Green Economy, Scandinavian Investments and Agricultural Modernization in Tanzania

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Abstract

‘Green economy’ is a broad concept open to different interpretations, definitions and practices ranging from the greening of current neoliberal economies to radical transformations of these economies. In Africa, one emerging and powerful idea in the implementation of the green economy seems to be to use a green agenda to further strengthen development as modernization through capital-intensive land investments. This has again reinvigorated old debates about large-scale versus smallholder agriculture. Influential actors justify large-scale ‘green’ investments by the urgency for economic development as well as to offset carbon emissions and other environmental impacts. In this article, we discuss the case of the Southern Agricultural Growth Corridor of Tanzania (SAGCOT) to give examples of how the green economy may materialize in Africa. SAGCOT is presented by the Tanzanian government as well as investors and donors as a leading African example of an ‘investment blueprint’ and as a laboratory to test green growth combining profitable farming with the safeguard of ecosystem services. In particular, we discuss three Scandinavian investments within SAGCOT, their social implications and their discursive representations through the public debates that these investments have generated in Scandinavia.

Keywords: green economy; agricultural modernization; Scandinavian investments; SAGCOT; Tanzania

Introduction

Prior to the Rio+20 conference in 2012, ‘green economy’ emerged as the new tool to achieve sustainable development (UNEP 2011; OECD 2012; World Bank 2012). Just as sustainable development, green economy has an openness of meaning, which may cater for different views as well as struggles over meaning. The unfolding and dominant discourse of the green economy, however, gives the impression of new sustainable futures being created within triple-win scenarios (climate mitigation, biodiversity conservation, livelihoods development). These scenarios largely rely on market- and technology-based transformations.

Political ecologists and other critical scholars have expressed worry about the adverse effects on smallholder livelihoods of a green economy focused on modernization in a development context.
(e.g. Brockington 2012; McAfee 2015). Already at the discursive level, leading policy reports reflect little concern for smallholders’ rights or livelihoods. This has led the Heinrich Böll Foundation to state that human rights are the blind spot of the green economy (Unmüßig 2012). Tellingly, none of the leading strategy papers on the green economy, by UNEP, OECD or the World Bank, tackle the issue of power and distribution of resources.

Hence, while the green economy may unfold in different ways in the Global South, there are fears that powerful policy institutions will take it in a direction to promote large-scale investments and ‘modernization’ in tandem with corporate interest leading to dispossession of smallholders from land and resources. This is an emerging scenario in the cases presented in this paper discussing Scandinavian investments in the Southern Agricultural Growth Corridor of Tanzania (SAGCOT). This investment corridor is the main Tanzanian initiative to implement the green economy in the country.

At a side event at Rio+20, WWF, the Africa Development Bank and the Tanzanian government presented SAGCOT as an ‘investment blueprint’ that combines profitable farming with infrastructure to support business development, and the safeguard of ecosystem services. The Tanzanian Minister Terezya Huvisa used the occasion to promote SAGCOT as ‘a laboratory for testing and implementing this concept (green growth) (that) will provide valuable lessons for the agriculture sector in Africa’, while WWF’s Director General Jim Leape followed up by stating that ‘it is extremely encouraging to see that individual countries … are stepping up to the challenge and take crucial actions were international negotiations are failing’ (WWF 2012).

SAGCOT also involves a number of Scandinavian development and corporate actors. In this article, we assess the emerging implementation of a green economy in Tanzania through SAGCOT, which involves some of these Scandinavian actors. While it is still early for extensive empirical analyses of the social and environmental impacts of investments in SAGCOT, we will instead focus on the ideas driving the initiative, as a key example of how the green economy may be implemented in Africa. We do this by presenting three typical investments that are located within SAGCOT, but that pre-date its launch. These are the investments of the Norwegian forest company Green Resources; the UK-based company Agrica through its Kilombero Plantations Ltd (KPL) (also supported by the Norwegian state’s investment agency Norfund), and the Swedish
biofuel investor SEKAB/EcoEnergy. These investments may serve to illustrate the possible social outcomes of the implementation of the green economy in Tanzania.

We have also participated in public debates in Scandinavia discussing these investments, and we use these debates to highlight some of the discursive forces involved in driving agricultural and ‘green’ investments in Tanzania in particular and in a development context in general. In addition to participation in these debates and a review of the general literature, the paper is based on several short visits to different parts of the SAGCOT area over the last few years as well as a longer fieldwork by one of us (Bergius) between August 2013 and January 2014.

The article first briefly presents the discourse of agricultural modernization in Africa that continues to inform mainstream development thinking, and how this is true also in Tanzania seen through the country’s policies to modernize agriculture. After introducing SAGCOT, we continue by presenting the three Scandinavian investments focusing on their social implications and how these companies and their supporters have responded to critique and generally defended what might be labelled ‘green modernization’. Thereafter, we try to explain why Scandinavian development investments end up supporting such agricultural modernization leading to the dispossession of smallholders, before we wind up with some final reflections.

**Agricultural modernization and African smallholders**

Recently an ‘ecomodernist manifesto’ was published by the US-based Breakthrough Institute (Asafu-Adjaye et al. 2015). It may be seen to epitomize the discourse of agricultural modernization, which arguably continues to permeate development agendas across Africa.

In this manifesto, a group of researchers, analysts, and writers outline key steps humanity must take to, in their own words, ‘allow for a good, or even great, Anthropocene’ (p.6). Underpinned by a dualist ontological worldview of nature and human societies, the ‘ecomodernists’ call for a process of decoupling economies from environmental impacts through intensified agricultural practices (via technology) and settlement patterns (urbanization). By pointing towards the US development trajectory they state that:

> As agriculture has become more land and labor efficient, rural populations have left the countryside for cities. Roughly half of the US population worked the land in 1880. Today,
less than 2 percent does. As human lives have been liberated from hard agricultural labor, enormous human resources have been freed up for other endeavours. Cities...could not exist without radical changes in farming. In contrast, modernization is not possible in a subsistence agrarian economy (p. 12-13).

For countries of the Global South, the message is clear: Modernize, urbanize, and free the backward rural populations from their land by replacing them with the technology intensive farms of the future. The outcome, according to the ‘ecomodernists’, realizes a triple-win: climate change mitigation, global poverty alleviation, and environmental protection from smallholder practices and expansion.

The gradual separation of people from land and nature via the application of technology has been a persistent cornerstone in the discourse of agricultural modernization. It continues to inform development policies in Africa as it has since President Truman’s famous inaugural speech, which launched the era of ‘development’: ‘Greater production is the key to prosperity and peace. And the key to greater production is a wider and more vigorous application of modern scientific and technical knowledge’ (Truman 1949). In the contemporary context, influential figures and organizations in development adopt the language of modernization in the push to commercialize African agriculture and release the untapped potential of what is considered underutilized land (Scoones 2015).

This notion that African lands contain untapped potential (World Bank 2007) – usually termed ‘unused’ or ‘underutilized’ - for commercial agriculture emerges from what Lappé (2012) calls the ‘scarcity mind’. To avoid a Malthusian catastrophe of productivity and population imbalances this untapped potential must be realized through agricultural modernization, mechanization, and technological advancements. However, Scoones et al. (2014) notes that ‘African agriculture is often depicted as stagnant, underproductive, and a cause of land degradation, in need of revival through integration with large-scale, commercial operations’ (p.14). Hence, the means required for an agricultural ‘take-off’ in Africa need to be mobilized from the outside. In this context, the potential for a Malthusian disaster is turned into an opportunity where global food and ecological security, corporate profits and African development can be combined (Scoones et al. 2014).
Development from this perspective is understood as a linear ‘progression’ from smallholder based agrarian economies to industrialized agriculture linked to global markets. This ‘progression’, McKeon (2015) notes, involves transforming ‘the characteristics of the agricultural practices and livelihood strategies of smallholders from strengths on which to build into constraints that need to be overcome (p. 72). As part of the process, smallholders who can and are able are expected to integrate in these global value chains by taking on an entrepreneurial logic and more commercial outlook (Van Der Ploeg 2010). For these ‘advanced farmers’, to use the terminology of agribusiness giant Syngenta (Zhou 2010), this involves linking up with global capital through input supply markets or outgrower schemes linked to larger estates (Woodhouse 2012). ‘Advanced farmers’ are considered not only as more efficient producers, but also as better customers to the agribusinesses involved in the supply of seeds, fertilizers and chemicals (McKeon 2015). The rest, that is those unable to make the switch from a ‘peasant mentality’ to become advanced and modern commercial farmers, are expected to eventually migrate out of agricultural production allowing for larger productive units and agribusinesses to provide food, employment, and ecological security.

Indeed, the notion of ‘land mobility’ – the process of ‘moving’ land to more efficient producers – lies at the heart of the modernization narrative. The Gates Foundation, for example, claims that facilitating for agricultural commercialization in Africa will over time ‘require some degree of land mobility and a lower percentage of total employment involved in direct agricultural production’ (Gates Foundation 2008 in Patel 2012, 43). In other words, as McKeon (2015) and Woodhouse (2012) argue, an inherent, but not explicitly stated, part in the stages of modernization is to increase the scale of agriculture, while reducing the number of people making a direct living from the land. This vision of a deepening process of de-peasantization politicizes the concept of ‘land mobility’ as rural populations may be forced to migrate to less fertile lands or urban slums (Araghi 2000, 1995; Davis 2006).

Agricultural modernization in Tanzania: From villagization to globalization

Since achieving independence in 1961 agricultural policies in Tanzania have gradually developed from a state-centred towards a more market-based approach. In early post-colonial Tanzania, policy was shaped by Nyerere’s drive towards establishing a socialist society. This was expressed
in the Arusha Declaration in 1967, which aspired development through self-reliance by utilizing and nationalizing the rich diversity of assets and resources found within Tanzanian borders (Ponte 2002; Nyerere 1979). Ensuring increased government control was considered essential to prevent ‘accumulation of wealth to an extent which is inconsistent with the existence of a classless society’ (Coulson, 1982, p. 176). The Arusha Declaration especially aimed for rural development and agricultural modernization through a stronger commitment to collective ways of thinking in rural production and society via the creation of ‘socialist villages’ (Havnevik 1993).

Through operation ‘Ujamaa vijijini’, the government sought to reorganize the relatively scattered Tanzanian settlement pattern by moving people into new villages (Maghimbi, Lokina, and Senga 2011). The new villages were conceived of as cooperative institutions consisting of agricultural producers in which collective farming operations were encouraged to achieve economies of scale to adopt modern technology (Mapolu, 1990; Sundet, 2006). ‘Ujamaa vijijini’ started as a voluntary resettlement scheme. However, impatient with the slow progress, the government eventually adopted more authoritarian measures. In a 1973 newspaper article Nyerere was famously quoted as saying, ‘to live in villages is an order’, and ‘there was a need for every Tanzanian to change his mode of life if rapid progress was to be achieved. People who refused to accept development changes were stubborn, if not ignorant or stupid’ (Daily News, 1973 in Havnevik 1993, 47). Indeed, as Havnevik (1993) points out, Nyerere’s edict is permeated by the message of modernization.

Via military style operations ‘Ujamaa vijijini’ eventually gained momentum. By 1976 the whole rural population of 13 million were residing in more than 8000 villages across Tanzania (Maghimbi, Lokina, and Senga 2011). These results were seen as tremendous achievements by Nyerere and the ruling party Chama Cha Mapinduzi (CCM). However, forced villagization is considered to have had highly disruptive effects on agricultural productivity and the lives of the rural population (Ponte 2002; Sundet 2006; Maghimbi, Lokina, and Senga 2011; Shivji 1998; Mapolu 1990; Coulson 2015). This, together with a wide range of other internal and external factors, contributed to a deep economic crisis in Tanzania in the late 1970s, which eventually forced the government into negotiations with the International Monetary Fund (IMF) about reforms (Ponte 2002; Havnevik 1993). Under the leadership of President Mwinyi, a three year
Economic Recovery Program was launched in 1986 and marked the start of the neoliberalization era in Tanzania (Hyden and Karlstrom 1993).

In the following years, Tanzania undertook a wide range of policy changes in the agricultural sector in line with the structural adjustments recommended by the finance institutions. Previous policies based on the vision of socialism was substituted by neoliberal market-based ideas (Maghimbi, Lokina, and Senga 2011; Skarstein 2010). However, while structural adjustment and economic liberalization continued, this policy has so far failed to improve the performance of the agricultural sector (Skarstein 2010). As Sundet (2006, 8) writes, investment promotion had in the early 1990s become ‘the new buzz word’. By opening up to investments and private agribusiness it was believed that agricultural transformation and poverty reduction could be achieved (Shivji 2006).

This belief grew stronger entering the new millennia. When former president Kikwete came into office in 2006, he launched the Agricultural Sector Development Programme (ASDP), which according to him stakes out an ‘action plan for a green revolution in Tanzania’ (SAGCOT 2011, 4). Key objectives of ASDP was to increase private sector investment in agriculture and enable better access for farmers to technology and markets (SAGCOT 2011; Cooksey 2012). However, private sector involvement has been considered weak, thus making it subject to critique, especially from donors (SAGCOT 2011; Cooksey 2012). Possibly as an attempt to respond to this critique and fill the ‘private sector gap’ in ASDP, a new strategy – ‘Kilimo Kwanza’ (agriculture first) - was launched in 2009. This new strategy was launched in a context of growing international interest in agricultural investments prompted in part by the converging global crises in food, finance, energy and climate.

According to Kikwete, Kilimo Kwanza anchored the involvement of the private sector in the quest to develop Tanzanian agriculture (SAGCOT 2011). Its overall aim is to commercialize and modernize the agricultural sector and boost productivity via public-private projects. It specifically aims to mobilize the private sector by creating incentives for agricultural investments. In a quest to implement the Kilimo Kwanza strategy, Kikwete in 2010 launched the ambitious public-private
partnership known as SAGCOT at the World Economic Forum Africa summit in Dar es Salaam (SAGCOT 2011).

The Southern Agricultural Growth Corridor of Tanzania (SAGCOT)

The SAGCOT initiative is a public-private partnership between the Tanzanian government, development agencies and several large agribusiness corporations and it is the first major program set to put Kilimo Kwanza in motion. The agricultural growth corridor concept was first suggested by the Norwegian fertilizer giant Yara International\(^1\) at the United Nations Private Sector Forum in New York in 2008 (Jenkins 2012). It is described by Yara as ‘an innovative way to finance regional development and lift people out of poverty’ by developing what is considered underutilized land areas to enhance food production and economic growth (Yara n.d.). The idea is to take the entire value-chain into perspective by concentrating agricultural businesses and institutions within a defined area to facilitate inter-linkages between the supply and demand sides in markets (Byers and Rampa 2013; Brunner 2013).

After the official launch of SAGCOT in 2010 by former president Kikwete, a detailed action plan (an investment blueprint) outlining SAGCOT’s main strategies over the coming 20-year period was developed (Jenkins 2012; SAGCOT 2011). This included bringing 350,000 hectares of land into commercial production, to transition 10,000 smallholders into commercial farming, to create 420,000 new employment opportunities, to lift 2 million people out of poverty, to construct and rehabilitate roads, railways, dams and irrigation systems, and to generate USD $1.2 billion in annual farming revenue by 2030 (SAGCOT 2011). As of May 2014, SAGCOT had registered 53 partners, most of whom come from the private sector (SAGCOT 2014). Under the G8 New Alliance for Food Security and Nutrition – of which SAGCOT is a showcase project - close to 30 SAGCOT partners have pledged almost USD $1 billion of investments in Tanzania (New Alliance 2012). Total investments of companies by country of origin show that Norway, through Yara, is the biggest contributor to the New Alliance scheme (Hong and One, 2014 in Patel et al. 2015), which has been strongly critiqued for the type of agriculture it envisions: ‘large scale, export

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\(^1\) The Norwegian state owns 36\% of Yara.
driven, chemically intensive, centralized knowledge and expertise in the (mainly foreign) private sector (Patel et al. 2015, 25).’

Project documents and promoters of SAGCOT highlight smallholders as the main beneficiaries (Wa Simbeye 2014; Grow Africa 2013; SAGCOT 2011). They are portrayed as ‘the most important partners’ without which SAGCOT would not exist (Bergius 2014, 62). An integral component of SAGCOT’s value-chain approach is to incentivize linkages between agribusinesses and smallholders, predominantly through the establishment of nucleus farms and out-grower schemes.² It is envisioned that these linkages will enable integration of smallholders in international value-chains, both at the output and input side of production, which in turn will increase their productivity and income (SAGCOT 2011). However, while promising major benefits to smallholders, their participation in SAGCOT thus far has been negligible (McKeon 2014; Bergius 2014). Thus, Byers and Rampa (2013), for instance, warn that SAGCOT may become a ‘corridor of power’ in which benefits streams are monopolized upwards in the value-chain. Key issues in this regard surrounds the terms on which smallholders are incorporated in global agricultural value-chains, as well as land access.

Access to ample land suitable to commercial agriculture is considered to be essential for SAGCOT implementation (SAGCOT 2011). The Tanzanian government, together with other partners involved in SAGCOT, readily assumes that such land is widely available. President Kikwete illustrates this in the foreword of the SAGCOT investment blueprint (p. 4):

Tanzania has immense opportunities for agricultural development. There are 44 million hectares of arable land, only 24 percent of which is being utilized…Tanzania’s agriculture is predominantly smallholder, characterized with very low productivity due to very limited use of modern technology and techniques of production. As a result, therefore, the country’s huge agricultural potential remains unutilized.

² Outgrower schemes usually imply smallholders contracted to a centralized estate whereby the estate normally extends a production loan (including key agricultural inputs) and buys the crops from surrounding smallholders.
This message corresponds with the long standing modernist narrative in Tanzanian development policy, which depicts smallholders as inefficient, not contributing sufficiently to the development of the nation, and in desperate need of revival or transformation (Sulle and Nelson 2009). By combining ‘underutilized’ land with the advanced knowledge and technologies of well-funded agribusiness corporations it is expected that SAGCOT’s long term goals of economic growth, poverty reduction, and food security can be accomplished (SAGCOT 2011; The Guardian 2014a, 2014b). However, while the proposed SAGCOT area may contain vast amounts of land suitable for agricultural commercialization, the crucial questions are to what extent this land is available, or how it will be made so, to prospective investors.

In fact, little land within the SAGCOT region is currently legally available for the government to lease out to foreign investors (Boudreaux 2012; Sulle 2016; Tenga and Kironde 2012). This stems from the Tanzanian land legislation, which regulates three main categories of land: Village Land, Reserve Land and General Land. Village Land is found within the demarcated or agreed boundaries of Tanzania’s villages and is administered by the village councils through the authority of the village assembly, and on behalf of the president. Reserve Land includes national parks, game reserves and forest reserves. Lastly, General Land is administered by the central government and includes predominantly urban areas and government controlled estates (Sundet 2005; Tenga and Kironde 2012). Foreign investors are not allowed to lease Village Land directly. This land must first change legal status to General Land after which the investor contracts directly with the government (Sulle and Nelson 2009). Except from some urban areas and old government estates, the vast majority of land within the SAGCOT area is Village Land, indicating the threat posed by the initiative to smallholder land rights (URT 2013).

Three Scandinavian investments within SAGCOT

Green Resources

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3 However, cases have been heard of where this process has not necessarily been adhered to. Moreover, under the Kilimo Kwanza and SAGCOT strategies there have been proposals to amend the legislation to facilitate easier access to land for investors by increasing the share of General Land (Boudreaux 2012; German, Schoneveld, and Mwangi 2011).

4 According to a presentation by the Minister of Land, Housing & Human Settlements Development the distribution of land within the SAGCOT area is: Village Land – 60%, Reserved Land – 32% and General Land – 2% (SAGCOT 2012).
Green Resources (GR) is a forest company with large plantations in Mozambique, Tanzania and Uganda. The company, which calls itself ‘a leader in carbon finance’, started operations in the mid-1990s, and is today Africa’s largest forest company according to its own website (Green Resources 2013). GR owns 45,000 ha of standing forest, claims to employ 3,500 people and has 80 shareholders (mostly Norwegian) that so far have invested about 300 million USD in East African plantation forests. In addition, the company has received some support from Norad and Norfund.6

Around 75% of GR’s forests are certified by FSC and there is one CDM certified plantation in Uganda. The company says it plants 10 new trees for each tree harvested, and that plantations are only established on ‘low value grassland or degraded forestland’ (Green Resources 2013). Moreover, the company presents its activities within a sustainable development framework that implies a focus on community development and local benefits. This includes village afforestation, the construction of school buildings, roads and village halls and offices, in addition to providing local employment. In the words of the CEO Mads Asprem ‘no carbon mitigation activity creates larger economic benefits for the rural poor than afforestation’.7

According to the Norwegian financial newspaper Finansavisen, the shareholders of GR have waited for 20 years to receive returns on their investments, while the results thus far are big losses and falling values of shares.8 For instance in 2014 the company lost 19, 9 million USD. This strained financial situation has led to repeated delays in salary payments. Sometimes payments to plantation workers have been delayed by several months. Simultaneously, however, the CEO has enjoyed an annual salary of 401,000 USD, which in 2014 was increased to 1,123,000 USD.9

According to a statement from the CEO in 2014, however, the company was then close to a financial breakthrough. Large-scale harvesting had begun in Uganda and was expected to start in Tanzania in 2017 and in Mozambique in 2019. The CEO estimated that from 2016 GR would run with a profit, and the long-term aim was stated to be annual returns of 12-15% on investments.10

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5 According to FAO (2004) in Kröger (2014, 241) a forest plantation has ‘few species, even spacing and/or even-aged stands’.
6 A loan of 146,2 mill NOK (17,9 mill USD) is mentioned on Norfund’s website (n.d.)
7 Keynote presentation at World Forestry Congress in Durban, 9th September 2015.
8 Finansavisen 25th February 2015.
10 Dagens Næringsliv 31st January 2014.
Situated in the Southern Highlands of Tanzania are three of GR’s oldest and so far biggest plantations that were established in 1997. The forest plantation covers around 74,000 ha. In addition, GR owns East Africa’s largest sawmill, Sao Hill, which is also situated in the Southern Highlands. The company and part of the plantations produce timber and the rest are planted to sequester carbon and generate carbon credits. These plantations have been registered under the voluntary carbon standard (VCS) selling credits on the voluntary market.\[^{11}\]

In total, land has been allocated from six different villages, two villages for each plantation. The villages have had little to say in this process, as most of the land was negotiated before the Village Land Act of 1999, which means that at the time the government and not the village council managed the land. This has led to some of the villages losing more than 33% of their land, which was set as the limit in the Village Land Act (URT 1999) for how much a village can give away to an investor. For example one of the villages, Uchindile, lost almost 60% of its land to Green Resources (Refseth 2010).

The company has received leasehold for the land for 99 years from the government. According to the Village Land Act, villages cannot lease land directly to investors. The land needs first to be converted to general land, which is managed by the government. This means that when the period for leasehold is out the land is returned to the government and not to the village. In return for giving away land villages are promised employment, development of infrastructure and support to community projects. In addition, GR has promised 10% of the total revenue from selling carbon credits to the villages (Refseth 2010).

Recent and earlier reports have shown that the benefits from GR projects to the local communities have not been fulfilled as promised (e.g. Refseth 2010; Point Carbon and Perspectives 2008; Karumbidza and Menne 2011; Stave 2000). Refseth (2010) found for instance that of the promises made in 1997 about one third had been honoured in 2009. At the same time, most workers were only paid the Tanzanian minimum wage for agricultural work.\[^{12}\] In addition, work clothes received

\[^{11}\] GR had first an intentional agreement with the Norwegian Ministry of Finance that would buy the carbon credits from the plantations in Tanzania. The Ministry, however, withdrew when GR did not succeed in obtaining CDM certification for these plantations.

\[^{12}\] They were paid 2500 TZS per day, which was the minimum wage for agricultural work. The local union, however, claimed that such plantation work should be classified as industrial work, which had a minimum wage of 3000 TZS per day.
from the company were not sufficient, most people were employed on short temporary contracts and salary payments often came much too late.

The only roads that had been constructed were roads in the plantation itself, which were not directly benefiting the villages. Despite promises of access to safe water, no efforts to supply water to the villages had been made. Lastly, support to community projects had been slow and barely existed (Refseth, 2010). In sum, one main problem with the approach used by GR is that local benefits are not transparently stated in written contracts. Hence, benefits do not become rights that communities hold, but are merely subject to charity from the company.

*Kilombero Plantations Limited*

In recent years, Norfund’s investment strategy has been increasingly targeted towards developing agribusiness in the Global South. This trend is likely to intensify in light of the Norwegian government’s recent cuts in development funding (Westengen 2015).13 Under the heading ‘Rice Farming to Help Feed a Nation’ Norfund (2010, 47) describes the Kilombero Plantations Ltd (KPL) as one of its largest investments in African agriculture, which represents the fund’s ‘continuous focus on the development of sustainable agribusiness’.

KPL is a 5,818 ha rice plantation located in the fertile Kilombero Valley, one of the key areas targeted for agricultural development under SAGCOT. In addition to the plantation, KPL is also working with surrounding smallholders through an outgrower model based on Sustainable Rice Intensification (SRI).14 The plantation was established in 2007 as a public-private partnership between Agrica Tanzania Ltd and the parastatal agency Rufiji Basin Development Authority (RUBADA).

Agrica Tanzania Ltd is a subsidiary of UK-based company Agrica Ltd established in 2005 seeking to ‘develop sustainable agribusinesses in Africa’, while benefitting from the ‘compelling investment opportunity’ brought about by the increasing global demand for food and feed (Agrica

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13 While the total aid budget has increased, a large share of this includes funding to asylum seekers in Norway.

14 SRI is based on transplanting single, widely-spaced, very young seedlings, reducing irrigation rates (alternate wet-and-dry practices), frequent weeding with a rotary hoe, and the use of fertilizers. While originally an organic farming method, KPL advances SRI in combination with agro-chemicals to outgrowers.
Norfund is one of the major shareholders in Agrica, and its investments amount to about ten million USD in equity. The fund also has its own representative on Agrica’s board.

In addition to Norfund, a whole range of other development actors have been involved in the project. KPL receives considerable financial and technical support from institutions such as the UK Department for International Development (Dfid), USAID and UNDP among others (Oakland Institute 2015a). Moreover, KPL is also partnering with corporate giants such as the Norwegian fertilizer company Yara and the Swiss seed and agro-chemical company Syngenta to ‘strengthen rice value chains’ in the Kilombero area (Grow Africa 2014, 157).

As with GR, Agrica, through its KPL project, is keen to market itself as a socially responsible investor, which is able to combine profits with caring for communities and the planet. The project has for these reasons been endorsed as a flagship project under SAGCOT and has received some recognition (see for example All Africa 2013; Keyworth 2013). However, critical reports argue that there is a mismatch between this framing of KPL and the experiences of surrounding villagers. These reports show that there are strong contestations around both land and environmental issues, as well as the outgrower scheme (Oakland Institute 2015a; Chachage 2010; Greco 2015). In June 2015, the US-based think-tank, the Oakland Institute, in collaboration with Greenpeace Africa and Global Justice Now, released a report about KPL’s investment venture and its impacts on surrounding communities (Oakland Institute 2015a). One of us (Bergius) was involved in the research and writing of the report. Three main issues can be drawn from this work.

First, the area where KPL is located – known as the Mngeta farm – was originally established in 1986 as a government joint venture between the North Korean and Tanzanian governments (KOTACO). However, after developing parts of the area the project never became a success and KOTACO was formally liquidated in 1993. The transition period before KPL entered the scene in 2008 allowed surrounding villages to expand their land use into the Mngeta farm - partly due to in-migration – through settlements, grazing and cultivation. In addition, villagers in the area claim to have farmed the land also before the KOTACO era, but managed to stay on due to KOTACO’s limited land development. In the words of Chachage (2010, 12), KPL’s arrival in 2007 created a

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15 Interview with villagers, December 9th, 2015.
‘crisis of eviction' when local land users became defined as ‘invaders’ or ‘squatters’ (All Africa 2009 ; KPL 2009).

Despite framing locals as squatters, KPL agreed to compensate them as a ‘goodwill gesture’ to maintain relations with surrounding villages. The company claims to have followed World Bank guidelines for social and environmental sustainability. These guidelines promise to improve, or restore, livelihoods of affected persons to levels prevailing prior to the re-establishment of the plantation. However, according to the Oakland Institute’s research, the guidelines failed to safeguard local interests. More than 1200 people may have lost access to agricultural land and/or houses to create space for the plantation (Oakland Institute 2015a; All Africa 2009 ). The compensation offered appears to have been largely inadequate with villagers reporting deteriorating living conditions after KPL’s entrance. For example, one critical issue was that new compensation houses were built in flood prone areas with water inundating villagers’ homes during the rainy season. In fact, a 2009 ‘squatter survey’ commissioned by KPL itself indicates that the company was well aware of this issue. The report stated that

‘…possible new areas to absorb the Mngeta Farm squatters can hardly be found from within Kilombero Valley. This situation is further worsened by the fact that even the available open areas within the village lands and the Valley at large, are not suitable for human settlement and cultivation because of their susceptibility to flooding during every rain season’ (KPL 2009, 37).

Moreover, Greco (2015) argues that after the re-establishment of the Mngeta farm by KPL, competition over land has exacerbated and caused an escalation in land disputes in the surrounding villages.

Second, KPL’s outgrower scheme may be seen as the company’s social licence in Tanzania, because without it, ‘the project is just a large-scale farm’ (Mittal 2015). This part of the project has received specific support from Norfund, and Yara has partnered with KPL for the supply of fertilizers as part of the production loan, which also includes seeds and equipment, extended to

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16 This includes performance standard #5 for Land Acquisition and Involuntary Resettlement.
17 Similar concerns have also been expressed by West (2014). See also video footage made by villagers in the resettlement site (Oakland Institute 2015b).
18 One cause for this is according to Greco (2015) spiralling land prices locally upon KPL’s arrival.
outgrowers in collaboration with microfinance institutions (MFI). However, while often presented by project proponents as a success, this part of KPL’s project has not worked as planned. Smallholders involved in the scheme were driven into debts to the extent that many struggled with repayment, or defaulted, and were forced into distress sales of their belongings (beds, mattresses, bicycles). In 2014 around 800 outgrowers defaulted on their loans (Greco 2015). Greco (2015) explains that many of these now face legal threats from KPL and the MFI, and she expresses concerns about the likelihood of future loans being based on mortgages of land titles\textsuperscript{19} and that potential future defaults may result in widespread land dispossession. The Oakland Institute (2015a) points out that these issues relate to the terms set out in the contracts, and not to the SRI methods of cultivation per se, which farmers expressed satisfaction with as they witnessed yield improvement through the new methods. Smallholders have even been found to outdo KPL’s own plantation in terms of productivity per ha (Nakano, Tanaka, and Otsuka 2014).

Third, concerns are also raised about the environmental impacts of industrial agricultural activities in an area of high ecological value. KPL’s plantation is located within an area that has been added to the Ramsar convention of wetlands of international importance. Smallholders surrounding the plantation complain of crop damage on their farms as a result of agro-chemical application procedures at the plantation (Oakland Institute 2015a).

\textit{SEKAB/EcoEnergy}

Swedish Ethanol Chemistry AB (SEKAB) is an energy company owned mainly by three municipalities in northern Sweden. SEKAB’s initial aim was to develop second generation ethanol and green chemicals from ligno-cellulose biomass based on Swedish forest products. However, it took much longer time than expected to develop commercially viable methods. Therefore SEKAB ventured for sugar cane based ethanol production in other parts of the world where land was ‘available’ (Havnevik and Haaland 2011). Upon the establishment of a Tanzanian subsidiary – SEKAB Tanzania - the company made its plans public in Swedish business press in 2007: ‘Tanzania has for example 4–6 million ha of unutilised land. The plan is to use 2 million hectares in 2025’ (Matsson 2007). By 2030 the company hoped to export ten million m\textsuperscript{3} of ethanol to Sweden, and according to Per Carstedt, SEKAB Tanzania’s CEO, the first ethanol factory was

\textsuperscript{19}Greco (2015) explains that the Kilombero Districts Administration is currently endeavouring to undertake Village Land Use Plans and issue land titles.
planned to open in 2010, which would be followed by one new factory per year in the following 15 years (Matsson, 2007).

As a first step, SEKAB planned to establish a 20,000 ha sugar cane plantation on an ‘abandoned’ state ranch – RAZABA – outside of Bagamoyo town. In addition, from 2007 to 2009, SEKAB Tanzania also negotiated with villages in the Rufiji delta in the southern parts of the country, and claimed they had reached agreements to secure another 200,000 ha (Sulle and Nelson 2009). When news about SEKAB’s plans surfaced, the Swedish and Tanzanian offices of the World Wildlife Foundation (WWF) started investigations in some of the villages that were targeted in the Rufiji district (Roberntz, Edman, and Carlson 2009). In the resulting report WWF revealed serious shortcomings in the company’s negotiation with villages, critiquing SEKAB for lack of transparency and for not respecting existing village plans in the area. Large areas that had been designated for future use as village farmland, as well as forest reserves, were incorporated in the sugar cane plantation plan. Substantive parts of the targeted land were old growth miombo forests with a canopy cover exceeding 30 per cent. Old growth miombo forest store large quantities of carbon in their root system and the clearing of such forests for sugar cane plantations would create a significant carbon debt. According to EU regulations, ethanol from such lands would not be possible to sell in Europe (Roberntz et al. 2009).

The concerns put forward by WWF were later confirmed by other researchers (Neville and Dauvergne 2012). Moreover, by April 2009 it was also disclosed that SEKAB had manipulated the Environmental and Social Impact Assessment (EIA) carried out as part of the planning for the plantations outside Bagamoyo, and tried to downplay the environmental consequences associated with the project (Benjaminsen et al. 2009).

In late 2009, three factors caused a standstill of the project: First, it became clear that owning subsidiaries in foreign countries were not in line with what Swedish municipalities were allowed to do (later confirmed in a court decision). Second, new rules for ethanol within the EU alongside a rising scepticism against ethanol as fuel in Sweden also contributed to slow down further development. And third, the mounting critique in Tanzania and Sweden diminished the enthusiasm among the Swedish municipalities, other shareholders and potential donors.
In October 2009 the Swedish International Development Agency (Sida) decided not to grant the Credit Enhancement Guarantee for the project that SEKAB had applied for. That same month SEKAB Sweden sold all the shares in its African subsidiary to the CEO of SEKAB Tanzania, Per Carstedt, for the symbolic price of 400 SEK (47 USD). Under a new name, Agro Ecoenergy, Carstedt continued to approach Sida for funding. Confidential documents submitted by the company to Sida in 2010 indicated that its grand plans in Rufiji were still on the table (Agro Eco Energy 2010). In 2011, Agro Ecoenergy announced its plans to focus on sugar production rather than ethanol (Englund 2011). The following year the company sought financing from the African Development Bank, but pending this decision Sida in February 2014, agreed to guarantee a bridging commercial loan of 120 million SEK (14 million USD) to the project. Whereas green arguments had been at the forefront during the early part of SEKAB’s plans, and in Sida’s previous involvement, these arguments were by 2014 given less emphasis. Instead, the main focus changed towards sugar production for domestic markets, while the main justification underpinning Sida’s credit enhancement was simply to develop markets for agricultural production and energy (Sida 2014a, 2014b). Meanwhile, alongside KPL’s rice investment project, Agro EcoEnergy has also been endorsed as a flagship under Tanzania’s SAGCOT initiative.

In parallel to these developments, the potential evictions of smallholders from the planned estate (now reduced to 8000 ha) in Bagamoyo has become evident. This is evidenced for example through growing protests from people residing in the three villages surrounding the plantation (Widgren 2013), by the Resettlement Action Plan developed as part of the funding application to the African Development Bank (AFDB 2012) and in the recent documentation by Action Aid (2015). The Action Aid (2015) report underlines that consultation with local villagers has remained largely inadequate and that the overall land acquisition process has lacked transparency, with key information not being publicly available.

Nevertheless, the support from the AFDB, and other investors, never materialised. The failure to attract additional investor capital, a key conditionality underpinning the support from Sida, in May 2015, led Sida to withdraw its credit guarantee for the project. At the time of writing, the future of the project seems unclear. In May 2016, the new Prime Minister, Kassim Majaliwa, informed the Tanzanian parliament that the government had ‘decided to shelf the Bagamoyo sugar plantation in order to safeguard Wami river from which the project would draw its water’ (Citizen 2016).
Member of Parliament and Chair of the Parliamentary committee for Lands, Natural Resources and Tourism, Atshasta Justus Nditiye, has called for the sugar plantation to be moved away from the river, but the final decision about the project had, according to a spokesperson for the Prime Minister, not been made (Usher 2016). After more than eight years of planning, the only development that has materialised on the ground seems to be restricted to a 200 ha seed cane nursery outside Bagamoyo.

**Debating Scandinavian investments in Tanzania**

All these three investment projects have been the subject of debates in Scandinavian media. We have all three been involved in these debates as critics of the investments. The point here is not to necessarily justify our positions, but rather to dwell on the responses to our critique as representations of a powerful narrative on agricultural modernisation and African development subscribed to by investors and their supporters in the development industry. Although there is a certain heterogeneity of views within Scandinavian development agencies, supporters of this narrative of modernisation are well represented within agencies such as Norad, Sida, Norfund, Swedfund as well as the Norwegian and Swedish embassies in Tanzania. As already demonstrated, this is also a narrative adhered to among Tanzanian policy-makers.

Eggen and Roland (2013) represent an eloquent example of this modernisation narrative, although at times oddly blended with poststructuralist reflections. When the book was published, the authors were respectively a senior official in Norad’s Evaluation Department and the Managing Director of Norfund. In their argument, China and South Korea serve as development models, because these countries have ‘strong governments implementing industrial policies, promoting export-led growth, and investing in infrastructure’ and they ‘get the job done’. Moreover, they argue that aid, and Scandinavian aid in particular, is too ‘political’ by focusing on issues such as human rights, environment and gender. This implies a form of paternalism. Aid should not be political, the authors argue. The policy choices should be left to the host country and its politicians, and ‘growth has to come before democracy’. The consequence of this thinking for agricultural projects would be to prioritise large-scale and export-led investments and to leave aside discussions of dispossession of smallholders and their rights to food and livelihoods.
We will here investigate such a narrative of agricultural modernisation through the concrete statements expressed in debates about the three investment projects discussed in this paper. The critique of each project and the responses that followed will be presented in turn.

_The Green Resources debate_

The GR plantations in East Africa have been the subject of critique in several Masters’ theses (Refseth 2010; Lia Solberg 2012; Bondevik 2013; Røhnebæk Bjergene 2015), one PhD thesis (Nel 2014) and scholarly peer reviewed publications (Lyons and Westoby 2014a, 2014b; Nel and Hill 2013; Nel 2015; Olwig et al., 2015; Richards and Lyons 2016; Westoby and Lyons 2016) as well as in activist and NGO reports (Bond, Sharife, and Castel-Branco 2012; Oakland Institute 2014; Karumbidza and Menne 2011; Stave 2000).²⁰

Our own contributions to discussing the GR plantations in Tanzania in the Norwegian press have reflected some of the key points in this critique (Benjaminsen 2014; Benjaminsen, Refseth, and Lia Solberg 2012). We have held that there is a lack of fulfilment of promises in terms of social investments, that there is a lack of clear and binding contracts between the investor and villages, that salaries are not only low, but also paid out sometimes months too late, and that the establishment of large forest plantations have a questionable climate effect, because vegetation is often cleared before planting,²¹ as well as adverse effects on biodiversity through the transformation of large landscapes into monocultures of pine or eucalyptus.

The response from GR to this critique has been that the critics are political activists who are against ‘development’ and who ‘want Africans to live in straw huts’. Furthermore, the critique implies a form of paternalism and racism, because it works against the development that is wanted by African governments (Asprem 2014).²² Surprisingly and interestingly, Norfund’s response to the critique of the GR plantations has followed the same line of argument without less emotion (Ersdal 2014b, 2014a).

The fact that an investor reacts in this way to critique can perhaps be explained in view of the millions of dollars invested that are at stake. Leaving aside the emotional touch in the response

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²⁰ See also website of the Norwegian NGO _Framtiden i våre hender_ (The future in our hands) that critically follows Norwegian investments in the Global South (FIVH n.d).

²¹ This may be seen as an example of commodity fetishism as described by Marx (1995 [1867], 47), which in this case not only includes concealed social relations of production, but also ecological relations that are not visible to consumers of carbon credits.

²² This statement was also provided in an interview with CEO Mads Asprem in _Dagens Næringsliv_ 31st January 2014.
from GR and Norfund, however, its content also in a crude way represents the essence in the narrative on agricultural modernisation.

*The Kilombero Plantations debate*

There has not been a great amount of peer reviewed or activist and NGO-based publications on KPL’s activities in Tanzania. West (2014) analyses KPL’s outgrower scheme from the perspective of climate change adaptation. While keeping a door open to the potential of positive linkages between plantations and smallholders, she concludes that there are, in the case of KPL, several risks involved for smallholders. Greco (2015) investigates numerous critical dynamics of land issues upon KPL’s arrival in Tanzania. Many of these concerns were also expressed in an earlier study by Chachage (2010) commissioned by Participatory Ecological Land Use Management (PELUM), a network organization of NGOs in Tanzania. The recent report by the Oakland Institute (2015a) mirrors several of these critiques, and arguably presented the first comprehensive critical investigation of KPL thus far.

As shown above, the KPL case illustrates the great difficulties in creating beneficial synergies between smallholders and large-scale farms. This casts serious doubt on the agribusiness-based approach to agricultural development even if adhering to a ‘responsibility check-list’ and including smallholders in business strategies.

Norfund has responded to this critique on their website (Norfund 2015), and in public debates in Norwegian media (Roland 2015; Roland and Ersdal 2016; Bergius 2016; Benjaminsen 2015). In the response to the Oakland Institute, Norfund made it clear that they dismiss all the report’s findings stressing how ‘impressed’ Norfund is of KPL’s ability to adhere to social and environmental sustainability. Rather than intending to investigate the critical points raised in the report, Norfund seems to fully rely on the words and documentation provided by KPL.23 While the critique presented by the Oakland Institute is framed as unreliable by emphasizing the untrustworthiness of the report’s qualitative methods, KPL’s own documentation seems to be considered by Norfund to be more meticulous and reliable.

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23 On multiple occasions Norfund cites the lack of complaints filed by smallholders with the grievance committee set up by the company as ‘proof’ that dissatisfaction with the project is not widespread.
While Norfund has refrained from the emotive line of argumentation in this case, the KPL management itself has not. Carter Coleman, the CEO of KPL has fired a range of accusations towards both the Oakland Institute’s researchers and informants who took part in the study. This includes blaming researchers for having instructed outgrowers to default on their loans and accusing respondents ‘hoping for cash or assistance’ for opportunistic behavior and lying.\textsuperscript{24} Norfund (2015) also questions the researchers behind the Oakland Institute’s study by doubting their expertise and through this attempting to defuse and undermine the report’s findings. This was reiterated in a recent debate in Norwegian media, in which Norfund referred to the critique as ‘unverifiable allegations based on statements from random individuals reproduced by “researchers”’ (Roland 2015).\textsuperscript{25}

By ignoring the critique outright, Norfund states that it will not have any consequences for the fund’s future involvement in KPL. More than reflecting Norfund’s role in KPL as a development actor, the funds positioning in relation to the critique seems to be shaped to a great degree by its role as one of the primary shareholders. As such, the fund reiterates its intention to fully continue its support to agribusinesses arguing that if done the right way – as the fund claims KPL is doing – and by following guidelines for responsible behavior, large-scale land deals can do well both for business, people and environment.

\textit{The Sekab/Agro EcoEnergy debate}

The Swedish SEKAB/Agro EcoEnergy debate was ignited by Östberg (2008) who drew attention to the company’s plans and the critical voices that started to emerge in Tanzania. The public debate in Sweden was further fuelled from Norway when Benjaminsen and Bryceson (2009) in an opinion piece criticized SEKAB’s project as one of many examples of ‘climate colonialism’ involving Scandinavian interests. The company’s plans in Tanzania have also been critically analysed by Sulle and Nelson (2009), Havnevik and Haaland (2011), and in NGO reports (Action Aid 2015; Mousseau and Mittal 2011). In 2014, the company was also subject to an investigative documentary on Swedish TV.\textsuperscript{26} In addition to potentially fuelling displacement and manipulating the EIA, critics have held negative climatic effects of converting savannah woodlands for

\textsuperscript{24} See Oakland Institute (2015c) for more info.
\textsuperscript{25} See also comment by Benjaminsen (2015).
\textsuperscript{26} See SVT (2015) for more info.
sugarcane plantations had not been assessed and warned that Swedish aid money risks supporting land grabbing (Benjaminsen et al. 2009; Engström 2009; Widgren 2011; Östberg 2008).

The company itself has refrained from entering the debate in the media, and instead replied to the critique on their web pages. Sida and the Swedish minister for foreign aid have also kept a low profile about the project. Instead, sharply formulated replies to the critique came from the Stockholm Environment Institute (SEI). These came in the form of an opinion piece (Arvidson et al. 2009) and through debates in Swedish Radio participated in by then SEI director, Johan Rockström (Sveriges Radio 2009b, 2009c). In addition, professor in international health, and a commentator on international development, Hans Rosling, also expressed strong reactions against the critique (Sveriges Radio 2009a).

The authors behind the SEI opinion piece agreed that there are great challenges to solve regarding environmental impacts and land rights. However, the thrust of their argument was that the critique towards SEKAB was too one-sided and thus risked stopping initiatives that could potentially open up for greenhouse gas reductions and economic development in Tanzania and elsewhere in the Global South (Arvidsson et al. 2009).

Three arguments supporting the SEKAB/Agro EcoEnergy project recurred in responses to the critique. Firstly, without referring to ‘unutilized land’ explicitly, Rockström held that Tanzania has a comparative advantage for biological production and is one of the few countries in the world where agricultural land use can still expand sustainably. Secondly, Rockström argued that agricultural productivity in Tanzania is low and that it is unjust to ‘lock people to eternal poverty because we cannot try to invest in agricultural development’ (Sveriges Radio 2009c). Aligned with the agricultural modernization discourse, it is implicitly understood that large-scale and technology intensive farms are more productive and better for development than smallholdings. Similar arguments were also raised by Rosling (Sveriges Radio 2009a). And thirdly, both Rockström and Rosling claimed that mobilizing Swedish competence for these types of experiments is preferred as investments from other countries and companies are associated with much greater social and environmental risks (Sveriges Radio 2009b, 2009a).

Moreover, in a separate opinion piece some years later the director of Sida, Charlotte Petri Gornitzka, argued that Swedish agricultural investments in Africa would contribute to combating
hunger and poverty (Gornitzka 2012). However, she failed to address the fact that none of the large land investment projects, which involve Swedish interests have been free of unethical land acquisitions (Widgren 2012). In addition, as Sida’s own development analyst pointed out, she did not explain through which processes these investments would benefit the poor (Östman 2012). There is also a problematic lack of precision when it comes to the term investment in this context. The Sida director even seems to include speculative property investments prompted by the financial crisis as a ‘good’ investment (Gornitzka 2012). Absent from these arguments for green modernization, however, is the important difference between investing in property as a form of asset play and investing in making land more fertile.

**The Scandinavian Turn in Aid towards Agribusiness**

These three cases offer a partial, but crucial slice of a wider and intensifying turn towards business in Scandinavian development assistance. There is an underlying premise of Scandinavian states, development agencies and businesses being ‘well-intentioned’ actors engaging in the Global South to promote peace, human rights and fair distribution. Comparatively high volumes of official development assistance (ODA) per capita and limited colonial history have contributed to this ‘benevolent’ perception of Scandinavian capital expansion (Liland and Kjerland 2003; Østigaard 2015; Stokke 2005; Danielson and Wohlgemuth 2005).

The investments by states and businesses discussed in this article, however, tell a different story, illustrating how seemingly ‘benevolent’ capital and actors are involved in activities that resemble neo-colonial forms of exploitation through ‘green modernization’. The preceding sections have offered microcosms of what happens and how this is defended discursively. In this section, we try to propose why this happens.

In exploring this ‘why’ question we take inspiration from David Harvey’s conception of space in relation to capital accumulation and expansion. As Harvey argues, falling rates of profit in any sector, domain or geographical location mobilize the insatiable and ‘elastic powers of capital’ to restructure and ‘fix’ some of capital’s internal contradictions (Harvey 2014, 2006). Such fixes occur predominantly via technological change (as a techno fix) or through commodification of non-capitalist spaces and geographical expansion (as spatial fix) with resulting processes of

27 Sweden and Norway have, however, a history of ‘internal’ colonization of the indigenous Sámi population in the north.
‘accumulation by dispossession’ (Harvey 2006, 2014; Benjaminsen and Bryceson 2012; Cavanagh and Benjaminsen 2014; Hall, Hirsch, and Li 2011). Rather than being permanent, these fixes should be viewed as temporary remedies solving a crisis of accumulation. As Harvey (2014) notes, rather than solving its underlying contradictions, capital ‘has the nasty habit of simply moving them around’ (p. 7), with the state playing a key supportive role, and increasingly so under neoliberal globalization.

Scandinavian development assistance via ODA can be seen as one key vehicle by which a spatial-fix is enabled through the geographical expansion of domestic (and increasingly foreign) capital. It is important to point out that these phenomena are not new. Rather, they have been omnipresent in Scandinavian state-capital relations under the ‘development era’ (especially for export promotion) – intensified during periods of national and international recession - and incentivized via a support battery of export subsidies, credit guarantees and various administrative and advisory services (Simensen 2003; Ruud and Kjerland 2003; Liland and Kjerland 2003; Stokke 1989; Danielson and Wohlgemuth 2005).

However, while the business sector has been a de-facto target for Scandinavian ODA from the onset, it was not until the 1990s that this trend gained momentum (Liland and Kjerland 2003; Olsen 2005; Amland 1993). Against the backdrop of the global neoliberal turn and domestic economic slowdown, the business support battery significantly expanded in this period, which also saw the geographical expansion of some key domestic industries (Liland and Kjerland 2003). The construction stop of new hydropower plants in Norway in the 1990s, for example, propelled the internationalization of the Norwegian government-owned hydropower giant Statkraft (Liland and Kjerland, 2003). One of its largest projects is the Khimti plant in Nepal (co-owned with Norfund), which allegedly has brought huge surpluses to the investors, but according to critics, less so to the Nepalese state and local communities (Haugsbø and Aakvik 2015; Jorde, MacGregor, and Garberg 2015). Likewise, the Norwegian fishing industry’s aid-funded expansion to western Africa in the

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28 As Amland (1993) wrote about the Norwegian situation in the early 1990s: ‘Unemployment and recession have led to companies looking with new interest on foreign aid. There is an enormous market, which may also give a strategic foothold in future export areas’.

29 In 2002, Statkraft (60%) and Norfund (40%) established a new company, SN Power, which invests in energy generation projects across the Global South, including India, Nepal, Vietnam, Philippines, Chile, Peru, Brazil, Panama, Zambia and Mozambique.
1990s was prompted by capacity reductions in Norwegian waters (Liland and Kjerland 2003). Analytically, both examples denote capital’s spatial fix – facilitated in part by ODA money - in response to falling returns. Analytical resonance can also be found in the internationalization of Finnish forestry capital (Kröger 2013).

The growing importance of business promotion in Scandinavian development assistance since the 1990s to present times reflects a general private turn of aid during the last couple of decades (Hveem 2015; Amland 1993; Liland and Kjerland 2003; Elgström and Delputte 2016). This trend has been given further impetus by the converging food, finance, energy and climate crises that emerged from 2007/08. Combining the ‘goodness’ of development aid with the capitalist ‘greed’ is considered by some as the perfect balance to address these crises as part of the advancement of an ‘enlightened capitalism’ (White 2013; Shah 2011). Between 2006 and 2010 cash flows to European Development Finance Institutions (DFI’s) – whose principal goal is to enable private sector investments in the Global South – on average boosted the fund’s investment portfolios with 190 per cent (Kwakkenbos 2012). Similar trends are found in most Scandinavian countries (Bjergene and Piene 2013; Sida 2010), and will likely be further strengthened (Norwegian Government 2015; Sida 2010).

The 2007/08 crises has deepened a contemporary cycle of ‘material expansion’ in the history of capitalism (Kröger 2013, 2015). It is evidenced in particular by, but not limited to, the surging state/corporate interest in land for agricultural and ‘carbon sinking’ purposes - e.g. via REDD+ projects (Beymer-Farris and Bassett 2012; Kröger 2014), and especially in Africa (Anseeuw et al. 2012; White et al. 2012). For agribusiness capital, as the World Bank (2013) notes, Africa represents the ‘final frontier’ of accumulation, containing land, labour and markets of untapped potential – all key ingredients in accommodating a spatial fix. The ostensibly ‘benevolent’ Scandinavian states, development agencies and businesses (even church funds (Overbeek, Kröger and Gerber 2012) are no different from other powerful actors in the way their land investment practices tend to be blind to the dispossession and social injustice following in their wake. They

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30 An evaluation report claims that this project has been ‘very successful’, although the impact ‘on poverty is not as great as it might have been, but this is because of the nature of industrial fisheries and distributinal aspects’ (Norad 2005)

31 As Kröger (2015) shows in his study on the Finnish mining boom, the current round of ‘material expansion’ is not limited to the Global South, but also takes place in other ‘peripheries of cores’ (p.5).
too want to secure their piece of the ‘untapped potential’ contained in the expansion frontier (Borras Jr et al. 2016; Patel et al. 2015; Kröger 2014; Wisborg 2012). 32

The ‘aura of goodness’ often surrounding these actors can be seen to represent an effective promotion of a Scandinavian ‘regime of goodness’ that has managed to veil underlying commercial self-interests (Tvedt 2003). Their involvement in expanding a corporate agri-food regime (McMichael 2013) through technology intensive and large-scale agriculture is justified with reference to purported win-wins,33 especially via job creation. There is a strong faith in giving the poor a chance to work their way out of poverty (Ersdal and Roland 2015; Brende 2015).

How the concerted state-capital push for agribusiness expansion aligns with this faith is unclear. This thinking is at odds with much of the scholarly literature on large-scale agricultural investments (e.g Kröger 2014; Li 2011; White and Dasgupta 2010; White et al. 2012; Araghi 2009). Via accumulation by dispossession, such land investments tend to construct ‘surplus populations’ of which some are reincorporated as badly paid plantation workers,34 while the majority becomes a surplus relative to capital’s requirements for labor (Li 2011; White et al. 2012).35 In other words, far larger number of jobs are lost (through loss of land and livelihoods) than created.36 Hence, as Li argues, large-scale farming risk to actively produce poverty: ‘In much of the Global South, the anticipated transition from the farm to factory has not taken place and education offers no solution, as vast numbers of educated people are unemployed…any program that robs rural people of their foothold on the land must [therefore] be firmly rejected’ (Li 2011, 281).

32 As shown above, in the case of G8’s New Alliance for Food Security and Nutrition, Scandinavian capital is taking the lead via the investments provided by Yara. For Yara, initiatives such as the New Alliance (and SAGCOT) contributes to overcoming one its main growth inhibitors: the weak purchasing power of the poor as compared to large agriculturalists (Cartridge 2007).
33 See recent opinion piece (in Norwegian) by Norwegian minister of Foreign Affairs (Brende and Fjeldstad 2016).
34 Based on (Deininger et al. 2011), Li (2011) shows how return to labor gained by smallholders working their own land are significantly higher as compared to plantation wage work. See also study by Twomey, Schiavoni, and Mongula (2015).
35 We recognize that ‘accumulation by dispossession’ is not the only ‘power of exclusion’ in rural settings (Hall, Hirsch, and Li 2011).
36 Although this might not always be captured when development institutions measure the development impacts of their investment by counting the number of new jobs created (Bjergene and Piene 2013).
Some Final Reflections

In this article, we have illustrated the ways in which the implementation of a green economy unfolds in the context of agricultural development in Tanzania. Through the SAGCOT initiative, and in cooperation with aid donors, international development institutions, and the private sector, the Tanzanian government aims to implement a certain vision of ‘green modernization’ by establishing clusters of commercial agriculture. The aim is that investments in these clusters will bring profits to investors, reduce poverty, and protect nature. This potential for triple wins is the underlying justification of the dominant view of the green economy. However, as this perceived direction towards sustainable futures is likely to extend corporate control over land and natural resources, there are serious risks involved for smallholders’ livelihoods.

The three Scandinavian investment projects within SAGCOT presented in this article illustrate some of the stakes, contradictions and contestations involved when a vision of the green economy is implemented in an African country such as Tanzania. The main actors behind the investments discussed here justify the proliferation of large-scale and often technology intensive agriculture as part of a broader ‘green modernization’ agenda seeking to ‘bring’ development, modernity, and sustainability to Tanzania. However, for many smallholders surrounding these investment projects, risks, rather than benefits, have materialized. Despite widely held perceptions of Scandinavian actors as inherently ‘benevolent’, states, development agencies and businesses share and promote this vision of modernization. Why?

We present one possible explanation based on David Harvey’s conception of capital and the theory of ‘spatial fix’. During periods of economic slowdown and other forms of threats to return rates, the official development establishment subsidizes the geographical expansion of capital via exports and direct investments in the Global South. While this can be seen to have formed an integral part of Scandinavian development assistance from its early days, the trend has intensified since the 1990s, especially at the backdrop of multiple converging crises towards the end of the 2000s.

While earlier rounds of the internationalization of Scandinavian capital appear to have been facilitated to revive domestic industries, the current trend seems to have been triggered by a higher-level systemic crisis that has reinforced a contemporary cycle of ‘material expansion’, visible in
the international interest to invest in land and natural resources, especially in Africa. Veiled under a ‘regime of goodness’, Scandinavian states and capital do not deviate from others. They too want to ensure their share of the unrealized surplus contained at the frontier.

As we, and now a number of others have shown, this expansion comes at a great cost to local livelihoods. In the particular context of the Scandinavian investment projects presented in this article, the companies and their supporters, seem to share a common line of ‘either/or’ argumentation in response to critique: Either you support large-scale land investments and contribute to development, or you ‘lock people in eternal poverty’ (Sveriges Radio 2009c) forcing them ‘to live in straw huts’ (Asprem 2014).

The question is, however, not about whether to invest in agricultural development or not. Instead, agricultural investments should be refocused to more directly benefit smallholders and enhance their control over agricultural production, rather than the opposite. This necessitates a shift in emphasis among national governments from creating good business climates, towards creating conducive environments for smallholders to thrive, and recognize them as the most important investors in global agriculture and food production (HLPE 2013; GRAIN 2014; Hazell 2011). Such shifts entail investing in and strengthening smallholders through increased autonomy, local institutions and secure control over land and resources (Havnevik 2011).

A converging global movement of smallholders demanding this shift - an alternative ‘green modernization’- exists in the food sovereignty movement. This alternative envisions a critical revaluation of the relationship between agriculture, land and the environment through land reform and agroecology (Wittman, Desmarais, and Wiebe 2010). While offering no panacea to the wide diversity of challenges faced by smallholder farmers in Tanzania and beyond (Agarwal 2014; Edelman et al. 2014), its overall message and the overall goals towards which it aspires contributes to alternative visions of ‘development’. In these alternatives, smallholders and their practices are not simply dismissed as inferior and backwards representing a time of the past, but are rather recognized as strengths on which to build sustainable agricultural progress.
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