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**Coordination of Large-scale Agricultural Investments in Zambia:
Guidance for a more sustainable and socially just future**

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Coordination of Large-scale Agricultural Investments in Zambia: Guidance for a more Sustainable and socially just future

SUMMARY

Large-scale agricultural investments (LaSAIs) have brought forth optimism around agriculture for development, yet barriers to coordination persist in host countries, challenging sustainable land management and rural livelihoods. This case study based on Zambia uses content analysis of policy documents and multi-level interviews to explore trends and patterns of LaSAIs, their drivers and policy enablers, key barriers to investment coordination; and proposes solutions to investment coordination barriers. Evidence reveals increasing trends and patterns as well as coordination barriers which are linked to policy and institutional factors. This briefing note offers ways forward for addressing these issues in Zambia and across the sub-region, highlighting the need for improved sectoral and cross-sectoral cooperation, increased awareness of LaSAIs, and inclusion of local perspectives around interlinked natural resources. One key political and economic instrument could be strengthened for this purpose: the Industrial Development Corporation which can act as an overarching institution for improving cross-sectoral integration, streamlining state-donor-investor development plans.

Key Messages

- 1. Analysis of LaSAI coordination barriers in Zambia shows policy and institutional barriers are the most dominant factors affecting coordination of agricultural investments and their impacts on rural livelihoods and sustainable land management.**
- 2. Demand for land and water alongside donor and state resources around LaSAIs heighten tensions over interlinked resources and decision-making among implementing institutions.**
- 3. Efforts to improve coordination and collaboration around LaSAIs have been limited by three main factors: a) poor relationship and communication between donor institutions and the Ministry of Agriculture; b) Disagreements between and among government ministries and agencies on who should lead the implementation or decide on water and land use for LaSAI; and c) Performance of LaSAIs, leading to negative local perceptions of the role played by foreign investors in creating a sustainable and socially just society.**

Introduction: Recent advances in international development policy and large-scale agricultural investments (LaSAIs) have made visible the role of state and donor actors in national policy processes, and in coordinating investments in sub-Saharan Africa. Despite considerable efforts in improving the governance of LaSAIs at international and regional level,ⁱ a positively unified and coherent narrative around LaSAIs is yet to emerge. Specifically, little is known about investment coordination efforts across the region.ⁱ Examining LaSAI coordination efforts, barriers and opportunities is an important component of regional and national efforts.

This policy brief addresses this gap using the case of Zambia. Zambia has been described as land abundant and an important investment destination in southern Africa,ⁱⁱ a beneficiary of 'Big Sugar' foreign investments.ⁱⁱⁱ New state institutions linking foreign investments to priority areas (e.g. agriculture) have emerged. These include the Zambia Development Agency (ZDA) which provides One-Stop services to investors, and the Industrial Development Corporation Limited (IDC), an investment holding company for state-owned enterprises which provides a legal/institutional framework for

catalysing investments. Zambia therefore presents a fitting opportunity to explore how LaSAIs have been coordinated, and lessons on barriers and future opportunities.

Research Design and Methods: Various interviews identified policy strategies related to agriculture (Table 1.1). Interview participants were purposively selected, and asked about trends, patterns, and drivers of LaSLAs as well as governance processes. Thirty-four (34) semi-structured interviews were undertaken with individuals in government ministries and agencies, donor, NGO and private-sector actors, including national farmer associations, academic institutions/research think tanks at national, regional and local level (November 2016 to February 2017).

Table 1.1: Key policy documents		
Policy document	Description	
1. National Agricultural Policy (NAP)	Agricultural policy	
2. National Agricultural Investment Plan (NAIP)	Investment plan	
3. Strategy for Industrialisation and Job Creation (IS)	Industrialisation strategy	
4. National Irrigation Policy and Strategy (NIPS)	Irrigation policy/strategy	
5. Vision 2030 (V2030)	Development plan	
6. Fifth National Development Plan (5 th NDP)		
7. Sixth National Development Plan (6 th NDP)		
8. Revised Sixth National Development Plan (R6 th NDP)		
9. Seventh National Development Plan (7 th NDP)		
10. National Energy Policy (NEP)	Energy policy	
11. National Water Policy (NWP)	Water policy	
12. National Resettlement Policy (NRP)	Resettlement policy	

District and sub-district interviews were conducted across the ‘sugarbelt’ district of Mazabuka with respect to LaSAIs in

sugarcane. Local experiences were also drawn from Mkushi district with respect to the farm-block project. District/sub-district interviews discussed land and water access and control, linking macro-institutional and policy processes to local outcomes.

Policy documents and data from interviews were analysed using thematic content analysis. Policy enablers of LaSAIs, dominant narratives, emphasised, less emphasised or missing aspects were highlighted (Table 1.2). Themes and manifest content categories were derived inductively, linking policy to practice. Qualitative data were coded manually and using NVivo to produce varying themes and categories in relation to research objectives. Specific relationships between and among key national and local actors were mapped out by drawing on stakeholder narratives and experiences, exposing coordination of LaSAIs, the role of different state agencies, and governance practices in relation to the local communities (see full publication details).

Results and discussion: Interview analysis of trends and patterns show increasing agricultural related investments (e.g. primary production and output markets). Five key trends in LaSAIs were emphasised in interviews: (i) diversification by existing, and entry of new companies into agriculture; (ii) increased demand for land, water and electricity; (iii) increased tax receipts; (iv) growth in soy/other food crops shaped by wider private-enterprise growth; and (v) growth in agro-processing.

Whilst various institutions and actors shape LaSAIs, state and donor actors dominate, the former driven by rural development objectives whilst the latter provides funding and technical assistance in value-chain development (e.g. irrigation schemes/infrastructure, public-private partnerships). State actors facilitate land and water access for LaSAIs and define investment guidelines. NGOs focus on land

rights, tax justice and local livelihoods but on limited scale. One NGO respondent explained this in terms of the regional focus of strategies for implementation of protocols around LaSAIs, which has been accompanied by “missing country-specific strategies.” Limited influence in LaSAIs were also reported among local communities, including traditional authorities (e.g. Mazabuka).

Whilst diverse factors drive LaSAIs, wider transformative and policy environment was strongly emphasised in interviews (Figure 1.1). Policy emphasis has been placed on: 1) agriculture-related infrastructure development, 2) agricultural production, and 3) mechanisation of agriculture

There is a striking silence in current national policy documents on capacity-building of public institutions that can ensure social-economic and environmental sustainability. For instance, whilst economically related institutions such as the ZDA under the Ministry of Commerce, Trade and Industry (MoCTI), the Ministry of Agriculture (MoA) and farmer membership bodies (e.g. ZNFU) aim to exploit land and water resources, ministries such as those responsible for land and water have raised concerns about land scarcities (e.g. Mazabuka) and water depletion (e.g. Mkushi). Divisions of opinion within the MoA and with other ministries around land and water use for LaSAIs were

identified, as one representative in the Ministry, corroborated by NGO representatives, called for an integrated approach to LaSAIs, arguing that “diverse sectoral issues, overlapping elements and how sectors shape each other remain less understood.”

Interviews with different state departments show multiple investment entry points including the Ministry of Tourism, farmer bodies (ZNFU) and the IDC, despite the ZDA being the main investment promotion hub. This produces many unintended consequences of LaSAIs, including a lack of broad consultation among state departments. NGO actors fear this might waste opportunities to improve investment outcomes, which might “not help the country achieve sector-specific objectives.” Already, massive promotion has not been followed by increased investments implementation with agriculture ranking 3rd in actualised investments (25%) compared to 53% and 27% for mining and manufacturing respectively.

Key barriers to LaSAIs point to institutional cooperation and coordination practices between and among state and donor actors. Perceived divergencies around cooperation and coordination practices have been mapped in relationships of actors highlighted as R1-R9 in Figure 1.2

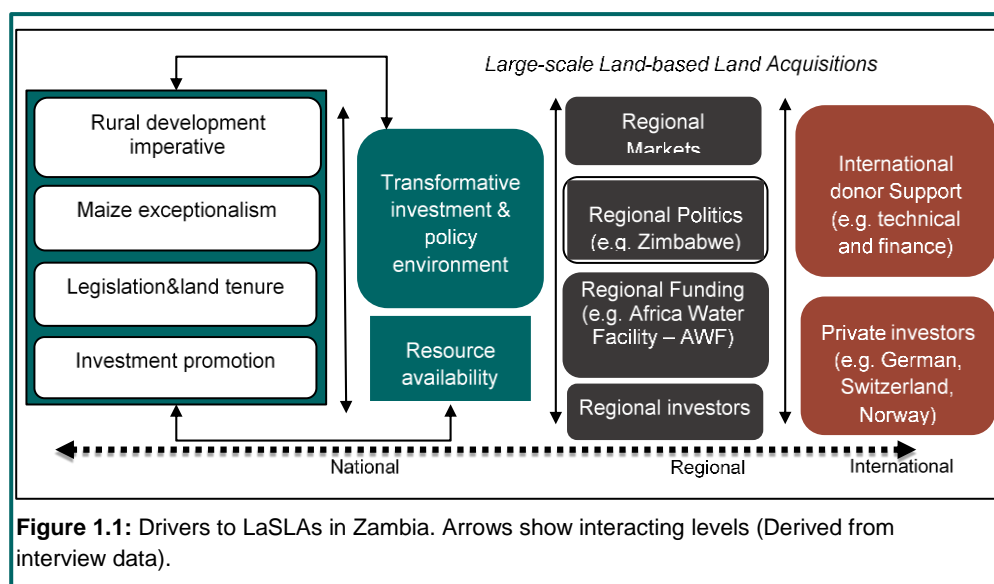
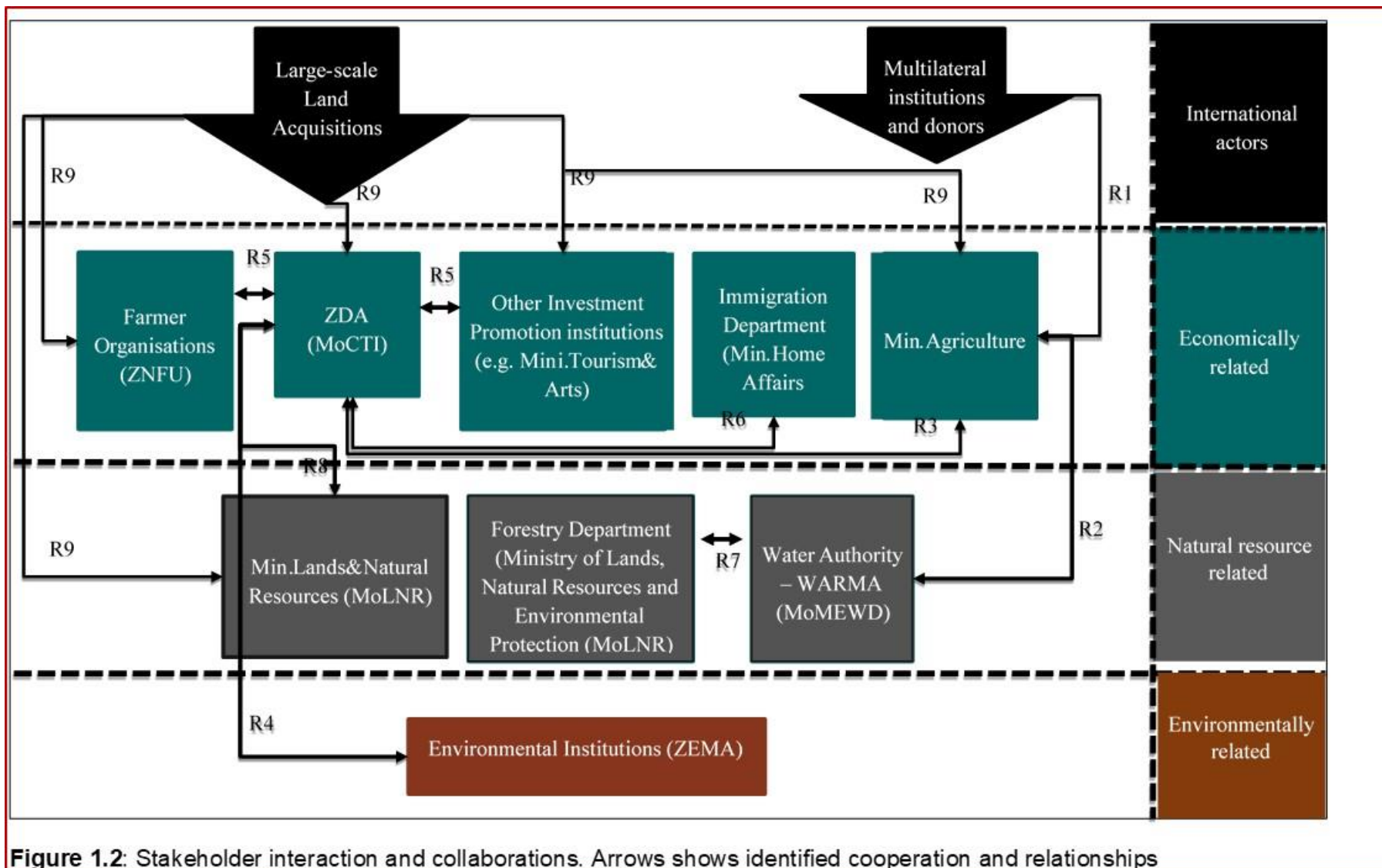


Figure 1.1: Drivers to LaSLAs in Zambia. Arrows show interacting levels (Derived from interview data).



Drawing from Figure 1.2, efforts to improve coordination and broad-based collaboration around LaSAls have been limited by three main reasons (Table 1.2).

Proposed solutions to the investment Coordination barriers: Interview participants and stakeholders identified the following strategies to address barriers to coordination of LaSAls in Zambia.

Sectoral and cross-sectoral cooperation to improve information sharing and decision making: This can involve collaborative work among government agencies, NGOs and other relevant actors to improve information sharing and management of projects. Since governance of LaSAls implicitly involves diverse actors at different levels and is multi-sectoral, sectoral/cross-sectoral cooperation and effective communication is crucial. This requires drawing local communities in information sharing and decision making. The role of institutions such as the Industrial Development Corporation (IDC) under the Ministry of Finance should be strengthened for the purposes of improving cross-sector

integration and links to donors and foreign investments.

Increase awareness of the nature and character of foreign investments:

Increasing awareness of the nature and character of foreign investments (e.g. across commodities, intensity and scale) would be important to address contestations in state departments on who should take the lead in project implementation. This is also important in addressing overlaps, gaps and conflicts between and within various state actors in policy and decision making. The role of the ZDA can be strengthened for this purpose.

Inclusion of local perspectives on land and water resource use:

How land and water resources are drawn and implicated in LaSAls and what this means for rural livelihoods has been emphasised in investment hosting communities and remains a crucial policy area. Incorporating perspectives on interlinked resources into national policy actions can improve land management and rural livelihood outcomes. This requires cooperation and collaboration between and among all related actors.

Table 1.2: Investment coordination barriers

Barrier	Description
Poor relationship and communications between donor institution and the Ministry of Agriculture	Barriers are linked to organisational processes and capacity (e.g. finances and personnel in the MoA), limited collaboration; organisational habits or tendencies (low interest/ownership levels from public officials); poor or no consultations between donors and state actors (e.g. on land/water rights).
Disagreements between and among government ministries and agencies on who should lead the implementation or decide on water and land use for LaSAls	Barriers are linked to an absence of relevant policy instruments; poor enforcement, which is compounded by overlaps and mismatches in priorities/standards. This includes mutual mistrust between economic and investment promoting institutions; and natural resource and environmentally related institutions over resources and decision making (e.g. land, water, state/donor funds/projects).
Performance of LaSAls, leading to negative local perceptions of the role of foreign investors in economic development and in creating a sustainable and socially just society.	Barriers are linked to failure in legal frameworks to compel investors to declare profits accurately, i.e. lack of robust systems to collect taxes, and investors exploiting multiple investment entry points. Barriers also include socio-cultural elements such as unfavourable societal perception of investors, seen as limiting local economic opportunities in businesses or in the labour market through preference for foreign workers.

Conclusion and Policy Recommendations:

- ❖ Policy and institutional factors are common barriers to coordination of LaSAIs in Zambia. To address this would require collaborative efforts in stakeholder engagements, while drawing lessons from local realities. Improved collaboration between donor and state actors should be strengthened for this purpose.
- ❖ More widely, improved collaboration between state and donor actors including wider stakeholders is important in strengthening cooperation and mutual trust among different actors. An enabling institutional environment is crucial, for the formulation and enforcement of progressive policies as well as for the adoption of socio-economic and environmental measures that can guide successful implementation of LaSAIs.

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