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Kjell Havnevik, Nordic Africa Institute, Uppsala

SEKAB's Biofuel project in Bagamoyo, Tanzania – can Environmental and Social Impact Assessments ensure win-win situations?¹

Introduction

The process of transfer of control (access, ownership and use) of African land from smallholders and nation states has accelerated over recent years. The objective is production of food and biofuel and biodiesel (based on such as sugar cane, jatropha and other feed stocks) for export to enhance food and energy security and profits in the investing countries and companies. The major actors are external investors, private and state companies and interests, including sovereign wealth funds. The foreign actors may align with domestic capital, state agencies or interests or with their own satellite companies, set up to circumvent laws and regulations for conducting trade and foreign investments in African land.

Many have argued that this process represent a win-win situation for investors, host countries and rural smallholders through increased and more effective land use, rural employment, higher corporate profits, modernisation of agriculture and increased government incomes from taxation and exports. But does the process represent a win-win situation for African rural smallholders? This article will address this issue by focussing on a test case where conditions for win-win outcomes for rural smallholders and concern for the environment are seen to be most favourable. The case focuses on the Swedish municipally owned company SEKAB's plans for biofuel production in Bagamoyo district in Tanzania. The study will put particular emphasis on investigating the process related to the Environmental and Social Impact Study, ESIA, of the Bagamoyo project. The ESIA process is guided by laws and regulations with particular concern for protecting the social and land rights of smallholder and environmental concerns.

Background and driving forces for the growing interest in African farmland

Various driving forces play out in the growing interest in investing in African farmland. One is the rising food prices and growing global concern for food security. Food prices increased rapidly worldwide during 2007 and 2008. Global maize and wheat prices doubled between

¹ This research is part of a larger project funded by the Nordic Africa Institute, Uppsala and the Center for Development Studies, the University of Agder Norway. The project was led by Kjell Havnevik, the Nordic Africa Institute and the field work specifically focusing on the ESIA process for SEKAB's Bagamoyo project in Tanzania was conducted by Hanne Haaland, the University of Agder and Jumanne Abdallah, Sokoine University of Agriculture, Morogoro, Tanzania, during October 2009. Additional interviews in Tanzania and Sweden and the analysis were conducted by the author.

2003 and 2008.² It is estimated that the increased demand for biofuels from 2000 to 2007 contributed 30 per cent to the weighted average increase in cereal prices.³ In 2007, 18 million tons of grain was used for industrial purposes compared with 100 million tons for biofuels and other industrial purposes in 2008.⁴ A relevant factor for longer term food demand is changing food consumption patterns in emerging economies, in particular in direction of meat. Currently more than 40 per cent of world grain is being fed to livestock, rather than feeding people directly.⁵ Although food prices have dropped since mid-2008, they are still 30-50% higher than the average a decade ago.

Concern about food security in food import dependent countries and those with limited or declining natural conditions to produce their own food, such as many of the Arab states, also constitutes an important driving force for the acquisitions and leases of African land. This fear is also connected with deteriorating global conditions for agriculture and food production due to soil erosion and soil mining, depletion of water sources etc.

Another important driving force for the growing interest in African farmland is the peak oil scenario which has led to an increasing interest in switching to non-fossil fuels such as ethanol (from sugar cane and other feed stocks) and bio-diesel (from jatropha). Government consumption targets of non-fossil fuels linked with increasing oil prices and the oil peak scenario have led to rapidly growing interest in biofuels. However, uncertainties linger as to the role of agriculturally based biofuels (based on sugar cane, jatropha etc) when new and second generation biofuel technologies become commercially viable. At that point in the future, many African countries will have converted considerable areas of their land to large-scale monocropping of feed-stocks with consequences for water use, ground water tables, biodiversity etc. Such processes are almost impossible to reverse towards sustainable agricultural food production.

Moreover, the global community is facing a dilemma in reducing greenhouse gas (GHG) emissions at the same time as global demand for energy is increasing. This global dilemma coupled with national and regional political priorities about national energy security, has led to a shift in interest towards alternative energy sources, including biofuel. The EU has already committed itself to reduce greenhouse gas emissions by 20 per cent, compared to 1990 levels, by 2020. This process is establishing firm global markets that are driving the growth of the alternative energy sector, including large-scale biofuel developments in Africa.

African governments see an increasing potential for rural development and agriculture from biofuel production due to higher land and commodity prices and also major export potentials where land endowments are substantial. During recent years renewed interest in agriculture has also been translated into increases in donor commitments to the sector. The allocation of African government budgets to agriculture has also increased over the last years, although many countries have yet to reach the target set by the Comprehensive African Agricultural Development Programme (CAADEP) launched in July 2003, under the auspices of the African Union (AU) and New Economic Partnership for African Development (NEPAD), of allocating 10 per cent of government budgets to agriculture.

² von Braun, J., 2008, "Food and Financial Crises: Implications for Agricultures and the Poor," Washington DC, IFPRI, Food Policy Report No. 20, 2008.

³ Ibid.

⁴ Chakrabortty, A. 2008, "Fields of gold," <u>The Guardian</u> (London) 16. April, p. 4

⁵ W. Aal, L. Jarosz and C. Thompson, 2009, Response to P. Collier, "Politics of Hunger", in Foreign Affairs November/December 2008.

Rising land values and prices of agriculture based commodities (food and biofuels) are also key drivers for the engagement of the private sector in the African agriculture. Due to low land prices, there are high expectations among many companies, both domestically and externally based, of competitive returns from investment in agriculture and land. This process is compounded as well by the increasing tendency of large scale international food and supermarket chains to vertically extend their processing and sales activities to the production sphere itself. Leading agribusiness companies see such vertical integration into agricultural production as a way to reduce risks, e.g. Lonrho's recent land acquisitions in Angola, Mali and Malawi.⁶ Such processes and strategies complement, or are at times are integrated with, government-backed objectives and initiatives related to food and energy security.

This process of increasing interest in African farm land is emerging after more than three decades of deterioration of the production conditions of African smallholder agriculture due to exploitation by African governments and neglect by international financial institutions and donors. It was not until 2008 that the World Bank's 'World Development Report' (WDR, 2008), used by the Bank to frame urgent development issues and sector approaches in its own perspective, featured agriculture, twenty six years after previously having done so (WDR, 1982).

Growing concern about the impact of large scale land acquisitions and leases

The above outlines the context for the new global interest in African agriculture and farmland. The international media and NGO reports have pointed to a picture of ongoing and massive land transactions and leases of African land. The emergent research has pointed in the same direction and a growing concern emerged regarding the impacts on African smallholders, their livelihoods and food security and the environment. This triggered responses from local and international levels, including research institutions and specialised UN agencies such as FAO (Food and Agricultural Organisation), IFAD (the International Fund for Agricultural Development), the Special Rapporteur on the right to food (UN/SRRF) and the World Bank.⁷

The process of land transactions and leases is, however, not only an African phenomenon, but connected to global change and reconfiguration processes where new alliances, networks, chains and assemblages are created and re-created between international and domestic capital, nation states, NGOs, local populations, research institutions and technology providers.⁸ The speed of change is high and major actors and interests are trying to frame the land transaction and leases in their own way.

The advocacy, concerned research and human rights related initiatives and activities have attempted to get a better understanding of the background, driving forces and outcomes of this process by conducting field work, and systematic analysis of available data. This led at an

⁶ Cotula, L., S. Vermeulen, R. Leonard and J. Keeley, 2009, "Land grab or development opportunity? Agricultural investment and international land deals in Africa". IIED, FAO and IFAD. p. 57 referring to statement by Lonrho plc.

⁷ Special Rapporteur on the right to food (UN/SRRF, Mr. Olivier De Schutter), 2009, "Large-scale land acquisitions and leases: A set of core principles and measures to address the human rights challenges". 11 June 2009. The World Bank, "Rising Global Interest in Farmland. Can It Yield Sustainable and Equitable Benefits?" Washington D.C.

⁸ Borras, S. M., Jr, P. McMichael and I. Scoones, 2010, "The politics of biofuels, land and agrarian change: editors' introductoin". Journal of Peasant Studies, 37:4, 575 – 592.

early stage to a growing concern for the negative implications of the process. This resulted in the formulation, however not coordinated, of a number of proposals, recommendations and principles of voluntary character that should guide land acquisitions and leases. The overriding objective of the guidelines was to safeguard the interests and rights of rural people and communities and environmental sustainability aspects. Research institutes such as the International Food Policy Research Institute, IFPRI,⁹ and the International Institute for Environmental Development, IIED, in cooperation with FAO and IFAD¹⁰ (Cotula et al. 2009) and the UN Special Rapporteur on the right to food (UN/SRRF, 2009) had all proposed recommendations by mid-2009 to guide the land acquisition and land lease processes. Although the recommendations varied in character and numbers they showed, according to our analysis, consensus regarding the following aspects of the land acquisition and lease processes:

- (i) that there shall be transparency in the negotiations,
- (ii) that the rights of local communities, including customary land rights, should be protected,
- (iii) that there shall be a sharing of benefits between local communities and investors
- (iv) that environmental sustainability shall be ensured and
- (v) that food security in the African countries and communities shall not be compromised.

The 'consensus' recommendations thus reflect a perspective that local land rights and livelihoods, food security and environmental concerns are at stake. The phrase 'land grabbing' took hold, among advocacy groups, research institutions and UN agencies to reflect these negative aspects of the process and the need for measures to safeguard the interest of rural populations and the environment.

The publication of the long awaited World Bank report from September 2010, "Rising Global Interest in Farmland. Can It Yield Sustainable and Equitable Benefits?", however, shifted the focus of concern, as the title of the report indicates, to opportunities and win-win situations rather than the negative aspects of the process. The focus was put on 'how to do it right' and the title of the last chapter of the report (pp. 93-103) confidently asserts, "Moving from challenges to opportunities."¹¹

Guidelines for land transactions should hence, in the World Bank perspective, emphasise what is needed to be done to do it right – to make everyone involved become winners. Hence the terminology for land acquisitions and leases shifted to 'code of conduct for land grabbing' and 'principles for responsible land grabbing' which posits land grabbing, not as reflecting a relationship of asymmetrical power relations with winners and losers, but as a context for 'win-win' opportunities.¹² This perspective has been echoed by an interesting alliance of actors, including the business world, lobby groups that see biofuels as a clean energy to

⁹ IFPRI, 2009 (Joachim von Braun and Ruth Meinzen-Dick), "'Land Grabbing' by Foreign Investors in Development Countries: Risks and Opportunities". IPFRI Policy Brief, 13 April, 2009. A comprehensive listing of overseas land investments is available on IFPRI's webside at www.ifpri.org/pubs/bp/bp013.asp. ¹⁰ Cotula et al., op. Cit.

¹¹ Kjell Havnevik, "Biofuels/landgrabbing – legitimizing new forms of colonialism: Plans for biofuel expansion in Tanzania – the case of the Swedish Municipal company SEKAB". Note for African Study Association United Kingdom, ASAUK, conference panel, Oxford, September 18 2010

¹² See analysis by Borras, S. M. Jr and J. Franco, "Regulating land grabbing?" Pambazuka News, Issues 510, December 12 2010.

address climate change, and international financial institutions and donors that during several decades had overlooked the role of African smallholders and their relationship land and nature as foundational for African rural societies and livelihoods.

The analysis of SEKAB's Bagamoyo project will probe deeper into whether land transactions and leases connected with biofuel investments reflect asymmetrical power relationships with potential negative outcomes for smallholders and the environment or whether they represent opportunities for win-win situation. This will be done by analysing a key mechanism, the Environmental and Social Impact Assessment, ESIA, that specifically targets the protection of the interests of smallholders, i.e. their land and social rights, and environmental concerns.

One reason for choosing this case study is that SEKAB is a municipal owned company and hence directly accountable to Swedish tax payers (three municipalities in northern Sweden own 70% of the company while 30% is privately owned by EcoDevelopment in Europe). SEKAB can thus be seen to stand somewhat apart from the excessive profitability demands on international capital by its owners. The company also has a long experience and a high international reputation. SEKAB is strongly involved in the promotion of certification processes for biofuels globally and in developing second generation technologies for bioenergy production.¹³ Considering its organisation, accountability context, history and visions, SEKAB should be expected to stand out as a 'good case' in addressing the interests of smallholders and environmental concerns related to biofuel production. As well the company should have a good position to honour its claim to adhere to the sustainability aspects of the codes for Corporate Social Responsibility (CSR). SEKAB initiated two biofuel projects in Tanzania in 2005, in Bagamoyo and Rufiji districts. The Bagamoyo project (planned for 22 000 ha) was seen as pilot for the larger scale Rufiji project (originally planned for 3-400 000 ha).

Fieldwork for the research upon which this article is based, was carried out intermittently from 2008 to 2010 and includes document analysis and qualitative interviews with various stakeholders involved in the environmental and social impact analyses (ESIA) process or with knowledge of it in Tanzania and Sweden.¹⁴

Availability of land – a key assumption

A key assumption to the rising interest and investments in acquisition and leasing of African land is that large reservoirs exist of unused or underutilised land. The Global Agro-ecological Assessment¹⁵ provides the most comprehensive survey of global and African agricultural potential. It is suggested that 80 per cent of the global reserve of agricultural land exists in Africa and South-America. Satellite imagery from the mid-1990s indicates a total cultivable

¹³ According to a SEKAB press release on March 18, 2009, titled "Sustainability Award for SEKAB", SEKAB was awarded a "Sustainability Bioethanol Award". This prize was given to SEKAB for its contribution to "develop verifiable sustainable ethanol and second generation ethanol based on cellulose". SEKAB is hence seen to be in the forefront in these areas and considered an attractive partner for countries and businesses aiming at developing clean and alternative vehicle fuels.

¹⁴ Fieldwork specifically to investigate the ESIA process around SEKAB's Bagamoyo project in Tanzania was conducted by Hanne Haaland, University of Agder, Norway, and Jumanne Abdallah, Sokoine University of Agriculture, Morogoro, Tanzania, in October 2008.

¹⁵ Fischer, G., van Velthuizen, H. and Nachtergaele, F., 2002, *Global Agro-Ecological Assessment for Agriculture in the 21st Century*. Rome, FAO and Luxemburg, International Institute for Applied Systems Analysis (IIASA).

land area in Africa of about 800 million ha of which 25 per cent are under cultivation. The study itself indicates that the underreporting on use ranges from 10-20 per cent. According to Cotula et al. (2009, p. 60) it is not "clear how land under shifting cultivation and fallow systems is included" in the Agro-ecological Assessment. In order to make the assessment more realistic for African conditions, Cotula et. al. assume that agricultural systems on average have five plots under fallow for every plot in use (ibid). Putting this as an upper level for total land of African farming systems give a range of total lands of farming systems from 230 to 1200 million ha, giving an upper level way above estimated potential African cultivable land area of 800 million ha. Due to various pressures on smallholder land, our assessment is that it is highly unlikely that the ratio of cultivated to fallow land in African farming systems currently is 1:5 as indicated by Cotula et al (2009).

Since the mid-1990s, there has been a rapid expansion of land cultivation both by smallholders and investments in large scale food and biofuel production. The former is partly due to the average rise in the annual population of Africa of about 2.5 per cent between 2000 -2005 (United Nations 2008). Other factors are also of relevance when declaring land as available, idle, not in use etc. Pastoral systems rely on large areas of land for grazing, villagers make use of land for collection of fire wood and medicines. Although some fallow land exists in particular in low intensive agricultural systems, the increased pressure on land since the mid-1990s is likely to have reduced both fallow and grazing areas considerably since then. Unused land belonging to clans, communities or villages, is often looked upon as land to be provided to future generations.

The recent World Bank report (September 2010, referring to Fischer and Shah 2010¹⁶) provides new and lower figures for the potential uncultivated land in Sub-Saharan Africa. The new figure is 202 million ha, of which 47% has a travel time to market of less than 6 hours and 53% more than 6 hours.¹⁷ Further refinement of the analysis looks at yield gaps, availability of uncultivated land, and area cultivated per rural inhabitant for selected countries.

For the above reasons there is a need for governments to be cautious about providing land for large scale investments, given the complexity and multiplicity of claims on rural land. Most likely there exists some amount of unused and unoccupied African land which can be taken in use for large scale land investments. However, to avoid conflict and the alienation of smallholder farmers, the identification of land for large scale investors has to take account of the factors mentioned above. For some, including governments, investors and some academics, alienation of smallholder land is defended by pointing to the inefficiency of smallholder farming systems and that large scale farms will provide better utilisation and higher productivity of the land.¹⁸ Numerous studies, however, have found that smallholder farming systems in themselves are efficient or can enhance their productivity considerably through various types of support for improving production conditions and market access.¹⁹

¹⁶ G. Fischer and M. Shah, 2010, "Farmland Investments and Food Security, Statistical Annex", Laxenburg, Austria, Report prepared under World Bank IIASA contract - Lessons for the large-scale acquisitions of land from a global analysis of agricultural land use.

 ¹⁷ World Bank, 2010, op. cit, table 2, p. xvi.
¹⁸ See P. Collier 2008, "The Politics of Hunger". In *Foreign Affairs*, November/December 2008.

¹⁹ D. Byerlee and A. de Janvry, 2009, "Smallholders Unite". *Foreign Affairs*, March/April 2009 and G. Djurfeldt, H. Holmén, M. Jirström and R. Larsson, 2005, The African Food Crisis: Lessons from the Asian Green Revolution. CABI Publishing, UK.

Others have reported about the budding of a potential smallholder green revolution fostered by policies of several African states during the 1970s that was nipped in the bud.²⁰

The Environmental and Social Impact Assessment, ESIA - background, features and objectives

The Environmental and Social Impact Assessment, ESIA, can be defined as a systematic process that examines the social and environmental consequences of development action, in advance. The use of ESIAs to predict the environmental and social impacts of investments and as an essential tool in the permit-issueing process for new investments is now a basic requirement for all new large scale investment projects with a potential for environmental and social impacts in most countries.²¹ Impact assessments can be a policy instrument, a tool for planning or a way to ensure public involvements and can treat environmental aspects and social aspects as distinct units. Hence, the ESIA, can be seen as a mechanism to protect the interests of rural smallholders and environmental issues.

Environmental Impact Assessments (EIAs) in some form have existed since the 1960's when the US Environmental Protection Agency developed EIAs for investment projects in the US. The use of EIAs to predict the environmental impacts of investments and as an essential tool in the permit-issuing process for new investments has since spread. It is now a basic requirement for all new large-scale investment projects with a potential for environmental and social impacts in most countries. However, according to Graham Smith (1993),²² the social, economic, physical and biological aspects of the environment are so integrated that impact assessments should not treat them as separate units, but rather integrate them.

In the late 1980's, the EIA requirement for new investments was adopted by many multilateral development agencies, such the the United Nations Environmental Programme, UNEP, in 1988 and the World Bank in the following year that took on a role of guidance and supervision, while the actual EIA was to be carried out in the country concerned.²³ In 1991, the OECD recommended that member governments adopt EIA procedures and methods in the process of granting aid to developing countries. The 1992 Earth Summit provided additional momentum through Principle 17 of the Rio Declaration, which stated that:

Environmental Impact Assessment, as a national instrument, shall be undertaken for proposed activities that are likely to have a significant adverse impact on the environment and are subject to a decision of a competent national authority.

Generally, EIA procedures adopted in many developing countries are based on international standards and thus build on several years of experience and adjustments. However, a review

²⁰ C.K. Eicher 1995, "Zimbabwe's maize-based Green Revolution: Preconditions for replication". World Development, 23, pp. 805-18 and C.K Eicher, 2001, "Africa's unfinished business: Building sustainable agricultural research systems". Staff paper no. 2001-10. Department of Agricultural Economics, Michigan State University, East Lansing, Michigan.

²¹ Barrow, 1977.

²² Smith, G, (1993).

²³ According to Fones-Sundell, M. (undated), "Lessons learned from ESIA implementation in Africa with special reference to the bioenergy sector (in Tanzania)," it was not until 2001 that ESIA guidelines were published by the African Development Bank, "Environmental and Social Assessment Procedures for AfDB Public Sector Operations". As indicated in the title these guidelines were limited to public sector operations.

by Wood (2003)²⁴ of developing country environmental impact assessments (EIAs) found that their quality generally fell **far** below that of EIAs in developed countries. Wood felt that it was crucial that this performance be improved in order to protect or better balance the environmental concerns of three quarters of the world's land area. He reviewed developing country EIAs against the following set of robust evaluation criteria to determine their strengths and weaknesses: legal basis; coverage; consideration of alternatives; screening; scoping; EIA report preparation; EIA report review; decision-making; impact monitoring; mitigation; consultation and participation; system monitoring; costs and benefits; and strategic environmental assessment.

Because developing country EIAs met so few of the 14 evaluation criteria established, several urgent generic issues were identified as needing to be addressed if EIAs were to fulfill their potential. These included legislation, organisational capacity, training, environmental information, participation, and diffusion of experience, donor policy and political will for implementation. Gradually the social impacts of investments also came to be given an important place in the EIA, thus the name was changed to Environmental and Social Impact Assessment (ESIA). General procedures today are that an ESIA is carried out on a geographically limited investment project and is *microeconomic* in nature. It is also carried out after project investment pre-feasibility and feasibility studies are done, so that the nature of the investment project is known in some detail.

After the introduction of ESIA as a tool for analysis and investment clearance, limited research has been conducted on how ESIAs have been carried out in practice. The question of whether different types of projects require different ESIA routines or processes has thus not been raised. One possible reason for the limited research and attention by the academic community is that only the final ESIA study is made available to the public. Consultants involved in the process of negotiating terms of reference and actually carrying out the ESIAs do not have funding for carrying out methodological reviews or deeper analyses of the process with the aim of generating proposals for their improvement. Another important point is that even when funds have been available for such purposes, ethical questions about the role of academics and their distance to investors, governments and the process means that few lessons have been learned as to how ESIA processes are carried out and how they can be improved.²⁶

 ²⁴ Wood, (2003), Environmental impact assessment in developing countries: An overview.
Conference on New Directions in Impact Assessment for Development: Methods and Practice
24-25 November.

²⁵ Ethical issues regarding the independence of this research need to be addressed as well. The research project, of which this chapter is a part, originally also included a part which aimed specifically at what experiences from biofuel developments can contribute for establishing better and more transparent ESIA procedures. Melinda Fones-Sundell, currently the Stockholm Environment Institute, and formerly with ORGUT, Stockholm, was to participate in this latter part of the project. However, since Fones-Sundell had had an important role in the process around SEKAB T's ESIA for Bagamoyo (she was ORGUT's lead consultant for the feasibility studies leading up to the preliminary ESIA), she could not herself be a member of a research team that also addressed the investigation of the ESIA process. We therefore decided to divide the project into two parts, where Fones-Sundell will take part only in the second stage of the project which is not yet completed. Fones-Sundell instead became an informant for the first part of the research project and was interviewed by us in the same way as other informants.

²⁶ Fones-Sundell, M., undated, op. Cit.

The autonomy of the team involved in the ESIA is an obvious factor when ESIA teams are identified and recruited. Otherwise the investors can manipulate the implementation of the study and its results or other interests biased in favour of or against the investments. But even though independent consultants are selected to carry out the ESIA, the question still remains regarding **how** independent they can be. And more importantly, there is reason to ask whether the independence of the ESIA team of the project proponent can guarantee impartial results given the institutional routines currently governing the issuance of investment permits. Current practice is that ESIAs are carried out by an independent consultant contracted by the proponent or the investor. The project proponent applying for the investment license or permit however, most often hands the final ESIA document or report to the relevant government agency. Criticism related to ESIA processes has been raised with reference to changes made to the independent consultant ESIA report and its conclusions as compared to those presented in the final ESIA report handed over to government agencies. The potential discrepancy in results and conclusions has been one of the core topics of discussion with reference to SEKAB T's ESIA process in Bagamoyo district.

An ESIA process is usually divided into several stages. But before the launch of the ESIA, a feasibility study and the technical planning exercise of the project or investment in question should be finalized.²⁷ The formal procedures in Tanzania involve the registration of the project at the National Environmental Management Council, NEMC, before submitting a project brief. The content of this brief was launched in the regulations for the ESIAs of 2005. Based on the brief, NEMC decides whether a project requires a full ESIA or not. A full ESIA process involves a scoping process, upon which Terms of Reference (ToRs) for the ESIA are based. Given that the ToRs are approved by NEMC, the ESIA process can continue with baseline studies.²⁸ The baseline studies are the first stage of the ESIA, covering the physical and social environment. A second part is a summary document, founded on the baseline studies. In the summary document, detailed recommendations and suggestions for mitigating measures of the project or investment proposed are given. This final ESIA and the base line studies are then submitted by the proponent or investor to the relevant government agency for assessment. According to informants at NEMC, it is important that the ESIA is submitted by the proponent, as the ESIA is also called an environmental impact statement, reflecting the proponent and its commitment to the environment.²⁹ However, lack of clarity about who does what throughout the process, may compromise the transparency of the ESIA. In Tanzania, the Environmental Management Act (EMA) that stipulates the role and structure of EIAs and guidelines is issued by the Vice President's Office.³⁰

Generally, for all levels of the ESIA, questions of access to information and information sharing are pertinent and significant to the process and outcome. Like in most processes, a challenge is how information can be withheld from stakeholders who are likely to suffer from the investment project. With regards to the discussion of biofuel investments, smallholders and poor people are the ones more likely to suffer from a lack of information sharing, as land

²⁷ Large institutions such as banks, development agencies and donors normally have procedures to ensure that this is done, while private companies in many cases are seen to fast-track the process. See, Fones-Sundell, Melinda, (2009), "ESIA as a Tool for Public Participation in Decision Making. Some experiences from Bagamoyo, District." Presentation at seminar on biofuel and smallholders in Africa, at the Nordic Africa Institute, Uppsala September 17, 2009.

²⁸ Interview with Ruriga, NEMC; November 2, (2009).

²⁹ Ibid.

³⁰ Fones-Sundell, Melinda, undated.

rights (formal and customary) and irrigation impacts and needs may not be taken properly into consideration. Land and water are critical resources both for smallholders, large-scale biofuel projects and ecological systems. Within formal political structures and the bureaucracy, lack of information can lead to decisions being made based on wrong assumptions. Hence it is crucial to clarify the laws, rules and regulations related to land access as a basis for respect by all involved stakeholders and for enforcement by the relevant government authorities. This is one important reason why NEMC sends a team representing a Technical Advisory Committee to conduct a review of the submitted ESIA. Through a field visit, the team checks the validity of the information presented in the ESIA. The proponent pays for the costs and the length of a field visit is normally three to four days.³¹ However, the length of the visit is likely to be insufficient in some of the larger, more crosscutting projects involving a range of different stakeholders.

The structure and table of contents of the summary ESIA to be handed to the government agency are explicitly spelled out in Tanzanian government guidelines. On the other hand, the content and structure of the baseline studies will vary depending on the location and nature of the project. What to be included is specified in the ToRs for the ESIA, which are embedded in the contract between the consultant conducting the ESIA and the proponent. However, the ToR is reviewed by NEMC to ensure that a certain level of quality is assured.³²

In Tanzania, the National Environmental Management Act (NEMA) of 2004 and its associated regulations explicitly prohibits implementation of any projects, "likely to have a negative environmental impact". When it comes to micro project activities, the law proscribes the possibility of issuance of a "trading, commercial or development permit or license" in the absence of a "certificate of environmental impact assessment issued by the Minister".³³ Hence an ESIA has to be conducted for medium and large scale projects whether they are related to biofuel production, the establishment of fish farms or of tourist enterprises. SEKAB's proposed project in Bagamoyo can be said to be large scale project (22 000 ha) and thus required a full ESIA.

SEKAB, Sweden and its biofuel involvement in Tanzania

SEKAB initiated two interlinked biofuel projects in Tanzania in 2005, in Bagamoy and Rufiji districts. In the following, we give a brief presentation of the background and activities of the SEKAB group.

SEKAB was founded in 1906 and the core business of the present company (established in 1985) is to develop second generation ethanol and green chemicals from lingo-cellulose biomass. However, it has taken more time than expected to achieve commercially feasible production of these technologies and SEKAB, therefore, decided to venture into first generation ethanol production globally where 'land is available'. SEKAB's vision, formulated by its previous Chief Executive Officer (CEO), Per Carstedt, was based on the idea that the

³¹ Interview with Ruriga, November 2, (2009).

³² Ibid

³³ Kamanga, K. C., 2008,"The Agrofuel Industry in Tanzania: A Critical Enquiry into Challenges and Opportunities". Research report, final version, carried out on behalf of Land Rights and Resources Institute (LARRRI) and Joint Oxfam Livelihood Initiative for Tanzania (JOLIT), March, p.10.

production and use of non-fossil fuels in the transport sector has to increase in order to address climate change until second generation ethanol becomes commercially available.³⁴ SEKAB subsequently decided to internationalise its production and trade in first generation biofuels with Brazil, Ghana, Poland, Hungary, Tanzania and Mozambique. During the first years of the 2000s, SEKAB had become the largest importer of biofuel to the EU market.³⁵. To implement its vision, SEKAB established the subsidiary companies, SEKAB Bioenergy Tanzania Ltd (hereinafter SEKAB T) and Ecoenergia Mocambique. SEKAB T was 98.5% owned by SEKAB, Sweden, and 1.5% by the Tanzanian "Community Finance Company". The total investment of SEKAB in the two companies from 2005 to October 2009 was SEK 170 million, about USD 25 million.

SEKAB's choice of Tanzania as a production country was based on a similar assumption to that of many other investors in Africa – that there was available and suitable land for large scale biofuel production. SEKAB T's objective was to set up office in Dar es Salaam, to recruit competent personnel to plan the projects, start land acquisitions and conduct an initial risk assessment and ESIA. After discussions with the Revolutionary Government of Zanzibar to lease part of its Razaba cattle ranch in Bagamoyo district, SEKAB T gained access to land. The ranch had not been operational since 1994 and is located adjacent to the Wami river from which it was planned to draw water for sugar cane cultivation. SEKAB T requested to lease 24 200 hectares of the ranch. 22 000 hectares were granted to SEKAB T by the Tanzania Investment Centre, TIC, and derivative rights were being processed during 2009.³⁶

A fundamental problem that affected the planning of the Bagamoyo project was that SEKAB T did not develop an investment feasibility study as an input to the ESIA, contrary to normal procedures. The lead consultant for the Bagamoyo ESIA, the Swedish consultant company ORGUT, in cooperation with Ardhi University, Dar es Salaam, was contracted directly by SEKAB T. The Environmental and Social Impact Study of the project was conducted during 2008 and resulted in an investment license from the Tanzanian National Environmental Management Council (NEMC) in early 2009.³⁷

Considerable uncertainty, however, had emerged as to whether NEMC's approval of SEKAB's Bagamoyo project would beat the government suspension on biofuel projects due to pressures from NGOs, researchers and other concerned individuals both in Tanzania and Sweden (see below). Tanzania's Prime Minister, Mizengo Pinda, during the Parlimentary session in February 2009 had announced the decision that the Tanzanian government had, "suspended implementation of biofuel projects that have not yet received approval from the

³⁴ Havnevik personal communication with Carstedt at SEKAB T's office, Dar es Salaam, October 2007.

³⁵ P. Roberntz, T. Edman and A. Carlson, 2009 (June 19), "The Rufiji Landscape. The sweet and bitter taste of sugarcane grown for biofuel." Draft report prepared for WWF, Sweden. SEKAB originally, however, had planned to build three large ethanol factories in northern Sweden, but due to lack of raw materials, the decision was made to start production in Africa (Information provided by Eva Fridman, CEO for Biofuel region to SVT's Västerbottensnytt, printed in DN, Stockholm, internet edition, September 10, 2007).

³⁶ Sulle, E. and F. Nelson, 2009, "Biofuels, land access and rural livelihoods in Tanzania". IIED and Tanzania Natural Resource Forum, IIED, London and Chachage, C, 2010, "Land Acquisitions and Accumulation in Tanzania. The case of Morogoro, Iringa and Pwani", September 30, p. 35.

³⁷ Development Today, DT, 2009, "Green light for Bagamoyo, SEKAB defends environment study", No. 7/2009, "The Director General of the National Environmental Management Council, (NEMC) Bonaveture Baya informs Development Today that SEKAB Tanzania Limited is one of three foreign biofuel companies that submitted environmental impact assessment (EIA) last year. The other two are the UK-based Sun Biofuels Plc and the Swedish Biomass Tanzania Limited. All three EIAs have been approved. In total, Baya says, 16 foreign applicants are seeking to invest in the biofuel sector". The exact date of the decision is, however, not given byt DT, p. 6.

National Environmental Management Council (NEMC) and the Tanzania Investment Center. $^{\rm 38}$

As for the Rufiji project, a risk assessment study of the planned project was conducted by the Stockholm Environment Institute (SEI) and the Institute of Resource Assessment (IRA) at the University of Dar es Salaam.³⁹ This study was strongly criticised for various weaknesses.⁴⁰ In addition the land acquisition process from villages in Rufiji district turned out to be much more complex than anticipated by SEKAB T.

The Bagamoyo project was seen as a forerunner and pilot project (gaining experience and producing seedlings) to the much larger biofuel project in Rufiji district which was originally planned for 400 000 ha. Rufiji district is located to the south in Coast Region, and its nature, ecology and its flood plain agricultural production are intimately tied to the variable flow of the Rufiji River whose catchment area covers about 30% of Tanzania's land area.⁴¹ SEKAB's planned sugar cane production was not to be located in the flood plain itself, but on higher ground to the north and south of it. Hence water for sugar cane cultivation needed to be drawn from the Rufiji River which, in particular at low water levels, would affect the flows of the river to sustain complex ecological systems downstream.

The processes around SEKAB T's Tanzania projects were becoming increasingly contested by many stakeholders and concerned observers, including NGOs and researchers, both in Sweden and Tanzania.⁴² "Development Today", a Nordic weekly journal focusing on development assistance followed SEKAB T's engagements in Tanzania closely and published an article reporting that SEKAB T had tampered with the conclusions of the Bagamoyo project's ESIA carried out by ORGUT and Ardhi University. One article claimed that that SEKAB T had received permission to proceed with the Bagamoyo project from the Tanzanian environmental management council false grounds.⁴³ This threatened the reputation of SEKAB which in addition had been hit hard by the financial crisis and had accumulated losses

³⁸ Development Today, DT, 2009, information provided to DT by Minister of State in the Vice President's

Office responsible for environmental affairs, Batilda Buriani, p. 6.

³⁹ Stockholm Environment Institute and Institute of Resource Assessment, University of Dar es Salaam and Zoology Department, 2009, "Initial Assessment of Socioeconomic and Environmental Risks and Opportunities of Large-Scale Biofuels Production in Rufiji District", Stockholm and Dar es Salaam.

⁴⁰ See Widengård, M., 2009, "Seminar notes (May 25) – Aspects of SEKAB's plans for large scale biofuel production in Tanzania." Based on presentations and discussions in a seminar organised by the Nordic Africa Institute, Uppsala; WWF, Sweden; Department of Physical Geography and Quatenary Geology, Stockholm University and the Swedish Interdisciplinary Research Network on Livelihoods and Natural Resource Governance, at Stockholm University, May 20, 2009.

⁴¹ Havnevik, K., 1993, *Tanzania – Limits to Development from Above*. Nordic Africa Institute, Uppsala, chapters 3 and 4; Hoag, H., 2003, *Designing the Delta: A History of Water and Development in the Lower Rufiji Basin, Tanzania, 1945-1985*. Boston University, Graduate School of Arts and Sciences. Phd dissertation; Öhman, M.-B., 2007, *Taming Exotic Beauties. Swedish Hydropower Construction in Tanzania in the Era of Development Assistance, 1960s – 1990s*. Doctoral Thesis in History of Science, KTH, Stockholm; and Duvail, S. and O. Hamerlynck, 2007, "The Rufiji River flood: Plague or blessing? In *J. Biometeorology* (2007), 52:33-42.

⁴² Roberntz, P. et al., 2009, "The Rufiji Landscape. The sweet and bitter taste of sugar cane grown for bio-fuel." Report presented to WWF, Sweden. Draft of June 19, 2009; Article in Dagens Nyheter, Stockholm, April 14, 2009, "Svenskt bistånd ska rädda miljöfarligt etanolprojekt" by Tor Arve Benjaminsen, Ian Bryceson, Annika Dahlberg, Karin Holmgren, Lars Johansson, Mats Widgren and Wilhelm Östberg; Article in Dagbladet (Norway) on January 28, 2009, 'Klimakolonialismen' by Tor Arve Benjaminsen and Ian Bryceson; and ActionAid, October 2009, "SEKAB – Etanol till varje pris? Hur SEKABs biobränsleprojekt i Tanzania drabbar lokalbefolkningen", Stockholm. See also Marie Widengård 2009.

⁴³ Development Today, Oslo, 4/09.

amounting to SEK 317 million during 2008.⁴⁴ In order to fund its development costs in Bagamoyo and Rufiji, SEKAB T on July 28, 2009, applied to Sida, Stockholm for a Credit Enhancement Guarantee that would allow the company to borrow money from Tanzanian banks.⁴⁵ The move was required since SEKAB's board refused to inject more money into SEKAB T.

On October 29 2009 Sida decided, on the basis of thorough analysis, to reject SEKAB T's application for a Credit Enhancement Guarantee on several grounds. A week earlier, however, on October 21, SEKAB International AB (SEKAB) and EcoDevelopment in Europe AB had entered into an agreement in which EcoDevelopment took over 100% of the shares in the two subsidiaries in Tanzania and Mozambique at practically no cost, SEK 400. Three of the owners of EcoDevelopment were also on the board of SEKAB, but were said to have not "taken part in the board's decision on this issue." With this agreement SEKAB "extracted itself from its African projects except for the four potential off-take contracts, one for its Ghana efforts and three for EcoDevelopment in Tanzania and Mozambique respectively". The agreement between SEKAB and EcoDevelopment also states that in the case that EcoDevelopment "is able to find financial backers for the African ethanol projects and is able to implement its plans, the contract includes a pledge for an off-take contract and a repayment clause, with which SEKAB can regain the entire amount it invested in Africa between 2005 and 2008, approximately SEK 170 million."⁴⁶

Hence, over a period of four years, a highly reputed energy company, SEKAB, had acquired a loss of SEK 170 million, of which 70% had come from Swedish taxpayers' pockets, in its attempt to develop biofuel production based on sugar cane production in Tanzania and Mozambique. How did this happen and why did the processes related to the development of these projects become so contested?⁴⁷ Before probing further into the ESIA process for SEKAB T's Bagamoyo project, a short outline will be provided of the Tanzanian response to the increased demand for land.

The Tanzanian response to the biofuel sector and increasing pressure for land

In 2006, FAO (2006) estimated that 4.5 per cent of the total Tanzanian land area is arable and 1.3 per cent is under permanent crops.⁴⁸ The World Bank's World Development Indicators Database, on the other hand, states that as much as 10 per cent of Tanzania's land area is

⁴⁴ SVT (Swedish Televison), Stockholm, June 11, 2009. Based on information provided by SEKAB's CEO Björn Edström to "Mittnytt".

⁴⁵ SEKAB Bioenergy Tanzania, "SEKAB Bioenergy Tanzania Ltd – Application for Credit Enhancement Guarantee." July 28, 2009. Dar es Salaam, Tanzania.

⁴⁶ SEKAB, "SEKAB sells subsidiaries in Tanzania and Mozambique to EcoDevelopment in Europe AB". Press Release, October 23, 2009.

⁴⁷ The conflict about SEKAB's international investments was also played out in the local context in the municipalities in northern Sweden, Örnsköldsvik, Skellefteå and Umeå, which were the owners of SEKAB (70%). Municipal politicians from the three areas commissioned a report to investigate SEKAB's international investments that was presented in Umeå on November 4, 2009. The report, ompiled by Sweko, criticised the municipal energy companies for not having informed the municipal owners about SEKAB's international investments but apart from that it was claimed that the municipalities had been given reasonable information on which to make decisions and there was no serious breach against the owners' directive for SEKAB. The opposition politician, Dan Olsson, however, was reported to have stated that he found the report below standard and, "it looks as if it was done to protect those responsible" (our translation). Reported by SVT.se, November 5, 2009.

⁴⁸ FAO, 2006, Compendium on Food and Agricultural Indicators 2006, Rome.

arable (about 90 000 km²) while 1 per cent of the land is under permanent crops.⁴⁹ Thus there are discrepancies in the land statistics amounting to almost 50 million ha. The situation with arable land availability becomes even more confused when the TIC's Investors Guide (2008) states that 58.3 million ha of land are available for biofuel development. Other sources mention 55 million ha as being available for such development without, however, any critical reflection on the numbers.⁵⁰ This amounts to 62 per cent of the total land area of Tanzania. More recent figures for Tanzania provided by the World Bank show the ratio of cultivated to suitable area is indicated to be around 50%, the ratio of potential yields achieved about 15% and area per rural inhabitant is estimated to 0.29 ha (World Bank 2010, figure 2, p. xix).

However, such land classifications do not account for the complex use of land in African agricultural and livestock systems, and neither do they take account of the land tenure systems. For instance in Tanzania with a state owned land systems where the management of 70 % of the land is delegated to and under jurisdiction of 11 0000 villages. The remaining land is reserve land of various categories (28 per cent) and general land (2 per cent) which is under direct jurisdiction of the government. As much as about 40 per cent of Tanzania's total land area is as well "protected areas", most of it falling under the IUCN category: 'Managed Resources Protected Area⁵¹ Governments eager to provide land for lease or acquisitions to foreign investors, tend to make short cuts overlooking national legislations and the land rights of the rural people.⁵² Hence, land conflicts are bound to occur when TIC tries to earmark land for investment and transfer it via the Commissioner of Land to the TIC according to the 1997 Investment Act. Even the 2 million ha of land that TIC in late 2008 claimed to have identified and targeted for biofuel production cannot be offered to investors due to the complex land legislation. One source of the land conflict with villages is that the Land Act and the Village Land Act (both of 1999), define "unused village land" differently, thus opening up for TIC to appropriate 'unused' village land. Detailed legal procedures exist as to how external investors can access such land through land leases of between 33 and 99 years⁵³.

As a response to a growing demand for land for biofuel purposes, The Tanzanian government in March 2006 established a National Biofuel Task Force (NBTF) coordinated by the Ministry of Energy, and based on a recommendation of a GTZ study from 2005.⁵⁴ The GTZ study was the first to address biofuel development in Tanzania. In January 2009, the Norwegian and Swedish development agencies, NORAD and Sida, provided USD 3 million to the Tanzanian government to develop guidelines for the biofuel sector. The two donor agencies are currently also contributing financially to the process of establishing biofuel policies (Interview with Sandvand Dahlen, November 3, 2009). Guidelines, not policy, had to come first, due to the urgency of the situation. Various draft guidelines were circulated in the relevant Tanzanian ministries. A problem with the guideline process was that biofuel development was primarily conceived as an energy issue, and not sufficiently connected with agricultural, land and food security aspects. In late 2009, draft guidelines for the biofuel sector had been produced, but

⁴⁹ www.worldbank.org/data/countrydata/countrydata.html.

⁵⁰ Sawe, E. N., TaTEDO and WWF Tanzania, "Scoping Exercise on the Biofuels Industry Within and Outside Tanzania (2008); Burton Mwamila et al., "Feasibility of Large-Scale Bio-Fuel Production in Tanzania", August 2008 and; Tor Arve Benjaminsen et al., "Climate Change in Tanzania: Trends, Policies and Initiatives," Norwegian University of Life Sciences, 2008.

⁵¹ World Resources Institute, "Biodiversity and Protected Areas – Tanzania (2003)".

⁵² Cotula et al 2009, p. 62 and case study on Tanzania.

⁵³ For a detailed overview, see Chachage, C., op. cit, September 30, pp. 2-9.

⁵⁴ GTZ, 2005, "Liquid Biofuels for Transportation in Tanzania: Potentials and Implications for Sustainable Agriculture and Energy in the 21st Century". Dar es Salaam. This was, however, the only recommendation that the Tanzanian government acted on from the GTZ report.

had not been officially approved. These guidelines were finally made public in October 2010 (ipp.media.com/trontend/index.php?l=21941).

Although development of SEKAB T's biofuel projects took place in a context without guidelines and policies for the sector, the Tanzania government and parliament had earlier passed laws and regulations of relevance for its development. This included the Tanzanian Investment Policy of 1997 and the Land Act and the Village Land Acts of 1999 (with subsequent amendments). The Tanzanian Investment Centre (TIC) was established in 2005 to identify suitable land for investors and the creation of a Land Bank that could act as a "one stop agency" in order to attract and serve external investors.

SEKAB T's Bagamoyo - a contested ESIA

The first stage of the ESIA process in the Bagamoyo project, the baseline study, was conducted from January to May 2008 with ORGUT as the lead consultant. The study produced by ORGUT consisted of 12 documents that were delivered to SEKAB on May 8, 2008, and with the title "Preliminary Environmental and Social Impact Analysis (ESIA).⁵⁵ The term "preliminary" was used because SEKAB T had not provided a feasibility study for the investment project, thus a final ESIA could not be produced. ORGUT had subcontracted Ardhi University (ARU) "to carry out part of the assignment."⁵⁶

The second phase of the Bagamoyo ESIA process was conducted between May and July 2008. During July 2008, two versions of the Bagamoyo ESIA appeared, two versions which have contributed to the heated discussions about the process and its correctness. A short version of 64 pages was published by Swedish Radio. ORGUT does not recognise this product, although the signature of the ORGUT lead consultant appeared on page 2. ORGUT claims this is a SEKAB T product. How this report found its way to the public sphere is unclear.

The second version of the July 2008 report has 187 pages. There were amendments and additions to the July version as compared to the May one. ORGUT's lead consultant had commented on SEKAB's July version of the ESIA, and "she signed the study team signature page for the study after SEKAB had explicitly accepted the changes she proposed." ⁵⁷ However, there were more changes and modifications in the SEKAB July version than

⁵⁵ These documents related to a contract between ORGUT Consulting AB and SEKAB Bioenergy Tanzania LTD dated August 3, 2007, and included, 1. Terms of Reference for an Environmental Impact Assessment of the proposed SEKAB-BT Biofuel Development Project in Bagamoyo, Tanzania, 2. Preliminary Environmental and Social Impact Analysis (ESIA) of BioEthanol Production on the former Razaba Ranch, 3. Baseline Study 2.2.1 Inventory of Existing Terrestrial Wildlife, 4. Baseline Study 2.1.3 Industrial Processing Component, 5. Baseline Study 2.3.1 Policy Framework, 6. Inventory of Fauna and Flora in the Intertidal Area in Kitame, Bagamoyo, 7. An analysis of the Socio-Economic Environment, 8. Land Use Report, 9. Vegetation survey of proposed sugar cane plantation, 10. Specialist Studies:Water Resources, 11. Environmental Impact Statement (EIS) and 12. Stakeholders consulted. These products were accepted by and paid for by SEKAB T in full on October 10, 2008. ORGUT, "regard the above documents as delivered on May 8, 2008 to be accurate and of the required professional standard, given the information available." (ORGUT, undated).

 $^{^{56}}$ This subconsultancy contract was dated November 12 2007 and was valid until February 4, 2008. The work was paid for by ORGUT on February 12 2008. After February 2008, "ORGUT has had no contractual relationship with ARU nor have any payments whatsoever been made to ARU or any of the individual consultants involved". (ORGUT undated, p. 2)

⁵⁷ ORGUT, undated, p.1.

ORGUT's lead consultant had been aware of. For instance, the following sentences were deleted in the July version, (i) "The (Bagamoyo district development) profile is clearly not geared towards new investment areas like biofuel or the size of investments planned by SEKAB" and "The project may want to consider an alternative feedstock to produce ethanol that does not require irrigation." This was not in agreement with the comments made by ORGUT's lead consultant. Hence the possibility occurs that ORGUT's lead consultant simply did not read carefully the version she signed (considering that the contract with SEKAB had already expired and payment had been finalized), or that changes were made in the ESIA after she signed. However, it does not appear in the July version which changes had been made and by whom compared to the May version. Changes may have been made by SEKAB T or by consultants from Ardhi University who were hired directly by SEKAB T to assist in the preparation of the ESIA for presentation to NEMC.⁵⁸ Yet according to the lead consultant from Ardhi University, the changes made by their staff before submitting the document in July were just a matter of structure, not of content.⁵⁹

The July version was handed over to the NEMC for a review, although ORGUT claims not to be aware of such a hand over taking place. However, according to our informant from Ardhi, the restructured report was sent back to ORGUT for their approval before submitting it. In other words, ORGUT and Ardhi have quite different versions of what actually took place. Concerning the review it is not unusual that the EIA department at NEMC has a brief review of a document before it goes through a more thorough review, to see whether it will conform with the required standards.⁶⁰ ORGUT does not consider itself the owner of the July ESIA version over which it seemingly had not had influence.⁶¹ The fact remains, however, that the signature of ORGUT's lead consultant appeared on the ESIA version for which it claimed it could not take responsibility.

The NEMC Technical Review Committee (TRC) is stated to have assessed SEKAB T's ESIA for the Bagamoyo project including conducting a field visit once the report had been officially submitted for review by NEMC. Some of the informants we spoke to in the affected villages in Bagamoyo confirm that they received a visit from NEMC. The reports made by the Technical Advisory Committee (TAC) based on the field visit and other reports by NEMC are supposed to be accessible to the public through the director of NEMC. However, during our visits to NEMC in October/November 2009, we could not gain access to these documents, nor could we get them from other sources. Hence we have no direct insight into the conclusions and comments made by the TAC, or the comments from other relevant ministries such as the Ministry of Water and Ministry of Agriculture. Thus, we are not able to say anything about the content of these reviews.

The final ESIA for the Bagamoyo project was handed over to NEMC in December 2008. Information gained from interviews indicates that field studies in relation to the Bagamoyo ESIA had been conducted by SEKAB and Ardhi consultants after July 2008. A mail from Per Renman, SEKAB T, to ORGUT from March 20, 2009 stated:

"As you will see in the document (December 2008 version of the ESIA, our addition) we have together with Dr Mato (of Ardhi, our addition) spent considerable time on Quality Assurance of the document as the draft version was found to include many incorrect statements. You will

⁵⁸ Apparently ORGUT needed to recruit a local counterpart as Tanzanian regulations require that foreign firms work in association with Tanzanian firms (Interview with Mato, October 30 2009).

⁵⁹ Interview with Mato, October 30, 2009.

⁶⁰ Interview with Mato, October 30, 2009.

⁶¹ Interview with Per Giertz, Head of ORGUT, June 22, 2010.

also find from the document that we decided to perform/include a number of additional studies to a) raise the standard of the document to an acceptable level and b) meet the specific questions stated by the NEMC lead Technical Review Committee. For your information NEMC has now submitted the study to the Minister for Environment for final approval. We understand with a strong recommendation for approval. We therefore have nothing against that the study is circulated to Sida."

The lead consultant from Ardhi to some extent confirms the statement made by SEKAB T, as he claims that the review by the Technical Advisory Committee and the relevant sectors brought up a number of questions to which answers had to be provided in the December ESIA report. However, according to the same source, it was not a matter of conducting new studies, but rather including more information from the baseline studies in the final ESIA report. This was information that they had not considered important to include in the first version, but which the review by the TAC and the relevant ministries required.⁶² Yet, according to a statement made by SEKAB T, additional "soil, industrial, biomass and wildlife studies were conducted by a number of subject specific experts. The information was coordinated by EIA Experts from Ardhi University in line with ORGUT's expressed approval."⁶³ ORGUT, however, distances itself both from the July version and the December version of the ESIA.

A detailed investigation of the December version of the ESIA, shows a number of changes compared to the content of the May preliminary ESIA version, made without the knowledge of ORGUT, but still with the ORGUT team leader's signature. SEKAB T, however, through its leader, Anders Bergfors, (interview October 30 2009) stated that SEKAB T had not altered any conclusions, but followed standard procedures as given by NEMC. This is in line with the statements on the process that SEKAB T has put on their website as well.

SEKAB T, as well as Ardhi's lead consultant and NEMC informants, claim, as indicated above, that the changes made in the document were made in response to NEMC's review of the ESIA and that they aimed at enhancing the quality of the work of ORGUT. The consultants from Ardhi University claim to have been directly contracted by SEKAB T to do this job, but with permission from ORGUT.⁶⁴ In our interview with the Ardhi lead consultant, he particularly stressed that his conditions for getting involved in the restructuring process before the formal review of the report took place was that the content was not to be changed.⁶⁵

The argument that changes were made to the July ESIA version from the May version to enhance its quality, gives ground for critical questions. Apparently, the EIA department at NEMC could have conducted an informal review of the report, before it was formally submitted. The informality of the process at this stage is a weakness, as it gives ground for speculations about what changes were required and why. Moreover, the difficulty of obtaining the written records of what NEMC required in terms of changes/improvements of the ESIA once it was formally reviewed indicates a process that is not entirely transparent. And, finally, contributing to the list of critical questions is the fact that all the important changes made in the December ESIA version as compared to the May version have the effect of systematically downplaying issues and risks related to critical environmental aspects, and in particular related to water provision, wildlife and fuel wood related to the biofuel project. In addition,

⁶² Interview with Mato, October 30, 2009.

⁶³ SEKAB statement on Bagamoyo BioEnergy project, April 3, 2009.

⁶⁴ Interview with Mato, October 30, 2009.

⁶⁵ Ibid.

none of the original base line studies for the ESIA conducted by ORGUT were submitted to NEMC. 66

Concluding comments

These research findings related to the ESIA of SEKAB T's biofuel project in Bagamoyo have showed that the ESIA mechanism cannot protect the interests of smallholder and concerns for the environment and hence ensure win-win situations.

Transparency and accountability in relation to the Bagamoyo ESIA process was limited, in spite of the existence of rules and laws associated with it. The lack of clarity in the division of responsibilities and influence over the ESIA process between the consultants, ORGUT and Ardhi University, the proponent, SEKAB T and NEMC led to limited protection for environmental concerns and smallholder interests. This was manifested in the fact that the December version of the ESIA systematically downplayed environmental and social risks of the biofuel project and in particular related to water supply for irrigation, wildlife and fuelwood for the population as compared to the May version. Transparency and accountability problems were were also connected with NEMC's lack of capacity to deal with cross cutting large scale biofuel projects.

The ESIA of SEKAB T's planned Bagamoyo project was not based on a feasibility study, making social and environmental impact assessments impossible. In spite of this NEMC awarded SEKAB an investment license for the project in early 2009.

The Tanzanian government's suspension of the awarding of investment licenses for biofuel projects from February 2009 onwards was related to massive critique of biofuel expansion in Tanzania coupled with poor ESIA processes from NGOs, the press, researchers and other concerned individuals in Tanzania, Sweden, the Nordic countries and beyond. The Guidelines for biofuel production in Tanzania did not emerge until late 2010. It is too early to know how they will influence further expansion of the sector since policies and enforcement measures are still lacking. The processes related to ESIA and investment license processes has not been helped by the rapid increase in corruption in Tanzania over the last years. The number of corruption cases before the courts in 2005 was about 50 whereas information shows such corruption to have increased to 578 in 2009, including 27 cases of grand corruption.⁶⁷

Analyses of other biofuel and forest projects indicate similar trajectories to that of SEKAB's Bagamoyo project - the protection smallholder land- and rural people's labour rights of is limited and environmental and ecological concerns are taken lightly.⁶⁸

⁶⁶ For a detailed investigation see Swedish EIA Centre, SLU, 2009, "A comparison of ESIA studies, in the environmental assessment of SEKAB application to Sida for credit guarantee", prepared for Sida, Stockholm and P. Matondi, K. Havnevik and Atakilte Beyene, 2011, "Biofuels, Land Grabbing and Food Security in Africa", ZED Press. June.

⁶⁷ EIU (Economist Intelligence Unit), 2009, *Tanzania – country report*. London, October 2009 and Havnevik, K. and A. C. Isinika, 2010, *Tanzanian in transition – from Nyerere to Mkapa*. Mkuki na Nyota Publisher, Dar es Salaam in cooperation with the Nordic Africa Institute Uppsala, and Sokoine University of Agriculture, chapter 11.

⁶⁸ Chachage, C., September 2010, "Land Acquisition and Accumulation in Tanzania. The Case of Morogoro, Iringa and Pwani and Chachage, C. and B. Baha, June 2010, "Accumulation by Land Dispossession and Labour Devaluation in Tanzania. The Case of Biofuel and Forestry Investments in Kilwa and Kilolo." For an environmental critique of SEKAB's biofuel project in Rufiji, see Widengård, M., 2009, op. cit.

In spite of favourable conditions for safeguarding the interests of rural smallholders and environmental concerns, the SEKAB Bagamoyo case study shows that such a context is not sufficient. Due to mounting critique of the Bagamoyo and the Rufiji projects SEKAB found itself 'forced' to sell its biofuel investments in Tanzania and Bagamoyo incurring heavy losses to the company and Swedish taxpayers. The sale, however, provides limited hope for improvements. The buyer was EcoDevelopment in Europe and its new director, Per Carstedt, who was responsible, as CEO, in the first place, for SEKAB and SEKAB T faulty biofuel project developments in Bagamoyo and Rufiji districts.

It seems that the Corporate Social Responsibility (CSR) banner reflecting moral, ethics and sustainabile business practices fly high in Sweden and the north, but is given little attention in operations in Africa and the south. SEKAB is surely not an individual case, but had features to provide a 'good' case from the view of rural smallholder and environmental concerns

It will be imperative in the future to reduce the exploitation and marginalisation of Tanzanian and African smallholders and negative environmental outcomes in order to make agricultural and rural development sustainable. To this effect, the Tanzanian and African governments should ideally put a moratorium on further land grabbing (in its negative sense) until policies, guidelines and laws are in place and that are enforceable.

Such a scenario may anyway be unrealistic given the current asymmetrical global, regnional and national power relationships that obstruct win-win outcomes in large scale biofuel production. Another approach may be to strengthen the ESIA process both on international and national levels, coupled with training and capacity development. Improving laws and regulations related to the process is of critical importance in view of experiences emerging from the early phases. It is likewise of importance that laws and regulations are enforceable and that they make clear responsibilities and relations between investors/proponents, donors, consultants, government agencies and the participation of local people in the ESIA process. However, even this possibility is circumscribed by the current and increasing weight given to the private sector in development and foreign investments that financial institutions and international donors are pushing.

On the more limited scale, the most important task may still be to delegitimize the notions of 'responsible land grabbing' or 'codes of conduct for responsible land grabbing'.