Findings from the Kilombero Valley

Emilinah Namaganda
Junior consultant
Shared Value Foundation
Outline

• Large scale investments in the Kilombero Valley

• Research findings
  • Major findings across the two investments
  • Findings from villages surrounding KVTC
  • Findings from villages surrounding KSC

• Bringing it all together
Large scale investments in the Kilombero Valley

**Kilombero Valley Teak Company (KVTC)**

*Primary produce:* Teak

*Background:* Started planting in 1992, eventually a factory and sawmill built, operational since 2008

*Size:* 8,000 ha teak plantation spread out across 17 villages

**Kilombero Sugar Company (KSC)**

*Primary crop:* Sugarcane

*Background:* First established by government in 1960s, then privatised and started outgrower programme in 1998

*Size:* 10,700 ha sugarcane plantation + 13,300ha under outgrower production. All spread out across 17 villages
Research Findings

Major findings across both investments

• Investments seen as a positive contribution to community development

However,

• Challenge in communication between the investors and communities

• Limited youth involvement in investments

• Legacy land issues and general scarcity of land in the villages also posed a substantial pressure on investment/community relations
Findings from villages around KVTC

Local development priorities

1. Expand/Diversify Agriculture
   - Teak, cloves, cacao and fruit trees.

2. Start a business
   - Agricultural inputs stores
   - Retail shops

3. Build a house
   - A brick based modern house for my family
   - Houses for rent

4. School
   - Send children to school

5. Livestock keeping
   - Pigs, fish, rabbits, and chicken

Company contribution to community development

- Community development through the annual social fund e.g. construction of classrooms, Village office
- Income through employment e.g. security guards, fire breaking, lifting logs
Findings from villages around KVTC

What was seen as working against the village

• **Legacy land issues and general scarcity of land in the villages**
  • Inadequate clarity over the KVTC land title

• **Restricted communication between community members and KVTC**
  • Unfulfilled promises e.g. selling instead of freely giving out reject woods
  • ‘Underutilised’ land
  • ”They do not buy our teak”

• **Limited youth involvement**
  • Low employment from the surrounding communities

• Others included limited contribution to community development e.g. low social fund, low salaries and poor working conditions
Conclusions from villages around KVTC

• KVTC was seen as contributing to community development

  However,

• Inadequate clarity over KVTC land ownership is the biggest source of tension and lack of trust between company and communities

• Restricted communication and interaction between company and community contributing to many other challenges

• Limited youth involvement in company also still a challenge
Findings from villages around KSC

Local Development priorities - Kilombero

1. Expand Agriculture
   • Own more land to cultivate

2. Start a business
   • Boda boda repair
   • Agricultural factory
   • Fertilizers shop

3. Build a house
   • A brick based modern house for my family
   • Houses for rent

4. School
   • Send children to school

5. Livestock keeping
   • Chicken
   • Fish farming
   • Pig farming

6. Buy a motorbike/car
   • Transportation to the farm
   • Status symbol

How the company is contributing to community development

• Outgrower scheme: stable income for outgrowers
• Employment: income to households
• Kilombero Community Charitable Trust (KCCT): Contributes to construction of schools, hospitals..
Findings from villages around KSC

What was seen as working against the village

- **Limited communication and transparency the biggest source of mistrust between company and communities**
  - Unclarity on how cane weighing and sucrose level measurement is conducted
  - High deductions for harvesting and transport (incl limited understanding of expense receipt from KSC)

- **Limited youth involvement**
  - Increasing shortage of land
  - Preference for other economic activities

- **Legacy land issues**
  - Large estates surrounding one of the villages negotiated pre-independence

- Others; Low salary but good working conditions, villages closer to the company favoured more than those further away
Conclusions from villages around KSC

• Investments’ contribution to community development acknowledged by community members.

However,

• Communication and transparency a major challenge in the collaboration between the company and communities

• External challenges for instance the increasing scarcity of land in the villages also a substantial pressure on investment/community relationship

• Still a limit in youth involvement in investment
Bringing it all together

• Investors such as KSC and KVTC face similar challenges in their interaction with local communities

• Communication between communities and companies a major challenge

• Legacy land issues and increasing land scarcity are increasing pressure on company – community relations

• Youth involvement in investments and community development desirable but still inadequate
What are your thoughts?

• How can KSC improve communication and transparency with its outgrowers and the surrounding communities?

• How can KVTC, a teak company better engage with surrounding communities, who are primarily engaged in other agricultural activities e.g. rice production?

• For both KSC and KVTC, how can the youth be better involved?

• How can legacy land issues particularly for KVTC be overcome?