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Giuliano Martiniello

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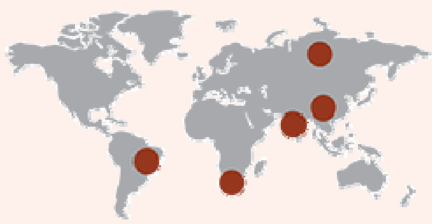

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Abstract

This paper explores the socio-ecological implications of large-scale agricultural investments through the case study of the 1998 acquisition by Illovo of the Kilombero Sugar Company Limited (KSCL) in the Morogoro region of Tanzania. This deal predates the current land grabs and literature rush; as such it represents a privileged entry point to analyse past and present, global and local, dynamics and trajectories of agrarian change. In the last few years, this case study has gained further significance, as the Kilombero Valley has been the centre of large-scale land acquisitions for conservation, tourism and agricultural purposes – recently being targeted for sugar expansion and other agricultural investments under the South Agricultural Growth Corridor of Tanzania initiative. This paper argues that the expansion of large-scale agricultural initiatives in sugarcane cultivation, and the ensuing forms of smallholders' integration into capitalist markets, stimulated the creation of a class of small-scale commercially-oriented smallholders, adversely incorporated within vertically-organized and corporate-driven value chains. Pro-inclusion narratives have increasingly focused on the positive impact of organizational, institutional and marketing innovations promoted through contract farming. However, this paper challenges these claims by moving beyond the narrow lenses through which contract farming is generally defined, conceiving it instead as the site of intense social, political and economic struggles, where different interests (landowners, large-scale capitalist farmers, smallholders, and millers) have historically been articulated. By disentangling the complex assemblage of different social components, capital and state interests, political and economic imperatives underpinning outgrowing operations, this paper argues that the proliferation of these schemes expanded and recreated uneven geographies of class relations, differentially impacting rural communities by transforming patterns of land use, intensifying food insecurity, promoting social polarization, and degrading the environmental landscape

Keywords: South Africa; Tanzania; Kilombero Valley; sugarcane expansion; smallholders

Introduction: Land Acquisitions, Agribusiness and Smallholders’ Integration

The recent wave of large-scale land acquisitions in Africa, which international development and financial institutions see as a “development opportunity” (WB, FMI, FAO, 2010) and critics as “land grabbing” (GRAIN, 2008; La Via Campesina, 2011), has given renewed vigour to debates over land, food and agricultural issues. The term “land grabbing” generally refers to large-scale, cross-border commercial land deals initiated by transnational corporations or food-insecure foreign governments (Zoomers, 2010: 429). This has consolidated an already existing trend in which questions of control, access, use and governance of land have returned to the core of development discourses (Amanor and Moyo, 2010). Yet large-scale land deals are not epiphenomenal from the perspective of countries in the Global South, taking into account historical continuities and discontinuities with colonial and post-colonial patterns of land acquisitions. The African continent seems to be at the epicentre of the new wave of land acquisitions – with the World Bank estimating that 45 million hectares of land were involved in commercial deals in Africa between 2008-9 and 2009-2010 (2010: vi). The re-emergence of large-scale land deals in the context of a triple financial, food and energy crisis, brings to the fore the question of renewed competition for natural resources, not simply within the traditional north/south dichotomy, but within a wider geographical spectrum that includes the BRICS (Brazil, Russia, India, China, South Africa). The involvement of both northern powers and the BRICS has led to charges of a “new scramble for Africa” (Moyo, Yeros, Jha, 2011).

South African corporate agribusiness and large-scale commercial farmers have been key players in the current acquisitions of large tracts of very fertile land in Africa (Martiniello, 2010; Hall, 2011). Agricultural deregulation and trade liberalization, which characterized the transition to democratic rule in post-apartheid South Africa, created the preconditions for the consolidation of land and agricultural resources among fewer large-scale producers – decreasing from 60,000 in 1996 to 30,000 in 2014 (Hall and Cousins, 2015). Large farms received 99.7% of all profits made from farming in the country (quoted in O’Laughlin et al., 2014: 9). Expanding concentration of ownership in food and agricultural sectors rapidly ensued after the removal of state support, price controls, grants and marketing boards, and the abolition of quota systems. The South African food retail sector has been characterized as an oligopoly where six retail chains – Shoprite-Checkers, Pick n Pay, Spar, Massmart and Metcash and Woolworths – control over 94% of grocery market (Greenberg 2010:6). Mergers and acquisitions began and increased the foreign control of SA agri-food companies. Associated British Foods, a giant multinational food processing and retailing company, purchased 51.4% of Illovo Sugar Ltd, the largest producer of sugar in the continent (Martin 2013). The Government of Singapore Investment Corporation purchased Spar shares, while 54% of Woolworths’ shares are already owned by foreign funds (Greenberg, 2013:9). In addition Standard Bank, now a major investor in food companies, is 20% owned by the Industrial and Commercial Bank of China (Hall 2012). Capital concentration also went along major value chains: input industries; processing, packaging & logistic industries; agricultural finance; commercial banks; investment funds; and food giants, such as Tiger Brands and supermarkets like Shoprite (Greenberg, 2015). These trends of “financialization” and “supermarketization” in the food sector underpin the expanding interpenetration of different segments and fractions of capital into complex assemblages of global interests, and underscore increased concentration and power within the changing international food regime (McMichael, 2009).

Increased concentration within the corporate food sector and the challenges of land reforms in South Africa, coupled with new opportunities created by waves of agricultural restructuring, land reforms and privatization in Southern African countries, pushed many important players to expand their acquisitions in the region. In this regard, Hall (2011) argues that the rush for bio-fuels, mining extraction, forestry, tourism and agricultural deals, which are major drivers of the current wave of acquisitions, are creating the conditions for the “South Africanization” of the region. In a similar vein, Richardson (2010) exposes the oligopolistic power of South African sugar giants and processing industries with their mixed construction, manufacturing and finance components in Southern Africa. South African agribusiness investments are shaping the contours of agrarian social formations in ways that are reminiscent of prior waves of dispossession experienced in the region's settler-colonial societies (Hall, 2012). The centralization of control over land and the concentration of other commodity-chains are increasingly pushing the agrarian structure of surrounding countries to follow the “dualistic” model that underpinned agrarian social change in South Africa. Indeed, South African companies were dynamic agents of socio-economic transformations and new regional contradictions in the late apartheid years (Chossudovsky, 1997) and during the first democratic decade (Miller, 2005). The rapid expansion of both large-scale commercial farmers and corporate players, and their subsequent move into the Southern African region, was labelled as the “Second Great Boer Trek” (Shivji 2005).

This brief historical context is relevant, as the current “literature rush” around “land grabbing” has often been grounded on unfounded assumptions and flawed methodologies (Oya, 2013; Edelman, 2013), based on data collected by agitprop organizations. This has often led to Manichean and dualistic constructions, which have ignored the social diversity of rural populations. Moreover, the overall research focus has been extremely epiphenomenal in character (Martiniello, 2015), and has mainly interpreted land acquisitions through the prism of global (foreign) capital. Though important, these analytical trajectories have paid scant attention to intermediate levels of analysis at the regional, national, regional and local levels, often neglecting the role of the state, and ignoring historical dynamics of social change.

This paper explores the socio-ecological implications of large-scale agricultural investments by a case study of the 1998 acquisition by Illovo of the Kilombero Sugar Company Limited (KSCL) in the Morogoro region of Tanzania. The deal predates the current land grabs and literature rush; therefore representing a privileged entry point to analyse past and present, global and local, dynamics and trajectories of agrarian change. The focus on a single investment needs however to be both historicized and situated in the larger global political and economic context of the accelerating industrialization of agriculture. In this way, the case-study methodology offers the possibility to move beyond the limited focus of the current land rush literature, and to understand the linkages between earlier and current trends and trajectories of agrarian change, throughout the history of structural adjustment policies and neoliberalism.

As an assemblage of a nucleus estate and outgrowers schemes, KSCL has been framed in policy-oriented literature and corporate discourses as an example of a collaborative and inclusive business model, characterized by the virtuous combination of business imperatives with human and social development (Thomilson, 2005; Sulle 2010). This paper aims to explore these claims, by trying to understand how agricultural investments differentially affected particular geographical areas and social groups or classes. It will do so by analysing the implications of agricultural commercialization on a group of outgrowers in the Msolwa-Rwembe area. This research trajectory acquires further relevance in the face of the current re-emergence of contract farming and outgrowers schemes among governments and development institutions’ interventions – often framed as an alternative to “land grabbing” (Cotula & Leonard 2010; Liversage 2010; Sulle and Nelson 2009). In this sense, it contributes to the already widespread literature and debate on agricultural modernization and smallholders’ integration within global commodity chains (Daviron and Gibbon, 2002; Gibbon and Ponte, 2005), de-agrarianization and diversification of livelihood strategies (Bryceson 1996, 1999), and class differentiation among petty-commodity producers (Oya, 2012; Bernstein, 2001), or commercially oriented smallholders (Cousins, 2014).

This case study gains further significance due to the Kilombero Valley being the centre of large-scale land acquisitions for conservation, tourism and agricultural purposes in the last few years (see Chacage, 2010) – recently being targeted for sugar expansion and other agricultural investments under the South Agricultural

Growth Corridor of Tanzania initiative (Sulle and Hall 2013). In the context of deregulation, liberalization and privatization of land and agricultural resources under Kilimo Kwanza (Agriculture First), and driven by the growing global demand for sugar, power, and ethanol, Tanzania has focused strongly on foreign investments into new sugar projects in order to boost sugar output, achieve self-sufficiency, and become a net sugar exporter. Allegedly with the aim of developing the agricultural sector and increasing food security for the majority of its population, Kilimo Kwanza is seen as Tanzania's Green Revolution to transform agriculture into a modernized commercial sector. In this policy discourse, agricultural production and exports are deemed necessary to curb poverty rates (Ngaiza, 2012) – however, whether this should be grown on small or large farms has been debated since Tanzania's independence in 1961 (Coulson, 2014).

The Political Economy of South African Sugar Expansion in the Region

The expansion of South African capital has been the subject of significant debates as the politico-economic relations of African countries and the BRICS countries has expanded. The debate, mostly grounded within international relations, and centred upon then role of the state, has been extensively dualistic in character. Critics have argued that South African investments in the region have increasingly assumed a sub-imperialist character, playing the role of a hub or bridge between international capital and the continent (Bond, 2013). To some observers of the South-South solidarity persuasion, economic and political exchanges between South Africa and the rest of the continent are mutually beneficial in helping to reclaim Africa from the fringes of the global economy, where it had been pushed by powerful forces of globalization (Tandon, 2014). South Africa is instead still playing its characteristic, yet contradictory, semi-periphery role in the world system – assuming a Janus-faced position that generates relations of subordination with northern countries, and unequal power relations with its southern partners (Martin, 2013: 180). From a legal perspective, Ferrando (2011) argues that there is a clear convergence between classical imperialist countries (Western) and emergent economies (BRICS) in the practices and terms of access to land in African countries – even as they compete for spheres of influence.

Within these debates, BRICS countries have been mainly interpreted as a power block focussing on how and if this is succeeding in shaping the contours of a new global order (see Wade 2013), or if this is instead amplifying some of the worst characteristics of capitalism (see Bond and Garcia 2015). The analytical focus on BRICS as a block of power tended to downplay significant differences existing in the internal social structures, development model, political histories and cultural backgrounds. It further silenced the various patterns of social inequalities within these countries and the current trends in addressing them (Vandermoortele et al. 2013)). Framing BRICS in general and South Africa in particular as relatively new centres of capital accumulation, and as new sites of expanded production, circulation and consumption of agricultural commodities, instead allows us to ask how changes in the dynamics of the agro-food system affect the regional agrarian structures (Hall and Cousins, 2015).

Though a convergence of practices and interests is probably in place among BRICS, substantiated by the establishment of the first BRICS Development Bank in 2014, there exist important elements of competition in accessing natural resources and international markets. For instance, the case of dumped Brazilian sugar and chicken imports in Southern Africa (Interview, Illovo communication manager, 4 November 2013), or the development of the 6 million ha ProCana mega-project by Brazil in Mozambique (Borras et al 2011). Other major differences can be seen with respect to agri-business models of production and the character of investments. Chinese investments, for example, are mostly state-led and target mineral-rich and fertile agricultural areas, such as in Tanzania, Ethiopia and Uganda. Indian investments are often based on private capital, and their significance in the region is the result of economic ties forged by Indian merchant capital during colonialism. The Brazilian model in sugar production, experimented in the Cerrado and currently exported to Mozambique, is characterized by large-scale mechanization projects, and increased reliance on migrant workers and chemical inputs (Sauer & Pietrafesa, 2012). Other investments in sugarcane cultivation, mainly driven by South African capital, opted for a business model based on the integration of large-scale nucleus estates with outgrowers or contract farming schemes (Smalley et al., 2014).

Since 1994, the dominant mode of capital-intensive agriculture that characterized the agri-food system in South Africa underwent major de-regulation, with a drastic reduction in subsidies and marketing boards. The process of agricultural restructuring had already started in the 1980s, though the roots can be traced to financial deregulation in the late 1970s (Bayley, 2000). Trade liberalization reforms, implemented at a rate faster than requested by IFIs themselves, were further reinforced by South Africa’s signing of the Uruguay Round of the General Agreement on Trade and Tariffs (GATT) in 1993. Pressure for agricultural and trade liberalization and restructuring, plus the challenges of land restitution, pushed Illovo (Africa’s leading and largest sugar producer) to start decentralizing its operations in Southern Africa and differentiate its investment portfolio. Indeed, thirty-eight per cent of the total area supplying cane to Illovo in South Africa was subjected to long-standing land claims in terms of the Restitution of Land Rights Act of 1994 (Illovo Sugar Ltd, 2013: 41). Overall, these processes constructed South Africa as a gateway to Africa, as it increasingly positioned itself as a route to investment in the continent. As a result, South Africa has become the key import partner, accounting in 2004 for 45% of Mozambique’s import, 44% for Zambia, 33% for Malawi, and 32% for Zimbabwe. By 2008, direct investments in Africa amounted to USD 100 billion, which represented 25% of total foreign direct investment in the continent (Martin, 2013: 176-177).

Starting in the transition period, Illovo expanded agricultural estates and built sixteen manufacturing sites across six Southern African countries. In 2013, Illovo Group’s ownership structure included: 100% of Illovo Sugar SA in South Africa; 76% of Illovo Sugar in Malawi; 90% of Maragra Acucar in Mozambique; 60% of Ubombo Sugar in Swaziland; 82% of Zambia Sugar; and 55% of Kilombero Sugar in Tanzania. In doing so, Illovo progressively acquired quasi-monopolistic control of significant shares of sugar industry production: 100% in Malawi; 93% in Zambia; 40% in Tanzania; 35% in Swaziland; 30% in South Africa; and 21% in Mozambique (Illovo Sugar Ltd, 2013: 6). Though the group still maintains many mills and factories in South Africa, the contribution to the Group operating profit – which amounted to R 1.9 billion (approximately USD 165 million) in 2013 – was distributed in this way: 47% from Malawi; 25% from Zambia; 8% from Swaziland; 6% from Mozambique; 5% from Tanzania; and only 9% from South Africa (Illovo Sugar Ltd, 2013: 12-13).

Changes in the pattern of commercialization and marketing also underpin the current expansion and location of agribusiness in the continent. Illovo's marketing strategy is in fact increasingly based on domestic sugar sales, which represent 63% of total sugar sales (Illovo Sugar Ltd, 2013: 46). Sugar surplus is sold on preferential markets in the EU under EBA (Everything But Arms) and the US, which represents twenty-four per cent of total sugar sold. The remaining is sold within regional markets (East African Union and SADCC) and only two per cent is dumped onto global markets. As GDP growth across Africa continues to increase at higher rates than developed economies, prospects for enhanced, though uneven, levels of consumption growth on the continent remain positive. Interestingly, the countries where Illovo is expanding its operations are also ranked as those with highest per capita consumption rates at a global level: South Africa (6th); Swaziland (10th); Malawi (11th); Tanzania (13th); Zambia (14th); and Mozambique (15th). Another driving factor may have been the growth of domestic retail sugar prices. In 2012-2013, the SADC domestic retail prices were among the highest when compared with global standards: Zambia (4th), Mozambique (7th), Tanzania (10th), Malawi (12th), Swaziland (14th), and South Africa (15th).

Though analysis of domestic prices and global levels of consumption, which have both grown consistently in the last decade, somewhat explain the boom of sugar in the region, growing ethanol markets, and the development of a biomass economy also represent important elements underpinning the boom of sugar in the region (Mckay et al 2015). In a context of growing socio-ecological concerns about climate change and the search for renewable sources of energy, 'multipleness' and 'flexibleness' of selected crops and commodity uses allow companies to diversify their products portfolio, reduce risks associated with price oscillations and volatility, and exploit market opportunities (Borras et al 2015:2). The multiple uses of crops are not a new phenomenon – sugar for example was used as a sweetener, spice, medicine, or preservative generating profound changes in the consumption systems of European society (Mintz 1986). Sugarcane molasses was used to produce rum, which was distilled and imported from Rhodes Island and Massachusetts since 1706 (Bailey 1992). However in a context of rapid agricultural restructuring and multiple and interconnected financial, food, energy and ecological crises, sustained technological innovation is making possible the creation of new agricultural products and uses out of sugarcane. The combined effect of improved production methods, the sustained application of science into technological innovations that suit agribusiness' exigencies in exploring potential new terrains of accumulation, as well as the changing commercial and marketing strategies, all significantly restructured the agricultural sector, while simultaneously expanding the fungibility of certain crops and widening the spectrum of opportunities that the agricultural sector presents in the region.

Powerful players are currently shaping new politics centred on flex-crops. Brazil in particular – whose share of the global sugar market in 2014-2015 is estimated at 47% and exports of ethanol grew from 5.4 bn litres in 2009 to 13.7 in 2019 (The Economist 2010: 4-5) – consolidated the utilization of 40% of sugarcane for refined sugar and 60% to produce ethanol (Mckay et al. 2015).

In Southern Africa the politics of flex crops appears to be much less developed than in Brazil, yet the dynamics of investment in the sugarcane bioeconomy are shaping the current possibilities for companies to combine the production of refined sugar with other non-food products. Illovo's total revenue in 2013-2014 was R 13.2 billion (USD 1.17 billion). Yet only 7 per cent came from downstream production and energy co-generation (Mckay et al. 2015:20). Nonetheless, as the Illovo's chairman Don MacLeod put it, the objective of the company is "to optimize return on every stick of cane" (Illovo 2013:27). By further investing in value addition to its core products of fibre, sugar and molasses, Illovo is simultaneously expanding sugar production and differentiating its downstream products – which now includes ethanol[1], flavouring products[2], syrups, furfural and furfural alcohol[3], agribusiness products[4], extra neutral alcohol[5], and power co-generation. The downstream operations are primarily located in South Africa – namely at the Sezela complex and the Merebank plant in Durban, and the Glendale Ethanol Distillery on the northern Kwa-Zulu Natal coast. However, new plants have also been developed in Malawi, where molasses is supplied for the production of fuel and potable alcohol (Illovo 2013:96), in Swaziland for electricity co-generation projects, in Zambia for ethanol production serving the domestic fuel market (Mckay et al. 2015: 21), and in Tanzania where a new ethanol distillery has been operating since October 2013 to produce extra neutral alcohol (interview, KSCL Corporate Manager, 5 June 2014).

Downstream operation again increased its combined revenues by 9.9% year-to-year, and the group produced a new ethanol production record (Illovo 2013:46). Yet, the fact that the majority of the company's

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[1] A very high quality potable alcohol used by liquor industries for the production of branded alcoholic drinks (canes, vodkas, rums, liqueurs and aperitifs).

[2] Used as ingredients in butter flavorings and as an intermediate in manufacturing pyridines.

[3] Furfural is an organic compound derived from a variety of agricultural byproducts. Used for the production of furfural alcohol and in lube oil refineries as an extractive solvent in the purification of base oils, and to a lesser extent as a flavouring ingredient. China is the biggest supplier of furfural and accounts for the greatest part of its global capacity.

[4] Phytofortifiers/soil improvers, fertilizers, fungicides, and agricultural nematicides.

[5] Used in the pharmaceutical industry to produce pharmaceutical intermediaries. Also used in surgical spirits, surgical disinfectants and cosmetics, hair care products, toiletries, fragrances and perfumes. Also used to produce flavours and spirit vinegar in the production of condiments (tomato sauce, chutney, mayonnaise and salad dressings).

revenues come from sugarcane sales and sugarcane production is both an indicator that important profit margins still exist within the sugar sector, and that the countries where its operations are based still offer optimal agro-ecological conditions. In Tanzania for example, sugarcane yields per hectare are among the highest in the world – with 120 tons per ha (Nkonia & Barrero-Hurle 2012).

Large Scale Plantations Origins and Peasant Commercialization in the Colonial Political Economy

Large-scale plantations based on slave labour were initially set up by wealthy landowners of Arab and Swahili origins along the East African coast and inland in the 16th century to supply the expanding markets of the city-states (Sheriff, 1987). The Omani rulers of the Zanzibar Empire organized an intricate state apparatus, which expanded the territory and supported the plantations in their need for slaves, land, market and credit. The German, and later British, colonial governments gave preferential treatment to large-scale European growers, those affluent private individuals engaged in mixed farming, large coffee estates and had huge corporations.

Simultaneously, spurred by the mercantilist influences of the world capitalist economy (1840-1890) and the coercive interventions of colonial rule (1890-1961), peasant commodity production was substantially intensified. Peasants were induced to participate in commodity production by means of state force and extra-economic coercion – such as taxes, penalties, imprisonments and labour conscriptions (Williams 110). State force was exerted directly through military repression, and indirectly by using the decentralized power of “traditional” authorities. The progressive integration of peasants into commodity production for export, and as migrant workers, was aimed to further monetize the natural economy and extract a surplus from the colony. In other words, peasants were compelled to produce more commodities and exchange values (cash crops) in order to maintain certain levels of consumption (Bryceson, 1980: 282). The intensification of cash crops in the Tanganyika economy by colonialism was part of larger processes aimed at integrating the colonial economy into the metropolitan capitalist structures of accumulation. Yet it would be erroneous to assume that only exogenous factors were shaping cash crop growing in colonial Tanganyika. In West Lake and Kilimanjaro regions, a powerful thrust of indigenous entrepreneurship emerged in competition with white settlers and European companies (Iliffe 1969: 290). By the time the system of slave labour gave way to other non-free forms of forced and waged labour in 1920s, white settlers had already established coffee and sisal plantations. Colonial authorities further supported large-scale plantations' “success” by assuring a regular flow of cheap labour power through the enforcement of sixty-day contracts for indigenous African workers under the Masters and Natives Servant Ordinance in 1922, which imposed legal sanctions for the breach of such contracts (Shivji, 1988).

The incorporation of Tanzanian peasants within the commercial circuits of the colonial economy was further enhanced in the 1950s when several large-scale settlement projects with African settler tenant farmers had been initiated by the Tanganyika Agricultural Corporation (Cliffe and Cunningham 1968). The general aim of the colonial state was to transform the traditional African cultivator into a modern smallholder by separating him from his traditional environment and integrating him into production systems “under close supervision” (Huizer, 1971:3). Grievances and protests emerged in response to enforced agricultural programs or institutions, and these resentments were eventually channelled into nationalist demands (Cliffe 1964).

Rural Transformation in the Kilombero Valley under Colonial Rule

The great agricultural potentialities of this lowland, enhanced by its fertile alluvial soils, attracted attention as long ago as 1909, when the Germans surveyed a possible railway route through the valley (Beck, 1964). Later on, a report by the East Africa Royal Commission portrayed the Kilombero Valley in south-central Tanganyika as an agricultural zone with high potential. The investigation maintained that sustained agricultural cultivation on a scale unprecedented in Tanganyika would have been technically possible and economically advantageous (East Africa Royal Commission 1955). A soil survey of the Rufiji basin (FAO 1961) showed that expansion of large-scale irrigated cultivation would have made it possible to grow a wide variety of crops. The fertile nature of soil and the hydro-geological conditions of the valley paved the way for other experiments with tea, rubber, cocoa and tobacco (Beck, 1964).

The first large-scale sugar commercial plantation was established in the 1930s by an Indian landowner who used to cultivate sugarcane, extract the juice, concentrate and process it into slices of coarse sugar, marketing it as “sukari-guru” (Sprenger, 1989: 11). Yet, sugarcane had been cultivated on a very small scale and generally processed into beer or chewed for the juice in the northern part of the Kilombero Valley before the colonial period, although it remained quite marginal among subsistence-oriented smallholder crops (Kopoka, 1989: 8). Millet, and as the century progressed, rice and maize became the main crops grown in the area on an individual basis through practices of shifting cultivation and by combining fallow with traditional irrigation (Baum 1968). Apart from two or three acres cultivated with sugar or cotton, peasants were self-sufficient in food crops like rice, groundnuts, maize and cassava (Beck, 1964). By the 1950s, the number of plants producing “sukari-guru” managed by Arabs and Asians had greatly expanded, thanks to privileged access to bank loans under colonial rule (Kopoka, 1989; Sprenger 1989).

In August 1960, under the spur of the erstwhile Dutch consul, the Kilombero Sugar Company Limited (KSCL) was officially formed under joint private ownership by the International Finance Corporation, the Commonwealth Development Corporation, the Standard Bank of East Africa, and the Netherlands Overseas Finance Company managed its operations (Kopoka, 1989: 18; Sprenger, 1989: 11). The sugar estate was located close to the Great Ruaha River, a tributary of the Kilombero. The total concession was 25,000 acres but only 2,200 hectares were initially planted with cane, providing jobs for 3,000 people (Sprenger 1989). Four other privately owned sugar estates, plus three government-sponsored land settlement schemes, were located in close proximity. The latter generated an inflow of settler farmers, men and women, which were assigned small parcels of land. The policy of KSCL was to encourage and assist outgrowing of cane by African smallholders providing them with inputs and services on credit. In 1962, the first milling season, sugarcane was provided by a few large Indian and European plantations, for a settlement scheme with 250 smallholders and a group of 14 African farmers (Baum 1968:23). The company operated under the pattern of nucleus estate plus outgrowers, with the former producing 70% of the cane and the latter 30% (Kopoka, 1989: 19).

Integrating smallholders within the circuits of production of the company, as an outgrowing operation, arguably among the first experiments in Sub-Saharan Africa (Smalley et al. 2014), had three aims: a) expand the production of sugarcane in the area both to maximize the processing capacities of the milling plant and as a shield against the risks of poor harvests; b) closely supervise particular settlements in order to isolate peasants from the larger politics of protest which had animated the country in the 1950s (see Cliffe and Cunningham 1968); c) support “progressive” farmers in order to generate an emulation effect of wider segments of the population once the superior results generated by the adoption of modern agricultural techniques became visible (Sundet 2004:12).

The Msolwa-Ruembe zone in the Kilombero Valley can be conceived, as a “frontier area” (Cliffe 1977), characterized by the penetration and settlements of European (and other foreign) farmers, increased capitalist production methods, the ensuing need for labour, and the integration of smallholders within the circuit of agribusiness. Capitalist penetration set into motion processes of social differentiation within the peasantry with its poor sections being subordinated to, and exploited by, both internal and external classes, as workers in the plantations, migrant labourers and petty-commodity producers (Shivji, 1975: 10).

The Arusha Declaration and the Nationalization Period

During the years of transition towards independence in 1961 and its immediate aftermath, Tanzanian agricultural policies followed two strategies: the “improvement approach”, based on small-scale agriculture” and cooperative marketing; and the “transformation approach”, based upon large-scale agriculture and expanded irrigation, and settlement schemes (Coulson 2014). In 1962, with the aim to abolish the colonial legacy of freehold tenure, land was nationalized and conceded by the state on leasehold for 99 years. The policy was not meant to expropriate the economically important settlers community, which occupied only a tiny fraction of land but accounted for 40 per cent of the value of Tanzanian export, instead it was meant to produce effects at a political and symbolic level by making all land property of the nation (Sundet 2004:16, 20).

The political scenario was radically altered by the adoption of the Arusha declaration in 1967. Articulated by Nyerere, Ujamaa was based upon two major pillars and articulated in two different moments: ‘villagization’ and collective farming. As Nyerere stated in his inauguration speech in December:

> [I]f we want to develop, we have no choice but to bring our way of living and our way of farming up to date. The hand-hoe will not bring us the things we need today…We have got to begin using the plough and the tractor instead. But our people do not have the money, and nor has the government, to provide each family with a tractor. So what we must do is to try and make it possible for groups of farmers to get together and share the cost and the use of a tractor between them. But we cannot even do this if our people are going to continue living scattered over a wide areas, far apart from each other…The first and absolutely essential thing to do, therefore if we want to begin using tractors for cultivation is to begin living in proper villages (1962:183-184).

As a consequence of the implementation of the socialist policy of the Arusha Declaration, all the shares of KSCL were sold to the government and entrusted to the Tanganyika Agricultural Corporation, a parastatal set up by government to manage the affairs of the rapidly expanding sugar industry (among other agricultural export crops). Yet the government did not possess the management skills needed, and so it left management to a Dutch firm, Handels Vereniging Amsterdam (HVA) (Sprenger, 1989: 11). In parallel, a strategy of settlement restructuring was implemented after 1969 and further tied to aims of rural and infrastructural development. The development of the area was further tied to the development of new TAZARA railway, which was designed to pass in close proximity to KSCL. This gave birth to the creation of new villages, with newly established village authorities.

Msolwa Ujamaa, as it names indicates, was one of these. Its establishment was the result of government efforts aimed at consolidating settlements and the opening up of the area for sugarcane production. Msolwa Ujamaa was born out of the restructuring of previously existing landholding arrangements, land governance and use. Land, previously owned by a TANU party official, whose father had bought it from German rubber planters, was given out in small parcels of two acres (0,8ha) for about sixty people to settle on (Smalley et al 2014:7). Later in 1974, a further 400 ha of his estate were nationalized, representing the totality of village land (ibid.). Land was allocated by the village authorities to private cultivators after a formal application. Slowly but steadily the village grew as a result of a constant inflow of settlers attracted by the potential economic opportunities and social infrastructure the area provided (Sprenger 1989).

The second step of Ujamaa involved collective farming in which residents were requested to farm communal land and share the proceeds according to labour involvement. In Msolwa Ujamaa collective farming began in 1969 and involved crops such as paddy, maize and sugarcane (Smalley et al.:7). In the 1970s, the Tanzanian government aimed to reach self-sufficiency in sugar production, and to expand its projects of rural industrialization. Therefore the sugar industry received substantial stimulus. In 1974, the building of a new plant, Kilombero II (Ruembe), just three kilometres away from Kilombero I (Msolwa), started with the support of the Dutch government (20%), the Danish government (31%), IDA/IBRD (32%) and the Tanzanian government (17%) (Kopoka, 1989: 20). They assumed that sugar production would rapidly increase with the injection of fresh capital investments for the purchase of technologically advanced machinery used for cane harvesting and transporting to the factories.

However, the 3,000 ha of land targeted for the new estate was entirely inhabited. The process of relocation of the local population (mainly composed of local inhabitants, workers of Kilombero I, and workers who settled in the area in the period of construction of the new railway), resulted in serious confrontations with the special armed police, known as the Field Force Unit (Sprenger 1989), which played a vigorous role in the massive displacement of millions of poor peasants and nomadic populations into "development" villages (Coulson 1977). Yet, the plantation sector encountered growing ambivalence in the 1970s, as the government channelled for the first time in its history substantial amounts of funds, credit, farm inputs and equipment to indigenous farmers, by developing crop schemes and rural development programs, including the areas of Mbeya and Iringa, which represented major labour sources for the sugar industry (Mbilinyi and Semakafu, 1995).

The government placed further emphasis on outgrowers with the aim of increasing the cash incomes of surrounding rural households, expanding its fiscal basis and control, enhancing the use of agricultural inputs, creating employment, and expanding sugar production. From 1973-1975, the Lomé Convention allocated sugar quotas at favourable prices to Tanzania as part of the agreement between ACP and EEC, allowing the country's sugar producers to reap benefits substantially higher than those guaranteed on the global market. In this way, a virtuous circle of expanded foreign exchange currencies for the state increased satisfaction from the donor community, enhanced availability of sugar in the European markets, and sustained sugar production.

In 1976, government intervention, coupled with a renewed campaign aimed to stimulate outgrowers' participation in sugarcane cultivation, increased sugar production from 43,800 tons to 66,000 tons in 1978 (Sprenger, 1989: 13). In the same year, the number of outgrowers reached 1,000 units, and accounted for 42% of the total cane delivered to KSCL (ibid). At that time, the work of planting, harvesting and loading of produce was done by hand, while the Tanganyika Agricultural Corporation arranged road transport. Money accruing from the sale of cash crops was returned to the grower through lower cost for seeds, transport and fertilizers. As a result, many crops grown by small-scale farmers reached their highest output in the 1970s, as compared with production in the colonial years and the 1960s (Mbiliny and Semakafu, 1995: 24).

In the Msolwa-Ruembe zone, outgrowers associations were established around 1969, in the aftermath of the Arusha Declaration. Associations were created as result of farmers' initiatives, while also being stimulated by KSCL and the government. These were maintained due to the growers' relationships with KSCL, which coordinated the use of machineries and transportation – helping to cut and transport the cane.

In 1976, the Tanzanian government banned the production of sukari-guru within a 50 km radius. Therefore, all the sugar producers were compelled to sell their sugar to KSCL. Allegedly to respond to a growing mismatch between domestic demand and supply, increased sugar production found its way onto international markets, particularly between 1975 and 1980 (Kopoka, 1989). By the end of the 1970s, the plantation/estate sector produced nearly 50% of total sugar export value and 25% of total domestic value (Tibaijuka and Msambichaka, 1984: 68).

The management, technical and consultant contract with HVA – which included agreements on licensing, patents, trademarks, managerial, technical and marketing knowhow, importation of machinery, equipment and blueprints, and the recruitment of foreign technicians, experts and consultants – placed all the responsibilities of technology transfer and development in the hands of foreign control (Kopoka, 1989: 13). Donors imposed contractors and providers of equipment and machinery, and the general pattern of production increasingly relied on sophisticated technologies and large-scale capital-intensive production techniques. The flow of hardware and technology was not matched by similar efforts in software development through local skill transfer and outgrowers' education and training. By the early 1980s, Kopoka estimated that the expenditure on milling expansion was about 30% of the total net industrial investments during the Third Five Year Plan, making sugar processing the most expensive single food industry investment. The result, however, was an excess capacity of about 57% in the country's sugar processing factories (1989: 17). The combined efforts of government, investments by private sector and the international donors had fuelled the expansion of milling plants much beyond its productive and organizational capacities. Moreover the emergence of a growing crisis in labour provision in the 1980s put the viability and profitability of the sugar industry in serious jeopardy (Mbylini and Semakafu 1995).

Social Differentiation among Outgrowers in the Era of Structural Adjustments

This apparently successful model, which had generated a certain convergence of interests between the Tanzanian state, foreign and national capital interests, soon exposed major fractures as the era of structural adjustment started (see Bernstein 1990). First of all, problems in the 'villagization' schemes started to unfold in the 1970s, as voluntary membership of the Ujamaa villages was replaced by compulsory measures (Williams 1982; Mbilinyi and Semakafu, 1995). In Msolwa Ujamaa, the decline of collective farming is mostly ascribed to government policies, which started to promote more individualized forms of farming (Smalley et al. 2014). In addition, communal work was not properly implemented and supported by adequate leadership and education, and gave way to more individualized forms of agricultural production or block farms, which mostly benefited the best positioned agricultural entrepreneurs, who retained that agricultural initiatives including packages of improved seeds and fertilizers which characterized the large agricultural World Bank projects of the 1970s, would be consistent with villagization since they implied intensive cultivation of small areas by large numbers of individual farmers (Coulson, 1982: 257).

The government became increasingly dependent on external funding for agriculture, largely from global financial institutions and from bilateral institutions like USAID and CIDA. By the end of 1975, the WB had invested millions of dollars in Tanzania, with 40% in agriculture, primarily geared towards the promotion of export crops (Dinham and Hines, 1983: 125). Rural credit once channelled through CBRD (Cooperative Bank of Rural Development) became mainly oriented to big growers – with loans to parastatals and private companies growing from 6.4% to 70.7%, while loans to individuals for food production dropped from 6.7% to 5.1% between 1972 and 1980 (Dinham and Hines, 1983: 120). Money formerly advanced to cooperatives – which received a substantial portion of credit and benefited kulaks and large producers, but provided marketing and other services to small producers as well – was shifted to the corporate sector (Mbilinyi 1986: 115).

Outgrowers experienced a serious decline in farm income, along with the non-availability of farm equipment, inputs and credit. In 1986, Sprenger (1989: 16) identified the crystallization of four social groups in the Msolwa-Rwembe area, each one with distinctive features with regard to land access, productivity and shares of cane delivered to KSCL: ten large-scale private estates harvesting a total of 83,340 ha, which represented 38.5% of cane delivered to the company with a productivity of 32.5 tons of cane per ha; eight

Ujamaa villages harvesting 24,318 ha 7.5% of total cane delivered by outgrowers to KSCL with a productivity of 21.3 tons per ha; thirteen associations of small-scale cane farmers, whose members amounted to five-hundred individuals with an average acreage of cultivated cane of 1.63 ha per farmer (representing 37.5% of total cane to KSCL); and thirty individual small-scale cane farmers, with a total area of harvested cane of 22,250 ha, representing 13.0% of cane to KSCL, and with the highest productivity per ha of 40.6 tons of cane.

Large-scale capitalist farmers maintained a certain degree of independence from the company, especially for labour supply. Large-scale capitalist growers simultaneously held other agricultural investments in order to differentiate their portfolios, and often re-invested profits into non-farming activities, mostly in trade, equipment and transport. Cane Growers Associations represented the main bulk among outgrowers. In 1980, it reached its production record of 60,577 tons, accounting for 37% of the total amount of outgrowers' cane (Sprenger 1989:22). This category of outgrowers did not use artificial fertilizer and herbicides (mostly because of high prices and lack of availability). Finally, Group Farms established between 1959 and 1973 were mainly an assemblage of medium-farmers who used to pool their land resources in order to access better services. Overall, outgrowers boosted in numbers and in terms of cane cultivation, reaching a peak in 1978-1980, and then declined as a result of a cost-price squeeze in the years of structural adjustment (Sprenger, 1989; Mbilinyi and Semakafu, 1995). Sprenger estimated that approximately one-fifth of the total value produced by outgrowers was returned to them (1989: 28). In 1986 as a result of the changing land use dynamics (from food crops to sugarcane), she estimates that 70% of total land was cultivated with cane and 30% with food crops (Sprenger, 1989: 25). The rush for sugarcane translated into raising settlers' inflow and ensuing pressures over land which expanded food insecurity in the area among one-third of small outgrowers (ibid.).

The Privatization Escalation: Expanding Outgrowers Incorporation

In the mid-1990s, Tanzania followed a path of liberalization and privatization. Illovo Sugar LTD (55%), and Ed&F MAN, a British commodity trader (20%), and the Tanzanian Government (25%)[6] took over the Kilombero Estates in 1998. According to mainstream business narratives, it aimed to redress the downturn in production by expanding capacity and developing bigger mills (interview, company official, 10 June 2014). However, mere economistic explanations of privatization silenced the many political imperatives that underpinned the entire process of deregulation and private re-organization of sugar industry in the years of disciplining neoliberalism.

The privatization era further accentuated existing instances exponentially projecting dynamics of class formation and agrarian change. For different reasons, both the new owners and the government again stimulated a larger involvement of outgrowers. Campaigns of sugarcane promotion were launched in the area and credits were allocated along with free seeds for the first year. Basically, no legal constraints or minimal acreage endowments existed to facilitate outgrowers’ schemes. Preparing the ground for privatization, the government supported these initiatives by providing residents in Msolwa Ujamaa with 2 acres of land between 1990 and 1995 (Smalley et al., 2014: 7). A general effort was deployed to reacquire trust among local farmers. Before Illovo’s acquisition there were no incentives and little motivation to grow sugar, as previous initiatives experienced major limitations in terms of access to inputs and transport services (Sprenger, 1989), and the skill and technology transmitted (Koopoka, 1989). Interviews with a group of outgrowers in Msolwa Ujamaa revealed that company officials started to actively campaign after privatization of KSCL, parading the virtues of sugarcane cultivation and promising the construction of new

[6] Though it lately sold government shares.

infrastructures and social services such as roads, schools, hospitals, and access to electricity.

As one outgrower put it: “they motivated the people to grow more cane inside and outside the plantations and factories, the more you produce, the more money you will get” (interview, Msolwa Ujamaa outgrower, 15 June 2014). In this way a new wave of farmers joined the ranks of outgrowers, which increased from 3,384 small, 8 medium and 3 large outgrowers in 2002, to 5,718 small, 56 medium and 11 large outgrowers in 2005/2006 – respectively accounting for 59, 17 and 24 per cent of total outgrower production. (Smalley et al., 2014: 12). If we compare these data with those provided by Sprenger from 1986, we notice that: a) that the numbers of outgrowers significantly increased; b) the share of cane provided to the company by large out-growers substantially increased, moving from 38.5% to 59%; c) in relative terms, the portion of sugarcane provided by smallholders drastically deteriorated. These are symptoms of an increase in smallholders’ commercialization, enhanced social polarization and concentration of sugarcane production in the hands of large and medium outgrowers, but it also highlights the rampant social differentiation and inequalities.

Overall, outgrowers’ production also rapidly increased from 100,000 tons of cane a year before privatization to 500,000 by 2004/2005 (interview, company official, 9 June 2014). The company succeeded in increasing sugar output from less from 29,000 tons in 1998, to 127,000 tons in 2002-2003 (Smalley et al., 2014: 12). It successively expanded its milling capacity to crush 250-70 tons of sugarcane every hour (interview, company official, 10 June 2014). This was considered to be the major achievement of KSCL restructuring, as it brought the rate of mill capacity utilization to 97%, the highest within the Illovo Group (Illovo Sugar Ltd, 2013).

The Cane Supply Agreement signed between the company and the Cane Growers Associations, which today includes approximately 8,000 members, establishes the distribution of cane quotas, with relative schedules for cane harvesting and factory-delivery, and the cane price per ton (at an average level of sucrose content), among associations and groups of farmers. Spurred by increasing global prices in the early years of privatization, KSCL used to buy all the cane produced by outgrowers and demanded further expansion of land areas. The stimulus to expand sugarcane cultivation also came from outgrowers associations themselves, as privatization had basically transformed them into services providers and contract managers. The most influential social groups, therefore, drew plenty of opportunities for capital accumulation by the uncontrolled expansion of sugarcane production. The result was a further rush for sugarcane cultivation (and its related set of capital-intensive activities), an inflow of settlers in the area, the development of rental land markets, and generalized cane over-cultivation.

One small-scale outgrower described the set of operations undertaken to cultivate sugarcane on his three-acre farm (1.2 ha) in Msolwa Ujamaa:

> First you need to prepare land by removing grass. Then you hire a tractor, generally from private local people, to dig (60,000 TSh per acre), spin and soften the soil (40,000 TSh per acre). You then need to hire another machine to make the lines for cane planting (40,000 TSh per acre). Then you buy seeds from other large cane growers at 200,000 TSh per acre, as buying it from the factory is too expensive. So you need to pay between 40,000 and 80,000 TSh for transport according to distance. I do planting by myself and weeding by my wife and children. Cover up everything with soil and in one month it will start growing. After three months you start applying fertilizer (called urea): 60,000 TSh per acre. Correspondingly, you start weeding mostly by hiring (casual) workers in the community at 50,000 TSh per acre because at that time children are in school. Then you apply fertilizers again. Nine months from planting, you have to put fire on the farm so that only the cane remains, as leaves can get

> wounded, and to chase away the animals and insects. Then you cut it by hiring migrant labour at 6,500 TSh per ton, as locals find the work too hard. Then you need a loader to put the cane on the truck (3,000 TSh per ton) and transport itself to the factory at a cost of 6,000 TSh per ton.

Revenues to the outgrowers are calculated after sugarcane is weighed, the sucrose content measured, and the sugar is processed and sold through the system of returns. The company establishes an average theoretical level of sucrose at 10 per cent, against which it calculates the price per ton. Ten per cent of an outgrower's payment is retained until the end of the season when variations of the actual market price are factored in. It generally takes 45 days to receive payment, but there have been several cases in the community where it has taken up to two months.

Yet, after the initial boom of sugar prices, increased international competition, and cheap importation from Brazil and Indonesia have resulted in reduced tariffs, lowering the price on the domestic market. The company argues that this is the reason why it has been unable to collect substantial portions of sugarcane previously commissioned to outgrowers for a number of years (Illovo 2013; Sulle et al 2014). In 2012/2013, the company estimated that 65,000 tons of outgrowers' cane could not be harvested (interview, company official, 10 June). The Msolwa Ujamaa Cane Growers Association (MUCGA) in fact harvested a total of 29,000 tons of sugarcane in 2009-2010, although the target was 45,000, leaving 16,000 tons of sugarcane in the field. Conditions for outgrowers have since deteriorated as a result of simultaneously increasing prices for inputs and energy, below average sucrose content, and decreasing sugarcane price per ton paid by the company – which decreased from 68,000 TSh in 2011, to 65,000 TSh in 2012, and 58,750 TSh in 2013 (MUCGA, 2013).

The case of Msolwa Ujamaa Cane Growers Association, formed on 1st December 2008, reveals that in the face of decreasing revenues from cane, the number of hectares of land under cane increased from 3,190 acres in 2010/2011 to 5,416 in 2012/2013 (MUCGA, 2013). Association members increased from 410 (97 women and 308 men) to 1,152 (215 women and 931 men). Notwithstanding, the enduring decrease of sugarcane revenues, the harvested tons of sugarcane went from 29,000 in 2009 to 50,850 in 2013. In the same year, the company reached its record estate cultivation of 726,000 tons (Illovo Sugar Ltd, 2013: 43).

How do we explain the company's apparent paradox of simultaneously refusing to accept some portions of outgrowers' sugarcane maintaining that low prices prevent it in doing so, while simultaneously maximising sugarcane cultivation on its estates? How do we further understand why a reduction of revenues from sugarcane has been matched by an increase of cultivated acreage?

The first question clearly represents a key contradiction for the company. As its production in absolute terms increases, it will unavoidably need less of the outgrowers' sugarcane if the mills' processing capacities are left unaltered. This is revealing of the position of subordination of outgrowers *vis-à-vis* the productive choices of the company, as they represent the weak ring of the vertically structured value chain. They are the most exposed to the risks and oscillations of global market prices and low harvests. Within this group however, the quotas system allows the burden of the crisis to be externalized to small outgrowers who gained much less bargaining power in the negotiation of cane quotas.

I suggest that these dynamics can be best interpreted as coterminous manifestations of adverse incorporation of smallholders within agribusiness-led value chains (Hickey and Du Toit, 2007), and differential impact of large-scale initiatives of agricultural industrialization (see Borras and Franco 2013) on various social groups of outgrowers in a context of systemic overproduction. According to Sprenger (1989), outgrowers have been integrated into the production process to carry out extra-production as a guarantee against low harvests and poor deliveries. In this sense, outgrowers have been used as an instrument to optimize the capacity utilization of mills, and as a buffer against risks of underproduction. Monson (2009) sees the promotion of outgrowers' schemes by KSCL as linked to the reduction of labour costs per unit. Mbiliny and Semakafu (1995) refer to them as proletarian labourers working for the company. Smalley et al. (2014) highlight the emergence of small-scale capitalist entrepreneurs. To Bernstein, they are petty commodity producers, a contradictory combination of capital and labour, which paved the way for social differentiation and the commoditization of subsistence production (2010). The last definition is particularly useful as it captures the tension of commercially oriented smallholders' agriculture: partly entrepreneurs and partly labourers. Yet, in the case of cane cultivation, capital-intensive activities greatly outpace the working activities performed by family members. Outgrowers, therefore, are left with minor chances to internalize the costs involved in cane cultivation through extra labour efforts. The outcome is an amplification of the overall exposure to, and dependence on, market forces and imperatives.

In the period between 2010-2013, the combination of rising costs for inputs and loans, poor harvests and low sucrose content dramatically affected the social reproduction strategies of small-scale commercially oriented smallholders. In 2011, of a total of 6,292 outgrowers, approximately 501 members were considered “inactive” (MUCGA, 2013). Furthermore, debt spread in the area, pushing some outgrowers to leave the sugar business. In some cases, small outgrowers lost access to land, as it was used as collateral to guarantee credit from local banks (Women Outgrowers Focus Group, 17 June 2014). In these cases, growers' associations themselves act as solicitors for the payment. In this way, land currently lost by smallholders is re-purchased by larger growers, further stimulating dynamics of social differentiation and polarization. Large and medium outgrowers expand their landholdings and differentiate between sugar and other crops, such as maize and rice elsewhere in the valley, and/or re-invest part of their profits into lucrative initiatives (interview, Msolwa Ujamaa Chairman, 13 June 2015). In this way, a crisis for the majority is simultaneously translated into opportunities of expansion for a select few.

As a result of the unrestrained expansion of sugar cultivation, further fragmentation of landholdings ensued. In Msolwa Ujamaa, we found many outgrowers with very limited access to land starting from 0.1 ha. Interviews with small outgrowers revealed that rural households suffer periodically from food insecurity, as sugarcane almost entirely extinguished land availability for food crops in the area. Consequently, poor outgrowers heavily depend on local markets to access food, which is simultaneously becoming more expensive. Today only very limited food production is found in the area, as evidenced by the growth of house gardens. The spread of thievery and lack of supervision made food cultivation increasingly problematic, engendering further shifts in land use from food crops for local consumption to cash crops (sugarcane) for national consumption and export to regional and global markets.

Small outgrowers seem to be caught in a contradictory condition, as in the face of decreasing revenues from sugarcane, they have no option but to remain in the business because of the absence of alternatives. Consequently, small-scale outgrowers find it very difficult to move away from sugarcane, as crop diversification has become basically impossible, because access to credit, inputs, and social services (including school access for the children) can only be obtained through Association membership, and also because escalating pressures over land have reduced the options for crop diversification (interview, Msolwa Ujamaa Outgrowers Association, 16 June 2014).

Conclusion

The paper has argued that the expansion of large-scale agricultural initiatives in sugarcane cultivation, and the ensuing forms of smallholders’ integration into capitalist markets, stimulated the creation of a class of small-scale commercially-oriented smallholders adversely incorporated within vertically-organized and corporate-driven value chains. These forms of vertical coordination (buyer-driven) explicitly enhance the vulnerability of the weak segments of the productive chain to the risks and price oscillations of the market, while still taking the largest share of the profits by controlling key knots in the commodity chain such as processing, packing, trading, branding and distributing. Yet these schemes do not signal a declining interest of agribusiness in direct production, since “the only way to be in the market 52 weeks a year is to control your production” (Dinham and Hines 1984:27, quoted in Oya 2012 18). Though the KSCL model promoted the extension of social infrastructures in the area – such as roads, schools and clinics, and the extensions of rural credit and services, the benefits have been unevenly distributed. Pro-inclusion narratives have increasingly focused on the positive impact of organizational, institutional and marketing innovations promoted through contract farming (World Bank 2007). This paper has attempted to move away from the narrow lenses through which contract farming is defined, conceiving it as the site of intense social, political and economic struggles, where different interests of landowners, large-scale capitalist farmers, smallholders, and millers have historically been articulated. By disentangling the complex assemblage of different social components, capital and state interests, political and economic imperatives underpinning outgrowing operations, this paper has argued that the proliferation of these schemes expanded and re-created uneven geographies of class relations and differentially impacted rural communities, by transforming patterns of land use, intensifying food insecurity, promoting social polarization, and negatively impacting the environmental landscape. Findings presented in this work have highlighted some of the potential implications for bringing agriculture to the market in the Kilombero Valley.

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