

In focus groups, women (more than men) expressed strong enthusiasm for growing sunflower—stating that it grows quickly, is not as labour-intensive as tobacco, needs few inputs, and is useful both for cooking and for sale. Women seemed to have much control over sunflower, a significant cash crop after tobacco, paprika and tomatoes. Women, and a number of men, spoke positively about such 'small' and faster-growing crops that they could personally market; while not as high-value as tobacco, women seemed to perceive them as more reliable sources of income.

These preferences appear to correspond to what Ponte (1998) designated as '*Fast Crops*,' based on studies in Tanzania. He argues that 'Fast Crops'—those based on the need for quick cash incomes—are increasingly favoured by *both* men and women. Mbilinyi (2003) and Ponte (1998; 2002) have charted the way Tanzanian rural populations have increasingly been drawn into the cash nexus, with commoditization of more functions (such as labour) causing a shift in production towards fast crops. Although tobacco is a '*Slow Crop*' that takes a year to produce yields, it has—among

other regional cash crops—the greatest potential for large incomes.

However, as has been pointed out by critics (see: *Golden Leaf, Barren Harvest*, 2001), tobacco is a risky venture—it often does not pay off as well as hoped, since multiple variables determine success, and the expectation of large incomes may engender a devaluation of the social costs of the heavy labour required for its production.

2. The multiple dimensions of poverty: environment and health

Other poverty outcomes of tobacco contract farming in the region were the contribution to ecological depletion, particularly of soils, deforestation (which both contribute significantly to food insecurity in the region), prevalence of child labour, and health problems for workers arising from tobacco cultivation, curing, and processing.^{xv}

It was clear that even though only half of the villagers in Kiwere were contract farmers, contract farming, through the ecological and health effects, had had repercussions for the whole community, even for those not participating.^{xvi} This, however, may be more due to the features of tobacco than of contracting. Some of the potential negative and positive effects of contract farming are case-dependent. They can vary, for example, by the type of crop, degree of reliance on chemical inputs, the amount of labour needed, and whether the company enables or encourages farmers to intercrop export with food crops—if this is possible at all. Tobacco cannot be intercropped with any food crops.^{xvii}

Environmental effects: Among the participants, there seemed to be a growing impression that in the face of the ecological crisis affecting the region, and their economic situation, their tobacco contract farming was unsustainable, and that they would need to find alternatives. This was especially acknowledged during focus groups. One participant (Shukuru #9, M, ~35) said that “tobacco will vanish in the future, because wood is now very expensive.”

The burden of deforestation can often fall on local communities (Howard, 2003: 33). Narratives that pit communities against conservation can harm the livelihoods and food security of those living closest to the land (Moyo, 2003), such as by blocking their access to natural resources (UNDP India, 1999). This was borne out in Iringa, which had received much media attention as a site of severe deforestation. In response, the government banned all use of natural forest in southern Tanzania for firewood, curing tobacco, or charcoal-making (PHDR, 2007: 65). Thereafter, Kiwere tobacco farmers had to buy wood from a plantation; people said that it was expensive, and they had to use even more than before, since it burned much faster.

Re-forestation programs by the government and contract companies focused on getting tobacco farmers to plant seedlings, which implied that the fault lay with them for over-exploiting forests. Smallholders said that under the new tree-planting requirements, the TTB and companies provide tree seedlings, a certain number of which they are instructed to plant for every acre of tobacco they grow. It was observed (during a visit to a large-scale farm and via two key informants) however, that these were eucalyptus seedlings: a fast-growing, water-table-depleting tree, a monoculture of which cannot replace native forest.

While most people agreed in focus groups that the government was right to ban cutting down forest, a few did not. They pointed to the government's continued failure to provide development assistance for alternatives to the region, and criticized the government's blaming of smallholders for environmental destruction.

Health effects: According to the regional health doctor (at the hospital near Kiwere village), tobacco-related illnesses were the second most common in the nearby villages, after HIV/Aids-related illnesses. Typical tobacco-related problems he saw included weakness and respiratory problems from contact, harvesting and curing, as well as working with pesticides. Common health issues for tobacco farmers are skin problems, dizziness, Green Tobacco Sickness, and respiratory problems (Oyaro, 2003; Campaign For Tobacco Free Kids. 2001). It is likely that the health impacts of tobacco contract farming are having an effect on food security, by reducing labour availability.

In response to a question about health problems for tobacco farmers, the regional head of the TTB replied that companies are encouraged to provide protection for the farmers, but that the issue was not within the remit of the TTB, nor its responsibility (Kaniki interview, 2006). However, most tobacco smallholders said that they were not provided with health protection or information by contract companies.^{xviii} For example Simon (#8, M, 42) said: "Truly, no. Although all of us know that there are health problems, so you just take care of yourself [...] I don't know if I've had health problems. We get malaria and fever but don't know if it's because of tobacco." A tour of a large-scale tobacco farm in Nzihi area also immediately revealed that of the many employees working there, few were using basic safety equipment.

3. Food security

Especially for poorer households, there was a high degree of vulnerability to food poverty, particularly in years of inclement climatic conditions and unsatisfactory tobacco harvests. Contract farming had led, to some extent, to the marginalization of food production—associated in part with households that had increased labour allocation for tobacco or prioritization of land for tobacco—with effects for some households on food insecurity and seasonal food shortages. (See Annex III for details).

The effects on food security resulted from several dynamics: Environmental degradation resulting from intensive tobacco cultivation meant that both cash and food crops yields were severely challenged. Some farmers who grew more tobacco and less maize were more vulnerable to food shortages in lean years due to bad harvests or low tobacco incomes. Most smallholders try to maintain a stock of maize for food, or cash. But some had to sell their maize, as cash is needed throughout the year (in addition, tobacco money tends to get spend on big items more often). Contract farmers surveyed who had little cash income in bad years for tobacco—especially those of lower socio-economic status—had neither cash nor maize.

The pressure worked in both directions: food security concerns in Iringa also increased farmers' dependency, as most felt that they absolutely needed input loans from companies to subsidize their subsistence maize crops.

The over-exploitation of family labour for, and inequitable incomes from contract farming, was shown to have sometimes had negative consequences for women's agricultural enterprises (and incomes). For some, the amount of work involved meant that the household was unable to devote enough effort to both crops.

For these reasons, most of the poorest or most likely to experience food shortages among the participants were those who, firstly, generally had to buy food, as they could not produce enough themselves. Secondly, they generally had to work as hired labourers. While many reported often having ‘bad years’ for both maize and tobacco, they continued to grow tobacco (see Annex III). For these participants, the need for cash and credit was such that they felt they could not afford to focus just on maize, to safeguard their food security—they had to take a gamble on producing some tobacco (generally, at least two acres) each year.

Reponses from participants on food security issues

Despite the assumption in most literature that women are responsible for providing the food needs of her household, in many cases both men and women participants felt that they themselves were primarily responsible for this (although mostly women were identified as being responsible for all non-maize food crops). Most smallholders, in a good year, can grow enough maize for their family’s needs. However, it is considered important to produce a surplus, as a safety net for emergency needs such as health care, and to exchange for other types of food to supplement diets, such as rice, vegetables and sometimes meat.

For all the participants, a set of questions was asked in order to assist in mapping the years in which each family had problems with getting enough food for their household, and those during which there were fewer problems. While some smaller variations were also captured in the results, many people’s memories were dominated by two years of great hardship: 1998, the year of El Nino rains, and 2005/2006, after a drought. In both years a lot of people received government food aid.

When asked what they considered the main problems in getting enough food for the household in the past, the most common answer was challenging weather conditions leading to bad harvests, and lack of money to purchase maize. There were also times when maize was very expensive. In addition, many people pointed out that after decades of chemical-intensive tobacco farming, there are problems with the land being ‘tired’:

The land has been used, even by the Greeks, for such a long time. Also the use of chemicals every year, makes the land deteriorate [...] Poor people can’t afford organic fertilizer. But it doesn’t cost as much as shop fertilizer. – Hamisi (#13, M, 33)

Participants in Kiwere and Mfyome said that the low use of organic fertilizer was due to lack of knowledge, and that it was too expensive or not available enough.

A few women mentioned an emerging problem that stunts maize growth. At the time this field work was conducted, a team from the Sokoine University of Agriculture was doing research on this, locally called “*kigubi*”. Indeed, a number of people lamented that Iringa used to be one of the more fertile regions of Tanzania, but that now, nothing can grow on the land without chemical fertilizers.

Kigubi is a problem that prevents the crops from growing well—even if you put fertilisers, it still happens, the maize stays short. Kigubi came a long time ago since the soil is tired [...] I would like to grow more food! But I have no fertiliser. Before, I used to grow more maize. Now the shamba [farm] has been ruined by kigubi, so we’re focused to grow more tobacco. – Khadija (#5, F, ~50)

Several women said that a major problem is not so much a lack of land (although there is a shortage of quality land), but a shortage of the money that is needed to grow good crops. For example, if there’s not enough money to afford inputs for as much maize (or new cash crops) as they’d like to grow – a typical production ratio is four acres of maize and three acres of tobacco – they may grow only two acres of maize in order to get a

quality crop, concentrating on that plot whatever inputs they can afford. Most said that they would continue to grow just as much tobacco as before, if possible.

You get five sacks of fertiliser per acre [of tobacco] – what you do is use four sacks, then add one other sack to your maize plot. From the three acres of tobacco, you have three more [sacks of fertiliser] to add to the maize. Buying fertiliser is too expensive. Those who don't grow tobacco have big problems. – Simon (#8, M, 42).

We can't stop growing tobacco, because the maize will suffer. Even though we only get a bit of maize fertiliser, we still mix in the tobacco fertiliser. So if you stop growing tobacco, you won't even have this. – Shukuru (#9, M, ~35).

During recent years of food shortages, some people had received emergency food aid, and others said that they either ate less, or managed to make a bit of money somehow, to buy maize.

However, for some people, growing tobacco every year was never an option. In one of the poorest households surveyed—headed by an elderly woman, Esperance (#7), along with a widowed daughter and several grandchildren—the head of the household said that due to their “hardship” they were not planning to grow tobacco in the coming year (the reason stated was that it was too difficult for them now, although she probably also knew they wouldn't get a loan that year, since they had failed to pay their debts), but would be growing a bit of maize, even though they had no fertiliser. They were not sure how they would get enough food for the coming year, and guessed that they would have to do hired labour to make money for purchasing food.

Very few people spoke about diversifying their food crops for consumption, except for one elderly couple from Mfyome (#23 and #24, interviewed together). They were among the more economically disadvantaged of the participants, but not the poorest: they lived in a brick/thatch rather than earth/thatch house (in the villages, this

distinction was a prominent indicator of the overall economic status of a household).

Having recently attempted to grow tobacco for a couple of years, they said that they had had to give up that year, because the work was too hard for them, and they could not afford to hire labour. They knew that since they were not going to take contract-farming loans in the upcoming season, they would not be able to afford maize fertilizer, and so would have to find other ways. Consequently, they decided to focus on some maize, but more heavily on diversifying their production of other food—mostly gourds, squashes and other vegetables—indigenous crops that they said require less labour and rain.

Some participants said that there were times they had chosen to devote more of their land and attention to tobacco, and reduce the amount of maize. Flaviana (#3, F, 30) said that she and her husband increased their tobacco plots many times, so as to buy food. When asked if that had been a good decision, she said that it might or might not have been, because “if we keep growing both, sometimes we fail to work on both.”

A good harvest is 10-12 bags [of maize], and a bad harvest is 1 and a half bags, like this year. We need about 8 bags for the house per season. For this season, I don't know how we will manage—maybe we will have to go and do hired labour on other farms – we haven't done that in a long time [The main problems with getting enough food are] to my side, the problem is due to being busy; we're occupied most of the time in the tobacco plot and we don't have enough time with the maize, so we don't get enough harvest. Also, bad rains are a problem.
– Chiku (#14, F, 33)

When Chiku (#14) was asked why they give more time to their tobacco plot than to maize, she replied that they do so because maize prices are unreliable, and that tobacco gets higher prices, so that they can buy maize.

Section II: Equity Issues

4. Interactions between smallholders, contract companies, and the state

The organization of contract farming with tobacco TNCs

According to interviews with a few informants and village officials, tobacco was introduced in Kiwere prior to independence by a European settler. The tradition of tobacco outgrowing (contracting) goes back to that time, when inputs and information were obtained (informally) from a Mr. Gawa, who was also the buyer. During *Ujamaa*, tobacco farming was enforced for most adults as part of the collective farming strategy.

After *Ujamaa*, most government role in marketing and input supply was removed. While companies started working directly with larger farmers only, a cooperative called Shifa (which contracted with TLTC/Universal Corp.) encouraged smallholders to grow tobacco through them in the mid-1990s. Soon afterward, Dimon (Alliance One Intl.) began operating in the country; the competition it presented caused Shifa to unravel. Eventually, smallholders started contracting individually with either Dimon or TLTC.

Due to problems of indebtedness and accusations that farmers were being dishonest, both companies pulled out of Iringa and stopped contracting with smallholders. Two years later, in 2004, the government persuaded the companies to return; they agreed to do so under the condition that smallholders must form groups of at least five members, growing at least ten acres of tobacco among them, who must act as guarantors for each other's loans. These groups, known as *kikundi* (*vikundi* in plural), were modelled on the old Primary Cooperative Society (PCS), widespread in Tanzania.

Almost all Kiwere smallholders said that they tried to cultivate at least 2-3 acres of tobacco (although a few women household-heads grew less) every year, except when impossible. Most smallholder households generally had few assets; and owned scattered plots adding up to a median of 6-10 acres. However a number owned even less land, and said that in order to grow both tobacco and maize, they had to supplement their farmland by renting an additional few acres every year, at about 10,000 Tanzanian shillings/~USD \$10 (based on exchange rates in 2006) per acre per season.

The farmers interviewed all had contracts (or were informally associated with a group that is contracted) with either Dimon or TLTC, although a large majority were with Dimon. Since the TTB is empowered to oversee negotiations for tobacco prices every year, and prices (for each grade of product) are set in advance, there is no significant price competition offered by the presence of more than one buyer. As such, people's choice of which company to contract with appeared to be based mostly on reputation, habit, or location of the marketplace for either company. Many said that they chose to go with Dimon since they could sell to the company right in the village, whereas with TLTC, they would have to take their tobacco to Iringa town. A few participants mentioned other smaller differences, such as that one company loans more bags of fertiliser per acre, but they all added that this is not necessarily a good thing, since it leads to more debt.

Formal and informal contract farming arrangements: In the course of the research, it was found that a few of the more asset-poor farmers, who described themselves as contract farmers, turned out to be only informally connected to a contract – they had no legal connection with the companies. Of the 26 farmers interviewed individually, three

women admitted explicitly to having informal contracts; two were elderly female heads of household. Informal contracts were accessed through personal connections, (usually a medium-scale or relatively well-off tobacco farmer) who loaned them some inputs and then promised to sell their tobacco crop on their behalf.

As such, it seemed that the less economically well-off and the poorer female-headed households were excluded from formal participation in contract farming. It is likely that they were excluded from participation in *vikundi* due to perceptions of their lesser ability to command adequate labour (as they either had small households or were considered too poor to be able to afford to hire labour), and gender norms.

It cannot be stated with certainty whether this was because the company would not be willing to give them a contract, or if they were not willing to enter into a formal contract themselves. However, it is significant that a few participants said that when approaching the company to ask for a loan or to join a *kikundi*, they are regularly asked how much land they have, and about the size of their “labour force” – whether household or hired labour. Those who have little of either, it seems, have difficulty in securing a contract or membership in a *kikundi*.

Many male farmers stated that in signing a contract, they carry their households “on their backs”—that is, it is assumed that they bring into the contract their household’s labour, and are responsible for their household’s contributions. Similarly, some individuals in *vikundi* used the same expression, saying that they carried other smaller farmers or groups of farmers “on their backs,” by providing them with inputs and selling their tobacco through the *kikundi*.

Interactions between smallholders and contract TNCs

For most villagers, interactions with the companies are most keenly perceived through their interactions with the company extension officer (or '*Bwana Shamba*'), at the time of grading and selling, and indirectly through their *kikundi*. The group leaders sometimes go to the company offices in Iringa town to collect money or to communicate problems.

The basic obligations of tobacco smallholder farmers to the companies were: to be in a group of people who act as guarantors for each other, to collectively cultivate at least 10 acres of tobacco, to sell their entire product to the company, and repay loans every season. People said that if farmers could not pay back their loans one year (for what was judged a 'legitimate' reason), they had in the past normally received a second loan, to repay both loans the next year.

The exchange interactions between farmers and contract companies varied depending on the crop. When paprika was introduced in Iringa in about 2000, farmers got most inputs on loan from Tanzania Spices Limited (the local branch of Evesa, a Spanish company). After problems with repayment, the company limited the types of assistance they provided (e.g. seed and extension services). From tobacco companies, farmers received on loan fertilisers, pesticides and seeds. Many smallholders noted that larger farmers are given cash loans for labour, ploughing, and firewood. For both paprika and tobacco, companies gave more comprehensive support (including extension) to medium- and large-scale farmers, ostensibly as they are less likely to have debt problems and are more able to produce higher quality crops (since the first priority for most smallholders is usually maize production for food).

Extension Services: Most tobacco smallholder participants said that they regularly get extension services from the company extension officer. But many women in the sample indicated that company (and also government) extension officers rarely gave them attention. For example, some said that if the officer visited while their husbands were not home, they would come back later to give him the technical information. These women were dissatisfied with this situation and felt that since they do so much of the tobacco work, they should be given knowledge on how to do it well. The great success of Farmer Field Schools in increasing women's productivity in Tanzania (UNCTAD, 2011:176) underlines the importance of agricultural extension and technical training for women.

The paprika farmers on the other hand were dissatisfied with the services they received, saying that although an extension officer visited them about once a season, this was not enough; or that any help he could give was too late. Otherwise, the company conducted seminars for farmers when they come to sell their product in town; farmers said that they benefited from the seminars, but that they are too late in the season to correct past mistakes, and give too much information to absorb at once.

Rashid A. (#21), an informal community leader in Mfyome, and a successful medium-scale farmer who grew both tobacco and paprika, was one of the few locals who had tried other types of systems, including experimenting with organic/ecological methods. He often took on the role of educating smallholders on new methods he had found successful. Significantly, smallholders in Mfyome (when asked about receiving extension services from the government or companies) more often cited him as their main source of technical information.

5. Dependency

There was severe dependency by farmers upon input loans from contract companies, not simply for tobacco income, but also as a means to access agricultural inputs for their subsistence food crop, maize.

Farmers were entirely reliant upon companies for input loans, technical support, and a market outlet. An unexpected finding was that all smallholders said that they depended upon loaned chemical fertilizer from tobacco companies to subsidise their subsistence (maize) production. For many (male and female) farmers, this was cited as the major motivation for continuing to engage in contract farming. This occurred via the widespread practice of transferring some of the inputs meant for tobacco onto maize fields—a fact that caused acrimony on the part of tobacco companies. It also meant that smallholders' tobacco farms usually get less chemical inputs than strictly called for, resulting in lower-quality tobacco and lower grades, hence lower incomes from their tobacco crop. Kiwere smallholders said that the TTB had told the tobacco companies to also loan them a little maize fertiliser (so for each acre of tobacco they planned to cultivate, farmers were loaned seven 50 kg bags of tobacco fertiliser, plus one bag of maize fertiliser). But since this was a small amount, it had not stopped the practice. Soil infertility and the increasing unaffordability of basic agricultural inputs had caused this situation: farmers could not afford maize fertilizer at the beginning of the season, but said that without a lot of fertilizer, they could not grow adequate maize.

As such, it can be concluded that in Iringa, smallholder dependency was compounded by ecological crisis, economic deprivation, and food security concerns.

There were chronic problems of indebtedness; in 2006, it was said that more than half the villagers had failed to pay back their debts, due to the previous year's drought. Many had made almost no money from tobacco sales that year. People were uncertain about what the companies would do. Many said that they had heard of threats of legal actions, or that farmers' possessions could be seized – but none had heard of this actually happening. Eustace (#4, M, 50) said that “if you fail to pay, they can take you to court. Last year, it was going to happen, so people ran away. It was going to be small farmers who were caught. It can't happen to big farmers who have more opportunities. They can get company loans to hire people to help them.”

Few participants were willing to admit they had debt problems themselves. But most of those who did said that they would continue growing tobacco that year if the company gave them another loan, so as to pay their previous loans, and to obtain farming inputs. So particularly for the poorest of the smallholders interviewed, contract farming seems to be perceived less as a good source of income, and more as a necessary survival strategy. It was also evident that a long period of contracting, and of farming with the use of large amounts of loans, had fostered a general sense of loan dependency.

Two years ago was a bit good. I managed to buy the building materials you see outside the house, that we will build with. Last season was very bad. We had loans but the sun was very hot, nothing grew, and we had already put the fertiliser on the plots. A lot of people couldn't pay back the loans. We were threatened with the law. We still don't know what will happen for this year. We haven't got loans yet. We're scared of what will happen. I harvested 170 kilos of tobacco, and it's been taken – but we don't know if we'll get anything [money] for it; we're just working like slaves. – Khadija (#5, F, ~50)

And Grace (#1), who was the head of her household, had just opened a small restaurant (enabled by a loan from a family member). She did so as a forward-looking measure, because she had not had a good tobacco harvest. She knew that in the next season, “I

won't get any loans, and I don't know what will be done about the loans that haven't been paid this year – perhaps the government will intervene, or the company will leave us alone – but if I get a loan, I can grow tobacco again.”

Many smallholders (especially male farmers) interviewed seemed to perceive themselves to be caught, for better or worse, in a state of dependency upon tobacco companies. For example, Grace also said that, for the village:

What made us start was because of our difficult life situations. We weren't able to get any fertilizers. If we were able to do it ourselves, we would prefer to do it ourselves, rather than through companies, because their conditionalities are very hard. The loans are big expenses ... but we need the companies. [...] Some things are not good, but there are no choices. If we can get money for other seeds and fertilizer, for other crops, we would grow other crops [...] if you speak with the government for help with curing and other things – especially us small farmers – we're not listened to, but told that 'you have to do it your own way, and fend for yourself.

However, as detailed later, the responses of women farmers showed that they were, in general, a bit less perturbed by the idea of not engaging in tobacco farming.

Due to problems of farmer debt, in October 2006 Alliance One was reportedly planning to dissolve the small-group system that had operated over the past several years in Iringa district, and replace it with a “Farmers Association” in each village, which only medium-scale farmers in good standing would be allowed to join at first; members would be required to put up securities, such as land or houses. According to an informant who had been involved in these discussions (Rashid A., #21, a medium-scale farmer and smallholder representative), only ten men in Mfyome would qualify to join. They would be the only ones allowed contracts for the next year; options for smallholders could be to enter into informal arrangements with these farmers, or perhaps try to switch to Dimon. Afterwards, there would be negotiations for re-organisation of smallholder groups, with a

system of guarantors or another way to recover debts. The dissolution of *vikundi* and their contracts (which started in 2004/2005) would amount to a unilateral revocation of the standard three-year contract by the company. There was no sense that the farmers would try to fight against these changes. But Rashid A. said: “we shouldn’t have to take permission to grow what we want to grow. And we should be able to have a choice about where to sell it, instead of having only one buyer, or two buyers that we can see are just like each other.”

The withdrawal of contract companies from Iringa in 2000: local crisis

Because of the extent of smallholder dependency on contract farming, the unilateral withdrawal of contract companies led to a local crisis for former tobacco farmers. Since international firms do not necessarily have an interest in continuing to operate in any region, nor any regulations committing them to do so, they can decide to pull out of a region for any reason—as they did in 2000 from Iringa, only returning in 2003 after appeals by the government.

Small farmers did not have other options, and were not able to adapt by moving into other cash crops or enterprises (as indicated by examples of the ways in which people survived the crisis). The absence in the region of alternate credit sources, of on- or off-farm income opportunities, and the lack of supporting infrastructure or market access for alternative commercial activities, emphasized this dependency.

Participants said that they managed to survive the crisis through various methods that allowed them to make a bit of money somehow, to buy maize: one man (Daudi, #17) said that he was lucky to have been trained as a carpenter, and got a job for one year in

Mfyome with a company building a canal there. Another (Jabulani, #11) said that he was allowed to sweep a fertiliser storage facility ('godown') by a company representative and take whatever he could find, which allowed him to grow a little bit more maize than others could, and some tobacco, that he sold through a medium-scale farmer.

This experience underlines the crucial need for policymakers to turn attention to the very real problems for contract farmers that result from being part of international commodity chains based on "footloose" FDI (UNCTAD, 2011). As international firms that engage local contract farmers have no obligation to remain in the country, or to work with communities every year, farmers cannot assume they will have the security of contract farming as a long- or medium-term option. Smallholders cannot easily and immediately switch to other types of cash or food crop options if companies suddenly withdraw, even if alternate markets and credit are accessible.

Since contract farming is being promoted as part of "the new agriculture" (World Bank, 2008) that, it is said, will bring about poverty reduction in agriculture-dependent developing countries, issues of security and reliability for farmers must be resolved.

Other dimensions of dependency: historical dependency on the state

This case study was well-suited to assess the effects of liberalization and withdrawal of the state from agriculture, since there are certain constants that allow comparison: tobacco has been the principal cash crop of the region since 1964 (Source: VEO Kiwere, interview). It was controlled by the state (which was responsible for input loans, regulation, extension services, processing and marketing) until 1995, and thereafter by companies in much the same functions.

To gain a sense of how things have changed over time, in order to address the research questions on how agricultural liberalization has affected livelihoods, participants and key informants were asked about their perception of the roles played in their lives by the state, local authorities, co-operatives, and private companies over time, dating back to *Ujamaa* (depending on their age). The study focused especially on the post-1995 period, since contract farming in its current incarnation began then.

The recent socialist past meant that the state had been deeply involved in rural development; many participants spoke of how there had been a lot of state assistance with input subsidies for all crops, extension services, and village cooperatives. However since 1995, the role of the government (in general, not only in relation to contracting) in the community was said by participants to be limited to provision of intermittent emergency food aid, occasional subsidised fertiliser for maize, negotiating with contract companies, and supervision by the TTB at the time of tobacco sales.

Given the input-intensive nature of the crop's cultivation and post-harvest processing (curing), it seems that farmers have always had to obtain inputs through loans or other schemes, even during *Ujamaa*. Many were too young to remember what conditions were like then, but relayed stories they had heard. Tobacco was the cash crop in Iringa during *Ujamaa*, when most villagers were obligated to work on village export crop farms. Older people spoke of how inputs were loaned via the state to village leaders, who then organised the farming cycle; people were later paid according to the number of days they had worked. At the end of *Ujamaa* and until 1994, loan provisioning for farmers came through the Tobacco Authority of Tanzania (TAT).

While many farmers now resent their dependency and their lack of power vis-à-vis the companies, as well as the particular disadvantages of tobacco farming, it seems that others have a more fatalistic attitude, saying that the situation has been much the same for many years, and they cannot see things changing. Indeed, many people grew up seeing their parents farming tobacco, and the community has a long tradition of dependency upon one institution or another.

6. Effects on gender equity

There were steep gender inequities in contract farming, including in incomes, membership in contract farming groups, and in decision-making. The labour demands placed upon households from tobacco production also appeared associated with effects on women's enterprises, which possibly increased vulnerability to food shortages (especially in years of bad tobacco harvests).

The essential role of women's labour in contract farming was confirmed by responses about the major constraints to tobacco production, and about what sort of person would make a good member of their *kikundi*. In either case, having a lot of family labour on one's side (or ability to hire wage-labour) was stated as the most crucial element in individuals successfully producing an adequate tobacco crop.

Women had less influence over the use of family labour and land, despite their significant labour contributions. While people were sometimes reluctant to discuss decision-making in their own households, they were more forthcoming on dynamics in the village as a whole: decisions on cash crops, as well as on food (especially maize)

crops, were said to be mostly made by men. Many fascinating views – both expected and unexpected – were expressed on decision-making around agricultural production and income distribution, and on the perceived value of people’s labour.

In tobacco farming: women were mostly responsible for pruning, fetching water, watering, and sorting and bundling tobacco. The work men did exclusively was curing tobacco and spraying pesticide. There was one exception. Grace (#1), who grew tobacco alone via informal contract, said that she cures the tobacco herself, even though people were surprised to see her do it.

This division of responsibilities was important in focus group discussions; it was cited by several men and some women as the rationale (rightfully or otherwise) for men receiving the bulk of income—that is, it was said that men do the “hardest” or “heaviest” work, which women cannot manage. For example, Eustace (#4, M, 50) said:

There’s no difference in any work [that men or women do], but in tobacco, the curing is done by men because it takes a lot of strength and is also done at night – it takes a week, and you have to sleep next to the barn to make sure the temperature stays the same.

Participation in community-level contract farming groups: Women were rarely members or participants in the *vikundi* that collectively sign a contract. Female-headed, and poorer households, were particularly excluded. And as a rule, except among female-headed households and one in which the woman’s husband was unable to work because of tuberculosis, the contract was signed by the man. The most common reasons given for this were that he took the decision to grow tobacco; or that since he represented the household, it is assumed that he signs on their behalf (VEO Kiwere, interview). All the male participants explicitly agreed that in joining a *kikundi*, they simultaneously sign

their families into it. A lot of women said that their husband joined the group and that there wasn't really a consultation prior. Most participants, however, said that there was no real reason why women couldn't be members.

On women not being group members, one man (Hamisi, #13) said that women don't take the initiative fast enough; a woman answered that they do not have enough education and are not included in decisions made in the village. Hamisi's wife, Chiku (#14), was asked if she participates in the group:

No, they don't call us. But women would like to participate because anything can happen. You might not know if your husband will live and you could find that your husband has a big debt, but you haven't been aware since the beginning. It's good to understand.

One participant (Rose, #15), speaking on women's participation in village institutions generally, said: "if [women farmers] can try to speak about things to make changes, maybe they will be listened to—but they can't— they don't have the confidence so they don't do it."

Distribution of incomes: After each group's product is sold, the company is supposed to pay the members a few weeks later, through the heads of *vikundi*—although many people said that it sometimes takes much longer. Some data was collected on how that income is then distributed within the household.

In some smallholder households that used hired labour, there was a new trend of women being paid wages for their labour in contract farming, at the same time and rate as other hired labourers.^{xix} One man (Shukuru, #9) who paid his wife this way said that doing so prevented other hired labourers from accusing him of favouring his wife by paying her more than them. In Iringa, women's perceptions of being paid as wage-

labourers for their work in contract farming were mixed: some felt that it was fair, and strongly supported it. Others did not; one woman argued that although it is sometimes done, it amounts to a belittling of women's contributions. But as only a handful of women in the sample were paid this way, there was not enough evidence to assess its welfare implications.

In most households, income distribution was more arbitrary. Responses from participants varied, with issues of culture, trust, tradition, gender roles and labour roles forming predominant rationales for men receiving most of the income from contract farming. One woman said, regarding her priorities if she was the primary recipient, or had control over half the income: "I would keep some to use for growing my own farm. Right now, I can't do it. I would grow sunflower, tomatoes and maize." When asked why she didn't say mention tobacco, she said that it was too much work to do alone.

One woman (Hawa, #2) said: "Often men cheat women; women don't have a voice and can't make decisions. For example he only brings home a bit of money and don't show how much they've made from tobacco. They just keep it. I'm lucky with my situation and family and I thank god." Jabulani (#11, M) said that although women can manage money equally well, the problem was "I'm the one who cures the tobacco, to sleep out there. It's a very hard job. But the mother takes care of the kids, is the mother of the house. If women go to town to collect our payments, it's difficult for men to stay home and take care of the kids."

7. Smallholder Participation, Representation and Producer Organizations

Smallholders were extremely under-represented in existing regulatory and negotiation processes in the tobacco industry. Overall, there was a high degree of disempowerment (for both men and women smallholders) in relation to contract companies, government and large-scale farmers, due to asymmetries of power, representation, and access to information.

Smallholder Representation

Interviews with farmers, village leaders, and smallholder representatives all indicated that smallholders had minimal representation and participation in formal regulatory and negotiation processes. In addition, government advocacy on their behalf was minimal. These two factors resulted in feelings of powerlessness vis-à-vis the companies, and the perpetuation of systemic power asymmetries. Participants also indicated that although it was good that TTB officials were present during marketing, they felt that the TTB was more on the side of the companies.

During discussions on whether farmers felt that they had the power to influence their conditions regarding contract farming, a few were very positive, saying that the companies listen if one goes to town to complain. However most said that they had no channel to communicate their issues and no power. It was some time before anyone mentioned that there are two tobacco smallholder representatives in each village, which indicates that they do not have a major role in the view of smallholders. These representatives attend bi-weekly ‘stakeholders’ meetings’ (the only official process or body in which smallholders had the possibility for formal participation, through one

representative per village per company), which include small and large farmers, tobacco company representatives and the government.

In focus group discussions, when the question of whether people felt adequately represented by their smallholder representative, those who knew about it in Kiwere said that there was no accountability or reporting; and in Mfyome, that their representative was having the same problems as they were, and was just like them. The Mfyome representative, in an interview, said that he has no power at the meetings and that it is not a forum for change or substantial participation. Instead, it is simply a discussion forum; no decisions can be made at the stakeholders meeting, nor does it have influence.

The representative [Deogratius] does his job well, and the price setter does his job well – there's no problem with the government. But it's just that the company has too much more power. – Omarion (#16, M, 28)

There is a smallholder representative for the village, but there are issues – some people accept him, and some don't. Having just one representative is very bad. We should be as powerful as the large-scale growers association. – Daudi (#17, M, 42)

It was found that there was little transparency regarding stakeholders' meetings, and a sense of disempowerment and lack of confidence amongst the small farmers to demand the right to participate or negotiate with companies.

Patrimonialism and extant power dynamics within villages: In regards to representation, class issues are inescapable at the village level. All the “smallholder representatives” in both villages were actually medium-scale male farmers. In Kiwere village, the representatives to Alliance One and TLTC were brothers, and conspicuously wealthy – for example, while owning a donkey-cart (*mkokoteni*) is a sign of above-average wealth in the village, the TLTC representative owned a new tractor, a car, and a

second house in town. Interestingly, smallholder representatives were said to be chosen by election. Political positions of power in the villages observed tended to correspond with wealth and status; the Village Executive Officers (VEOs) and Chairmen of each village were all medium-scale farmers and relatively wealthy.

Large-scale tobacco farmers, on the other hand, are present throughout, including at the highest levels of the industry: the Apex Body, which is the major forum for tobacco stakeholders and negotiates pricing and grading annually. It is composed of the tobacco companies, the TTB, and the large-scale tobacco farmers' association, SHTGA (Southern Highlands Tobacco Growers Association). SHTGA also has a representative in the TTB advisory council, adding to its influence (Source: key informants in Iringa town).

The bargaining power enjoyed by large-scale farmers seemed to have incidentally benefited small farmers – such as the negotiated strict pricing structure for tobacco grades and payment guarantees. However, one of the smallholder representatives (Rashid A., #21) said that there was little actual interaction between smallholders and SHTGA, and that large farmers were uninterested in advocating for the rights of small farmers. The same smallholder representative said that in order to gain a seat at high-level discussions, SHTGA had needed to act as if they represented the interests of *all* tobacco farmers; SHTGA therefore had asked that small farmers be permitted to attend the lower-level stakeholders meeting, which was granted. It was for this reason alone that the villagers had even that minimal level of representation.

In Iringa, all the large-scale tobacco farmers are descendants of colonial settler families, who have constituted a regional elite and been involved in large-scale tobacco cultivation for generations. These farmers, and their plantations, are locally known as

Magiriki (The Greeks). This is significant, as the chasm between the two groups—large-scale and small-scale contract farmers—has probably been exacerbated by this pre-existing class and race divide.

Many smallholders believed that they, unjustly, received less support than large-scale farmers, such as loans to hire labourers or to hire tractors for ploughing (this was often true); that they were charged higher than market prices for inputs (which was confirmed to be true, at least in the case of fertilizer); and that their tobacco was often unjustly assigned inferior grades. On the other hand, government officials and a company representative who were interviewed were convinced that smallholders often cheated through side-selling of tobacco, or produced low-quality tobacco by misusing loaned fertilizer meant for tobacco, and due to bad farming techniques (some of which are true).

Given the great barriers to change, and that local and regional elites dominated all aspects of the regulatory and negotiation process, there are major hurdles to increasing smallholder bargaining power. Despite the hopes of the 2005 PHDR and the 2001 ASDS for enhancing smallholder producer-buyer partnerships, it is questionable that equitable partnership is possible, especially given the relative size and power of the players.

Producer Organizations

Strong Producer Organizations (POs) have been identified by international agencies as key to increasing benefits to smallholder contract farmers. In Iringa, the producer groups through which farmers contracted with the companies did not strengthen individuals; rather, they had the effect of further spreading risk away from contract companies.

Producer organizations for smallholders in the area had a history of weakness or collapse. There were no functioning smallholder groups for tobacco farmers—attempts to form credit societies for farmers had consistently fallen apart due to, among others, alleged financial mismanagement or corruption, and lack of funds. The potential for smallholders enhancing their bargaining power through Producer Organizations (see Prowse, 2007, 2012; World Bank, 2008), while theoretically not flawed, is fraught with such challenges. There are many impediments that prevent even low-level influence of smallholders, let alone in negotiation with companies.

There was little communication and transparency between small farmers and the buyers. For example, several people expressed frustration at not being allowed to know the international price for tobacco. Another example of the lack of basic information given to contract farmers was given by some paprika growers in Mfyome, who mentioned that they did not regard paprika—which they cultivated intensively and then sun-dried for about a week— as a food crop; although they appreciated the benefits it gave them, they wondered what people did with it.

Smallholders were generally disempowered in relation to the government. Interactions with the state during *Ujamaa*—“in which the state acted as both the merchant and the landlord” (Shivji & Wuyts, 2009) whereas previously and afterward, the merchant was international capital, enabled through the state/landlord— and the post-liberalization state was marked by authoritarian government policy towards the peasantry, to which they are inured. The relationship of smallholders to the contract companies was not dissimilar. For example, the companies dictated the terms of contracts, as well as how smallholders should self-organize.

During the research process, it became increasingly evident that smallholders perceive the weakness of farmers' institutions and low-level corruption as a main impediment to local development. This was brought up by a few participants; and that if small farmers groups were stronger, they would be in a better position to negotiate with the contract companies, or to explore new sources of income generation. One man (Hamisi, #13, 33) said:

There's no tobacco farmers' association here. It would be good because they have more power – these little groups [of ours] have no power. After the companies came, they told us to be in small groups, so that spirit of being in a community went away [...] It would be good to have a big smallholder's association.

There were no major farmers associations in the villages, although several women expressed desire to join a savings and micro-credit scheme (known in Tanzania as a SACCOS). Three said that after they paid membership fees to join such groups, the groups fell apart before even beginning, or leaders disappeared with the money. A few in Kiwere said that other villages they know of do not have such big problems with distrust and corruption, and that there are some strong farmers associations in other places.

Primary Co-operative Societies (PCS), which are Tanzanian village cooperatives conceived during *Ujamaa*, still exist, but are mostly dormant in Iringa. The PCS in Kiwere village fell apart due to a mismanaged small-loans scheme. In other regions such as Songea and Chunya, the PCS signs tobacco contracts. A TTB official suggested that these are stronger: “the case here in Iringa is more serious compared to other parts of Tanzania because of the weakness of the farming contract groups. Elsewhere farming contract is within the primary society which is more powerful when it comes for confrontation with the companies” (Kaniki interview).

Several people said that even though people were forced to work on communal farms during *Ujamaa*, there was, at least, fair leadership and greater provision of social services. Even more lamented the fact that most farmers associations over the past decade have crumbled after going into debt, due to mismanagement, deceit or corruption. Very few smallholders appear to have benefited from collective organisation; many spoke of how the more well-off people in the village (who, it was observed, tend to also hold positions of political and social authority, including in farmers unions) have monopolized resources and benefits, including grants by the contract companies intended to help the small farmers (e.g. grants to buy tractors, occasional cash loans for curing barns, etc).

Risk perception by TNCs – small-scale vs. large-scale farmers: Much of the literature on contract farming asserts that TNCs prefer contracting to small farmers, because of their cheap and plentiful labour, and given that since they are relatively weaker than large farmers, they are less difficult to bargain with (Little & Watts, 1994; Khainga, 2011). But others suggest that firms are more willing to work with large-scale farmers, as they are more stable, have lower transaction costs and higher volumes of commodity production.

In Iringa, TLTC and Dimon contract with both big and small farmers, but give more technical and financial support to large farmers. Many small-scale farmers complained about large landowners being given preferential treatment and respect, and that they would succeed better in tobacco if they, too, were given loans to cover the costs of hiring extra labour. Over-exploitation of family labour in Iringa was largely detrimental; in this regard, De Schutter (2009) underscores the importance of recognizing that small farmers are more excluded from high value chains in general, and that to even

participate, they usually must over-exploit their family labour to make up for their lack of other assets and power.

Although they bought large volumes from smallholders, companies demanded that smallholders be in groups, so as to reduce the risk perceived as inherent in contracting with them. The groups (*vikundi*) were organized both to guarantee a minimum acreage of tobacco (ten acres) and to further deflect risk in case of loan default, as other members would absorb individual losses and loan defaults. A TLTC official who was interviewed claimed that it was difficult for them to work with smallholders, since they often cheated, used incorrect methods, and produced very low-quality tobacco.

But the pattern in Iringa suggests that in fact, firms were willing to contract with smallholders (but on specific and stringent terms, and with lower levels of investment than with large farmers), as they ensured a cheap supply of tobacco, except for the years in which drought or rains destroyed crop yields, resulting in widespread loan defaults—in which case they can (and did) withdraw from the arrangement unilaterally, with no further consequences for them. The losses to the tobacco companies who withdrew from Iringa in 2000 were relatively small, compared to the devastating effects on the community. It therefore seems that in Iringa, at least, contracting with smallholders is not a high-risk activity for companies.

8. Government Institutions and Assistance to Smallholders

The Tanzania Tobacco Board: A majority of participants knew of the Board, and felt that its major role was in supervising the selling of tobacco, as a buffer between the company buyers and themselves and by classifying their tobacco according to grades.

The average price for a kilo of tobacco in Iringa was 900 Tanzanian shillings (\$0.90 USD); the price of high-quality tobacco tended towards around 1200 shillings (in the 2005/2006 season).

Normally, if there is a dispute and the company buyer disagrees with the grade, the grader may reduce the grade. If the farmer is dissatisfied with the grade given, they can take back their bales, re-sort them, and return to the market. Many participants said that if one takes back and re-sorts the tobacco (or even just returned the same tobacco later), one can get a better price the second time—and so, they felt that prices seem to depend on the whim of the classifier. However, some of the smaller farmers felt that transport costs to take their tobacco back to the village and then return to the market are prohibitively high, and as such that they are often obliged to take whatever price they are offered. Most farmers also felt that the classifiers are usually on the company's side as they are from the government and want to please the companies since they benefit from them, so they don't defend or listen to the farmers as much.

The board could help us more by finding the market where the company takes the tobacco, and know what prices the company gets for the tobacco. Then we could find out if the company is being fair to us. The Board is helping us by preventing us from getting paid even less – the government people might have a rough idea of the price of tobacco. – Hawa (#2)

The government can't do anything for us – in fact, they're the ones who told companies not to give loans anymore to those farmers with big debts. That's what the Dimon company people told us. [...] The government could sit with other companies and think of a way to ask them to give loans to farmers. Maybe they could find loans from somewhere else for us to grow sunflower. It uses less fertiliser than tobacco. – Simon (#8)

A number of participants were unaware of the TTB (although they realised that there is some government presence in the market, and that they all have to be registered with the Board), and one even thought that the TTB and the companies are one and the same.

Most are only aware of the extension officer as involved in the tobacco regulatory process. In addition, while many are distantly aware that they have a smallholder representative to a stakeholders' meeting, few are aware of what goes on at these meetings or of whether they are able to participate through their representative.

While many farmers and key informants see the TTB as, in principle, an important regulatory mechanism to prevent unfair outcomes for farmers, Cooksey (2003) sees the preponderance of power in crop boards and the empowerment of central ministries by the ASDS as regressive, threatening livelihoods and discouraging private initiative (p. 3).

The government response: According to a TTB representative (Kaniki interview), the main responsibilities of the TTB are: “to promote a conducive and pacific environment for the tobacco industry so as allow effective and fair competition for all stakeholders” [and] “to control and prescribe measures for the preservation of the environment including avoidance of land degradation, through compulsory afforestation and economical use of fuel wood programmes.”

He added that—as regards the involvement of the TTB in regulation of the industry and to manage problems:

“Any issue arising during the market should be solved by the stakeholders headed by official from TTB. TTB sometimes faces challenges from other stakeholders but so long all matters lie under joint leadership nothing is spoiled. Small farmers happened to be incompetent in the understanding of classification process and this is where TTB come to face challenge. TTB as a government part is there at the market to see there is peace and harmony.”

“The TTB has arranged meeting with stakeholders in order to put some strategic plans for the increase of production as ordered by the government. Therefore every district council where tobacco is their major cash crop, they are working out

their strategic plans to achieve this goal. This strategic plan includes also the way to combat with environmental destructions by making sure that tree planting is given a first priority. All the intricacy which are seen as the problem in contract farming will be attended and solved. Therefore it is early to say what are the strategies.”

Past Government Assistance: In attempting to get a sense of how things have changed for farmers in the restructuring of the agricultural sector since the mid-1990s it was difficult to get definitive opinions from participants, as many people were not sure as to what kind of help they used to get, or were not farming at that time, or could not remember. Some people said that back in the day they used to get some more help with inputs through the state marketing board. Prices for tobacco were lower then, but fertilizer and other needs were cheaper.

In focus groups, a majority of people felt that the assistance they get from contract companies helps them more than *all* services from the government (including education and health) combined.

There was a wide variety of responses on which situation was better for them. Many people talked about the ills or benefits of *Ujamaa* (whether or not they had been old enough to be affected by it), particularly of the communal farms. One farmer related stories he had heard, about village farms and forced work:

They were growing tobacco for village development and didn't get paid much money. But with that tobacco, there were good village leaders and they did some good things – they bought vehicles to be used for all villages, and opened shops. If a person was sick, he could be taken to the hospital. My parents did this work – they didn't like it, but if they refused they could go to jail. – Jabulani (#11, M, 32)

The village executive officer (VEO) stated that the differences between government and company oversight of tobacco production were not very big, but that at least now, as opposed to during *Ujamaa*, everyone has their own land and gets their own money. In

addition, he thought that things were especially good lately, because “companies lend money to medium tobacco farmers for hired labour.” The VEO himself initially labelled himself a small farmer, but later admitted that he was one of the four medium-scale farmers in the village.

In recent years, most government efforts aimed at improving the lives of farmers had rested on promotion of micro credit organisations; most of those in Kiwere, however, failed due to mismanagement or corruption. Other projects by the government such as provision of livestock such as goats, and related training, were spoken of more highly.

Section III: Overarching Themes

9. Contract farming and state neglect of rural development

The predominance of contracting in the district had coincided with neglect by the state of the area on the most basic levels, resulting in persistent deprivation, lack of alternate markets and income options, and lack of fundamental public goods such as water, roads, and basic electricity/communications infrastructure.

The designation, too, of Kiwere as an official ‘tobacco area’ likely has had the effect that no particular effort has been made by development planners/government agencies to introduce other viable cash crops into the area. Despite Iringa region’s status as a main producer of tobacco and its historical fertility, it is one of the poorest regions of the country, with slow progress in most development indicators (as viewed through standards set out in MKUKUTA). It is facing declining soil fertility, resulting in ever-greater need for fertilizer to grow even basic food crops (see Waluye: *‘Smoke Sacrifice,’*

2005). Nevertheless, at the time of the study, the government was putting into place strategic plans to double tobacco production through contract farming.

There was no access to irrigation in Kiwere; four women and two men in Kiwere talked about the need for irrigation, considering that other villages in the region that have irrigation are able to grow more food, including rice. Two respondents (Daudi, #17 & Chiku, #14) said that they had contributed towards a cost-sharing program for irrigation canals near the village, but that the organisers had disappeared with the money right after initial construction began.

In Tanzania, surveys on conditions of roads have shown that they are declining in rural areas, with negative effects on markets. Lack of drinking water has been cited as a major problem too (PHDR, 2007:66). This was evident in Iringa, where water access in general (for farming and drinking) was cited as an impediment, both in farming productivity, and in terms of taking a great deal of women's time to collect daily. In Kiwere, there was only one village tap. The main water source was the Ruaha river; women said that it takes two or three hours to go there to fetch water and return. (For reference, the MKUKUTA standard for water 'accessibility' is 30 minutes). Farmers plant their seedlings in small plots next to the river; the rest of the cropping season is timed exactly with the rainy season.

In relation to contract farming in the 'new vision' for agriculture, the Special Rapporteur on the right to food asserts that:

States should also support farming communities by providing certain goods and services required to achieve an adequate standard of living through farming. Although private investors may provide some of the same goods and services, leading some commentators to view contract farming as a means to ensure the more efficient distribution of such goods and services, it would be misplaced to

view contract farming as a substitute for the indispensable role of the State in this regard. (De Schutter, 2010, part 12:6-7)

He also notes that under the Voluntary Guidelines on the right to food, where poverty and hunger are predominantly rural, states are expected to: “provide technical assistance to farmers through public agricultural extension services, ensure access to reliable and assured credit for small-scale farmers at reasonable rates and help to create basic price support mechanisms for small-scale farmers” (ibid.)^{xx}. These types of assistance—to reliable credit, for example—are conspicuously absent for smallholders in Iringa.

State Promotion of Contract Farming in the ASDS and ‘Kilimo Kwanza’

The adoption by the Tanzanian government of ‘Kilimo Kwanza’ in 2009 marks an intensification of previous efforts during the 2000s. This program, which advocates a green revolution spearheaded by the private sector, came soon after publication of the 2008 World Development Report, which advocates a green revolution for agriculture-dependent developing countries, and promotes the ‘new agriculture’ (in which contract farming has a key place) spearheaded by the private sector—as opposed to the earlier green revolutions, which were implemented by states (World Bank, 2008:237).

It should be noted that the impetus is not just from the government, but also external actors, as the PRSP process occurs through IMF negotiation mechanisms; some have challenged the idea of ‘national ownership’ of PRSPs as little more than re-branding of SAPs.^{xxi}

Critiques of the ‘green revolution for Africa’ are numerous—Patel, for example, draws attention the ambiguous success of the past green revolutions, as well as to

evidence that recent food price increases have come at a time at which “food output per person is as high as it has ever been, suggesting that hunger isn’t a problem of production so much as one of distribution” (Patel, in *Via Campesina*, 2010:13-14). And in this regard, Amartya Sen’s foundational study on poverty and famines (1981) must be remembered—in every major famine since the second world war, there had always been enough food; the main reason for starvation was not absolute food shortages, but people’s inability to buy it.

The language of ‘rural poverty reduction’ and pro-poor growth features prominently in successive PRSPs, and in the state’s agricultural development strategies (including on contract farming). They are contradicted by the demonstrated priorities of local and national government authorities over the past decade, which have been to:

- 1) Double the production of tobacco and other contracted crops (such as cotton), as a blanket policy, for national economic goals.
- 2) Provide an enabling environment for TNCs, and retain the involvement of multinationals.

The lack of attention to local needs, in favour of strategic priorities, is evident in these blanket policies to double production of all contracted crops, even though effects are often crop-specific and case-specific—sometimes with very significant community repercussions, as seen in Iringa.

As indicated in the PHDR (2007), only 1 percent of smallholders are contract farmers, as opposed to 25 percent of large farmers. Yet contract farming by *smallholders* is being promoted as a central pillar of rural development strategy, with increased percentage of contracted smallholders as a primary indicator of progress. Kilimo Kwanza prioritizes the growth of modern, commercial medium- and large-scale farms.

Rural development thinking, according to Ellis and Biggs (2001), has been dominated since the 1950s by the ‘agricultural growth based on small-farm efficiency paradigm’ (p. 440); small farms may be more efficient, with greater productivity, agricultural diversity, etc. (Kaihura & Stocking eds., 2003:8). But land reforms in Africa, according to Moyo (2003:24), have been oblivious to these discourses, remaining obsessed with economies of scale and commercializing agriculture. He condemns what he sees as an almost permanent policy perspective that considers subsistence farming “a residual social function of containing the peasantry” (ibid.). As explored in section II of this chapter, the ongoing land reform process in Tanzania will result in increased landlessness, decline of small farms, and dispossession of the peasantry (Maghimbi et al., 2011; Chachage, 2003).

The Tanzanian government remains fixated upon getting rid of ‘traditional’ agriculture; an illustration of this patronizing attitude came from the Minister for Agriculture and Food Security, Prof. Jumanne Maghembe, was quoted as having said to tobacco smallholders (at the annual general meeting of the International Tobacco Growers Association, which took place in Tanzania):

It is time you emulated your colleagues in developed nations who grow tobacco in a modern manner by doing away with inferior farm implements, particularly the hand hoe. The use of tractors and oxen ploughs to facilitate the farming is still small, hence farmers’ average acreage is between 0.8 and 1.0 hectares per family. (IPP, 2011)

Despite the condemnation of ‘inferior implements and traditional practices amongst peasant farmers; state policies are overwhelmingly aimed at concentration and intensification of agriculture on medium/large-scale land-holdings, rather than at providing remedies to address the constraints to the use of modern techniques by peasant

farmers/smallholders. Many participants in the study indicated the *desire* to own labour-saving implements (or to use them, by hiring donkey-carts or tractors on a short-term basis for ploughing: an option somewhat more accessible to them) or use irrigation—but for lack of resources, opportunities, and state support, cannot.

10. The myth of peasant ‘social labour’ availability

According to successive PRSPs (2006, 2011), contract farming is well-suited for the rural populations because of plentiful labour availability and work-sharing, wherein small groups of farmers help each other with labour when needed, thus reducing costs and minimising risk. Regional authorities seemed to also believe this; for example, a TTB official (Kaniki interview, 2006) stated that “hired labour for small farmers is cheaper because sometimes they help each other as group members.”

The social labour concept has been challenged by Ponte (2000, who ascertained that liberalization in Tanzania had led to dramatic increases in farmers hiring labour, rather than recruiting labour through social networks. This trend, he showed, implied “a passage from social negotiation to contractual negotiation as the main vehicle for access to resources” (p. 1017), and contributed to increasing socioeconomic inequality (ibid.).

He found that:

...the disappearance of exchange labor has brought profound changes on how people and households relate with each other in rural Tanzania. While access to farm labor on the basis of social negotiation among households has changed significantly, labor relations within the farming household have remained relatively unchanged. In what is still a patriarchal society, men do not require extensive negotiations to recruit the labor of their wives and school-age children. (p. 1023)

This shift was mostly borne out in the Iringa case study: none of the participants were involved in communal work-sharing arrangements. The only volunteering of labour participants spoke of was for family members (e.g. parents), and in rare cases, friends.

Even more significantly, there was an active labour market within villages. Especially among tobacco farmers, all family labour was already over-strained. The alleged availability of social labour (through communal linkages, reciprocity and work-sharing) did not seem to correspond with reality in Iringa. When asked, almost all participants said that members of *kikundis* do not help each other with their labour; as such, ‘communal solidarity’ is probably overstated.

Participants were asked how they managed all the work on their tobacco, paprika (and other) farms. Most, especially tobacco farmers, said that labour shortage was a great challenge.^{xxii} At certain points in the tobacco season, household labour can be insufficient (transplanting seedlings, weeding, harvesting, sorting and baling). But many people said that they could not afford to hire enough supplementary labour and complained that the companies should lend them money for this.

Ellis and Freeman (2002) showed that the farms of the better-off are significantly more productive than those of the poor, and that the better-off buy the labour of the poor (often with their off-farm income) at precisely the time the poor should be working on their own farms. This seems relevant in Iringa; the better-off farmers (including smallholders) often hired other villagers as wage labourers during the busiest times of the tobacco season. But the least well-off smallholders interviewed generally had to supplement their incomes by hiring out their labour, sometimes for a few days a week, and worked on their own farm the rest of the time. Significantly, many of them said that

when they need money for food or crop inputs, their first option is to hire their labour out—opportunities for other off-farm income are few.

HIV/Aids and labour: Another constraint that must be more taken into account in judging whether labour-intensive contract farming is beneficial for the rural poor is the HIV/Aids pandemic. In some regions, especially in SSA, it is reducing adult labour availability and causing a rise in elder- and female-headed households (Nampanya-Serpell, 2000).

A study in Zambia found affected households to be markedly more food-insecure, due to caregivers' lack of energy and resources to grow more food (ibid., 9). Effects of the pandemic were evident in Iringa. In the Kiwere women's focus group, one woman (Khadija, #5, ~50) brought up the high infection rate, which was causing "many, many problems" and that there were many people who were not able to work, as well as grandchildren to take care of. After she brought up the issue, many women laughed and admitted she was right. Their reactions gave a sense of how widespread (therefore normalised) the effects of HIV have been on communities.

Environmental degradation and the effects of climate change on water, soils and security are set to further complicate the predicaments faced by the rural poor. This means that attention must be given to support for more suitable commercial farming options that are less labour- and resource-intensive, unlike most crops produced through contract farming.

‘The Peasant Question’: For many African LDCs, ‘the agrarian question’ remains, in many ways, ‘the peasant question’ (Maghimbi et al, 2011). Shivji, a prominent Tanzanian academic, has charted the ways in which the African peasantry has subsidized international capital since the colonial period; he argues that this has continued into the neoliberal period, with the peasantry forming a source of cheap, casual, seasonal and child labour. As peasants are unable to survive from the land, many seek alternative activities such as petty trading, crafts and construction. Shivji (2009, cited in Maghimbi et al.) writes that foreign researchers celebrate these as evidence of diversification, and the ‘end of the peasantry,’ but that “it is nothing of the sort. Rather, these are survival strategies, meaning that peasant labour super-exploits itself through labour intensification” (ibid., 11).

This perspective contradicts standard narratives of contract farming as a source of growth or ‘diversification’ for smallholders. McMichael (1997) believes that national developmentalism in the neoliberal era has intensified global integration, and that a new division of agricultural labour is evolving on a world scale, based on a complementary specialization in high-value ‘non-traditional’ exports from the South, and low-value cereal exports from the North, which reinforces food dependency in the South. At the bottom of this structure, he claims, are the remaining peasantry, threatened with removal from their land, or transformation into contract labour for agribusiness firms. And Moore and Lappe (cited in Baumann, 2002:8), regard contract farming as an “exploitative extension of international capital.”

11. Expressed desires and solutions by farmers

Participants expressed their priorities and ideas about things that could improve their situations; a common thread was a great desire for economic alternatives. While most of the farmers planned to continue with contract farming, they were also interested in new products which might have better remuneration—especially jatropha (which, they had heard, was made into petrol) and beeswax. However they did not have any access to these new crops or methods, or their markets. Some people proposed that buyers should come to give them information, or that the government could help by bringing buyers to them.

Regarding what they felt could be done by the authorities (such as government and the contract company) to make contract farming more beneficial to them, many farmers indicated that they would want loans *from* the government. While many innovative and insightful suggestions were made by participants, it also was evident that there was entrenched loan dependency. Most women and men said that a solution to their problems (which include high indebtedness) would be extra cash loans, mostly from the government (such as for inputs), but also from the company (for example, to hire labour).

Some wanted loans to start their own business or to grow other crops, while a few expressed the desire to get loans from the government to continue growing tobacco independently, with no interaction with any tobacco company.

The government could lend women money, to us, to grow small food crops, because in the village we have nothing but farming to depend on—but the government can't give individual loans, only to groups—so it would be good, but it probably can't happen [...] the idea of a women's group came, and they said that they would lend women money. Each person contributed membership money but they saw no money, and the leaders even disappeared—It was a farmers' group, but they had more focus on women's empowerment. – Chiku (#14, F, 33)

Shukuru (#9, M ~35) suggested that the government provide group loans to grow tobacco, since it was hard to get individual loans from companies because of their conditions – such as that one must own immovable assets or land equivalent to 30 acres.

Flaviana (#3, F, 30) said: “if the company could lend us cash to use to do other businesses while also growing tobacco, it would be good [...] it’s a hard question. The government tried to lend money to a women’s group here, but they failed to pay it back, so it ended. The village government could help us get livestock like chickens and goats, so that we could make some money.”

Other solutions proposed during focus groups included the need for better education on agricultural practices and husbandry. One participant said that the reliance on hand hoes holds them back a lot, and that more modern techniques are vital.

Even though many people had a fatalistic outlook, partly because things had been the same way for a long time, there was nevertheless agitation among farmers, who wanted to better understand the financial and business aspect of the GVC they were involved in. This was a surprisingly common answer by participants who were asked what they’d like in terms of help from the government. Some wanted to know the international market price for tobacco (as they had heard that it was very high), and expressed frustration that they did not know who the companies sold their product to.

Many said that they knew tobacco is a high-value crop, and that the percentage they get of its price is small. (The average price farmers in Kiwere get paid for tobacco seemed to lie between around 700-900 shillings per kilo). One person complained that they were forced to sell their tobacco through a company. He felt that they were being taken advantage of by the companies who buy their tobacco cheaply, do not add any

value to it, and then make a lot of profit from its sale—while they and their families put in a lot of work without any assurance of making any money at the end of the season:

When the company sells our tobacco in Morogoro, they sell a kilo for 16,000 shillings [...] without doing anything to it, they sell it for 16,000. But we aren't allowed to sell it directly to the same place. Maybe only the very large growers can sell directly, like the Greeks in Kidamali. – Eustace (#4)

In addition to better tobacco prices, people said that companies should lower fertilizer prices. Rather than providing the inputs at normal market price, the companies charged much more than market prices: 28,000 Tshs/50 kilo bag of fertiliser. It was confirmed by visits around the town that shops sold the same amount for 23,000 Tshs.

Many participants, in individual interviews and especially in focus groups, said that an ideal solution would be to separate the loaning body and the crop buyer, because if they are one and the same, farmers can be mistreated and are vulnerable.

The government should find another person to lend us cheaper inputs. The company should just buy the tobacco, then the loaner should go to the company later to take their money – because the company charges us a high amount for the fertilisers, in terms of interest. We're treated unfairly, when the company has all the knowledge of what you owe or don't owe them, and how much you can sell. – Jabulani (#11, M, 32)

A few wished that they weren't required to sell to one of two possible buyers; for example, Eustace (#4) said that the government should increase the number of contract companies to create competition and better prices, and should negotiate with the companies to raise the prices farmers get paid.

Many of the concerns and solutions that the farmers outlined correspond with points raised by both advocates and critics of contract farming. Crop buyers have a strong incentive to contract crops that are of sufficiently low cost to buy, but of high international value; in Tanzania these include paprika, tobacco and cashews. According to

Universal Corporation's *Supply and Demand Report* on tobacco (2006), the company considers Tanzania a promising country precisely because prices are so low. It is clear that unpaid family labour on small farms, and the widespread use of cheap hired (often migrant) labour on medium and large farms helps maintain these low prices. An interview with an official at Universal's local office (TLTC Iringa) was interesting in this regard, revealing some of the power inequalities/asymmetries at play. His response to concerns about the tough situation faced by farmers who contract with TLTC was that the company was doing local smallholders a great favour by dealing with them (despite what he called the low-quality 'filler tobacco' they produce), since they would not be able to survive otherwise.

12. Food security, food sovereignty and Kilimo Kwanza

Kilimo Kwanza is aimed overwhelmingly at commercializing the agricultural sector. However, employment on large farms, plantations, or rural industry—while potentially a significant source of income for many—cannot be relied upon as the sole basis for rural poverty reduction in the country, particularly given the situation of escalating landlessness. A main objective of Kilimo Kwanza is to increase 'private sector leadership' in rural agricultural services. Yet there are few corresponding provisions for providing a diversity of opportunities for the rural poor, especially in more deprived areas. In this context, the Special Rapporteur's warning—of the danger that the promotion of contract farming can lead to state neglect of duty— seems apt.

Patel (2007) denounces the World Bank's vision of the 'new agriculture' (closely mirrored by Kilimo Kwanza) which recommends that small farmers be helped to move to non-agricultural labour, therefore "siphoning the rural poor out of agriculture In reality, this policy offers economic cover for the political expropriation of the rural poor" (p. 18). He argues that in pursuing this single-minded ideology, the Bank "shrugs off evidence suggesting that comprehensive agrarian reform ... can offer alternatives" (ibid.).

As the vast majority of farms in developing countries will continue to be under two hectares (Prowse, 2007), it is important to focus on ways of linking smallholders to GVCs in a way that is most advantageous to them. A study which revealed that more people have entered than exited poverty in rural Tanzania since the early 1990s (IFAD, 2011) also illustrated the vulnerability of the rural poor to external shocks—additional types of which contract farming, as currently practiced, carries plenty of. The mounting alienation of small farmers globally from land and resources, and climate change—which by some measures could cut world farm output by as much as one-sixth by 2020 (*The Economist*, 2007)—spell increasing instability for African farmers. Global economic crises, such as the recent price spikes for food staples and agricultural inputs, present an additional layer of vulnerability to the income-poor in developing countries, especially the food-import dependent (De Schutter, 2010).^{xxiii}

The principle of 'Food Sovereignty,' developed by Via Campesina, the International Peasants' Movement, has been adopted by many international and local farmers'/social justice movements. This concept goes beyond the idea of national food security, and emphasizes communities and the structural causes of food shortages. Via Campesina (2010) describes it simply as "shorthand for the democratization of the food

system” (p. 19). A Food Sovereignty perspective would offer more fundamental critiques of contract farming, which involves turning local resources to the production of export crops—usually luxury export crops—for markets in more economically privileged areas, rather than towards food security and diverse, sustainable agricultural systems that are based on locally-identified needs.

There is evidence that food shortages are very often more a function of distribution than of production. With this in mind, it would seem evident that the ‘new agriculture’, resting as it does on integration of developing-country producers into GVCs for export commodities, could reduce staple food production in these countries and potentially turn them into net food importers. For agriculture-dependent developing countries, and for LDCs in particular, this could seriously destabilize food security.

Chang’s (2009) historical comparison of public policies in agriculture provides a valuable lens through which to assess ‘the new agriculture’ and Kilimo Kwanza. He argues that compared to immediate post-independence policies of many developing countries, the Washington Consensus policies have performed poorly, and caused more inequality and poverty. Drawing on lessons from the development trajectories of currently-wealthy countries, he questions the modern preoccupation with eliminating ‘market distortions’, and asserts that agricultural protection may be a good thing, even in absence of ‘market failures’. He also argues against ideology in determining policy choices, and criticizes the Washington Consensus de-emphasis on food security, given that his historical analysis showed that it is critically important for countries at a low stage of economic development to *specifically* safeguard food security (p. 477-478).

The promotion of the private-sector led ‘new agriculture’ or ‘green revolution for Africa’ (in which States are urged to de-emphasize spending in the sector) appears more political and ideological than evidence-based. Patel (2007) points out that statistics produced by the World Bank itself demonstrate that in developing countries, an increase in overall GDP coming from agricultural labour productivity is 2.9 times more effective in raising the incomes of the poorest quintile, than an equivalent GDP increase coming from non-agricultural labour productivity (p. 9).

13. Land capitalization and peasant dispossession in Tanzania

Land reform processes, many years in the works, had recently begun in Iringa. The reforms are geared to individualisation of land titles and commercialisation of land; they are sure to have major effects on farmers, especially peasant farmers and those with insecure use-rights.

The previous tenure system of ‘right of occupancy and use’ was only changed in 2004, when the Land Act was, under pressure from donors and banks, altered to allow the sale of ‘bare land’ (Shivji & Wuyts, 2009). Kamata (in Mbilinyi et al., 2003) notes that previous land reforms were also implemented under similar pressure from donors, foreign investors and banks to monetize land; and that the state consistently tried to diffuse criticism by assuring the public that the reforms were not aimed at privatization of land, but only “at removing difficulties in using land as collateral for bank loans” (p. 92).

While Maghimbi et al. (2011) are slightly more optimistic than most critics about the potential of ITR to improve security of tenure in Tanzania, they note that “the

problem with ITR and using land as collateral lies in the fact that so many rural people do not have the entrepreneurial skills to use loans to create more capital and to service their debts so as to avoid foreclosure. To this extent, land mortgaging may serve as an instrument for disinheriting small producers” (p. 52). The implications in Iringa are clear: the levels of vulnerability, poverty and indebtedness affecting the communities suggest that land mortgaging will be risky.

But in Iringa, when discussing the new land laws, few farmers expressed knowledge or concern about potential negative implications of using their farmland being as loan securities. Many said they had been told that if they registered their land, they could use it as collateral for loans from banks or contract companies; they were generally positive about this possibility; some saw it as a way to afford to grow cash crops, including tobacco, without relying on contract companies. One smallholder, Petra (#10, F, 48) spoke about the advantage of being able to register one’s land, then use it as bonds for small business loans. Another suggested that members of tobacco farming groups should now offer their land up as guarantees, to prevent the possibility of their bad debts having to be taken on by other members of his group.

The rural poor in Tanzania, according to Maghimbi et al. are already “desperately selling their land to survive poverty” (p.30). But conversely, the *urban* poor are also increasingly seeking rural land plots to produce food to supplement their low incomes (ibid.). This inverted dynamic suggests, once more, that the hoped-for redistribution of peasant labour into more modern and productive sectors (explicit in GoT policy goals) is currently unrealistic. 75 percent of the population are small-scale farmers, and the overwhelming majority in SSA are expected to remain in this sector. Shivji believes that

the process of ‘accumulation by dispossession’ in Tanzania will result more in *marginalization* of the peasantry than in their proletarianization (or a combination of both):

This is precisely the dilemma of a peripheral African economy. While the peasantry is flushed out of land—not because of a rise in productivity, but precisely because of the lack of it (and as a result of dispossession)—there is insufficient concomitant industrial development to absorb it as proletarians. (Shivji & Wuyts, 2009)

Land fragmentation and women’s land rights: Tanzanian farmers, more than most, face the generalized problem of small, fragmented land holdings. This was evident in Iringa: most families’ farmlands consisted of several tiny plots, at some distance from each other. As Maghimbi et al. (2011) point out, “there has never been land consolidation in Tanzania and land fragmentation in peasant agriculture is extreme” (p. 34). Between 1971 and 1996, average farm size in Tanzania actually declined, from 1.3 to 1.0 hectares (WDR, 2008:87).

One of the recommendations of The Land Commission of 1998 was to increase smallholders’ farm sizes, as there is still much available arable land in Tanzania (Shivji & Wuyts, 2009). This was never taken up. However, the new land laws (2001) included women’s land rights being formalized for the first time.^{xxiv} In Iringa, few women owned or co-owned land, even informally: most had only use-rights to family farms. Single and widowed women were especially land-insecure. Responses from male and female participants showed that not only entrenched cultural norms, but also practical constraints had slowed the application of women’s land rights. On the practical side, for example, one woman (Chiku #14, 33) explained that girls inheriting land was problematic, because people did not want to divide up their family land further. Also, she said, a girl would

probably move away from the village, or have her ownership/authority over the land taken over by her husband. Given the depth of land fragmentation and small farm sizes in Tanzania described above, it appears that her fears are not unfounded.

Patel (2007) cautions against a reductive focus on *de jure* property rights for rural women, and recalls Sofia Monsalve's warning that women's individual property rights are "often merely the finishing touch in a bigger economic project that destroys the possibilities of smallholder agriculture, and renders the right to land useless property rights can too easily be used as ... neoliberalism's Trojan Horse" (p. 15).^{xxv}

Given the Bank's emphasis on reallocation of land resources in African agriculture away from what it considers inefficient smallholder producers—because "secure and unambiguous property rights *also allow markets to transfer land to more productive uses and users*" (World Bank, 2008:138; emphasis added)—this warning appears relevant to the Tanzanian peasant question.

14. Mitigation prescriptions in contract farming

Some of the risks of contract farming, such as price instability, and gender and environmental impacts, are now more routinely acknowledged by major development actors, such as the World Bank and development agencies (see NEPAD, 2006). However these are generally framed as merely potential risks, or in ambivalent terms that call for mitigation efforts, but are outweighed by the projected revenue and productivity gains. They do not appear to factor into assessments of whether a project is appropriate for a given region, nor in recognizing the need to establish preventative measures prior to implementation. As such they seem more like optimism or lip-service.

The recent DFID framework (2011) for the huge smallholder cotton contract-farming scheme in Mara, Tanzania (implemented by the Gatsby Foundation) exemplifies these gaps. Specifically the possible impacts on women and on food security (due to labour being diverted to cotton) are acknowledged. But the action plan consists simply of identifying whether this has happened, and if so, to come up with plans to mitigate it. Food security is not considered amongst the main elements in assessing the success of the programme, and it is made explicit that the project was gender-blind in its initial stages.

Two of the most common proposals to mitigate risks of contract farming are to strengthen producer organizations, and to address women's exclusion by making sure they "can sign contracts" and join groups (Maertens & Swinnen, 2009; Prowse, 2007). Superficial measures of this type, for example, legislation for women to sign contracts will not, by themselves, address the biggest challenges faced by contract farmers (such as risk and power imbalances between farmers and TNCs). Nor, for that matter, do they address the fact that many women (as in this study) express preference for other types of commercial ventures over contract farming. The situation in Iringa also shows that empowering smallholder POs to engage with TNCs can be an almost impossible challenge (discussed further in Ch. 5).

A frequently-prescribed solution to women's disempowerment in contract farming is to secure their land rights—which, it is expected, will boost their formal participation in CF, and their incomes. It is evident that women's reduced access to land *does* reduce their potential gains from CF. But it is clear that the challenges that women faced in Iringa are inseparable from the broader issues—of commoditization and concentration of land holdings, as well as fragmentation and small farm sizes—and the

resultant threat of dispossession for *all* smallholders. As such, it seems that larger factors than tradition constrain progress in women's land security in Tanzania, and pose threats to land security for the rural poor in general. In this context, solutions that focus mostly on women's individual legal entitlements to land will be insufficient.

The Special Rapporteur on the right to food has stated that: "whether contract farming will contribute to the realization of the right to food will depend on context, the specific contractual arrangements and to what extent a human rights-based approach is adopted" (de Schutter, 2011:6). He goes on to urge "host States, investors and farmers to consider some of the main benefits and drawbacks of traditional contract farming models, as well as to identify the criteria that can ensure that contract farming truly benefits small-scale farmers" (ibid.). In this light, the empowerment of smallholder contract farmers would require policy frameworks based upon locally-relevant and specific priorities, and strategies for operationalizing commitments such that they are accessible and relevant to those targeted.

The potential for local NGOs to act as intermediaries: Some proponents of CF have suggested that civil society intermediaries (to contract with the company on behalf of groups of smallholders) can increase the bargaining power or income of smallholders. The research in Mfyome village allowed some reflection on this: Tayoseda, a regional NGO with which I informally partnered, had taken on a rural development project in which they acted as an intermediary between smallholders and a paprika contract company (a Spanish-owned company, Tanzania Spices Ltd., based in Iringa town). The project aimed to increase farmer welfare by enabling contract farming in various villages

in Kiwere ward, including Mfyome. The NGO signed the contract on behalf of villages. It provided inputs to farmers (channelled by the company), extension services, transport and selling of harvests, and their own social and health programs (Source: Executive Director, Tayoseda).

Medium-scale paprika farmers had individual contracts; small farmers usually worked in groups or through informal contracts. Many Mfyome smallholders had tried contracting through Tayoseda (and had had to pay membership fees to participate) during the 2-3 years the project had been in operation. With few exceptions, they reported negative experiences, such as late delivery of inputs or lack of payment. Many felt either that Tayoseda had been incompetent, or was profiteering under the guise of an NGO – some felt that they had stolen part of the money collected on behalf of the farmers. Many Mfyome smallholders, therefore, had only grown paprika intermittently, due to frustration with the situation. Some of the better-off participants (e.g. Yusuf, #25) stopped engaging through Tayoseda, and arranged to enter an individual contract. But given that Tanzania Spices Ltd. was less involved at the village level than the tobacco companies, farmers had to invest their own capital (time, transportation costs, and purchase of some inputs, as TSL does not provide all of them on credit). Few smallholders could do so.

Representatives of the Lumuli Paprika Growers Association interviewed reported overall positive experiences with the same company, and that their relationship with the company had been stable; one linked their success to their PO being large enough to represent all paprika small- and medium-scale farmers in an entire district. The Association also had funding from at least one international donor agency; and it is likely that this was also a factor in their apparent success.

Many of the reasons the Tayoseda project failed are similar to those leading to the collapse of producer organizations, but especially Tayoseda's lack of capacity. As an under-resourced NGO without much liquid cash or regular access to transportation, it was often unable to deliver inputs or harvests on time. There was a lack of trust, as many farmers believed that some of their rightful incomes were being stolen.

This suggests that NGOs that attempt to act as intermediaries must have strong capacity; be well-resourced; should ideally employ individuals who are known (or trusted) by locals; and that there should be complete transparency regarding prices, volumes, contract specifications, and other matters.

Chapter 5. *Conclusions and Recommendations:*

Re-evaluating the Prescription of Contract Farming as a Model for Pro-poor Growth

1. Summary: impacts in the communities

The research demonstrated that tobacco contracting was associated with detrimental effects on food security, poverty, and equity, with particular effects on women and on more marginalized farmers. It had not led to an appreciable improvement in basic livelihoods for most. Moreover, there was a high degree of vulnerability related to income instability, risk, and indebtedness. Interviews and focus groups revealed a picture of a community in an entrenched state of crisis: persistent income and ecological poverty, cycles of food shortages, and inclement weather.

There were few material benefits to contract farmers, with negative externalities affecting entire communities, whose livelihoods depend on the natural resource base. Production of both contract and food crops was being constrained by labour shortages, natural limits, and soil depletion resulting from intensive tobacco cultivation.

Especially for poorer households, there was vulnerability to food poverty. There were steep gender inequities in decision-making and in distribution of incomes from contract farming, despite women's major labour contributions. Other poverty-related repercussions were deforestation, child labour, and health problems.

The relationship between farmers and companies was characteristically one of severe dependency. The study found egregious negligence and irresponsibility by tobacco

companies in Iringa: they were not fulfilling vital contractual obligations, such as environmental and health protection, and only sporadically provided services to women. It was discovered that they were charging smallholders above market prices for fertilizer. Both the terms of contracts, and the manner in which farmers organized into groups, were dictated by the companies. The companies also demonstrated a lack of accountability, transparency (on pricing, grading, debts) or communication with small farmers, and lower levels of commitment to smallholders. Yet, for most people in the communities, contracting was their only means of access to credit and farming inputs.

Many were worried about the risks of tobacco farming, and scarcity of alternate income sources. They therefore generally placed their short-term security on the hopes that their next tobacco season would be successful, or that they might manage to access new sources of credit, to allow them to try out other cash crops or commercial ventures. In the face of this crisis, individuals were often quite resilient; the same could not be said for community resilience. Attempts at collective organization had failed repeatedly in Kiwere and Mfyome villages.

Smallholder contract farmers were barely represented in the industry or regulatory process. There was an overall sense of disempowerment (in relation to companies, the state and large-scale farmers) due to asymmetries of power, representation, and information. The lack of access to basic information by farmers in Iringa highlighted their exclusion in the tobacco value chain—they were not in inclusive ‘partnerships’ with the private sector, nor participants—they were merely producers and policy recipients.

Section I. Conclusions of the Study

2. The language of poverty reduction

In their promotion of contract farming, the Government of Tanzania and various international actors appear to be misappropriating the language of rural poverty reduction and of ‘pro-poor’ outcomes. The results of this study make clear that in Iringa, contract farming failed as a development strategy: the distribution of benefits to the communities was conspicuously uneven, and the negative externalities were absorbed by local communities. There seems to be little merit in the expansion of contract farming as a development strategy, or for improving the basic livelihoods of the rural poor.

The pro-poor rhetoric of Tanzanian rural development policy stands in contradiction to the state’s primary efforts and policies in agriculture, which are aimed at increased export production, and commercialization and intensification of agriculture and agricultural land. Kilimo Kwanza suggests the state’s further withdrawal from rural development, to ostensibly be replaced by a more efficient private sector. This implies that contract farming is—as per warnings by the SR on the right to food—being used as “an excuse for lack of attention to under-developed areas”, and so is likely to further disadvantage the rural populations of Tanzania.

The findings of this study lend credence to warnings by Eaton and Shepherd (2001). They have promoted contract farming projects as potentially beneficial, especially where small-scale agriculture is widespread and small farmers can no longer be competitive without access to the services that companies provide. Yet, they stipulate:

it must be stressed, however, that the decision to use the contract farming modality must be a commercial one. It is not a development model to be tried by aid donors, governments or non-governmental organizations (NGOs) because other rural development approaches have failed. Projects that are primarily motivated by political and social concerns rather than economic and technical realities will inevitably fail. (p. 3)

As a business model, contract farming has the potential to be beneficial to multinationals, farmers, and governments, as a commercial strategy and under specific circumstances. However it is being promoted by international and national actors across regions, often as a blanket strategy and divorced of context, rather than on a project-by-project basis. In this way, the structural and the particular factors that can disadvantage small producers are being overlooked.

Another recent example of the problematic misappropriation of language comes from the World Bank. Contract farming is repeatedly referred to as “socially inclusive” private-sector led development, in the official description of a \$100 million project to promote contract farming in Ghana as the core of a PPP-based agricultural growth strategy (World Bank Ghana, 2012). In the document, ‘pro-poor’ language is once again prominent, despite the known risks to smallholders, and even though the project funding is targeting areas in which commercial farmers are more likely to gain.

As a development strategy—much less a ‘pro-poor’ or ‘socially inclusive’ one—it seems singularly inappropriate, not least because income is unreliable, since the farmers take on most of the many risks that can damage a harvest, and because of the great power asymmetries between smallholders and large companies. It has become conventional wisdom (if not practice) that effective development strategies and projects must be sustainable—but the case study demonstrates that as practiced in Iringa, tobacco contract farming is neither economically or environmentally sustainable.

Neither does it appear to be reliable enough to provide stability or allow for even short-term planning. For most farmers in this study, benefits were limited to a few years. Many did not even know if they would get loans in the upcoming season. And in general, states, local authorities and communities cannot reasonably view contract farming as a long- or medium-term strategy, as there are no obligations upon companies to remain in contracts with individuals or in regions. Without a diverse local economy and infrastructure, to allow smallholders to find alternative sources of income if necessary, the withdrawal of a company will result in a void, and crisis.

The research indicated that even though contract farming can benefit some small farmers (based on other case studies, and a few farmers in Iringa), it *cannot* be promoted as a primary, or as the only—and effectively, almost mandatory—vehicle in any region for rural development, employment or poverty reduction.

We must question, as well, the seeming lack of vision of state and development actors who promote contract farming as pro-poor or socially inclusive, despite the constraints on choice it implies. It is readily apparent to even casual observers that smallholder contract farmers in developing regions rarely have other options; contract schemes tend to be implemented in regions on an expansive scale, and involve little competition amongst buyers (often, only one company operates in a locale). In Iringa, contract farming was effectively necessary for all those who could manage it—whether or not it benefited them—as it was the single major viable cash crop, and the single available source of agricultural credit.

The historian and Pan-Africanist, Archie Mafeje (1995), has stated that in Tanzania, democracy “can refer only to two things: first, the extent to which the people’s

will enters decisions which affect their life chances, and, second, the extent to which their means of livelihood are guaranteed” (p. 26). In this light, what is the relationship with the idea of ‘development as freedom’, when those who are targeted by policies have little choice, and when their means of livelihood are precarious by their very nature?

It is a narrow, authoritarian conception of ‘pro-poor development’ intervention that does not consider the idea of choice for the targeted populations, or of context-specific needs, to be worthy of note. Chachage (2003:165) has criticized the creeping conservatism of poverty dialogues in Tanzania, that increasingly take no account of structural causes of poverty and inequality, and that, he says, can no longer imagine the possibility of another path to development.

The systemic biases against small producers further complicate attempts to conceive of it as a model for poverty reduction. Systemic inequalities that work against the interests of the rural poor are present: as chronic power asymmetries between smallholders and TNCs, as well as the state; between small- and large-scale farmers; and for women, at the national and community level. Some factors that make it unfavourable are intrinsic; they are embedded in the nature of modern smallholder contract farming. Others depend upon the type of crop, the firms involved, government, institutional and regulatory structures, and the type of farmer organization that contracts with buyers.

Many of these factors, both structural and particular, are similar for smallholders across developing countries. This is especially so for LDCs, many of which are also seeing deepening socio-economic inequality in rural areas. Gender dynamics that perpetuate poverty are very resistant to change. An IFAD report (2011:133) suggests that it is likely that contract farming is now the major source of available agricultural credit

for smallholders in many developing countries. The increasingly integrated global agriculture system also means that small producers in GVCs face similar challenges—particularly since, as Malhotra (2003) shows, GVCs are Northern-dominated and increasingly controlled by fewer and larger trading entities.

Given the conditions faced by the communities in this study—which are likely similar to those faced by the rural poor in many developing regions—it is inevitable that as a development strategy, contract farming will fail in these regions.

3. Governance, advocacy, and the role of the state

It appeared that the predominance of contract farming in the area had resulted in government neglect of the region on the most basic levels. The state had almost no presence related to provision of basic goods and services, or promotion of commercial livelihood alternatives. In addition, advocacy by state authorities to protect the interests of smallholders was minimal.

Government and private sector representatives have praised contract farming for giving smallholders access to credit and income opportunities that they did not have before. However, these gains can, equally, be seen as symptomatic of the state failing the rural sector, rather than of any success. The impoverishment, dependency, lack of livelihood alternatives, cyclical food shortages and ecological crisis faced by smallholders in Iringa made clear the extent to which the state has neglected the communities—both by lack of attention and lack of preparation. Kiwere had been labelled by authorities as a ‘tobacco zone’ – which effectively created a disincentive to develop commercial alternatives.

Advocacy for the interests of smallholders was minimal. In Iringa, there had been almost no attempts by state authorities to strengthen the position of smallholders in relation to the companies, or place obligations on companies in terms of labour and health protections.

The more dynamic, less regulated nature of new modes of investment and production mean that fewer formal equalizing measures stand between TNCs and peasant farmers. The steep power differentials among the main stakeholders are such that the least powerful among them—in this case, small farmers—are in a weak position to demand improvements. The political and strategic concerns of developing-country governments—especially the need to provide a favourable environment for foreign investment—further undermine the ability or motivation for governments to protect small producers.

The GoT increasingly relies upon international firms to engage with smallholders, providing markets, credit and services that they do not. As such there are few incentives for the government to take a stance in advocating for the rights of smallholders.

Where contract farming is a major pillar of a government's rural development strategy, the state is unlikely to have a strong role in defending the interests of farmers, for fear of losing investors (particularly the largest). With these types of investment (NEMs), characterized by more 'footloose' capital, states face the need to continually prevent investment flight. Responses from participants indicated that the government was very responsive to demands made by the companies. For example, after tobacco TNCs withdrew from Iringa in 2000, it was through "persuasion" that the government brought them back, after negotiating new terms to minimize loan defaults (terms which placed

even more risk upon smallholders). Government officials appeared to prioritize minimizing conflict between farmers and the companies. Those regulations that were in place (such as pricing for tobacco grades) were minimal, and more enforced on behalf of large-scale farmers.

The significant power asymmetries between peasant farmers and TNCs cannot be surmounted by the empowerment of Producer Organizations (which is one of the most popular solutions proposed by CF proponents (including governments, development agencies and IFIs), for multiple reasons. In Iringa, for example, POs tend to fall apart, as they do in many smallholder communities (Prowse, 2007). Elites dominate the regulatory processes, there are barriers to smallholders organizing on a national scale, and marginalized communities (and individuals) often will not push for representation or seize opportunities.^{xxvi} In this light, the promotion of stronger POs to prevent abuses seems disingenuous, as the asymmetries are vast. It seems unlikely that Producer Organizations might be the vehicle through which smallholders can achieve more equitable relationships with some of the largest tobacco TNCs in the world.

A system of CSR standards for contract companies could, in theory, increase the bargaining power of states, allowing them to protect the rights of smallholders. In this regard, Patel (2007) points out that the World Bank encourages ministries of agriculture to form alliances with agribusiness, and to view CSR as a substitute for the state's inability to provide. But, he concludes, "the reliance in this assertion on the public relations material from the private sector suggests that the Bank's policy is rather more dependent on wishful thinking than on data" (p. 23). In reality, since CSR is generally optional and not enforceable, it is often deemed insufficient.

4. Assessing costs and benefits: some considerations

Evidence of progress regarding the purported main objective—reducing rural poverty—was not apparent in Iringa. ‘Rural poverty’ is a concept not easily quantified, as it involves multiple dimensions of livelihoods, as well as external economic, social and environmental costs.

Advocates of contract farming tend to stress the most quantifiable measures as proof of its success. But from a rights-based or livelihoods perspective concerned with indicators beyond yields, household income, export/tax revenues, and employment (the measure of which, tellingly, is usually expressed by proponents, including GoT representatives in terms of the numbers of ‘families’ involved), the model appears less neat than is commonly presented.

As the social and economic costs of women’s unpaid labour in export crop production and in contract farming are often under-counted, the model is assumed to be more advantageous to small farmers than it may truly be. Many positive assessments of contract farming have been based upon measurement of incomes and yields. The short-sightedness of this approach is highlighted by Efroymson’s (2002) economic study of tobacco cultivation in Bangladesh. It discovered that almost half of the total economic cost of labour was attributed to household labour; when the imputed value of this was factored in, tobacco was shown to lose much of its profitability.

Some quantitative studies on contract farming have failed to recognize the basic effects of the political economy of the value chain. For example, a REPOA study (Rweyemamu & Kimaro, 2006) on poverty among smallholder tobacco farmers in

Tanzania identified market distortions, such as high transaction costs and taxes, as the major culprit causing farmers to earn a lower percentage of tobacco incomes than they could have. The study, however, did not address any of the basic causes of disempowerment or structural poverty, the issue of risk and external causes of instability, or the opportunity costs of labour, environment, and land.

Although contract farming theoretically links farmers into ‘high-value’ supply chains, most premiums are captured by the firms. This means that there are limited benefits for the communities and national economies. And for many traditional and non-traditional commodities commonly procured through contracting—such as tobacco, paprika, fruit and vegetables, jatropha, tea—there is little scope for producers to engage in value-added activities and move higher up the GVC (De Schutter, 2011). While farmers in Iringa had certainly benefited from technical assistance and market access through contracts, there was no scope for their involvement in the value chain to go beyond immediate post-harvest processing. It appears that there is not much potential for smallholder contract farming to contribute to the development of local capabilities, capacities, technological transfer, or local and regional add-on effects.

Section II. Recommendations

5. A locally-defined vision of the ‘new agriculture’

I. Agricultural policy and interventions should not be based on national development goals, or international trends in development policy, but on the identified priorities of local communities. In contrast, the ‘new agriculture’ and the private-sector led ‘Green Revolution for Africa’, as well as the GoT’s Kilimo Kwanza program, aim to homogenize solutions.

While the conclusions above point to the need to identify strategies for diversification, they more fundamentally suggest the need for downgrading—and phasing out—of contract farming as a core element of rural development or growth strategies. This is especially the case in LDCs and food-insecure regions where resources are strained by the intensive nature of contract farming.

Any ‘new agriculture’ that claims to be geared primarily at poverty reduction should prioritize the right to food security (ref: Chang’s (2009) analysis, which has shown that it is critical for countries at a low stage of economic development to specifically safeguard food security), rather than ideology. It would also involve more attention to enabling and promoting alternative models of production that have been demonstrated to work more to the benefit of smallholder farmers, both in high-value export chains, food production and in locally-owned alternatives for income generation, infant industries, and scaling up. (Examples include fair trade, gender inclusiveness, input subsidies and supports, farmer cooperatives, and new pricing mechanisms).

II. Contract Farming should not excuse government neglect of locales. In Iringa, for example, cyclical constraints faced by farmers (including contract farmers) are severe, and overall poverty levels are among the highest in the country. This is despite the fact that Iringa has been a leading producer both of maize and high-value export crops for decades. Export and tax revenues from tobacco have been significant for the state. It is the responsibility of the state to re-invest some of these revenues back to the regions.

Areas of greatest need include:

- Active support for developing a diversity of local/regional markets and commercial enterprises (including women's enterprises)—with all that implies, including basic public goods such as improved transport and water systems—and for alternate sources of income appropriate to local conditions.
- Support for (and incentives for taking up) less labour- and input- intensive sustainable agriculture, that would more productively assist farmers adapt to the current economic and environmental constraints they face.
- In Tanzania, the critical problem of unaffordable fertilizer must be addressed. Farmers in Iringa often over-exploit their labour and land, taking on the high costs of loans in order to participate in CF. Those who cannot participate, or are excluded from participation, have great difficulty in accessing inputs for food crops. Therefore the state must ensure provision of subsidies or credit for inputs for food crops.

III. Land tenure in Tanzania must be reformed, with the goal of increasing land security and productivity for smallholders. This suggests a very different direction than that of the current strategy being implemented, which is focused on ITR and capitalization of land.

In 1998, the Independent Land Commission in Tanzania (headed by Shivji), after an intensive participatory process, produced pioneering recommendations. It proposed to democratize the tenure system: that ownership should be divested from the president; and to diversify it: that radical title for village lands be vested in village assemblies, and national lands in a semi-autonomous commission. The GoT rejected almost all the findings, saying that ‘the President cannot be turned into a beggar for land’ (Shivji & Wuyts, 2009), then implemented the current amendments without consultations.

Given Tanzania’s vulnerability as an LDC, the strong influence of banks and international donors, and the threats of land dispossession (see Ch. 3), it is clear that smallholders’ land rights must be prioritized. This includes increasing farm sizes and dealing with land fragmentation, as well as land security for women.

The implementation of Shivji’s ‘home-grown’ land reform strategy—with appropriate amendments to update it—appears the most appropriate option, with the potential for arresting the marginalization of the peasantry.

6. Strategies for mitigation and improving existing contract arrangements

In order to mitigate the negative effects of existing contract farming arrangements, there must be fundamental reorganization in the distribution of benefits and risk, with the state and other development actors taking active roles, particularly in regulation and protection of the interests of smallholders.

IV. At the national level, systems to enforce company obligations to smallholders should be developed, and enforced through legislation. This should include broadening the mandates of state regulatory boards (such as the TTB) to protect smallholders' rights, by monitoring compliance. Obligations for companies should include:

- labour and environmental protection policies
- extension services, provided equally to all workers (including women)
- provision of interest-free inputs at wholesale prices
- provision of subsidized inputs for food production to contract farmers where needed
- free safety equipment, and information on health risks and on how to use inputs and equipment to minimise exposure
- guaranteed minimum prices, price stability and fair grading systems for crops
- development of, and assistance with adoption of more sustainable cultivation and processing techniques (such as for curing tobacco)

V. The development of an international system of CSER (corporate, social and environmental responsibility) standards for companies engaged in contract farming. To be efficacious these must not be voluntary standards, and should include monitoring.

This implies the need for greater attention by policymakers—and especially by INGOs and local and regional Farmers' and Peasants' movements—to the effects of

contract farming on rural livelihoods. This is necessary in order to identify locally-appropriate strategies, CSER standards, or models of contract farming that might be more beneficial to smallholders, for which communities and governments can then bargain.

VI. Steps should be taken to equalize power asymmetries, reduce risk, and increase meaningful participation by producers. In this regard it is vital that take a strong role in advocacy for and protection of smallholders, including through negotiation with companies.

For contract arrangements to be ‘pro-poor’, they must be accessible to *all* members of marginalized communities. And for the ends to be pro-poor, and gender-sensitive, the process must be as well; measures for empowering smallholders in contract farming must be based on their inclusion in policy processes, rather than aiming to homogenize experiences.

Smallholders must be represented substantively in all levels of governance of the industry and regulatory process. In addition, farmers must have, at least, the freedom (and the resources to) choose the way they organize themselves, their collective strategies, and the manner in which they engage with companies, rather than as directed by companies.

There is also a crucial need for affordable, accessible crop insurance schemes for contract farmers, for whom risk is one of the greatest sources of vulnerability.

The recognition of potential gender and food security concerns in contract farming has not led to viable mitigation strategies or solutions. This study demonstrates the need to develop strategies to circumvent the over-exploitation of household labour

and threats to food security, and to promote more gender-equitable outcomes as well as alternatives. Governments and development actors at all levels have roles to play here.

VII. Governments that court international investors for contract farming should choose judiciously and based on track records of companies, as the effects of contract farming are often company-dependent.^{xxvii}

Impacts are also often crop-dependent, as demonstrated by Maertens and Swinnen (2009): a study in Senegal showed that contract farming of green beans did not have a detrimental effect on food security, as the growing season is only a few months, rather than a year long, as is the case of tobacco—which also has much steeper externalities. As such, it could be valuable to identify whether there are cash crops (for production through contracts) that might be more acceptable for a given population and region. In Iringa, this would especially call for those that are less input- and labour-intensive, and without the extreme environmental and social externalities of tobacco.

ANNEX I: Questionnaire

(English and Kiswahili)

The following questionnaire was used as a guide in conducting semi-structured interviews with individual contract farmers. Questions (and/or sections) were included or excluded as appropriate. All interviews were conducted in Kiswahili.

Information on the objectives and rationale of the project, and on the identity and affiliations of the interviewers, was given to each participant. A card with the names, contact information, and availability of the interviewers (Mehreen Khalfan and Julianna Mushi) was provided to participants. Any other information requested by participants was provided.

Informed consent to participate in the research (including consent/refusal for an audio recording of the interview) was obtained verbally from each participant, prior to commencement of interviews.

Questionnaire

Date of Interview:

Interviewee:

Gender of participant:

Age of participant:

Nature of work:

Description of location:

1. GENERAL

We would like to know a little bit about you | *Tungependa kufahamu mambo machache kuhusu wewe binafsi*

1.1. Where are you from? | *Umetokea wapi?*

1.2. Where is your house/compound? | *Unaishi wapi?*

1.3. Who lives in your house/compound with you (*relationships to participant*)? | *Unaishi na nani? (Eleza mahusiano yako na unaoishi nao)*

1.4. Do you have a husband/ wife/ partner? Do you have children? How many? | *Je umeolewa?/umeoa?? una rafiki? Je una watoto? Ni wangapi?*

2. LIVELIHOOD, FARMING HISTORY, MARKET ACCESS

2.1. What is your main source of income? Is farming your main source of income? | *Chanzo chako kikuu cha mapato ni nini? Je kilimo ndio chanzo chako kikuu cha mapato?*

2.2. How long have you been farming here? | *Umejishughulisha na kilimo hapa kwa muda gani?*

2.3. What is the size of your family's farm? | *Shamba la familia yako/lakwako lina ukubwa gani?*

2.4. What crops do you and your family grow? | *Mnalima mazao gani?*

2.5. Which food crops do you and/or your family grow for your own family? Which food crops do you grow to sell? Where do you sell them? | *Aina gani ya mazao ya chakula inayolima/unayolima kwa matumizi yenu hapa nyumbani? Mazao gani ya chakula inalima kwa ajili ya kuuza? Mnauzia wapi?*

2.6. Which cash crops do you and/or your family grow in order to sell them? Where and how do you sell these? (market issues) | *Ni mazao gani ya biashara wewe/familia yako inalima kwa ajili ya kuuza? Wapi mnakouzia na mnauza kwa mfumo gani?*

2.7. What portion of your farmland do you normally use to grow tobacco? How long have you been growing tobacco? Do you grow tobacco every year? | *Ni sehemu ya ukubwa kiasi gani ya shamba lako unalima tumbaku? Mmekuwa mkilima tumbaku kwa muda gani sasa? Je unalima tumbaku kila mwaka?*

2.8. Who has been encouraging contract farming in this area? (is it government, tobacco companies, farmers associations, NGOs?) Since when? When they started to encourage contract farming here, what were the conditions like? (e.g. were there problems with other cash crops, or with markets, or were things difficult for you then?) | *Nani aliewahamasisha kulima kwa mikataba eneo hili? (Je ni serikali? Makampuni ya tumbaku? Vyama vya ushirika? NGOs?) walianza lini kuwahamasisha kulima kwa mikataba? Wana muda gani toka waanze? Waliwapa masharti gani? (kuhusiana na masoko, na mambo mengine ambayo kwa sasa yanawapa ugumu).*

2.9. Which company or organisation do you or your family have a contract with? | *Mna mkataba na kampuni au chama gani cha ushirika?*

2.10. How long have you been doing contract farming? | *Una muda gani toka ulipoanza kulima kwa mkataba?*

3. ASSET AND RESOURCE ENTITLEMENTS

We would like to know about how you plan your work, and how men and women decide what is done with the farm and family labour. | *Tungependa kufahamu namna unavyopangilia kazi zako na namna wanavake na wanaume wanavyofanya maamuzi ya nini kifanyike katika shamba lao na suala zima la kazi za familia.*

a. LAND

3.1. What are you personally responsible for growing? | *Wewe binafsi ni zao lipi linakuhusu moja kwa moja kulima (wewe ndio muhusika mkuu kulilima)*

3.2. Who owns this land? Please explain. (that is, men or women or both) | *Nani anamiliki hili shamba. Elezea tafadhali (ni baba, mama au wote?)*

3.3. Do you or can you decide what is grown on your family's farm? Who decides? | *Wewe unaweza kuamua ama kufanya maamuzi ya nini kipandwe kwenye shamba la familia? kwa kawaida ni nani anaeafanya maamuzi ya namna hii hapa nyumbani.*

3.4. Do you or can you decide what is grown on part of your family's farm? Tell us more about that. | *Unao uwezo wa kuamua ni nini kilimwe katika moja ya sehemu za mashamba yenu/shamba lenu?*

3.5. In general, do men decide what is done with the land, or do women decide? If both people decide, is it that men decide about cash crops and women decide about food crops? Or is it different? | *Kwa ujumla, je wanaume ndio wanaoamua ardhi itumike vipi au ni wanawake? Kama wote wanaweza kuamua, je ni nani anaeamua kuhusu kulima mazao ya biashara, na nani anaeamua kuhusu kulima mazao ya chakula?*

3.6. Are you aware of any changes in the past years in land tenure and inheritance laws, to make it easier for women to own or inherit land? Have these affected you at all? Have they affected women? How? | *Je unafahamu chochote kuhusiana na mabadiliko ya sheria ya ardhi na mirathi, iliyowapa nafasi wanawake kumiliki na kurithi arthi? Haya mabadiliko je yamekugusa? Yamewagusa wanawake? Kivipi?*

b. LABOUR

3.7. What activities do you do in a typical day? How much time do you spend on each of those main tasks? | *Huwa unajishughulisha na kazi gani za kila siku. Na unatumia muda gani kwa kila shughuli?*

3.8. Do men and women have to do different work on different crops? (such as weeding, harvesting, ploughing, planting, curing). Who does what types of work with the cash (e.g. tobacco, paprika) and food crops (like maize and vegetables)? Please tell us more about that. | *Kuna tofauti ya majukumu kazi kati ya mwanamke na mwanume kwenye uzalishaji wa aina mbalimbali za mazao? (kama palizi, kuvuna, kupanda, kuweka dawa).*

Kazi zipi ni za nani kwenye kilimo cha mazao ya biashara? Na kazi zipi ni za nani kwenye kilimo cha mazao ya chakula?

3.9. Do the children or other family members help with the tobacco, such as harvesting and curing? Do they help with other farm work? | *Je familia yako inasaidiana nawe/nanyi katika suala zima la uzalishaji wa tumbaku? (wanawasaidia kwenye kazi gani) Je wanawasaidia pia kwenye shughuli nyingine za kilimo?*

3.10. Do any in your family work as hired labour on other farms? How often and why? | *Kuna yeyote kwenye familia yako anafanya kazi/kibarua kwenye mashamba ya watu wengine? Ni wakati gani anafanya hivyo na kwa nini?*

3.11. Do you ever hire people to help with labour on your farm? How often and why? | *Je ulishawahi kuajiri watu kukusaidia kazi za shamba? Ni wakati gani na kwa nini?*

3.12. What are the main chores you are responsible for in the house? What are the main chores your spouse is responsible for in the house? What about girl and boy children? | *Nini wajibu/majukumu yako uwapo nyumbani? Na ni nini majukumu/wajibu wa mwenzako hapa nyumbani, na yapi ni majukumu ya watoto wa kike/kiume*

4. DISTRIBUTION OF INCOMES OR RETURNS

Farmers have had different experiences with payment from the companies they have contracts with. We would like to know about your experiences. | *Wakulima wana uzoefu mbalimbali kuhusu malipo yao kutoka kwa makampuni ambayo wana mikataba nayo. Tungependa kufahamu uzoefu wao.*

4.1. Which member of your household signs the contract? (Is it the man or woman?) Why? (If you sign a contract as part of a group, who signs the contract and how is it decided for that person to sign the contract?) | *Ni nani katika familia yenu aliesaini mkataba? (Je ni mwanamke au mwanaume?) Kwa nini? (mnaposaini mkataba mkiwa katika kikundi ni nani anaesaini, maamuzi ya kumruhusu mmoja wenu kusaini yalipitishwaje?)*

4.2. Who is paid the income from the tobacco? Is it then distributed between you and your spouse? | *Kwa kawaida ni nani anaefuata malipo ya tumbaku? Na je mnazigawana vipi fedha hizo?*

4.3. What is the money used for? (women: If the money was paid to you directly, would you use it differently? What would you do with it?) | *Fedha hizo mnazitumiaje? (wanawake: labda hizi pesa ungelipwa wewe moja kwa moja ungekuwa na matumizi tofauti na haya? Ungezitumiaje?)*

4.4. Do you feel that income from tobacco sales is reliable or predictable? How has it helped you or your family? | *Unafikiri mapato yatokanayo na tumbaku ni ya kuaminika au ya kutegemewa? Yamekusaidiaje? Yameisaidiaje familia yako?*

4.5. Which were the best years for you for tobacco? In what ways? Which were the worst? In what ways? How have the prices you get changed since you started contract farming? | *Mwaka upi ulikuwa ni mzuri kwako kwa zao la tumbaku? Kivipi? Upi ulikuwa ni mbaya? Kivipi? Bei za mauzo zimebadilika vipi toka ulipouanza kulima kwa mikataba?*

4.6. Do you have the opportunity to make money that you are able to decide how to spend? | *Je unayo fursa ya kutafuta pesa ambayo unao uwezo wa kuamua utumie vipi?*

4.7. Do you depend on anyone else for money? | *Je unamtegemea mtu yeyote kifedha?*

4.8. Which are your main sources of cash income, for you personally? | *Kipi chanzo chako binafsi cha mapato?*

4.9. Which are the main sources of cash income for your family? | *Chanzo kikuu cha mapato ya kaya yako ni kipi?*

5. FOOD SECURITY

5.1. Who is responsible for providing or buying food for your household? | *Ni jukumu la nani kumunua au kutafuta chakula cha familia?*

5.2. What are your main sources of food? How much of the food your household needs is grown on your own farm? | *Chanzo chemu kikuu cha chakula ni kipi? Kiasi gani cha chakula kihitajikacho hapa nyumbani mnakupata kutoka shambani kweni?*

5.3. How much of the food that your household needs is bought, instead of grown? | *Ni kiasi gani cha chakula mnamunua badala ya kulima wenyewe?*

5.4. Have you had any problems with getting enough food for your household? In what years did you have problems, and in what years were there less problems? | *Mmewahi kupata matatizo yoyote ya upungufu wa chakula hapa nyumbani? Ni mwaka gani mlipata haya matatizo? Na ni mwaka gani hamkuwa na matatizo makubwa?*

5.5. What are your main problems in getting enough food for the household? (Is it lack of money, is it lack of enough land to grow food on? Is it that the crops are not growing well?) | *Lipi ni tatizo lako kubwa katika upatikanaji wa chakula hapa nyumbani (Ni pesa, uhaba wa aridhi, au mazao hayakubali vizuri?)*

5.6. In the past 5-10 years, has your farm changed to grow more cash crops (e.g. tobacco, paprika) instead of food crops, or the other way around? Why? Was it a good decision? | *Miaka 5-10 iliyopita, mmefanya mabadiliko ya matumizi ya ardhi na kulima zaidi mazao ya biashara badala ya mazao ya chakula au mmelima zaidi ya chakula badala ya biashara? Kwa nini? Je ulikuwa ni uamuzi mzuri?*

6. INTRA-HOUSEHOLD AND CONTRACTING COMPANY/PRODUCER INTERACTIONS

6.1. For tobacco, do you deal directly with the contract company? Do you or have you ever been involved with Primary Co-operative Societies (PCS), a farmers association or another group? (If yes to the last two, how much help do they get from them, and how much money do they have to pay them?) Please tell us more. | *Je mnahusika moja kwa moja na haya makampuni mnayoingia nayo mkataba? Mlishawahi kujihusisha ama kufanya kazi na vyama vya msingi vya ushirika (PCS), ushirika wa wakulima, au kikundi chochote? [kama jibu ni ndiyo, kwa misimu miwili iliyopita unepewa msaada kiasi gani, ni kiasi gani cha fedha mnawalipa?] Tafadhali elezea.*

6.2. What services, inputs or help are provided through the contract company? For example, are you given money loans, or inputs such as fertilisers, seeds/seedlings, pesticide, or do they help with ploughing or making curing barns? | *Ni aina gani ya huduma, pembejeo au msaada mnaopata/kutolewa na kampuni mlizoingia nazo mkataba? Kwa mfano, je mnapewa mikopo ya fedha au pembejeo za kilimo kama mbolea, mbegu, dawa na kawaida?*

6.3. Has the company given you help about how to grow and cure the crop properly (extension services), or how to increase your yields, or how to protect yourself while growing and curing tobacco? | *Je makampuni yanawasaidia kuwaelekeza namna ya kupanda na namna ya kutibu/kuhudumia mazao ipasavyo au namna ya kuongeza ukubwa wa shamba lako au namna ya kujikinga wewe mwenyewe wakati wa kupanda na kuhudumia tumbaku?*

6.4. What obligations do you have to the company? For example, how many acres are you supposed to grow? Do you have to repay loans every season? How much do you have to pay the company for the inputs they give you? What happens if you can't pay back the loan, or if you don't grow enough tobacco? | *Nini wajibu wako kwa hii kampuni uliyoingia nayo mkataba? mfano, ni heka ngapi unatakiwa kulima kwa ajili yao, je unapaswa kurudisha mkopo kila msimu, ni kiasi gani unailipa kampuni kutokana na pembejeo walizokupatia? Inakuwaje kama ukishindwa kulipa deni? ama hukulima tumbaku ya kutosha?*

6.5. Have there been problems in this village with farmers having debts with the company? When? Have you or your family had problems with debts with the company? | *Pamewahi kutokea matatizo hapa kijijini kati ya wakulima na makampuni yanayowakopesha/yanayowadai? Ni lini? wewe au familia yako ilipata matatizo kutokana na deni la kampuni?*

6.6. Please tell us about your experiences with the contract company. How do you and your family feel about it? (Have you had problems with your tobacco being given low grades? Do they treat you fairly?) | *Tungeomba utielezee uzoefu wako wa kufanya kazi na makampuni kwa mikataba, wewe na familia yako mnaonaje (mmewahi kupata*

matatizo yatokunayo na tumbaku yenu kupangwa daraja la chini, haya makampuni yanawatendea haki?')

6.7. What do you think the contract company gains from you? | Unafikiri makampuni yanafaidika kutoka kweni?

7. FACTORS THAT DETERMINE HOUSEHOLD DECISION MAKING TO ENGAGE IN, OR DIVERSIFY LIVELIHOOD STRATEGIES AWAY FROM, CONTRACT FARMING

7.1. Why did you or your family decide to start contract farming? Who decided to grow tobacco? Why? | Kwa nini wewe/ familia yako iliamua kulima kwa mikataba? Nani alipitisha maamuzi ya kulima tumbaku? Kwa nini?

7.2. Does the help you get from the company make it easier for you to grow other cash or food crops that you are responsible for? (e.g. can you use the fertiliser they give you for the other crops?) | Je msacada unaopata kutoka haya makampuni unawawezesha kulima mazao mengine ya chakula na biashara ambayo ni wajibu wenu kulima? (mfano unaweza kutumia mbolea waliyokupa kuweka kwenye zao lingine?)

7.3. Are there other cash crops you are able to grow and sell, if you wanted to? Have you ever grown different cash crops? Why was it changed to tobacco? | Je kuna mazao mengine ya biashara mnyoweza kulima na kupata soko lake kama mtataka kulima? Mmeshawahi kulima mazao mengine ya biashara? Kwa nini mlibadilisha na kulima tumbaku?

7.4. Is tobacco the main cash crop grown in your region? If so, why do you think this is so, and for how long? | Je tumbaku ndio zao kuu la biashara iringa? Kama ndio kwa nini? Limekuwa hivyo kwawa muda gani?

7.5. What are the main problems you have in selling your harvest? | Matatizo gani makubwa mnyopata wakati wa kutua mazao yenu?

7.6. Do you feel that there are ways in which you could get a better return for the tobacco? How? | Unafikiri kwamba kuna namna nyingine ya kuwawezesha kupata mapato mazuri ya tumbaku? Vipi?

8. REGULATORY AND POLICY ENVIRONMENT, AND INSTITUTIONS

8.1. Are you involved with any of the farmer's groups or co-operative unions? Do you think that men and women participate in these in the same ways? (i.e., do women participate/are listened to as much as men? Are women in high positions in these organisations?) Why do you think this is the case? | Je unajishughulisha na vikundi vyovyote vya wakulima ama chama cha ushirika? Unafikiri kwamba ushiriki wa wanawake na wanaume ni sawa kwenye hivi vyama?

8.2. Are there any authorities that control how you produce and sell tobacco? Please explain. (such as farmer associations, primary cooperative societies, government organisations) | *Kuna mamlaka yoyote inayosimamia namna mnavyozalisha na kuza tumbaku? Elezea (kama chama cha wakulima, vyama vya msingi vya ushirika, taasisi ya kiserikali)*

8.3. Have you heard of the Tanzania Tobacco Board? If so, have they helped or not helped you? What do you think they could do better? | *Unaifahamu bodi ya tumbaku Tanzania ama kusikia juu ya chambo hicho? Kama ndio, je wamekuwa wakiwasaidia au la? Unafikiri wafanye nini ili kuboresha hali zenu?*

8.4. Do regulations here help you? Do they make problems for you? How? | *Taratibu za bodi ya tumbaku Tanzania zinawasaidiaje? Au zinawupa matatizo? Kivipi?*

8.5. Which regulations are beneficial? | *Ni taratibu zipi zinazowafaidisha?*

8.6. What could be done by the authorities (such as government, farmers associations, even the contract company) to make contract farming better for you here? | *Mamlaka husika (kama serikali, vyama vya wakulima, makampuni ya mikataba) zifanye kitu gani ili mikataba ya kilimo iweze kuwasaidia zaidi?*

8.7. Do you feel like you have power or voice to influence your conditions, regarding contract farming? Do you feel like the authorities or companies listen to you? | *Unafikiri kwamba unao uwezo ama sauti ya kuweza kubadili hali yako? Kuzingatia hii mikataba ya kilimo? Unafikiri kwamba mamlaka husika zinawasikiliza?*

8.8. In the past, did you get any help from the government for your farming/marketing? What kind, and when? Do you still get any help from the government? | *Siku za nyuma umewahi kupewa msaada wowote na serikali kwa shughuli zako za kilimo na upatikanaji wa masoko? Msaada gani ulipata na ilikuwa lini? Bado unapata msaada wowote toka serikalini?*

~

Do you want to add anything more about contract farming or the conditions of tobacco farmers here? | *Ungependa kuongeza chochote kuhusiana na kilimo cha mikataba ama hali nzima ya wakulima wa tumbaku kwenye eneo hili?*

[Thank you very much for your time. Could we come back and speak with you again if we need to? Would you be interested in coming to a group session in a week or two to discuss this topic?]

ANNEX II. Focus group sessions:

Structure, activities and questions (English and Kiswahili)

The following structure was used in conducting focus group sessions in Kiwere and Mfyome. Sections were adapted, included or excluded depending upon particulars of the location, participants, the type of crop produced through contract farming (tobacco and/or paprika), and to allow unstructured discussion. All focus groups were conducted in Kiswahili.

I. Introducing the session (5 min)

- Thank you very much for coming to this meeting, where we hope that we can all share information and ideas. | *Asanteni sana kwa kufika katika kikao hiki, ambapo minaamini kwamba tutashirikishana taarifa na mawazo mbalimbali*
- We are researchers who are studying the effects of contract farming of tobacco and paprika for farmers. Mehreen Khalfan and Julianna Mushi. We are students, not associated with any government or with any company. We've talked to some farmers one at a time, but now would like to ask you to share your knowledge with each other and with us in your own words. | *Sisi ni wanafunzi tunaojipunza matokeo ya mikataba ya kilimo cha tunbaku na paprika kwa wakulima. Mehreen Khalfan na Julianna Mushi. Sisi ni wanafunzi; hatuna mahusiano na serekali wala haya makapuni. Tumeshazungumza na baadhi ya wakulima mmoja mmoja; sasa tunawaomba kushirikishana ufahamu wa mambo mbalimbali kati yetu.*
- Nobody knows more than the other, and you all know more than the two of us. Want everyone to feel free to speak about whatever they want. If you want to discuss something that someone has said, please feel free, but try to allow everyone to speak one at a time. | *Hakuna ambae amaelewa zaidi kuliko mwingine ila kwa maisha yenu hapa ya kila siku nyinyi mnawaelewa zaidi kuliko sisi; kila mtu ajisikie uhuru kuzungumza. Kuwa huru kiyadili suala lolote atalozungumza mmoja wetu ila tungeomba tusizungumza watu wawili kwa wakati mmoja*
- We would like if you could consider yourselves representatives of the whole village. You can answer these questions either as a representative of the village, or based on your own experiences. If you don't feel like staying or participating, you can leave and we won't mind. | *Tungefurahi kama kila mmoja angejisikia kuwa uwepo wake m'uwakilishitosha wa wale walioshindwa la uwepo; utapokuwa unajibu maswali jisikie kuwa unawakilisha kijiji au uzoefu wako binafsi; jisikieni huru ila atakaekuwa na udhuru tumamruhusu kuondoka*

- We will start with introductions, and then talk about what kinds of crops you like to grow, and then have some discussions about what kind of problems contract farmers here have and what kind of solutions you would like to see. | *Tutaanza kwa utambulisho, kisha kuhusu mazao mmnayopenda kulima na pia tutajadili kuhusu matatizo mbalimbali yatokanayo na kulima kwa mikataba na mapendekezo ya utatuzi wa hayo matatizo.*

II. Introductions (15 min)

A round of introductions: names, and tell us one thing that is interesting about this village.

- a. Show of hands as to how many are in a tobacco producing group? | *Wanaolima tumbaku kwa vikundi ni wangapi?*
- b. How many are either the chair, secretary, or accountant of the group? | *Ambao ni wenyekiti, makatibu and wahasibu wa vikundi ni wangapi?*
- c. How many are independent tobacco farmers? | *Wanaolima binafsi ni wangapi?*
- d. Women - How many are 'written' members of the group? | *Wanawake: Ni wangapi mmejiandikisha kwenye vikundi?*

III. Crop preferences (40 min)

[Chart used with drawings of maize, beans, sunflower, tobacco, paprika, peanut, tomato and beans; ask if any main crop has been left out. | *Chati itachorwa mahindi, kunde, alizeti, tumbaku, pilipili, karanga, nyanya, maharagwe; uliza kama kunda zao lililosahauliwa.*]

We would like to know what your own preferences of crops to grow are. This is not necessarily about what crops you do grow, but it can even be those that you would like to grow if you had the chance. | *Tungependa kufahamu aina gani ya mazao kila mmoja anapenda; si lazima yawe yale unayolima, hata usiyolima pia. Ila ungependa kuyalima kama ukipata nafasi.*

Put the star on one crop that you think you will always grow. Then rank the rest from favourite, to second favourite, and third favourite, writing 1-3. (That is, which are the three crops that you like to grow or would like to grow). Afterwards, we would like it if each person can tell us why they chose those crops and we can all discuss those reasons. | *Weka alama ya nyota kwenye zao moja unalofikiri kuwa utalilima kila wakati. Halafu weka alama kwenye zao linalofuata (1,2,3). Baadae kila mmoja aeleze sababu ya kuchagua hayo mazao*

[Discussion]

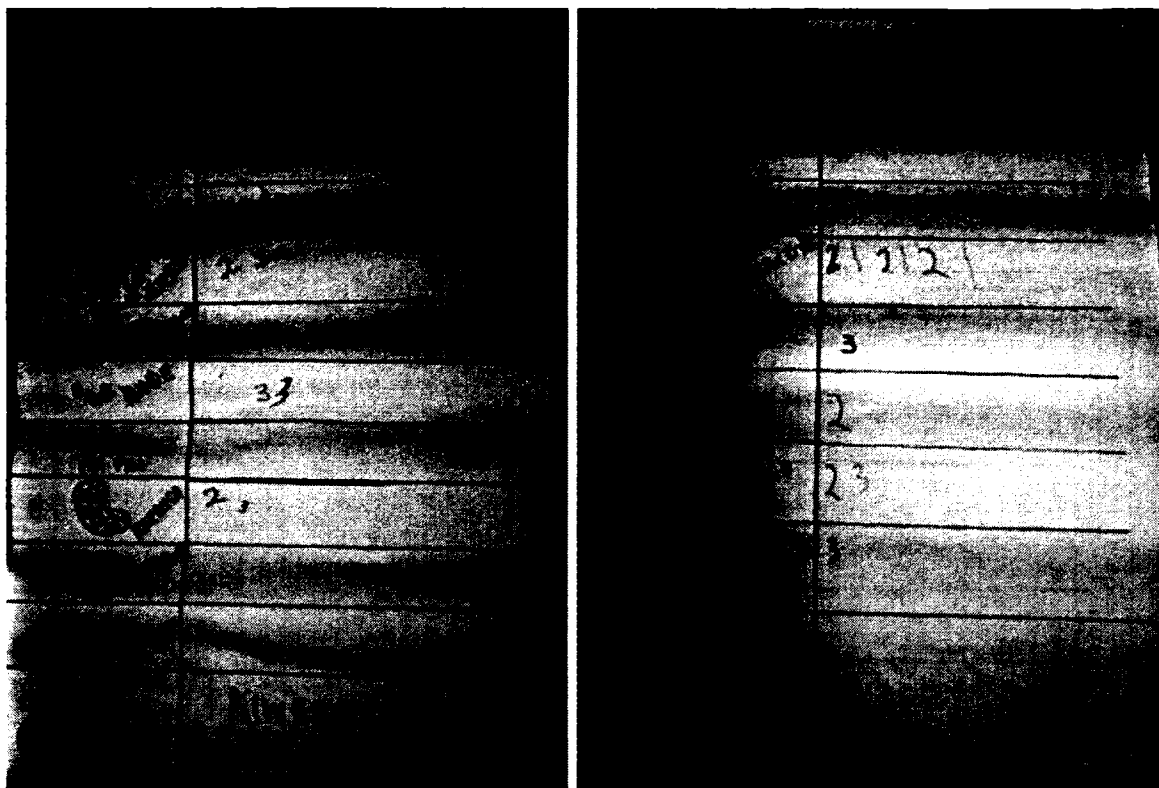


Fig: Examples of crop preference charts created during the sessions, used for discussion.
Left: Kiwere men's focus group. Right: Kiwere women's focus group.

IV. Questions to agree, disagree or have no opinion on (1 hour)

In the next exercise I will tell you about certain things I believe about your village, but since you live here you can tell me if I'm right or wrong. It would be good if you can think about these questions in general, considering the village, and not necessarily answer the questions based on your own experience. | *Kwa sehemu hii inayofuata, nitaelezea jambo fulani ninalifikiri nalifahamu kuhusu hila kijiji chenu: ila kwa vile nyie ndio wenyeji mtaniambia kama niko sahihi ama la. Itakuwa vizuri wakati mtakapokuwa mnaji ujibu kwa ujumla kulingana na hali ilivyo hapa kijijini na wala usizingatie zaidi uzoefu binafsi*

[Participants asked to raise their hands if they agree/think it is true, cross their arms if they disagree/think it is false, and to pose like a minister/‘bunge’ if they have no opinion/are not sure.]

1. **Of all the villages in Kiwere ward, [current] village is the best one.** | *Katika vijiji vyote vya kata hii, kijiji cha [hapa] ndio kizuri kuliko vyote.*
2. **There are about 422 (Kiwere) /700 (Mfyome) households here.** | *Kuna kaya zipatazo 422/700 hapa*
3. **About half (Kiwere)/100 (Mfyome) of all households here grow tobacco.** | *Karibuni nusu/mia ya hizi kaya wanalima tumbaku (50 paprika)*
4. **Tobacco has helped Kiwere to become a prosperous village, compared to other parts of Tanzania.** | *Tumbaku/paprika imeiwezesha Kiwere kuwa [well off] ukilinganisha na sehemu zingine za Tanzania*
5. **Tobacco requires a lot of labour to do, but gives a very good and reliable income.** | *Tumbaku ina kazi nyingi sana za kufanya ila ina kipato kizuri na cha uhakika*
6. **Households which who produce only maize and tobacco are better off than those who produce maize and other cash crops (like sunflower and tomatoes).** | *Kaya zinazolima mahindi na tumbaku, hali zao ni nzuri zaidi kuliko zile zinazolima mahindi na mazao mengine ya biashara (kama alizeti, nyanya na kawaida)*
7. **Households which produce only maize and tobacco are better off than those who produce only maize and other food crops.** | *Kaya zinazolima mahindi na tumbaku, hali zao ni nzuri zaidi kuliko zile zinazolima mahindi na mazao zingine ya chakula tu. (*Repeat question comparing maize & tobacco HH to maize and paprika HH).*
8. **Women, more than men, like to spend their time on growing tobacco/ paprika/ cash crops.** | *Wanawake zaidi kuliko wanaume wanapenda kutumia muda wao kwenye kilimo cha tumbaku / paprika/ mazao za biashara*
9. **Men, more than women, like to spend a lot of their time in growing food crops.** | *Wanaume zaidi kuliko wanawake [wanapenda] kutumia muda wao mwingi kwenye mazao ya chakula*
10. **Tobacco/Paprika is mostly a man's crop, or men are the people who control tobacco production.** | *Tumbaku ni zao la wanaume zaidi/ wanaume ndio wanaosimamia uzalishaji wa tumbaku zaidi*
11. **Men and women each do about half the work on tobacco (or paprika) fields.** | *Wanaume na wanawake wote wanafanya karibuni nusu kwa nusu ya kazi ya tumbaku (au paprika)*
12. **If women did not do any work on tobacco/paprika fields, tobacco/paprika farming would not be possible here.** | *Kama wanawake wasingejishughulisha hata kidogo katika kazi ya tumbaku, kilimo cha tumbaku kisingewezekana hapa.*
13. **Women are the people who normally collect the income after the tobacco is sold.** | *Wanawake ndio wanaofuata mapato baada ya kuuza tumbaku.*

14. It is good that men should make the decisions about cash crops and about tobacco. | *Ni vizuri kama wanaume ndio wangekuwa wanaamua juu ya kilimo cha mazao ya biashara na tumbaku.*
15. Women are completely able to decide how to use their own time when working. | *Wanawake wana uwezo [uhuru] wa namna ya kutumia muda wao wakati wa kazi*
16. The money from tobacco (& paprika) normally helps us to have enough food for our house. | *Kwa kawaida hela itokanayo na tumbaku inatusaidia kuwa na chakula cha kutosha nyumbani.*
17. We rely very much on the fertiliser that the tobacco companies give us, in order to help with growing maize. | *Tumategemea sana mbolea tumazopewa na kampuni za tumbaku ili kuweza kulima mahindi.*
18. In years when income from tobacco is good, men share the income equally with women. | *Mwaka ambao kipato cha tumbaku (&p) ni kizuri, wanaume wanashirikiana kipato sawa sawa na wanawake.*
19. The companies help us more than the government helps us to have better lives. | *Makampuni yanatusaidia zaidi kuliko serekali kuwa na maisha mazuri.*
20. When people's tobacco is sold in the market, it is normally given the correct grade and price by the buyers. | *Watu wanapouza tumbaku yao, wanunizi wanamumua kwa grade na bei sahihi kabisa.*
21. If the grade or price is lowered by the buyers, it is normally for a good reason, such as that the crop was not grown properly with all the inputs, or because of bad climate, or because it wasn't cured properly. | *Kama grade na bei zikiwa za chini (classifier) huwa ni kwa sababu zinazoeleweka kama wazao hayakuwekwa pembejeo za kutosha, au sababu ya hali mbaya ya hewa, au sababu haikukaushwa vizuri.*
22. In each village, there is one farmer who goes to the stakeholders meeting to represent farmers. Through this representative, we have a voice, and so the company and tobacco board. | *Kila kijiji kina mwanakijiji mmoja anaewawakilisha kwenye kikao cha wadau/wakuu. Kupitia mtu huyu wakulima tunayo sauti sasa ya kusikilizwa na makampuni pamoja na bodi ya tumbaku.*
23. The government is right to prevent people from cutting down natural trees to cure tobacco. | *Serekali iko sahihi ilipokataza watu kukata miti ya asili kwa ajili ya kukaushia tumbaku.*
24. These two, Mehreen and Julianna, are asking silly questions. | *Hawa wawili Mehreen na Julianna wanauliza maswali ya kijinga.*

V. Small discussion groups (1 hour)

Discussions on the following questions (20 min) in groups of 3 people or less; each group appoints one person to tell the whole group what they discussed and what ideas they came up with. Afterwards, the others in the small group can add any points they want. Ask the rest of the people for reactions after each debrief. | *Kikundi cha watu tatu au chini, watajadili kwa dakika 20; kisha wataamchagua mmoja wao kutuelezea wote walichokijadili na wazo walilolaya nalo. Wakishaeleza wengine wanaweza kuongezea point wanazotaka.*

For women, what are the main problems faced by women and girls in households that farm through contracts? What do you think are the solutions you would like to see? |

Wanawake: Matatizo gani yanayowapata wanawake na mabinti kwenye kaya wanazolima kwa mikataba? Unafikiri utatuzi wake ni nini?

For men, what are the main problems faced by households that farm through contracts?

What do you think are the solutions you would like to see? | *Wanaume: Matatizo gani haswa yanayozipata kaya ambayo zinalima kwa mikataba? Kitu gani unafikiri kingekuwa suluhisho lake?*

ANNEX III

Individual Interviews, Kiwere ward – Summary

| Interview Name | Sex, Age | Marital status, # children/ grandchildren + other dependents in HH | HH head | Economic Status | Livelihood | Increased acreage of contract crops/ Reduced food crops | Incomes and Yields of Contract Crops | Maize | Food shortages/ supply |
|----------------|----------|--|---------|-----------------|--|---|--|---|---|
| #1 Grace | F, 33 | Widowed, 4 | Y | Low SH | Tobacco farmer (8 years) + business (restaurant) | N (typically: 3T/3M) | Good: 2004/05 Bad: 2005/06 | Adequate Sub. | Good: 2004, 2005. Low: 2006 |
| #2 Hawa | F, 40 | Married, 5 | 'Both' | High MH | Tobacco farmer (10 years), maize, trees, sun | Y (2005/06) 1999: Reduced all, to emphasize. maize | Low: 1998; 2005/06 | Emphasize surplus production to sell | Very rarely |
| #3 Flaviana | F, 30 | Married, 4 | N | Low SH | Tobacco (17 years) | Y (Often to buy food) | Good: 2003, 04, 05 Low: 1991; 1998; 2005/06 | | Shortages: 1991, 2005-06 |
| #4 Eustace | M, 51 | Married, 6 | Y | Medium/ high SH | Tobacco | N | High: 1999, 2000 (both T & M) Low: 1998 | | 1998 |
| #5 Khadija | F, 50 | Married, 3+2 | Y | Low SH | Tobacco, FC (+pombe) | Y (current) Informal | Good: 2003 Low: 1998; 2005/06 | Focusing on non-maize & T, due to <i>kigubi</i> | Often |
| #6 Zahara | F, 55 | Married, 7 | N | Medium SH | Tobacco (24 years) | N | Good: 2003 Low: 1998; Zero: 2005/06 | | Shortages often (purchase maize); and in 2005/06 Less problems: 2004 |
| #7 Esperance | F, 50-80 | Separated, 1+ | Y | Very low SH | Prev. tobacco (1 acre) – giving up | Y (past) Informal | Low: 1998; 2003, 2004, 2005/06 Good: 1993 | Inadequate crops generally | All years except 3 (Work as hired labour) |
| #8 Simon | M, 42 | Married (2 wives), 6 + others | Y | Medium SH | Tobacco (8 yrs) + business (butchery) | Y | High: 2004/05 Low: 1998; 2005/06 | Low: 2005 | 1998-99, and 2005 (maize v. expensive) |

| | | | | | | | | | |
|--------------|---------|------------------|---|------------------------------|---|--|--|--|---|
| #9 Shukuru | M, ~30s | Married, 4 | Y | Medium-low SH | Tobacco, maize (hires labourers) | - | Good: 2004 (T) Low: 1998, 2001 | Bad: 2004 (had to buy maize) | Often have to buy lack of money, fertility |
| #10 Petra | F, ~48 | Widowed, 7 | Y | Low SH (previously high SH) | 2 acres T/2 M | Y (past) | Low: 1998; 2005/06 | | Y |
| #11 Jabulani | M, 32 | Married (#12), 4 | Y | Medium-low SH | Tobacco, maize | Y (2005 – reduced maize, to fulfil 10-acre tobacco rule) | High: 1996 (lower expenses, fertility); 2004 Low: 1998; 1999; 2002; 2005/06 | | Sometimes; 2005/06 especially |
| #12 Lebo | F, 29 | Married (#11), 4 | N | Medium-low SH | Tobacco, maize, food crops | Y | Low: 1998; 2005/06 | | Y Often need to buy; unpredictable |
| #13 Hamisi | M, 33 | Married (#14), 3 | Y | Medium-low SH | Tobacco, maize + construction & bee-keeping | Usually 3T/2M | Good: 2004 Low: 1997 (low prices), 1998; Zero: 2005/06 | Good year: 2003/04: Sold surplus | Low: 1998/99 Low fertility generally = need to buy food |
| #14 Chiku | F, 33 | Married (#13), 3 | N | Medium-low SH | Tobacco, maize | 4T/2M 2004: reduced T (labour constraint) | Good: 1999, 2000, 2004 Low: 1998; 2005/06 | Labour/time shortage: low maize yields | Y - often (busy with tobacco; rain problems) 2005/06: Will do hired labour to buy food |
| #15 Rose | F, 26 | Married (#16), 3 | N | Med-low SH (prev. medium SH) | Tobacco, maize, FC | Y (recent) | Good: 2004/05 Low: 1998; 2005/06 | | Often |
| #16 Omarion | M, 28 | Married (#15), 3 | Y | Med-low SH (prev. medium SH) | Tobacco, maize | Y | Low: 1998; little income most years | | Sometimes |
| #17 Daudi | M, 42 | Married, 4 (#18) | Y | Medium-high SH | Tobacco, maize | Prev: 5T/4M; reduced to 2T/4M from 2003 onward | Good: 1996-98 Bad: 1998/99; 2001 | Low: 2001 | Low: 2001 |
| #18 Bisi | F, 34 | Married, 4 (#17) | N | Medium-high SH | Tobacco, maize | | Low: 1998 | | A few years: 1998, 2001 |

| | | | | | | | | | |
|---------------|--------|--------------------|---|-----------|--|-------------------------------------|---|-----------|---------------------|
| #19 Atieno | F, 50 | Married | N | Low SH | Maize farmer, prev. tobacco & (2 years of) paprika | Stopped growing TC (losses, labour) | Low T: 1998, 1999, 2002-03 | | Sometimes |
| #20 Edwin | M, 30 | Married | Y | Medium SH | Maize, paprika, tomatoes | Y | Paprika high: 2000-2003 | Low: 1998 | Occasional purchase |
| #21 Rashid A. | M, 49 | Married | Y | Medium MH | MH maize and tobacco farmer, paprika | N | | Low: 1998 | N |
| #22 Myles | M, 60 | Married | Y | High SH | Former group head, tobacco & maize farmer | Y | High: mid-90s Low: 1998, 'most years' | | Occasional |
| #23 Kwanza | M, ~71 | Married (#24) | Y | Low SH | Maize/FC farmer. Former tobacco (2 yrs paprika) farmer | N | Low: Most years (labour) | | Often (high prices) |
| #24 Saida | F, ~65 | Married (#23) | N | Low SH | As above + starting sunflower (Potentially informal) | N | Tobacco Low: 1998; 2000 onward | | Often |
| #25 Yusuf | M, 39 | Married, 3-4 (#26) | Y | Medium MH | Business (shop), maize, and paprika | Y | Paprika high: 2001, 2002 Low: 2004, 2005 | | N |
| #26 Aisha | F, 26 | Married, 3-4 (#25) | N | Medium MH | Current primary HH paprika farmer | Y | | | Few |

Notes:

SH: smallholder contract farmer

MH: medium-holder contract farmer

Economic status: low/medium/high smallholder (SH), low/medium/high medium-holder (MH)

ANNEX IV

List of Participants

- a. Consultations and Interviews with Individuals and Organisations in Urban Areas – Civil Society, Government Officials, and Academics

DAR ES SALAAM:

1. Rehema Tukai – Research coordinator, Research on Poverty Alleviation (REPOA)
2. Dr. Brian Cooksey – Director, Tanzania Development Research Group (TADREG), REPOA
3. Dr. Issa Shivji – Faculty of Law, University of Dar es Salaam
4. Dr. Bertha Koda – Department of Development Studies, University of Dar es Salaam
5. Dr. Marjorie Mbilinyi – Head of Programme: Activism, Lobbying and Advocacy (ALA), Tanzania Gender Networking Program (TGNP)/ Department of Development Studies, University of Dar es Salaam
6. Deus Kibamba – Assistant Head of Programme, ALA, TGNP
7. Dr. Lutgard Kagaruki – Executive Secretary, Tanzania Tobacco Control Forum (TTCF)
8. John Waluye – Journalist and Documentary film-maker (*'Smoke Sacrifice'* 2005)

MOROGORO:

1. Dr. Emmanuel Mbiha – Sokoine University of Agriculture
2. Dr. Robert Machang'u – Sokoine University of Agriculture / Chairperson, Tanzania Public Health Association (TPHA) / TTCF

IRINGA TOWN:

1. Mr. Ayub Kaniki (written interview) – Zonal Leaf Manager Iringa, Tanzania Tobacco Board (TTB)
2. Universal Corporation/Tanzania Leaf Tobacco Company (TLTC) – Company official (anonymity requested)
3. Various Iringa District Government Officials, including:
 - Ms. Fidelica Myovella – District Agricultural Officer
 - Mr. Filemon Mpwehwe – District Extension Officer
 - Mr. Msamba – District Map Officer, Iringa
 - Mr. Matee – District Subject Matter Specialist on Tobacco
4. Dr. Nicholas Bangu – Provost, Tumaini University

5. Dr. Gabone – District Medical Officer (Iringa Hospital) / TPHA member
6. Mr. R. Mtitu – Mazombe-Mahenge Development Association
7. Various at Iringa Civil Society Organisations (ICISO), Tanzania Home Economics Association (TAHEA), and Mr. Kilahani – Student Partnerships Worldwide (SPW)
8. Lumuli Paprika Growers Association (LPGA): Mr. Kadinge (Chairman, and Lumuli Ward Executive Officer) and Mr. Luis (Secretary, and Lumuli Ward Chairman)
9. Tanzania Youth Social Employment and Development Association (TAYOSED): Interviews with two representatives (the NGO's Coordinator, and Advisor)

b. Interviews, Consultations and Focus Groups in Iringa Rural District

All names of farmers and smallholder representatives who participated in interviews and focus groups have been changed, to protect confidentiality.

See Annex III for details on the participants, including marital and household-headship status, number of children/dependents, relative economic status and other major livelihood activities, etc, and trends in incomes, food shortages, acreage of contracted/non-contracted crops etc.

INDIVIDUAL INTERVIEWS IN KIWERE VILLAGE (Sept 28–30; Oct 3-6; Oct 13)

In Kiwere village, in-depth interviews were conducted with 18 farmers currently (or previously) engaged in tobacco contract farming. Of these, eleven were women. Eight were married (one of whom was the household head), and 3 single (2 widowed, one separated). All seven men interviewed were married.

Efforts were made to interview both men and women from the same household, if possible. Eight participants (numbers 11 & 12; 13 & 14; 15 & 16; 17 & 18 below) were married couples from the same households.

- | | |
|---|----------------------|
| 1. Grace (F, 33) | 9. Shukuru (M, ~30s) |
| 2. Hawa (F, 40) | 10. Petra (F, ~48) |
| 3. Flaviana (F, 30) | 11. Jabulani (M, 32) |
| 4. Eustace (M, 51) | 12. Lebo (F, 29) |
| 5. Khadija (F, ~50) | 13. Hamisi (M, 33) |
| 6. Zahara (F, 55) | 14. Chiku (F, 33) |
| 7. Esperance (F, ~50-80. Conducted with assistance of her daughter, ~30) | 15. Rose (F, 26) |
| 8. Simon (M, 42) | 16. Omarion (M, 28) |
| | 17. Daudi (M, 42) |
| | 18. Bisi (F, 34) |

Interviews were also conducted with:

- The village smallholder representative to Dimon (Deogratius) and the smallholder representative to TLTC (Raphael), both of whom were medium-scale tobacco farmers
- The Village Executive Officer/‘Mtendaji’ (also a medium-scale tobacco farmer)

INDIVIDUAL INTERVIEWS IN MFYOME VILLAGE (October 10–12)

In Mfyome village, in-depth interviews were conducted with eight farmers currently (or previously) engaged in paprika or tobacco contract farming. Of these, three were women and five were men; all were married. Of the eight, four (numbers 23 & 24; 25 & 26) were partners from the same household.

| | |
|--------------------------------------|---------------------|
| 19. Atieno (F, 50) (Unreliable data) | 23. Kwanza (M, ~71) |
| 20. Edwin (M, 30) | 24. Saida (F, ~65) |
| 21. Rashid A. (M, 49) | 25. Yusuf (M, 39) |
| 22. Myles (M, 60) | 26. Aisha (F, 26) |

Interviews were also conducted with:

- The Village Executive Officer/ ‘Mtendaji’
- Dr. Ferdinand Mlawa, the regional head doctor (‘Mganga Mkuu’) for Kiwere Ward, located near Kiwere and Mfyome villages.

NZIHI VILLAGE (October 16-18)

Interviews were conducted with five male contract farmers: 2 paprika small-to-medium-scale farmers and 3 tobacco smallholders.

- Reginald (M, 44, paprika farmer)
- Fadhili (M, 43, paprika farmer, who tried tobacco once in 2005-2006)
- A discussion group with three tobacco smallholders, members of a single tobacco-contracting ‘kikundi’ (group): Lusaga (Chair); Kilasa (Secretary); Hashim (Accountant)

Other consultations/interviews:

- The Village Chairman and The Village Executive Officer/ ‘Mtendaji’
- An informal meeting with the owner of a very large-scale tobacco farm in the locality, on the site of his tobacco seedling farm, bordering Nzihi Village

FOCUS GROUP PARTICIPANTS – KIWERE AND MFYOME VILLAGES

In **Kiwere Village**, two focus groups were conducted; all the participants were involved (currently or previously) with tobacco contract farming.

Group 1, Kiwere: Men (Oct 20)

1. Simon (#8)
2. Ali
3. Musa
4. Jabulani (#11)
5. Frederick
6. Godfrey
7. Augustine
8. Daniel

Group 2, Kiwere: Women (Oct 21)

1. Rose (#15)
2. Khadija (#5)
3. Nancy
4. Bisi (#18)
5. Zahara
6. Stella
7. Imani
8. Hamida (participant had to leave)

In **Mfyome Village**, two focus groups were conducted; all participants were engaged (currently or previously) in either paprika or tobacco contract farming; many had tried both. The three most elderly participants (#4 and #5 in Group 3; #4 in Group 4) were currently focusing on growing maize, and had stopped growing either tobacco or paprika.

Group 3, Mfyome: Men (Oct 23)

1. Nazir
2. Matata
3. Binyawanga
4. Paulo
5. Kwanza (#23)
6. Albert
7. Rashid A. (#21)
8. Jakaya

Group 4, Mfyome: Women (Oct 24)

1. Farida
2. Winifreda
3. Amina
4. Saida (#24)
5. Jamila
6. Cecilia
7. Tausi
8. Clemensia

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Endnotes

ⁱ See the FAO Contract Farming Resource Centre: <http://www.fao.org/ag/ags/contract-farming>

ⁱⁱ 'The Cotton and Textile Development Programme' aims to help the Tanzania Cotton Board to raise smallholder yields, and is now co-funded by the UK's Department for International Development and the Norwegian Agency for Development Cooperation.

ⁱⁱⁱ In relation to Tanzania's post-liberalization period, the timeframe considered, for the purposes of this research, was roughly 1995-2006, although relevant historical features of the *Ujamaa* period and the transitional period following 1986 were also taken into account.

^{iv} In Vietnam, 90% of cotton and fresh milk, 50% of tea and 40% of rice are produced through this mode, as is 75% of poultry and 35% of soya beans in Brazil. A majority of the 400,000 contract farmers in Mozambique are smallholders (ibid., 140).

^v See Latham, 2011, for the example of tobacco in Zimbabwe, and Chapter 4 of this paper for discussion of the Tanzania Tobacco Board's mandate in relation to protection of smallholders.

^{vi} Koopman's (1997) study of rural African households showed that aside from food produced for family consumption, most 'household income' is not pooled. It is generally thought that African women usually have autonomy over their activities in food (subsistence and local market) production. See for example, Bonate, in Wanyeki ed. (2003:116).

^{vii} A slightly different perspective comes from Ponte (2002), who traces 'the cash nexus' backward, showing that pressures affecting smallholders resulting from the ever-greater need for cash incomes began as early as during colonial rule, and increased throughout the post-independence period. He argues that this, more than anything, has determined the economic and crop choices made by smallholders in Tanzania.

^{viii} Ponte (2002), on the effects of market liberalization in Tanzania, writes that "while low-capital off-farm activities may have provided a cushion against the increasing level of rural inequality, falling farm incomes and increasing accumulation in the hands of wealthier farmers raise doubts about the efficacy of market reforms in the agricultural sector and about the survival of smallholder agriculture in Africa" (p.158).

^{ix} African states have attempted to modernize customary tenure systems to stimulate economic activity and increase production via private ownership (Moyo, 2003: 23). The formalization of land rights has ostensibly been to protect farmers' land security and improve their access to credit, agricultural resources, and services; in theory, women can share in these benefits if they become title holders (ibid.).

^x Customary law "refers to rights that are transmitted through social, rather than legal or de jure mechanisms, and whose legitimacy is rooted in tradition, rather than statute" (Grigsby, 2004:208); as it is an inherently fluid process, attempts to codify it can reduce its ability to protect the rights of weaker groups (ibid.). In most of Africa, women customarily have non-permanent use-rights to land, accessed through male relatives (Koopman, 1997). They often control proceeds of food crops, but are rarely entitled to use land as collateral/capital input for enterprises (Sweetman, 1999:4; Sachs, 1996:53). Turner et al (1997:218) claim that women generally have no control over cash crops they work on, on their 'own' or family plots.

^{xi} The scale of the problem is reflected in a recent initiative by the International Tobacco Growers Association, the International Union of Food, and the International Labour Organization. They established the Eliminating Child Labour in Tobacco Growing Foundation, funding projects in Tanzania, Malawi, Uganda, Zambia and Kyrgyzstan (IPP, 2011). The \$75 million Tanzania component began in 2011, focused

on the worst forms of child labour (WFCL) in Tabora. The ILO has established that WFCL in tobacco fields in Tanzania is linked to poverty: 84% of the parents of children working on tobacco plantations come from poor and very poor backgrounds (Kazoka, 2011). The Minister of Labour and Employment noted that the children face heavy labour and exposure to harmful agrochemicals, and that migrant children from poorer locations are the most likely to be working in tobacco fields (ibid.).

^{xii} Including crop charts, adapted from Freudenberger, *Rapid Rural Appraisal (RRA) and Participatory Rural Appraisal (PRA): A Manual*.

^{xiii} Participants said that they normally sell maize in the village, to larger buyers who occasionally come to the village by truck, or to the many small buyers who transport maize back to Iringa town on bicycle, daily.

^{xiv} Gender designations of crops relate less to who works on the crop, as who manages its disposition. Broadly, men's crops are grain, tree, non-food, or for the market/export; women's are typically vegetable, root, food, or for subsistence/ local consumption (Sachs, 1996:69; see also Wanyeki ed., 2003:4).

^{xv} Although these effects were not unexpected, they were not studied specifically, as they are to some extent an outcome of tobacco cultivation, rather than of contracting in general.

^{xvi} For details on the impacts of tobacco production on women, health and communities, see Khalfan & Waverley (2006).

^{xvii} Examples of this are outlined in De Schutter, 2011 – intercropping can mitigate the problem of land substitution by smallholders as well as allow food crops to benefit from contracting.

^{xviii} A few responded affirmatively. One person said that pesticides and fertilisers are delivered with 'papers' about safety, such as hand washing. Another said that they were given gloves to wear while spraying pesticide, and were told to wear masks, which they can buy from the company; they were also supposed to wear overalls, boots and gloves and masks when working with chemicals, but almost nobody had them.

There was not much knowledge among farmers of the exact health effects of tobacco cultivation (some people believed it can cause tuberculosis), but they were well-aware that they could be severe. One man said that they attempt to minimize their exposure while curing tobacco, by hanging the thermometer next to the door, rather than in the centre of the barn (as recommended), to reduce the amount of time they have to spend in the barn. Participants in the Kiwere men's' focus group discussed the issue and strategies (for example, that after spraying pesticides, people should drink a glass of milk so as to not become sick, and to cure stomach aches). Women in focus groups also discussed problems they had heard about; one woman said, "people die from exposure to pesticide. There's nothing to protect them. It's something which killed them slowly. You may get sick suddenly – I think it's because of that" (Khadija, #5, F, ~50).

^{xix} Raynolds (2002) discovered similar dynamics in the Dominican Republic, where many women were contesting the appropriation of their unpaid labour, and claiming wage payment for their work in contract farming.

^{xx} International obligations on the right to adequate food imply other duties for the state to fulfil and protect, that "require the adoption of appropriate economic, environmental and social policies, at both the national and international levels, oriented to the eradication of poverty..." (Commission on Human Rights Resolution_004/27, 16 April, 2004). The right to food therefore also implies the obligation to support, for example, anti-poverty measures, environmental protection, healthy forests, and functioning local markets.

^{xxi} See for example, the Jubilee South Pan-African Declaration on PRSPs (2001), which disputes the claim of 'national ownership,' contending that they are neither participatory nor African, and condemns the use of

NGOs to monitor their governments on the behalf of the IMF. In Tanzania, a prominent national NGO produces progress reports as part of the MKUKUTA (PRSP) monitoring mechanism.

^{xxii} While both tobacco and paprika are labour-intensive and technical, with stringent quality/processing standards, tobacco requires more labour and chemical inputs (for example, Kiwere farmers were normally instructed to apply 350 kg/7 sacks of fertilizer to each acre of tobacco).

^{xxiii} This crisis was caused partly by a speculative bubble for commodities, accelerated by the use of unregulated financial instruments like derivatives (ibid.).

^{xxiv} Many respondents had attended government workshops on land reform. All of those who were asked said that they believed that changes allowing women legal land rights were good, as they gave girls and women more security. However, fewer of them extended that rationale to their own decisions to register their family land in the names of both spouses, or in the names of both boy and girl children, for various reasons.

^{xxv} However, as Razavi has pointed out, this dichotomy can constrain analysis of when inadequate access to land seriously constrains women's enterprises (2003:4).

^{xxvi} Due to perceived costs, internalized powerlessness, etc. Amartya Sen's 1984 study of "adapted needs and preferences" assessed a 1945 survey conducted after the Great Bengal Famine, in which only 2.5 percent of widows, compared with 48.5 percent of widowers, reported themselves as 'ill' or in 'indifferent' health. Sen concluded that: the necessity of survival leads to coming to terms with deprivation; that people may lack courage to demand radical change, and even lower their desires/expectations to what seems feasible (Agarwal, 2002:190).

^{xxvii} On a related note, it has also been suggested that contract farming with local or regional firms (rather than MNCs) could increase the likelihood of balanced benefits for producers, and involve less asymmetries. In addition, such firms have a natural interest in continuing to operate in specific locales. This could constitute an area for further research, as could the question of whether contract farming projects implemented through international NGOs can be more successful at delivering benefits to smallholders.

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