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Biofuel Investment in Tanzania:
Awareness and Participation of the Local Communities

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Abstract
Biofuel investment in Tanzania has been welcomed on the grounds that it is expected to reduce costs of energy, increase national income, help in transport and agriculture sectors, and therefore alleviate poverty. However, existing studies on biofuels in Tanzania have pointed out that the investments have negative impact on the communities where they have been introduced. This study examined biofuel investment in Kisarawe, Bagamoyo, Rufiji, and Kilwa districts. The main aims of the study were: to understand the manner in which biofuel investment is managed in the country; establish the extent to which the local communities are aware of the threats and benefits of the investment; to determine the level of involvement and participation of the local communities in the decision making process, especially the decision to give land to the investors. At the end, the study provides recommendations for policy action.

The study used both quantitative and qualitative methods of data collection. A survey of 215 respondents was done in 8 villages. Two villages were chosen from the four districts and 15 interviews were conducted with officials working in government institutions and biofuel companies. A review of minutes of village meetings on negotiations for land composed the main qualitative data used in the study.

The findings of the study show that there is lack of accountability and governance in management of the biofuel investment in the country. As villages were not prepared, were hastened to make decision, and were lured by words of the investors and leaders who promoted the benefits of the investment more than its threats. Reviews of the minutes of the villages meetings show that villagers accepted the investment with certain conditions and demands; however, most of these conditions and demands were not fulfilled by the investors. As a result of biofuel investment, the local communities have lost their land and their livelihood security is threatened. Among the recommendations given by the study, include review of laws and procedures related to decision making over land and specifically land for biofuel and halting the process until a biofuel policy is put in place; strengthening of the roles of different institutions involved in biofuel investment in the country; returning of the land where procedures for land acquisition were violated and compensations for land and ensure that the implementation of villagers demands as outlined in the minutes.

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1. Introduction

1.1. Background

Biofuels or agro fuels are forms of energy obtained from plants or animals. For the purpose of this study two broad categories of biofuels will be examined, namely: bio ethanol and bio diesel. Bio ethanol is produced from either sugar crops (sugar cane and sugar beet) or starch (maize, potato or cassava). Bio-diesel is obtained from oil producing plants such as jatropha and oil palm. Globally, concerns over depletion of oil reserves, increase global warming and the need for renewable friendly energies have led to promotion of biofuels. According to Brown et al (1999) global oil production reached its peak in 2010 and by 2025 it will begin to fall before it is completely exhausted. Increasing rush for biofuels in 2006 however, is caused by increasing prices of oil, increasing demand for energy especially with growing China's and India's economies, compounded by the war between the US and the Middle East. The debate on biofuels is, however, polarised (Sharife, 2009). With optimist saying that it is a source of environmental friendly energy that will also boost agriculture and benefit the farmers, and pessimists saying it will threatened food supplies for the poor therefore fail to achieve the intended goals (Von Braun and Pachauri 2006). Therefore countries are having different goals when it comes to investment in biofuels. While other countries have benefited from biofuels investment, in other countries it is associated with threats. This necessitated the need for countries studies.

Studies have outlined some of the benefits of biofuels (FAO, 2007; Kamanga, 2008; Runge et al, 2007; and Thompson, 2008). They include better access to energy for all; new markets for agricultural products; improved livelihoods; reduction of green house gases (GHG) emissions (however limited); improved balance of payments; poverty reduction, and achievement of sustainable livelihoods (Runge et al, 2007). As for the threats, food insecurity; land grabbing (Bailey, 2008); population displacement (Kamanga, 2008) and environmental problems such as loss of biodiversity (Thompson, 2008) have been mentioned. The reduction of green house gases emission is also doubted when the industry is likely to lead to displacement and food insecurity, which are in turn likely to lead to deforestation, as the poor displaced hungry population will be forced to use marginal or protected land for cultivation of food (African Biodiversity Network, 2008; The Economist, 2009). In developing countries biofuel investment is spearheaded by Multinational companies who are seeking to invest for profit maximization. Experience from other countries that have already engaged in the business, food insecurity and some environmental problems have been reported (Phillips, 2009). Food insecurity includes increases in prices of edible oil in countries such as Malaysia, Philippines, Indonesia, Brazil, and Mexico (Gaueverrgne and Neville, 2009 and 2010).

Two major factors have been attracting biofuel investment in Africa, availability of suitable land for biofuel crops and cheap labour (Grain 2007). So far the investment is done for export purposes, which has a danger of repeating the old colonial system and therefore led to fear of second colonization of Africa. However, FDI in developing countries is promoted on the grounds that it will help to reduce poverty through transfer of capital, technology and skills from private investors to a host country. However, this is seen mainly in countries where a strong arm of the state is used to orient the investment to benefit the local communities.

1.2. Statement of the problem

In 2007, the Ministry of Energy and Minerals (MEM) in Tanzania received a total of 36 applications from different companies interested in investment in biofuel (URT, 2008). Most of these were interested in acquiring land and conducting biofuel agriculture (Kamanga, 2008). The total land area requested by 16 companies from this venture was 641,635 hectares. The three main active companies that were interested in investing in the coastal areas are SEKAB, Sun Biofuel and BioShape, seeking

more than a half of the above stated total. SEKAB alone has acquired 400,000 hectares in Bagamoyo district (RAZABA farm that belonged to the government of Zanzibar) to grow sugarcane for ethanol and started a seedcane farm on a prison farm in Kigongoni area. SEKAB is also seeking more land for the same purpose in Rufiji (Madoffe et al. 2009; Development Today, 2009) and hoping to start the investment in 2011 (Kahoho, 2010). Sun Biofuels has acquired 9,000 hectares of farmland in Kisarawe (Knaup, 2008; Kamanga, 2008) and has started planting jatropha in 2009 for biodiesel. BioShape has acquired about 81,000 hectares in Kilwa District and started a jatropha trial farm in a 200 acre land obtained from Mavuji village.

Biofuel investment in Tanzania is taking place in the absences of a biofuel policy with a Biofuel Task Force that has been created for the purpose of establishing the policy and few government institutions which are playing key role in the biofuel investment. Existing studies on biofuel investment in Tanzania have pointed out that there is land grabbing (Sulle and Nelson 2009) caused by low level of education on land rights (Mgumia et al 2009), which can lead and displacement of people (Kamanga, 2008) and environmental degradation (WWF, 2009). This study examines how the decisions involving land for biofuels were made specifically looking at awareness and participation of the local communities in the process.

1.3 Study Objectives

The main objective of this study is to examine how the process of biofuel investment was done and awareness and participation of the local communities in the investment.
Specifically the study aims at:
1. Documenting the management of biofuel investment in the country,
3. Interrogating the level of awareness and community participation in the investment,
2. Evaluating activities by biofuel companies in the country and their prospects for reducing poverty.

1.4. Research Questions

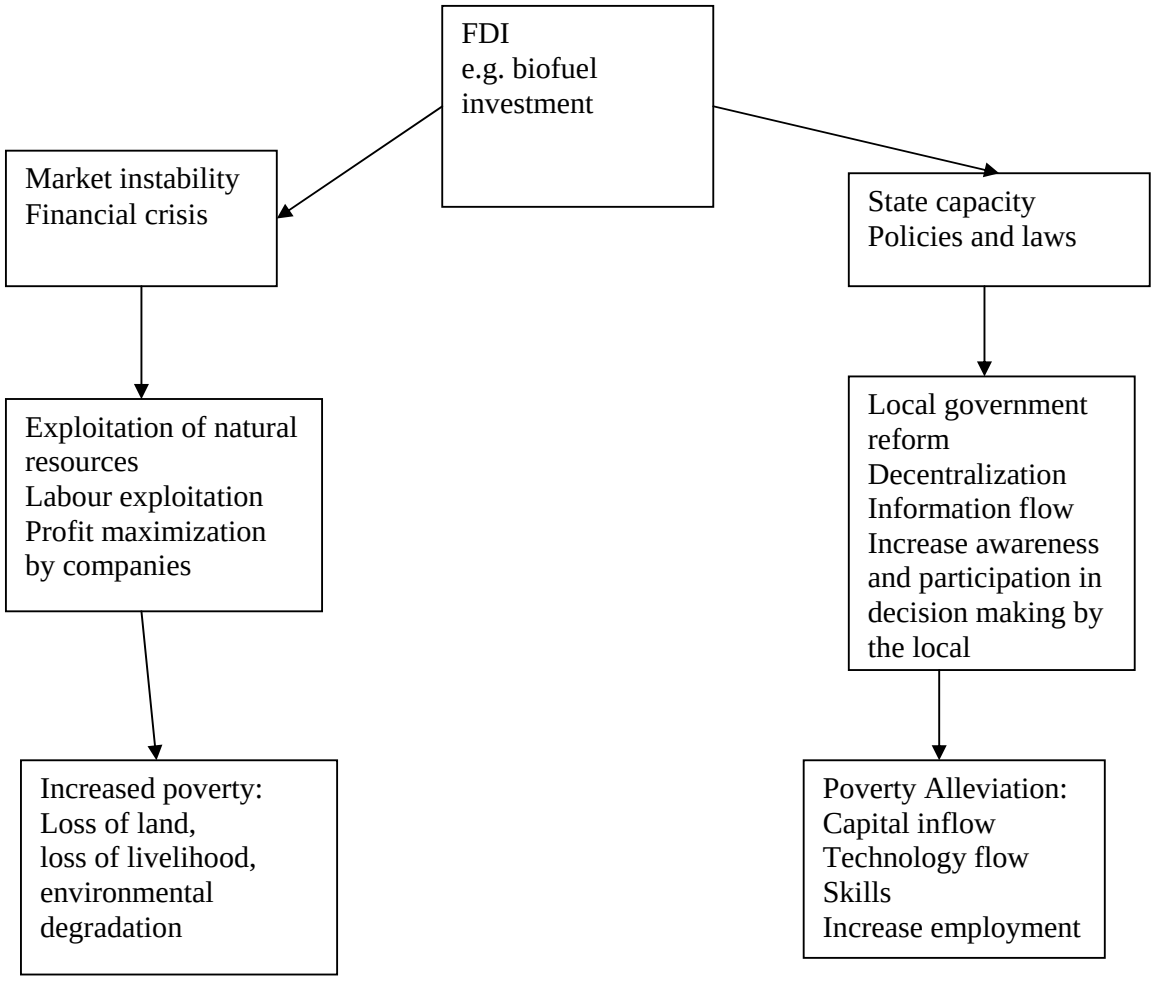
1. How is biofuel investment managed in Tanzania?
2. To what extent are the villagers aware of the threats and opportunities of biofuel and in what ways were they involved in the process of establishing investment in biofuels in their areas?
2. What are the activities of biofuel investors in the country and to what extent are they geared towards poverty alleviation?

1.5 Significance of the Study

Tanzania's 2005 Strategy for Growth and Reduction of Poverty in (SGRP) outlined three clusters. Clusters 1 and 2 on economic growth and well being rely on achieving cluster 3 which is on good governance and accountability. Among the key indicators of Cluster 3 are the right to own and use land by the citizens, participation and information dissemination to create awareness in the local government. Today the process of planning and budgeting in Tanzania requires all ministries orient their development plans to meet the goals of SGRP. This means all FDIs are also subjected to the same conditions under the government institutions. Good governance and accountability are important part of poverty reduction process. Local awareness and participation in the process of economic development is a measure for good governance and accountability. The study will provide recommendations to the Tanzania's Biofuel Task Force and propose better ways in which local communities can be involved in the decision making to ensure that biofuel investments benefit the local communities. Although this study uses a case study of biofuel and the coastal areas, the proposed measures in the study, can be used as a framework for private investment in other areas and other types of investments which involve investment in natural resources.

1.5 Conceptual Framework

Figure 1: FDI, Role of the State and Community Participation for Poverty Reduction



Source: Author's 2010

2. Literature Review

2.1. FDI and Poverty Alleviation

The theory of FDI assumes that with increase FDI there is transfer of technology and skills, creation of employment, and poverty alleviation in the host country (IIED 2009, Baxter 2010). However, FDI is affected by the market and financial world and therefore a strong role of the state is required to offset the imperfection of the market and financial crises for the benefits of FDI to be realized. As far as FDI in biofuel investment is concerned, governments are also actively involved in its regulation (Olende, 2007). Lessons can be drawn from German, Brazil and US (ibid). In German high technology production, strong government commitment, viable policy and solid collaboration from private sectors are some of the factors that led to benefits from FDI in biofuels. Some states are

providing subsidies to domestic farmers to allow them to produce. These are the US and the European Union (EU) (IRIN, 2007; Runge et al, 2007; The Economist, 2007). The EU for instance, provides indirect subsidies and its Common Agriculture Policy, engraved in the EU Treaty, to promote the production of ethanol (Nielsen 2009). US provide support to biofuel farmers and in Brazil biofuels are at the top of the government's development agenda.

Although, neoliberalism calls for the rolling back of the state, FDI in developed countries is being regulated (Reich, 1989). Experience of state regulating FDI for development are also mentioned in the newly industrialized countries (Wade, 1993; Brohman, 199; Glassman and Samatar, 1997) whereby the main role of the state is to ensure that policies and laws are geared towards skills creation and benefits are realized in the countries (Wei and Balusubramanyam, 2004). For example, in Malaysia, state expenditure on research and development, increased low costs skilled labour, and business friendly government policies attracted investors in the electronic sector (Ismail, 2001). The role of the state is also seen in offsetting the imperfection of the market by providing subsidies, credit or education (Wade, 1993), policy making, licensing and shaping decision on investment (Brohman, 1996). The role of the state in regulating the FDI is important for it will allow for distribution of resources, protection of peasants from market forces, ensuring development, and maintaining the national culture (Mengisteab, 1995).

2.2. FDI in Africa

Olende (2007) and Brohman (1996) argue that, when it comes to development, Africa needs to consider their own situation and history since experience of these countries may not be replicated where conditions differ. Despite the long history since the period of Import Substitution Industrialization (1960s and 1970s) when capital inflow in the countries was in the name of development aid, Africa has not benefited from FDI. The new form of FDI as multinational corporations investing in African countries came in as a result of embarking on the structural adjustment programme (SAPs) of the World Bank (WB) and the International Monetary Fund (IMF) where market control of the economy and increased role of private investors were the main policies that were put in place. Despite the increased FDI most of the profit is realized outside the continent (Samatar, 1993) in countries where the companies belong. This is mainly because, there is no value added to the products but only exports of raw materials outside and therefore not profitable (Thompson 2008). Biofuels exported as unprocessed commodities do not create new industries or many jobs therefore will bring anti-development (Ibid.). No benefits have also been realized from the large scale foreign direct investment in agriculture as highly mechanized technology limit employment, exports of raw materials and dependency on imported goods, and adverse environmental impacts (FAO 2009). In the case of Zambia, FDI has led to stagnation in the economy (Brooks, 2004). For FDI to have impact on growth and poverty in Africa it has to be channelled towards activities apart from oil and minerals that African countries have a comparative advantage (Wei and Balasubramanyam, 2004). Africa has a comparative advantage in agriculture but the sector is lagging behind due to heavy dependency on rainfed agriculture, lack of infrastructure, marketing and low price of agricultural crops in the world market. Peskett et al (2007) found out that the potential for biofuels in removing poverty is large but also fragile therefore country by country analysis of the potential poverty impacts is needed.

2.3. The Case of Tanzania

Biofuel investment in Tanzania has been accepted on the grounds that it will reduce poverty. However, investors are attracted by plenty of land and comparative advantage that Tanzania has of growing a variety of crops, and good investment environment which means more profits to them. Availability of resources, infrastructure and incentives that the host country provides can attract FDI (Kabelwa, 2006; Wei and Balasubramanyam, 2004). Although privatization of land in Tanzania

aimed at commodification of land to allow it to be used as capital and for profit maximization, transactions of land are not done at the market price. For example, privatization of previously owned government plantations was sold very cheaply from 20,000 to 30,000 Tshs (Gibbon, 2005) and US Dollar 50 cents (Shivji, 1998). Apart from obtaining land at a cheap price another area which investors have enjoyed in Tanzania is on tax cuts in importation during the initial period of establishing the business. As reported in 1997, some of the tax incentives for attracting FDI included: a tax grace period of 5-15 years for investment that has a capital of $300,000; waived local taxes, levy or licence fees; and exemption from paying sales taxes on imports. As a result FDI inflow into the country increased from US $ 50.2 million in 1994 to US $ 183.83 million in 1999 (TIC 2006). This inflow however, has not increased revenue in the country. This is because, as Chitrakar and Weiss (1995) argue excessive generous policy on tax incentives would not maximize national returns. The authors found out that in Nepal much of the national returns were realized from payment of taxes. Therefore excessive tax cuts in Tanzania led to enabled many investors to settle their business in Tanzania and to reap huge profits in the beginning but low government revenue.

Tanzania has also reviewed its land laws and 1991 Land Acts identifies procedures for land acquisition. The Act is also very clear about acquisition of village land which requires involvement of all villagers in decision making. In addition to the land laws, Tanzania is also involved in local government reform which aims at empowering the local population. The process of decentralization by devolution form the main part of the local government reform. However, devolution and privatization, as some scholars have argued, are not decentralization processes (Olowu, 2001; Sherwood, 1969). Sherwood (1969) argues that devolution is separate from decentralization as it involves creation of units of governance that are not in the direct control of the central autonomy. Therefore devolution embodies a concept of separateness from the central government and privatization. Based on these studies, devolution and privatization will therefore increase private (and in the case of FDI, foreign) ownership than local ownership. Thus while the land laws give autonomy to the villages to make decision on land, lack of a complete process of local government reform lead to less ownership and increase marginalization of the local communities especially when it comes to dealing with FDI (Shivji 1998, Simba 2003). This has increased conflicts over land in the country. Studies on biofuels have raised a number of issues from economic, social to environmental issues. Although biofuels has potentials for poverty reduction, it has led to land grabbing. Land grabbing here defined as acquisition (lease, concession, outright purchaser) by corporations or states or large areas of farmland (>10,000 ha) in another country and on a long term basis 30-99 years) for the production of basic food for exports (Grain, 2009). This study adds into existing studies on biofuels, examines how FDI in biofuel is managed in the absence of a policy, and how the local communities are involved in decision making over land.

3. Research Methodology

3.1. The Study Areas

The study was conducted in four districts, Kisarawe, Rufiji and Bagamoyo in the Coast region and Kilwa District in Lindi Region (Map 1). Interviews were conducted in eight villages in which two villages were selected from each district. In Rufiji they include Utunge and Nyamatanga villages; In Kilwa Mavuji, and Migeregere villages; in Bagamoyo magomeni-makurunge area and Fukayose village; and in Kisarawe Mhanga, and Mtamba villages. By the time this study was being conducted Makurunge village was not clear part of now the urban authorities people from Makurunge and Magomeni were interviewed as one area. Interviews were also conducted in Dar es Salaam region with government and biofuel companies.

3.2. Socio-economic Profile of the Study Areas

Generally the study areas are regarded as the poorest areas in the country (Sulle and Nelson, 2009). It is among the most deprived areas in the country in terms of infrastructure, per capital income, human capabilities, survival means and wellbeing (per capita income in these deprived Regions was Tshs 95,623. A random survey of eight villages in the Coast ranked them with very low income, which is Tshs 50,000 (TCMP, 2001). The main source of income for the population is natural resources, and mostly wood products for both energy and income (Wang et al, 2003). This is reported to be due to lack of alternative source of livelihood (Benkeng et al. 2007). The average income in Kisarawe for example, is 979.225 per annum. One of the major sources of income in Kisarawe is the income from charcoal that accounts for 890.725 Tshs per household, per year, and the income from farming is less than that of charcoal which is Tshs 665.254 per month. Household conditions in the study areas are very poor, manifest in poor credit, market facilities, little savings, lack of property ownership and investment but engage more in the informal sector. There is local food deficiency once every year or every other year. The nutrition status is very poor, 10% of the children below weight 80% of the normal weight (NBS, 2010). Major threats of the economic status in the area are technology, health, and distance to and from hospitals, inadequate medicine and distance to quality water. Poverty, child labour, poor motivation and early marriages are a threat to education in Lindi. Women's role increase in the households but women suffer inadequate education, decision making and early marriages.

3.3. Data Sources

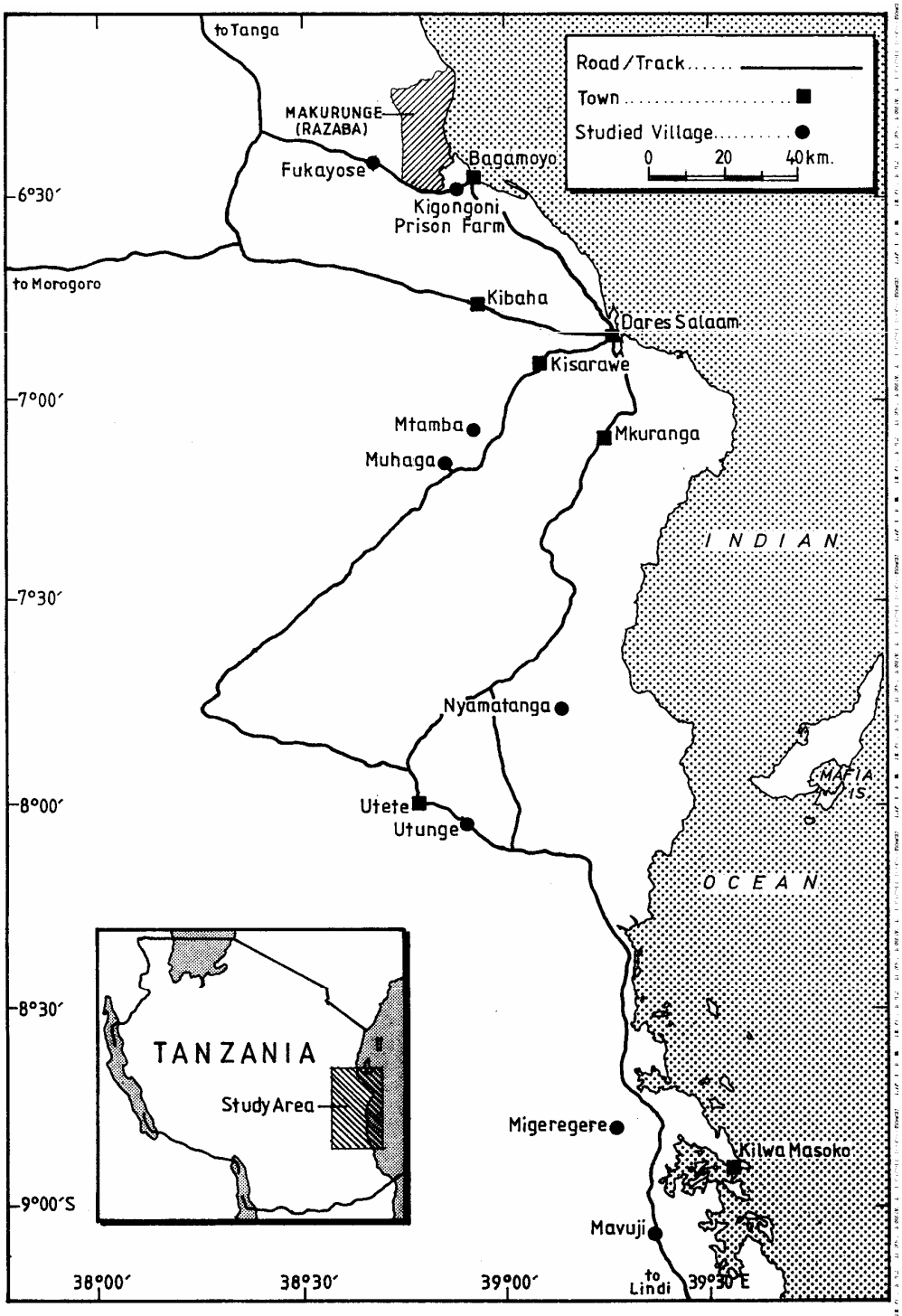
The study used both primary and secondary data sources and applied both quantitative and qualitative research methods. In addition a review of secondary data sources was conducted. This include reports on biofuel investment in Tanzania, investment guidelines, land laws, and reports from companies investing in biofuels and minutes of village meetings, and official communications between biofuel companies and village and district officers.

3.4. Methods of Primary Data Collection

Primary data were collected using PRA techniques whereby questionnaires, in-depth interviews, direct observation, and focus group discussions were the main methods used. The study began with in-depth interviews with officials in government offices and officials of the biofuel companies. These include Ministry of Energy and Minerals (MEM), Tanzania Investment Centre (TIC), Ministry of Land and Human Settlements, National Environmental Management Council (NEMC), SEKAB, Bioshape, Sunbiofuel, and Africa Green Oils (AGO). Interviews were also conducted with the regional, district and village offices. The types of data collected here include government plans for biofuel investment, the role of different government institutions involved in the process, companies interested in biofuel investment in the study areas, their background; their proposed projects in the study area, land acquisition procedures and activities that have been conducted so far by the companies and the impacts of these activities to the villages.

The main part of the study was the interviews conducted with the households in the eight villages. The interview begun with focus group discussions with village leaders as a way of testing the questionnaire and getting a quick overview of issues related to biofuels in the village. One focus group discussion was conducted in each village with key informants. This was followed by reviewing the questions and omitting irrelevant questions and adding new questions. The focus group discussions were followed by interviews with questionnaire administered to household members. The questions asked were related to awareness, involvement and concerns about biofuel investment. Questions were both open ended and closed to allow for a wide range of answers. Field visits to the villages involved observations and taking photographs.

Map 1: Study Areas



Source: Author's 2010

3.5. Samples and Sampling Procedures

The study involved multistage sampling. At first, samples were taken from two villages in each of the four districts. The choice of the two villages in each district was determined in the discussion with the officials at the national, regional and district levels, and also from existing literature on biofuels. Thus purposive sampling was used to include villages where investors have acquired land for biofuels or have started the investment. In the second stage, a random sample of 5% of households was drawn from the household list obtained from the village offices. The list of companies included only those companies that are operating in the study areas.

3.6. Data analysis procedures

The study used both quantitative and qualitative methods of data analysis. The data collected with questionnaire were coded and analyzed using Statistical Package for Social Sciences (SPSS) software. Simple and descriptive statistics were used to present the data. Content analysis was used in the minutes of the village meetings. As discussed above the analytical framework is Cluster III of the SGRP (2005) therefore the levels of awareness and local involvement have been described and used to measure governance and accountability.

3.7. Respondent's demographic characteristics and socio-economic data

Table 1 below shows that a total of 251 respondents were interviewed from the 8 villages with more males (74.1%) than female respondents (25.9). Majority (84.8%) had primary school education and people of all ages above 18 were included in the interviews. The main occupation of the respondents is farming which makes a total of 86.1%. Many of them respondents were married (76.9%).

Table 1A, B, C, D, E: Demographic characteristics of the respondents

A. Gender	**Percentage**		**B. Education**	**Percentage**
			No	10
Male	74.1		Primary	84.8
Female	25.9		Secondary	3.2
			Vocational Training	2
C. Age	**Percentage**		**D. Occupation**	**Percentage**
18-35	41.8		No	1.6
36-53	41.5		Farmer	86.1
54+	16.7		Employed	5.2
			Business	4.3
E. Marital Status	**Percentage**		Farming and business	2.8
Married	76.9			
Single	12.7			
Divorced	6.4			
Widowed	4			

Source: Authors Fieldwork 2010

3.8. Respondents' Ownership and Use of Land

Table 2A shows that 95.6% of the respondents own land and only 4.4% do not. Those who do not own land reported that they had moved to the villages for the purpose of working or doing business. The respondent's main method of acquiring land is by village allocation, reported by 45% of the respondents (Table 2C). Normally, villages have a procedure of allocating land to its people upon request or when married couples begin a new life. When land is allocated a maximum of two acres is given to each, a man and a woman. Despite the fact that many of the villagers own land, the size of

the land owned is very small. About 73.8% have less than 5 acres. Many have less than 5 acres 73.8%. The reason for having small plots as reported is that they cannot clear large portions of land due to lack of farming implements such as tractors. The second method of obtaining land was by inheritance which was reported by 26.3% of the respondents and 20.7% obtained land through other methods which include cutting a portion of bushland for farming, while only 4.4% acquired land by buying. Most of the land owned is used for agriculture (95.6%) and only 0.4% said they do not use their land (Table 2D).

Table 2A, B, C, D: Respondents' ownership and use of land

A. Ownership of land	**%**		**B. Land size**	**%**
Yes	95.6		<5 (small)	73.8
No	4.4.		5+ large	22.7
			No land	3.6
Total	**100**		**Total**	**100**
C. Methods of acquiring land	**%**		**D. Use of land**	**%**
Inheritance/family	26.3		Agriculture	95.6
Bought	4.4		Not using	0.8
From village allocation	45.0		No land	3.5
Others/cutting a portion from forest	20.7			
No land	3.6			
Total	**100**		**Total**	**100**

Source: Authors fieldwork 2010

(4) FINDINGS

4.1 Institutions Involved in biofuel investment in Tanzania

Biofuel investment in Tanzania is happening in the absence of a biofuel policy in the country. A Biofuel Task Force that is charged with the task of creating the policy has been created. It comprises eight institutions namely, the Ministry of Energy and Minerals (MEM), the Vice President's Office (Division of Environment), The Ministry of Labour, the Ministry of Finance, the Ministry of Water and Irrigation, Ministry of Land and Human Settlements, Tanzania Petroleum Development Co-operation, the Ministry of Natural Resources and Tourism, and the Ministry of Agriculture, Food Security and Irrigation, and State Attorney General. The Task Force also involves some NGOs such as TATEDO and biofuel investors. However, there are no representatives from the villages where biofuel investment has been introduced.

4.1.1 Ministry of Energy and Minerals

The task of creating the biofuels policy is under the Ministry of Energy. Since the Preparation of the policy will take at least two years, the Task Force has prepared biofuels guidelines. However, the first draft of the biofuel guidelines was subjected to a number of limitations. As reviews from the WWF (2008) and the Action Aid (2010) reports show: there were no specific goals for sustainable livelihoods; there were no principles for achieving sustainable development despite the fact that the guidelines claim this to be the main goal; only the potential of biofuel is discussed and no risks mentioned; the guidelines claimed a win-win situation but it is not clear how the win-win position will be achieved; the guidelines were not transparent on how decisions will be made and no opportunity for endorsement from an outside organ. (The researcher is ware of the new set of biofuel

guidelines but has not been able to get a copy for review and to see the extent to which the above comments have been taken into account).

4.1.2 Tanzania Investment Centre

Tanzania Investment Centre (TIC) is the institution described as a one stop centre for biofuel investment in the first draft of biofuel guidelines. TIC's main role is to promote investment in the country and it issues of business registration, assist in residence permits with immigration, and handle investors land requirements. To simplify the processing of investment for foreign investors, TIC has immigration, business formalization, labour law, land officers sitting in the office. For TIC to issue a certificate of incentive, investors are required to submit business plans, financial and economic analysis and an impact of their activities. However, it is not clear how TIC measures the benefits of a project and whether TIC can reject a business on the basis of not being profitable. The main question is that most of the FDIs are interested in making profit so they will not invest in a business that is not profitable to them, but what about the local communities. Does TIC check if the projects are profitable both the investors and to the local communities? As it was found in the case of biofuels in the study areas, TIC has not done any monitoring of the investment after granting the certificate of investment even though there were many conflicts between the investors and the villagers. As far as access to land for investors is concerned, TIC claimed to have identified and put under land bank about 3.1 million ha in 21 regions (TIC, 2008). However all investors under the study obtained land through negotiations with the villagers.

4.1.3. Ministry of Land and Human Settlements

Issues of land in the country are guided by the Ministry of Land and Human Settlements and the Land Acts No 4 & 5 of 1999. In Tanzania all land is vested in the President Trustee on behalf of the citizens. So the President has the final say over land on behalf of the citizens. However, villages to make decisions over village land for up to 50ha (source) but this does not overrule the fact that the president has the final say over all the land. The Village Assembly is the one in charge of approving or disapproving applications for village land. However, the Commissioner for land and the district offices have more power than the villagers, therefore villagers decisions are not supposed to contradict or conflict with any directives issued by the Commissioner for Land or the districts.

The Land Act also states that villagers will be compensated at the market rate. However, this study found some locals who were not compensated, and much of the compensation was below the market rate (Kamanga, 2008). As noted by Cleaver et al (2010) the rate that Sunbiofuel gave to Kisarawe was $350 per ha, that had been different from the rate of US $ 750 per ha that is indicated by the Ministry of Agriculture. Other issues pertaining to land are that investors have been granted long lease period (99 years) for biofuels although the guidelines have reduced this to 25 years. But it is not clear if the land rights granted to these companies prior to the guidelines will be changed. As far as biofuel is concerned there is an assumption that the land that is acquired is a general land or "unused land". As found in this study and also noted by other scholars (Sulle and Nelson, 2009; Action Aid, 2010), the so called general land does not exist in reality but village and individual land that is acquired and turned into general land.

The third issue regarding land is over land use guides in which there are many land use guides issues by different institutions to the point that they conflict each other. For example, there is agro ecological zone map identified by the Ministry of Agriculture, Food Security and Irrigation (URT 2010). Concomitantly, the Ministry of Land and Human Settlement has a land use framework (2009). TIC also identifies areas where investors can go and invest (TIC 2008). As far as biofuel is concerned, TIC shows that opportunities for jatropha plantation lay in the north eastern and south western part of Tanzania and oil palm grown in the eastern, western and central parts of Tanzania

(ibid). While some investors have prepared their own land use guides. For example Sunbiofuel prepared a map of the whole country and even displayed it on its website (Sunbiofuel 2008). In some cases, investors are asked to prepare land use guides and left to do it on their own, resulting in taking more land than given e.g. SEKAB in Rufiji. In the lack of a village land use plan, investors have been going anywhere seeking for land this trend has the danger of encroaching protected land.

4.3.4 National Environmental Management Council

Environmental issues in Tanzania are guided by the Environmental Law (2004) and National Environmental Policy (2004) as well as the EIA framework. As such any investment in the country is subjected to Environmental Impact Assessment (EIA) and the National Environmental Management Council (NEMC) is the institution that is charged with that responsibility. NEMC reviews the EIA reports and advice the Minister for Environment who then issues the EIA certificates. However, this study found some loop holes in the process. As a report from the Development Today (2009) explained, SEKAB altered the EIA report that was conducted by a company called ORGUT. According to the report, SEKAB has made substantial changes without consulting ORGUT leading to ORGUT's disowning the report. ORGUT's report contained warnings about the shortage of water if SEKAB will begin the sugarcane plantation in Bagamoyo especially during the dry season (ibid). However, the EIA report submitted to SIDA by SEKAB for funding consideration did not include this warning (Development Today, 2009). Instead it contains a number of mitigation measures such as boreholes and storage pans that can be used to store water for the dry season (ibid). The ORGUT's EIA report recommended a different, less water demanding crop to be considered by SEKAB (ibid). Apparently ORGUT confirmed that they signed the study and then SEKAB altered it without a re-evaluation from ORGUT (ibid). Water issues pertaining to SEKAB investment on sugarcane in Bagamoyo were also identified by WWF (2009).

The reports pointed out if more water is drawn from the Wami it will cause salinization that is dangerous to Mbiki game reserve and the local population respectively. Despite all these reports, a senior NEMC officer reported that NEMC is yet to receive an official communication from ORGUT that it disowns the study (Development Today, 2009) and a field visit during this study found out that SEKAB is actually drawing water for irrigation in the seed cane farm from Ruvu River. Information from the Ministry of Water and from SEKAB shows they have been granted the right to use water but it is not known how much of the water right they have and if there are any other conditions, how they are fulfilled, and what monitoring tools are in place. A field visit found out that SEKAB was drawing water from Ruvu River for irrigation. There is therefore lack of transparency and good governance in the use of natural resources.

4.2. Biofuel Companies and their background

Companies' background, areas of investment and activities were examined in relation to their extent to which they can alleviate poverty. Below, only those companies which have started the investment or have acquired land for biofuels in the study areas were interviewed.

4.2.1. SEKAB

This is a Swedish company which secured 400,000 ha farm in Bagamoyo. The farm, called RAZABA was owned by the government of Zanzibar. The company has started a seed cane plantation in a 200 acre farm leased from a prison's farm at Kigongoni. Before closing down, SEKAB had employed 99 people in the seed cane farm at Kigongoni who were paid 3500 for eight hours of work and they were provided porridge for lunch. Many of these were from Magomeni and Makurunge areas in Bagamoyo. In Bagamoyo, SEKAB has also attempted to get land of about 3,000 from Fukayose village about 3,000 ha. But the Bagamoyo district office advised the villagers leave the land for out growers of sugarcane who can then sell to the company. SEKAB is also seeking to

invest in sugarcane for ethanol in four villages in Rufiji. The villages name and the amount of land identified as reported by the district office include Nyanda Katundu (11,018 acres), Utunge (26,865 acres), Tawi (51,152 acres), and Nyamwage (28,939 acres. At the time this study was being conducted all of these plans, due to the 2008 financial crisis which as SEKAB claimed affected the company. SEKAB reported to reinitiate the investment in June 2010 in the case of Bagamoyo, and 2011 in Rufiji (Kahoko in the Express, 2010, Interview with SEKAB 2010).

Different information is reported in the Development Today (2009) that the reason for SEKAB's financial crisis is due to the withdrawal of the Municipalities in Sweden from funding SEKAB. The company was 70% owned by energy companies of three Northern Sweden municipalities Umeá, Skelleftea and Ornskolsvik (Development Today 2009). According to Municipality laws, companies owned by municipalities are not permitted to invest in activities outside the municipalities' borders (ibid). As a result Umeá refused to give SEKAB money and the other two municipalities gave money on condition that SEKAB terminates, or finds alternative sources of funding for its activities in Africa (Ibid). Therefore SEKAB had to look for a new owner. As reported from SEKAB during the fieldwork it is now owned in shareholding with the Tanzania Petroleum Development Company (10%) and Ecodevelopment in European AB owns 30% (The express 2010).

4.2.2. Sunbiofue

Sunbiofuel is a British company established in 2005 claims to have Tanzanians ownership but this is only 1%. The company aims to cover all areas of the biofuel value chain from cultivation to extraction and marketing (Sunbiofuel 2009). The company, which is specialized in Jatropha, also works in Mozambique. It claims to be committed to sustainable development as it strives to create minimal impact on the environment (ibid), however, the study finds that Sunbiofuel has cleared forested land for jatropha in Kisarawe from land obtained from 11 villages and was also mining sand. All of these activities are destructive to the environment. At the time of conducting this study Sunbiofuel has acquired a land lease of 99 years for 8,210,780 ha of land from Vilabwa, Chakenge, Mtakayo, Kidugalo, Marumbo and Muhaga villages in Kisarawe. The company had cleared 700 ha and planted jatropha, and has employed 350 casual workers and 30 permanent staffs who are paid between 2,000 and 3,000 a day. The company's plan is to extent this land to 18,000 ha.

4.2.3. Africa Green Oils (AGO)

African Green Oils (AGO) is a company operating in Nyamatanga village, and three other neighboring villages of Nyanjati, Rungungu and Rwaruke also in Rufiji District. AGO is owned by a British company (65%) in shareholding with Africans (35%). AGO has acquired 5,000 ha of land from the villages and has planted oil palm while the survey of the land was not complete so the villagers do not know how much land has been given. When interviewed, the investor justified this act as an effort to fulfill what TIC requires i.e. to begin investment one year after being allocated land. The investor also claims to have been granted 25 years lease. The company has employed 14 permanent workers and 200 temporary workers from the villages. The 200 includes those who were employed for only 1 week. The company's aim was to get 30,000 ha.

4.2.4. Bioshape

Bioshape has acquired 80,000 ha of land from four villages in Kilwa these are Mavuji, Migeregere, Nainokwe and Liwiti and signed a contract with the villages. A total of T.shs 233,304,000 has been paid to Mavuji for land that amounts to 16,000 ha and T.shs 425,719,000 to Migeregere village for land that amounts to 34,000. However, the villages only got 40% of the amount and the rest (60%) went to the district office. This compensation is for trees and crops that were on the land. After registering the land, the investors will be required to pay land rent. Bioshape had established a trial farm in Mavuji village of about 200 ha that is not part of the contract and had employed some of the

villagers. The investors had also established a wood processing factory in the farm. Other things that were done by the company include building Mavuji village office, buying furniture, purchase of a village truck, repairing classrooms, painting, putting floor and ceiling board and building of a hostel for girls in Mpunyule secondary schools (Mdoe and Mwanyoka, 2009). The investor also conducted a land use planning map for both Mavuji and Migeregere villages. However, at the time this study was being conducted, that is in 2010, the company had stopped (for five months) working without any notification to the village office, nor the district office/TIC. The company had left many unemployed people and owed to the previous employees in Mavuji village.

4.3. Awareness and Participation of the Local Communities

4.3.1. Awareness on Threats and Benefits of Biofuels

Awareness of the respondent's on the threats and benefits of biofuel crops were tested by first asking the respondents if they know any of the biofuel crops, and then asked about the benefits and threats of the investment. The fact that 77.3% of the respondents know some of the biofuel crops it did not demonstrate that they know their benefits, 55.8% said they did not know about the benefits and 67.3% did not know about the threats (Table 3A and B). This clearly shows that what described by villagers and also transpired in the minutes of village meetings, that the benefits were more promoted more than the threats when investors were requesting for land. Those who knew about the benefits only talked of oil (20.3%) and income and business (23.1%). Those who were aware of the threats of the investment talked of loss of land (15.5%); demanding investment (7.6%) and impact on the environment mainly through deforestation (8.4%).

Table 3 A & B: Awareness on the Threats and Benefits of Biofuels

A. Benefits of biofuels	**Percent**		**B. Threats of biofuels**	**Percent**
1.Do not know	55.8		1. Do not know	67.3
2.Produce oil	20.3		2. Loss of land	15.5
3.Income business	23.1		3. Demanding invest.	7.6
4. 2& 3	0.8		4. Environmental damage	8.4
			5. 2& 4	1.2
Total	**100**		**Total**	**100**

Source: Author's fieldwork 2010

4.3.2. Awareness on Activities of the Investors

As reported by the respondents in the interviews, most of the investors are aiming at production for export. Table 4 shows that 73.3% said investors are involved in growing biofuel crops and none of them was involved in assisting villagers to grow (ougrowers) at the moment. Additionally, 5.2% of respondents mentioned promises from some investors to help farmers in the future. Other activities by investors that were mentioned by 5.2% of the respondents include cutting down of trees, wood processing in Kilwa and sand mining in Kisarawe. A large number about 17% also did not know the activities of the investors. Some of these reported that they have not been in the farms to actually see what the investors are doing.

Table 4: Respondent's Awareness of Investors' Activities

Activities	**Percent**
1. Grow biofuel crops	73.3
2. Help farmers to grow (out grower)	0.4
3. Do not know	17.5%
4. 1 & 2	5.2%
5. Others	3.6%
Total	**100**

Source: Authors Fieldwork 2010

4.3.3. Respondents' Awareness on the Use of Land before Biofuel Investment

Table 5 Evidence shows that the villagers have been using this land for different purposes. Most of this land was the original settlement from which people were moved during villagization programme. It is therefore defined by many villagers as 'mahame" meaning "old homesteads," and it is respected first for having some of their ancestors' graves (8.1%). Within this land there was also individual land as reported by 16.3% of the respondents, where they have been growing fruit trees such as mangoes, cashew nuts and coconuts. The main use though was that it serves as a forest or reserved land for the village (28%). It was from this land that the villagers also obtained energy in the forms of charcoal and firewood. The impact of biofuel investment on the charcoal industry has been reported in the case of Kisarawe where the price of charcoal has now doubled from 5,000 to T.sh 10,000 per bag. As forest land it was also important for the environmental conservation and reduction of green house gases. In fact, biofuel investment will add into the energy crisis in these areas than becoming a solution. Villagers also obtained building poles, thatch grasses, and ropes for making mats (21.3%). Therefore it was important for their livelihoods. This land was also used as a village reserve land in which 19% said this is the land that the village allocated to new members of the village when the village population grows. Other scarce resources were also obtained from the land as reported by 7% of the respondents that the places contained water during the dry season. This is the case in Kisarawe and Nyamatanga and also in Kisarawe the land taken for biofuels had clay soil for pot making and sand for building.

Table 5: Uses of the Land Before Allocated to Investors

Land use	**Percentage respondents**
Trees/forest	28.3
Forest products/livelihoods	21.3
Reserved for future use by village	19
Individual Farms	16.3
Burial grounds and ancestors residence	8.1
Water sources/ clay/rope	7

Source: Authors Fieldwork 2010

4.3.4. Respondent's Involvement in the Decision Making for Biofuel Investment

Involvement of respondents in decision making was first probed into by asking respondents how they were informed about the process of granting land to investors and review of the minutes of the village meetings. Table 6 shows 57.8 % of the respondents reported that they were not informed and only 23.5% of the respondents reported to be informed in the meeting. Another 12.7% reported that they only knew when they saw different leaders coming to the village and 4.8% knew through informal channels. Information and decision making over land is supposed to happen at the village general meeting but normally not all of villagers attended.

Table 6: How Villagers were informed About the Investment

How informed about investors	Percent
Not informed	60
Meeting	22.5
When leaders came to the villages	12.7
Informal channels	4.8
Total	**100**

Source: Author's Fieldwork 2010

In such a situation when villagers have to make decisions on such a large amount of land one would expect massive campaigns to inform the villagers of the investment and the changes they would experience. The campaigns could have included either a survey to find out the villages views on investment before getting into the question of giving land. It is obvious that the investments were going to affect the socioeconomic situations of the village but there was no effort by the district or the TIC to prepare the villagers in the decision making process, and about the implication of the investment.

4.3.5. Review of the Minutes of the Village Meetings

A review of minutes of village meetings to discuss investor's application for land was conducted. The findings show that:

1. Villagers were forced to make decision unprepared by district land offices and in some cases had to make decision over emergency meetings than normal village assembly meetings.
2. In some cases power was used to order villagers to make decision and authorities took advantage of the villages being the lowest level of decision making.
3. Villagers accepted upon being promised some of the benefits and upon giving their own demand and conditions to the investors.

The cases below exemplify these findings:

4.3.5.1 Kisarawe District

Mtamba village

The minutes of 23/03/2006 recorded that the information on investor's (Sunbiofuel) request for land from Mtamba village *arrived late,* and the villager's were caught unaware by a letter from the District Land Office that demanded them to send the minutes that *authorized land to the investor.* Villagers noted in this meeting that they had not received any request letter from Sunbiofuel or from the land office before. Nevertheless, Mtamba village called *an emergency meeting* on the date they received the letter which was also supposed to be the deadline for the land office to receive the minutes (Mtamba village minutes of meeting 23/03/2006). The aim of the meeting, as recorded, was to discuss this letter from the land office and the application of land from the investor. Although the villagers were required to discuss this application and either accept or reject it, they were dismayed to find that the letter from the district land office required the *minutes that shows village acceptance to give land to the investor.* This not only pre-empted the decision of the villagers but also made the villagers think they were not allowed to reject the investment proposal.

In a meeting held on 30/03/2006, it was reported that villagers *accepted the investment because they saw that there are some benefits and insisted that they should be the first to be considered for employment* opportunities, and requested that *they want to be there during the survey to show the boundaries.* The villagers also listed other things that the investor had to do before starting the investment, in addition to granting them employment, including water services (deep wells), a health centre, agricultural inputs, houses for government employees, land registry, and milling machines. They also wanted infrastructure for their schools, namely: houses for teachers, classrooms, toilets,

electricity (solar), vocational education centre, dormitories for secondary school students, and a library. However, all these were not implemented except casual employment to few villagers. Villagers were complained that they were not given priority for employment opportunities and people from outside the village, as far as Dar es Salaam has been employed.

Despite the fact that the villagers requested to be there during the survey of the land, to their surprise when the investors came to survey the land they were not involved. The investors took more than the allocated which actually belonged to another investor. This brought *a conflict over a beacon* as shown in the minutes of 23/08/2006. The minutes also noted that *the District Land Officer was there during the survey and knew the boundary but still allowed investors to take the village land* that actually belonged to another investor called Ngelepo. When villagers were denied access to this area, they decided to call the *District Commissioner, the Member of Parliament (MP) and the Ward Executive Officer* (minutes of 18/08/2006). The MP who has been constantly mentioned in the interviews as the man behind this investment was only seen in the village for the meeting that was meant to solve the conflict. In the meeting the MP continued to pressurize villagers to accept the investment saying that *they would be left behind by other villages if they did not accept.* The benefits mentioned were employment, planting seeds and contributing to development activities. The MP as recorded in this meeting saying he had come *to thank them for giving the investor land* and pointed out that the villagers must be involved. He also advised them not to give all their land away to avoid land shortage. However, all this was said after the villagers had already given away their land.

Although Mtamba village claimed to have given land and the process recorded in the minutes of the village meetings, the land is not recorded in the government gazetteer and the villagers do not know how much land has been taken by the investor. A comment from the investors on why the land that was given by Mtamba is not included in the land shown as gazetted was that *it was too small.*

Minutes of the meeting of 5/11/2008 documented that Sunbiofuel sent a researcher to conduct a socio-economic baseline study of Kisarawe. The study as reported pointed out that the findings were intended for the Company's community development initiatives within the communities but the villagers have not received this report. In the meeting of 17/11/2008 villagers reiterated the development activities they would like the investors to implement for the villages. The villagers were told to prioritize them and they highlighted wells, health centre, educational needs and farm inputs. At the meeting a representative of Sunbiofuel said the requests *will be forwarded to the responsible person at Sunbiofuel.* The report of the baseline study also outlined some of the village priorities, including water, improved access to health, increased employment, improves agriculture production and improves educational facilities.

In Mtamba there were no many villagers working n the jatropha plantation that was started by Sunbiofuel. One of the reasons given is that they earn very little as compared to what they earn when they sell charcoal. It was reported that they can get up to 20,000 T. Shs a day for just selling charcoal. In addition, the villagers complained that they were not given professional positions such as running machines but only manual works which do not add to their skills and skilled jobs were given to employees from Dar es Salaam.

Mhaga village

The minutes of a meeting held on 5/04/2006 documented that Sunbiofuel requested 40,000 ha but was asked to bring a letter from the district office. On 9/03/2009 Mhaga received a letter from the Minister for Land stating that, *part of your village is a general land and that is the land for jatropha so members (of the Village Land Council) need to make a decision to accept the privatization of that land if there is no any problem.* The minutes of the 30/06/2006 meeting documented that the village

council and elders, accepted to give land to the investors on condition that the investor provides compensation for trees, offers employment, distributes seeds, contributes to village development activities, and provide oil for running machines in the villages.

The meeting also noted that three individuals whose land has been taken had not received compensation although were promised to be paid on 23/03/2009. The minutes also reminded of the compensation to the village land. During the interview, one of the respondents who had not received their compensation complained that the procedures for claiming compensation were costly. They involved travelling to the town, opening a bank account, and taking a photograph, costs that he had to incur by himself and yet he had not received the money.

Sunbiofuel has signed a memorandum of understanding with the District Director's Office in which they commit themselves to development activities in the District, but the MoU is not binding in terms of time. There is no linkage between the promises made by investors in the villages the MoU signed at the district level, and benefits outlined in the business plan submitted to the TIC.

4.3.5.2 Rufiji District

Utunge village

A copy of the minutes on the Utunge Village Assembly meeting obtained in the district office dated 12/07/2008 in which the item no 2 read: *"to stop investor's application for land in the Utunge village"*. Then the minutes continue: … *the village has decided that SEKAB continues in the 1,000 acres given and other areas will be under Utunge.* SEKAB was allocated 1,000 ha from Utunge village but in the process of preparing the village land use map SEKAB allocated all the remaining land (19,000ha) to their investment on the map (Appendix 1). Some of the land taken by investors was reported to be land for ancestors and burial ground. This is about 75% of all the village land. A visit in the area found out that SEKAB has also put down some marks on trees to demarcate this land. As reported from the district office, the case is now with Ministry of Land. Despite this controversy an interview with SEKAB and the report from the Express by Kihoho (2010) shows that SEKAB is still looking forward to starting investment in Rufiji. It was also reported from the village that SEKAB had neither shown up to the offices nor to the District for six months (till the time this study was being conducted). Neither the village nor the district office knew what was happening. SEKAB is also seeking land from three other villagers however; it is not known what will be the fate of this land from these villages which have now become part of the Utete Township. So the investor will no longer obtain the land through the villages but through the urban authorities.

Nyamatanga village

A letter from the district office to the investor (AGO) dated 07/06/2007 was presented to the villagers (Nyamatanga, Rwaruke, Rungungu and Nyanjiti) by the investor. The letter stated that the district office has received the investor's request for land and that the district is directing the investors to these villages because this is where there is land. The letter also stated that: "*villages should follow the procedures outlined on the land law no 5 of villagers on giving land and AGO must be accompanied by an officer from the office of the district director when going to the villages.* Nyamatanga village, upon receiving the letter, called a special meeting on 7/7/2007 to discuss the request for land by AGO. As reported in the minutes, a district expert at the meeting was asked questions and answered *on behalf of AGO*. Villagers were satisfied and agreed to give land, *and leave the district to decide on the rent* (Village's letter to the Director of Rufiji District dated 7/7/2007). The minutes of the meeting held on 12/11/2007 show that the meeting discussed and approved the report of the Village Council on AGO's request for land.

In the meeting villagers identified health, education, water, milling machine and road services as development projects that they would like AGO to assist them in return for the land. *AGO asked the villagers to prioritize their requests and health, education and water* were put as priorities. From Nyamatanga village AGO received 198 ha of land, has cleared 150 ha and was requesting an addition 200 ha in their letter to the village dated 27/07/2008. A letter from the company dated 13/09/2009 wanted the village to call an emergency meeting on 28/09/2009. In the meeting, the villagers refused to sign the contract, demanding to know the size of land that was still being surveyed. The village leadership also complained that the investor has only requested one person to be involved in the survey which they said is against the procedure. The procedure requires that the Land Council be involved. The village meeting pointed out that involving only one person, instead of the Council team, gives room for corruption. In addition the contract did not list the village demands.

Villagers complained about not knowing the size of their land, compensation and low payments and also poor employment conditions. Villagers have sent their complaints to a district lawyer but have not received any response until the time this study was being conducted and they pointed out that the situation is worsening. For example, the Village Executive Officer (VEO) was sent to jail by the district office for talking over the radio about the investor in the village and showing the contract to his friend, a lawyer in Dar es Salaam for assistance. He was accused of two cases *exposing government document (*the contract) and *violating decision making level*. The investment has brought tension in the village with some villagers blaming those who accepted the investment in the first place. This, as reported, is contrary to what the villagers thought in the beginning that the company would help them to conduct modern agriculture and provide market so they could increase their income.

At the time of conducting the fieldwork the villager's concerns have not been resolved. On 7th of January 2011, ITV news at eight p.m. reported a meeting of the villagers with investors and district office (new leadership) in which the investors was asked to return the land for he has not used all of what has been requested but also not fulfilling the promises made to the villagers.

4.3.5.3 Kilwa District

Mavuji Village

Minutes of the village meetings that made the decision to give land to Bioshape could not be obtained. This is because, as reported from the village and regional offices, the minutes, as reported, were sent to TIC for approval of land to Bioshape and neither the village, nor the regional offices, had copies. Instead, the researcher was given a draft copy (not signed) of the contract between Mavuji and Bioshape. The contract states that the village meeting of 17/08/2006 agreed to give land to Bioshape and recorded a total of T.shs 222,605,000 were paid for the village land and a total of T.shs 233,304,000vllage and individual land.

Migeregere village

In the minutes of the village meeting dated 24/08/2006 Bioshape's requested for 30,000 ha of land was recorded. A letter to the District Director's office dated 24/08/2006 shows that villagers accepted Bioshape's request for land with conditions, and requested the District Director to help them. One of the conditions was that the villagers requested to have the land surveyed prior to allocation so they can know the total land area and can then allocate areas for future residences, reserves, agriculture and rent the remaining land. The villagers agreed to give land to Bioshape if these conditions were accepted. At first, they were threatened that that if they did not give the totality of land to Bioshape the company would go to a different area. However, after the land was surveyed they wanted to reduce it from 34,000ha to 20,000ha or 14,000ha (09/09/2008 minutes). Then they were told that it is not possible unless the village pay for the cost of surveying which they could not

afford, so they accepted to give all of the surveyed land to the investors as recorded in the minutes of 17/09/2008. This is contrary to the information provided at the district, which states that investors are required to assist in village land use planning which involves surveying it first.

In a letter to the district dated 8/10/2007 villagers insisted that 50% of Bioshape employees must come from the village. The minutes dated 26/08/2008 explains that the total acreage given to Bioshape is 34,411.46 acres and the compensation was T.shs 425,719,000 (equivalent to 12,371.42 per acre) payable directly to the district office. The minutes of 18/05/2008 stated that the District Council office requested the village to receive 40% (equivalent to 170,287,600) of the compensation while the district would received 60% (equivalent of 255, 4314,000 T.shs). In the meeting villagers also expressed their doubt regarding Bioshape's fulfilment of the development objectives and wanted the company to support education in the village. The regional legal officer responded that, "*Bioshape is very keen and is only waiting for the contract and will begin the implementation as soon as the villagers sign the contract*." He added that Bioshape had a fund for social development set aside for education and proposed that the villagers call Bioshape to get more information. However, Bioshape did not implement any development project and the villagers used the compensation money to build the village office and a doctor's house. The minutes of 26/08/2008 documented that Bioshape requested to harvest wood from the farm but was required to contribute T.sh 300,000. It was also reported that villagers would be allowed to continue use of the resources on the land until all the compensation and contribution required by the village has been paid by Bioshape.

4.3.5.4 Bagamoyo District

Magomeni-Makurunge Areas

Magomeni is part of Bagamoyo town and by the time this study was conducted Makurunge was no longer a village but part of the town, so interviews were conducted in both areas as a town area. The major concern of the respondents in Magomeni and Makurunge areas were the termination of their employment at Kigongoni seed cane farm without considering their lives. Some of them had been injured at work and this has damaged their lives without any compensation. This is also reported by Mwanyoka and Shemdoe (2010). At the time this study was being conducted only two people were found cutting down the sugarcane. No village minutes were reviewed in this case since the respondents in this area were not involved in giving land but the concern was mainly for some people were moved from the RAZABA farm. One of their major complaints was that they were asked to give way to the investor but the investor had not started working for two years at that time. Despite the fact that the RAZABA farm that was given to SEKAB belonged to the government of Zanzibar, there were people settled in the farm since it was just left unattended for many years. At the time of conducting the study five households which did not have anywhere to move to, were still living there.

Fukayose Village

In Fukayose, minutes of the first meeting shows that SEKAB had sent a letter to request for 3,000 acres of land. However, the District Commissioner had written a letter to stop the project in the village and advised the village to leave the area for out growers since SEKAB already had 84,000 ha (RAZABA farm). The village had a land use plan map that was done by MKURABITA, National Land Use Plan and Bagamoyo District Community and had designated this area for investment. Villagers have since been looking for other investors due to delays by SEKAB in starting the investment and initiating the out grower model. The case of Fukayose presents an example of good governance where villagers were made aware that the investor already had enough land and those villagers be involved as out growers.

4.3.6. A Note on the Minutes

In the village general meeting there is no quorum as such and no voting. A review of list of those who attended in the meeting shows that in some cases as less as 75 members attended while in some villages the number of individuals was as high as 1,000. A majority quorum could have been at least ¾ of the village adults of ages 18 and above. If villagers were called for a meeting on a certain day they have to attend otherwise the decision will be taken. Respondents complained that in some case there were some people who wanted to know more about the investment and did not actually support it but since there were few who supported it and not time for further discussions was then regarded as accepted by all villagers. In some cases those who opposed it were told to want to hold back the villages from development that the biofuels was going to bring. Unfortunately, since no voting is needed, all minutes recorded that villagers accepted.

As gathered from the village minutes (see the analysis below) most of the decisions were already made at higher levels i.e. the ministry, districts and village land councils and involvement of the villagers was just a formality to show that village assembles did happen because the investors also needed the minutes as proof for processing their right to occupy the land. As learned from the minutes, villagers understood what they were doing and have placed their demands but most of them were not implemented and there is no mechanism to enforce these demands to be fulfilled by the investors. Part of the delays in implementation could be attributed to due to lack of time frame tied to the agreements.

The above discussion shows that villagers were not ignorant of what they were doing but they were forced by circumstances. This negates the fact that villagers' low level of education was the cause of land grabbing and displacement but lack of good governance and accountability especially on government leaders at the district levels and in different institutions. Even so the main reason why villagers accepted to give land are that they were pushed and were made to believe that the investments are mostly beneficial. Given the fact that agriculture in Tanzania is not very promising today villagers thought that this would be an alternative form of livelihood, therefore more income and poverty alleviation. They also thought that the investment would help alleviate poverty. This is seen in the demand for social services such as infrastructure, health services, schools and water services. Though they acknowledged that they were using the land for their sources of daily livelihood, in the interviews the villagers said that they accepted the investment knowing that it would help them "kutoka", meaning "change their lives to a great deal" in other words alleviate them from poverty. The villagers on the one hand had envisioned their villages with all these services that they did not have and did not expect that these promises would not be fulfilled and forgot that the investors were just seeking to make profit.

From the discussion above it is obvious that in most cases investors did not speak for themselves but different government and political leaders spoke on their behalf, assisted in terms of communication with the villagers and using their authorities to pursue the villagers to accept the investment. It also appears that in most cases (with an exception of Fukayose) the leaders were siding with the investors instead of working for their people.

4.3.7. Villages Capacity to Handle Investors

The respondents answers to the question on whether village level of decision making has the capacity to handle foreign investors when they are sent direct to the villages to ask for land s shown on Table 7 A and B shows their reasons. A total of 76% of the respondents said they think the village level of decision making has no capacity to deal with investors, and 12.4% said it has, while 0.8 said it is not a full capacity and 8.8% said they do not know. When asked about the reasons for their answers 65.7% of the respondents said that they do not know. Another 26.3 % said that they do

not have the capacity because they were not well prepared, specifically for the case of biofuel. However, given good preparations they would have the capacity. 3.6% of the respondents thought that the village level s influenced y other levels of decision making as a reason for not having the capacity. Capacity of the village was also mentioned to be limited by the fact that they are only allowed to give a certain amount of land (4.0%). Because the size of land that investors wanted was more than 50 acre villagers were not sure of their power in this case. This confusion was contributed to by top officials who re-iterated that after all the land sought is more than 50 ha (250 acres) so the villagers have to give it, anyway, while it is not the case.

Table 7 A and B: Capacity of the Village Level of Decision making

A. Village capacity	**Percent**		**B. Reason why no capacity**	**Percent**
Yes	12.4		Can't offer more than 50 acres	4.0
No	76.1		Corruption/power from district	0.4
Not fully	0.8		Not a government	3.6
Do not know	8.8		Not well prepared	26.3
			Do not know	65.7
Total			**Total**	**100**

Source: Authors fieldwork 2010

Corruption was rarely the cause of land grabbing as only 0.4% pointed corruption at the village level. However, it might be a future problem with foreign investors going directly to the villages asking for land and giving money. The respondents also reported that villagers were forced to make decisions without enough information. Villagers were afraid of their top leaders at the districts and ministries, and power has been used to force them to accept the investment. In some cases villagers were even afraid to ask the investors about the promises for development assistance.

4.3.8 Villagers' Comments and Suggestions for Alternative Investment

Respondents were inquired as to whether the investment in biofuel can be improved, and ways in which they would want to be improved. Tables 8 A and B show villagers proposed changes on the existing biofuel investments and suggestions for alternative forms of investment respectively. Many of the villagers said they did not know what the investors can do to make the investment beneficial (46.6%) and 20.3% want investment in infrastructure, 21.1% said investment which will create employment for villagers, and while only 6.0% proposed the out growers model and 2.0% thought that an alternative investment needs to be discussed by the whole village. It is clear from these results that the villagers did not want biofuel investment but improvement on the infrastructure in terms of irrigation, social services and employment. Many of them thought that if the promises were fulfilled in terms of infrastructure and employment the benefits on the investment could be realized. When asked about suggestions for alternative forms of investment (Table 10B), the respondents mentioned investment in irrigation agriculture (70.1%), in skills development (10%) and 12% did not know while 2% said investment in providing loans to villagers. It is clear to the villagers that irrigation facilities and investment in infrastructure will help alleviate their poverty.

Table 8 A & B: Proposed Change and Suggestion for Different investment

A. comments on changes	Percent	B. Suggestion for Investment	Percent
1. Village consultations	2.0	Investing in irrigation agriculture of food crops	70.1
2. Village to grow	6.0	Do not know	12.7
3. 1& 2	4.0	Others/loans/marketing skills	2.0
4. Do not know	46.6	Investment in infrastructure	10
5. Invest in infrastructure	20.3	Do not want any investment	5.2
6. Create employment	21.1	**Total**	**100**
Total	**100**		

Source: Authors fieldwork, 2010

4.4. Biofuels and Increased Poverty in the Villages

When asked about how biofuel investment has impacted on village development activities, a total of 29% mentioned shortage of food through competition for labour, 16.7% mentioned loss of land, 51% did not know or it was too early to tell. This is because many of the investors have just started and the villagers still hope that in the long run their promises would be fulfilled and they would be involved as out growers. It appears that villagers still hold their hopes that the investors will fulfil the promises but 3.2% said their expectations were not achieved.

Table 9: Impact of Biofuel on development

A. Impact of biofuel	Percent
Do not know/too early	51
Loss of land	16.7
Shortage of food through competition for labour	29.1
Expectations not achieved	3.2
Total	**100**

Source: Author's fieldwork 2010

From discussions with the villagers, the biofuel investment in the study areas has led to ore negative pact than positive pact. These are discussed below:

4.4.1. Positive Impacts – Short Term

Biofuels created some employment and income to villagers who were engaged in production as casual labourers. This was true only for those companies which have started the production and are continuing in the case of Sunbiofuel in Kisarawe District; and AGO in Nyamatanga village.

4.4.2 Positive Impact Long- Term

The use of Bioshape's compensation money to build an office, repairing of classrooms and a house for the village medical doctor in Migeregere and an office in Mavuji and a hostel for girls studying at Mpunyule Secondary School, repairing of classrooms by putting ceiling boards and floor in the secondary school are all some of the positive tangible benefits from the investment which have only been experienced in Mavuji and Migeregere villages.

4.4.3 Negative Impact- Short Term

Despite the fact that biofuel has provided employment opportunities, villagers complained that they were not given adequate employment opportunities and they only worked as contract labourers for

short term only, with no job security. Low payments and hard working conditions were mentioned. Hard working conditions were reported in all the places where investors had started the plantations. This was in terms of low salaries, long working hours, and using tractors as means of transport. Workers are paid between T.shs 2,000/= and 3,500/= per day to work from 6 a.m. to 6 p.m. with no other benefits of health insurance. In the case of Bagamoyo, they were given porridge for lunch but in Kisarawe they had to cook their own lunch in only one hr breaks. Workers were going with their cooking pots and raw food and tried to cook at work place with only one hour of lunch break.

In Mhaga and Nyamatanga it was reported that women suffer most due to long working hours in Mhaga and using tractors for transport in the case of Nyamatanga.

For those who lost their employment after closing down the farms e.g. Bagamoyo with SEKAB and Kilwa with Bioshape, their situation is devastating. As many of them reported they were not informed of the problems in the companies so the closing down was sudden. None of them had been paid any compensation.

Shortage of labour to work in the farm linked to shortage of food reported in households of those individuals who participated in the paid labour. This was mainly because they spent more time in the biofuel farm and did not cultivate their own farms.

4.4.4 Negative - Long term impact

Loss of land and land scarcity

The major long term impact of biofuel investment in the areas is loss of reserved land for the villages' future population growth. Although the land given is said to be a general land, evidence shows that the land had different uses. Most of the land taken for biofuel falls under the category of village land, and some is individual land except in the case of the RAZABA farm in Bagamoyo which was the government land. However, most of this land is now turned into general land.

In the case of Sunbiofuel which has been granted a lease of 99 the current villagers do not expect to have this land back. It is also not reported what would happen to the land after these years (Cleaver, 2010). It is also not known whether it would be returned to the villagers or not and under what condition would the land be then. As a result of biofuel investment, as reported in Mtamba, Mhaga, and Nyamatanga, Mavuji and Migeregere villages, there is no land left to distribute to the villagers.

Lack of compensation, partial and unfair compensation

Nyamatanga village has not been compensated for the resources on the land. In Kisarawe and Kilwa villagers have received unfair compensation because they had to sacrifice their entire livelihood for the money. Report from Kisarawe district land office shows that Sunbiofuel has paid a total of 800 million earmarked for 284 families it means each family roughly got 2,816,901.4 T.shs as compensation to sacrifice their entire livelihoods obtained from the land. A study by Kamanga (2008) recorded that the highest payment was about $250 per person and another study by Cleaver et al (2010) recorded a compensation of $1,644 per person which is about s $ 350 per acre and only 152 people have been paid. In Mhaga three people were reported by the village office not to have received their compensation yet. If you take a compensation of 2,816,901 for a family in Kisarawe that used to do business in charcoal and get 20,000 a day, this amount would have been realized in only 140 days. In Mavuji where 16,000 acres was taken and a total of 233,204,000 T.shs, paid to the village council, the price per acres is 14,579.25 T.shs in Migeregere where 34,411.46 acres were given for 425,719,000 T.shs price per acre is 12,371.431. This money combined has not really changed the lives of the people in the villages where the investment has been introduced.

Loss of Livelihood and Income
Long term negative impact of the investment can also be counted in terms of the opportunity costs that villagers have foregone to accept the investment. This is in terms of the lost livelihoods as many of the villagers depended on the land for forest products and other needs as alternative sources of income.

Food insecurity
As a result of the loss of means of livelihood and land in particular in the future, the areas will face loss of farming land and hence food insecurity.

Proletarianization of the rural labour and increase n rural urban migration
With lack of land for farming many rural dwellers will be compelled to sell their labour power in the biofuel plantations for low wages because there will be no option for farming or they will have to move to urban areas looking for work there.

Impact on the environment
The clearing of forests that was done by Sunbiofuel, Bioshape and AGO is already described as deforestation, thus environmental impact. Though some studies have condemned villagers in these areas as destroying the environment by making charcoal, the clearing of large track of land and trees older than 50 years will add to global warming faster than the charcoal using. In Mavuji harvesting of these trees by Bioshape for commercial wood was reported In Nyamatanga these trees were also considered to be a good source of water which will dry out due to high use and competition with plantations. Already some women were found watering jatropha in Kisarawe despite the claim that it is a 'wonder crop" that can grow in marginal land. Experience has shown that large scale monocrop can exhaust the land and therefore the land returned is likely to degraded land that will not be useful for farming. This land that has been taken is not the marginal land; actually it is the best land where people were moved from. Biofuel uses more energy than what it is produced and adds to the carbon dioxide by clearing of forest (African Biodiversity Network 2007).

5. Conclusion and Recommendations for Policy
Despite local government reform process and the land laws, the process of biofuel investment in the country is a top-down, initiated by foreign investors and influenced by some government officials therefore it has not empowered the local communities. In the case of biofuel investment, the study found out that the villagers were pressurized to accept the investment. The decisions were hastened and there was no enough time given to judge the benefits and threats of the investment. Where the villagers inquired about the investment, its benefits were promoted more than its threats. Previous scholars have written about the unbound agreements between the villagers and the investors and low education of the villagers (Sulle and Nelson, 2009 and Cleaver, 2010, Mgumia et al, 2008) and lack of sufficient experience and guidance for involved authorities in the biofuels (Ness et al, 2009). However, the review of village minutes done in this study shows that villagers know what they wanted from the investors and have clearly outlined these demands in the village meetings, but their demands were not fulfilled. Given the fact that the village minutes are the very documents which have been used by investors to acquire land they are therefore legally binding documents. The only problem with these agreements is the lack of time frame at which the investors must have fulfilled the demands. Villagers should therefore call the investors and give them deadlines for implementations of these promises; otherwise villagers should confiscate the land/farms.

The study therefore recommends the following:

1. Return of the land to the villagers where procedures were violated.

2. Amendments of the land laws to include quorum and vote taking in decision making by villages.

3. TIC should stop all the investors to whom complaints have been aired by villagers, until they are clarified and cleared to the villagers.

4. TIC should make it a rule that local communities must be shareholders of the investment introduced in their areas.

5. TIC should monitor FDI and ensure that they abide to SGPR's role of poverty reduction, to measure the success of FDI in this aspect by changes and improvement in people's livelihoods.

6. Enhance transparency and monitoring of investors business activities. This can be done by giving a copy of the business plans and EIA reports to the local communities concerned, who will then report to the TIC in case of any violation or change of the business plan.

7. Preparation of village land use maps should not be left entirely on the hands of the investors. There should be one body involved in land use maps and any decision on giving out land for investment should follow the framework.

8. Compensation should be made for the costs of land, clearing of land, on the environment and for the long term loss of livelihoods of the villagers using the knowledge of environmental economies.

9. Investment in large scale biofuel to be discouraged and promotion of alternative sources of energy e.g. solar energy to be encouraged to the investors.

6. Suggested further works

1. Evaluate policies and programmes on capacity building for natural resource management, and the extent to which they ensure local ownership for poverty reduction.
2. Review the development planning and reform of local governments in Tanzania
3. A study on the accessibility of land, fuel wood and other forest products in the study area following loss of forest land.

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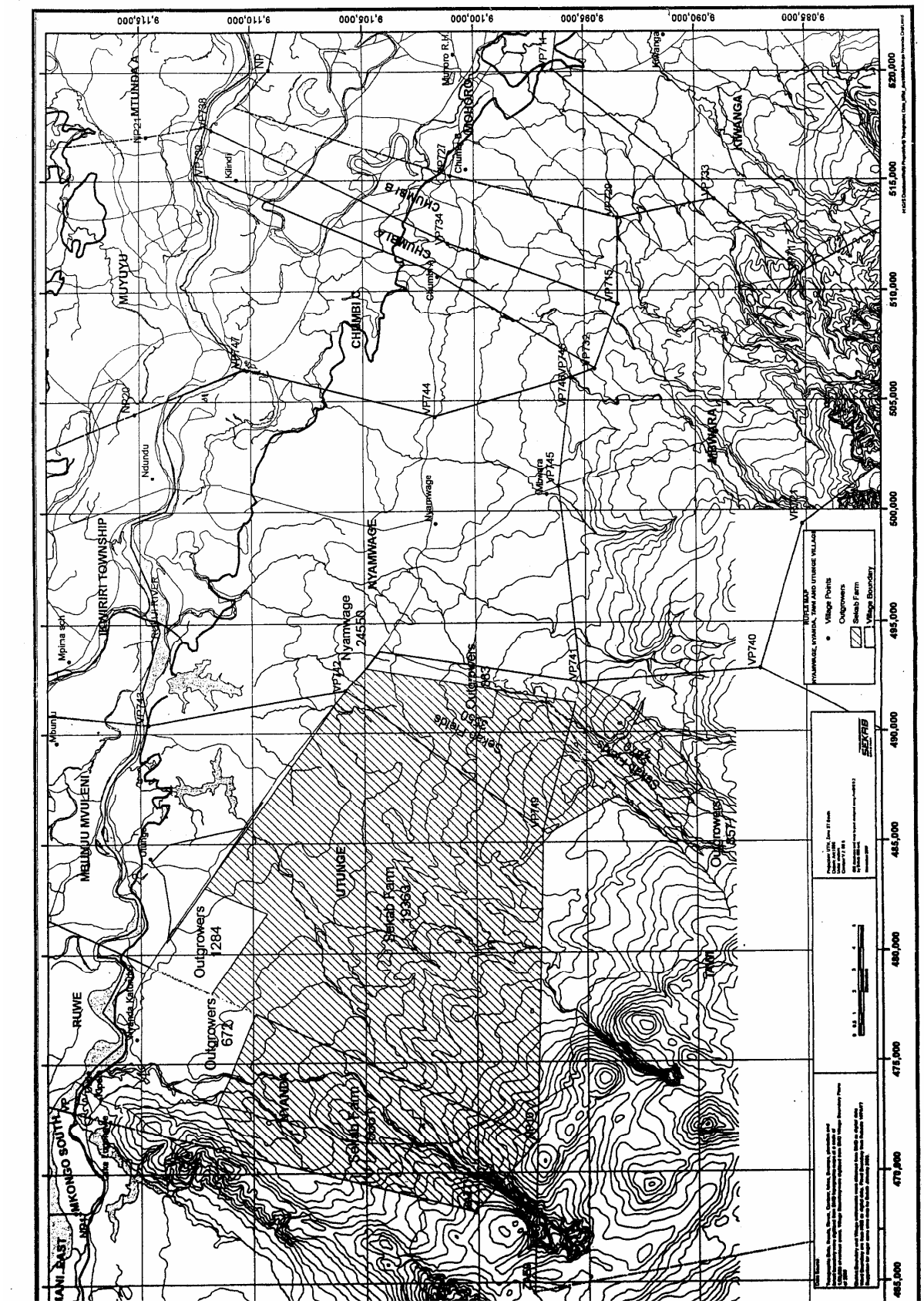
RUWE
MWAMBU MVULENI
JEMIRIRI TOWNSHIP
MUYUYU
CHAMBIU
NYAMWAGE
KIBWARA
KWANGA
MKONGO SOUTH
Outgrowers 672
Outgrowers 1284
Sekab Farm 1936a
Sekab Farm 1550
Nyamwage 24550
Outgrowers 1883
Outgrowers 1577
Village Points
Outgrowers
Sekab Farm
Village Boundary
SEKAB