The Green Belt Initiative, Politics and Sugar Production in Malawi

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This paper critically examines underlying political economy dynamics of the expansion of sugar cultivation in Malawi within the framework of the Green Belt Initiative (GBI). This is being promoted in the context of a protracted legislative impasse in land reform efforts, targeting primarily land that belongs to smallholder farmers. The paper argues that the promises of employment, technology transfer and infrastructure development, as outlined in the GBI concept paper and touted in the outgrower sugar cane project, remain rhetorical. Communities in the investment sites are experiencing a destabilisation of social relations, precipitated by persistent violent confrontations with a coalition of elites. Corporate and elite interests have coalesced to press on with the GBI experiment, even though the welfare of smallholders is being undermined, and despite the growing resistance through both legal and extra-legal means. This political economy of sugar must be understood in relation to Malawi’s elite politics, a pattern that has persisted across successive regimes.

Setting the Scene

The Malawi government formally announced the Green Belt Initiative (GBI), housed in the Office of the President and Cabinet, in 2010. This was justified as a mechanism for consolidating the food security gains that the country achieved following the successful implementation of the Farm Input Subsidy Programme (FISP). The high-profile roll-out of the GBI was a direct response to the incessant criticism of FISP, particularly by international donors, who argued that its success was highly circumstantial since its implementation coincided with several consecutive years of favourable weather. The GBI is described as ‘a mechanism to protect the gains in food security, reduce vulnerability to drought, and diversify crop production by irrigating a million hectares of land lying within 20 km radius of the country’s three lakes and 13 perennial rivers’. The GBI is therefore framed as a response to food insecurity, aimed at promoting national self-sufficiency, especially since the country has experienced two serious hunger crises in recent years, affecting 3–4 million people.
Since the inauguration of the GBI, Malawi has experienced three different political regimes, with somewhat different textures and configurations of elite coalitions, but nevertheless with striking continuity in the way state–business elites make use of government initiatives and schemes to accumulate and control rural areas via the co-opting of traditional leaders, and the use of patronage to secure political support. This ‘patrimonial’ system has a long heritage in Malawi, dating back to the postcolonial Kamuzu Banda era. The GBI was initiated by the late president Bingu wa Mutharika, who had two terms with the Democratic People’s Party, but died in office on 5 April 2012. In his first term up to 2009, some identified a form of ‘development patrimonialism’, whereby accumulation by elites was not wholly individualised, but directed to long-term development gains. The FISP programme was seen by some as an example, as was the GBI. However, in his second term, for which he gained a massive electoral mandate, presidential rule became increasingly centralised, and the political settlement that aligned interests among elites – and a growing middle class – fell apart as the economy nose-dived due to financial mismanagement. This precipitated major protests during 2011, with around 20 deaths recorded. Civil society organisations, built up by western donor support, articulated liberal opposition to autocratic rule, and clamp-downs on media and academic freedoms. After his unexpected death, Bingu wa Mutharika was succeeded in line with the Constitution by Joyce Banda, his estranged vice president, who had formed the People’s Party. Western powers welcomed her as a challenge to corrupt rule, with her promotion of investment, democracy and development. But she too became embroiled in scandal, and was defeated in the May 2014 polls by Peter Mutharika, who is currently President of the Republic of Malawi. Commenting on Joyce Banda, Gabay notes that she was ‘caught in an inexorable structure of political and business elite patrimonialism’.

Strikingly, these regime changes have not disrupted or substantially altered the underlying intent and dynamics of the GBI. Indeed the same political economy dynamics have persisted. As Mkandawire notes, there are often ‘choiceless democracies’ in Africa, where political parties are indistinguishable in terms of policy, and very often have the same individuals involved, as politicians move freely between political formations. In Malawi, the state is virtually the only route through which successful and sustained accumulation is possible, so having links to government contracts, investments and schemes is essential.

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4 C. Gabay, ‘Two “Transitions”: The Political Economy of Joyce Banda’s Rise to Power and the Related Role of Civil Society Organisations in Malawi’, Review of African Political Economy, 41, 141 (2014), pp. 374–88.; D. Cammack, ‘Malawi in Crisis, 2011–12’, Review of African Political Economy, 39, 132 (2012), pp. 375–88; B. Chinsinga, ‘Malawi’s Political Landscape, 2004–2009’, in M. Ott and F. E. Kanyongolo (eds), Democracy in Progress: Malawi’s 2009 Parliamentary and Presidential Elections (Zomba, Malawi, Kachere Books, 2010), pp. 115–15.

5 S. Brazys, P. Heaney, and P. Walsh, ‘Fertilizer and Votes: Does Strategic Economic Policy Explain the 2009 Malawi Election?’, Electoral Studies, 39 (2015), pp. 39–55; B. Chinsinga, ‘Seeds and Subsidies: The Political Economy of Input Programmes in Malawi, IDS Bulletin, 42,4 (2011), pp. 59–68; J. Lwanda, ‘Kwacha: The Violence of Money in Malawi’s Politics, 1954–2004’, Journal of Southern African Studies, 32,3 (2006), pp. 525–44.

6 J. K. van Donge, ‘Kamuzu’s Legacy: The Democratization of Malawi – or Searching for the Rules of the Game in African Politics?’, African Affairs 94, 375 (1995), pp. 227–57; J. Power, Political Culture and Nationalism in Malawi: Building Kwacha (Rochester, NY, University of Rochester Press, 2010); J. McCracken, A History of Malawi, 1859–1986 (Woodbridge, James Currey, 2012).

7 See Cammack, ‘Malawi in Crisis, 2011–12’ on the 2011–12 crisis, and M. Khan, Political Settlements and the Governance of Growth-Enhancing Institutions (London, SOAS, 2010) on political settlements more generally.

8 D. Wroe, ‘Donors, Dependency, and Political Crisis in Malawi’, African Affairs, 111, 442 (2012), pp. 135–44; Gabay, ‘Two “Transitions”’.

9 Gabay, ‘Two “Transitions”’, p. 377.

10 T. Mkandawire, ‘Choiceless Democracy’, in Richard Joseph (ed.), State, Conflict and Democracy in Africa, (Boulder, CO, Lynne Rienner, 1999). See N. Patel and M. Wahman, ‘The Presidential, Parliamentary and Local Elections in Malawi, May 2014’, Africa Spectrum, 50, 1 (2014), pp. 79–92, for a recent Malawi-focused analysis.

11 N. Khembo, ‘Political Parties in Malawi: From Factions to Splits, Coalitions and Alliances’, in, M. Ott (ed.), The Power of the Vote: Malawi’s 2004 Parliamentary and Presidential Elections (Oxford, African Books Collective, 2004), p.134; Lwanda, ‘Kwacha: The Violence of Money’. 
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political and bureaucratic elite, acts as a gatekeeper, and under each regime alliances between the state and businesses are formed, with only minor variations. It is in this context that the political economy of the GBI, and of investment in sugar cane production more generally, must be understood.

While the GBI was framed predominantly as a food security initiative, it is increasingly focused on the cultivation of sugar cane propelled by, among other things, the Malawi government’s desperate search for an alternative principal foreign exchange earner to tobacco in the wake of the growing global anti-smoking lobby.\textsuperscript{12} Through loans and grants, the government is supporting the sugar cane cultivation expansion efforts through two main outgrower management companies, namely Dwangwa Cane Growers Ltd (DCGL) in Dwangwa, Nkhotakota District, and Kasinthula Cane Growers Ltd in Nchalo, Chikwawa District. The sugar cane cultivation expansion project is expected to improve the country’s foreign exchange through export earnings and help alleviate rural poverty by increasing smallholder farmers’ incomes through the expansion of the outgrower production scheme by an additional 2,140 ha.

The paradox, however, is that in announcing the sugar cane expansion project, through a loan from the African Development Fund (ADF) in 2009 and an EU grant in 2011, the Minister of Agriculture and Food Security failed to identify where the land for sugar cane would come from and how it would be acquired.\textsuperscript{13} The GBI is targeting land that belongs to smallholder farmers, yet per capita land ownership is now as low as 0.33 ha,\textsuperscript{14} and there is a long-running demand for land reform.\textsuperscript{15}

This paper draws on a three-year qualitative study that assessed and evaluated the effects of the implementation of the GBI on the livelihoods of the people in Dwangwa, Nkhotakota District. Through this case, it asks: what is the political economy of sugar in Malawi telling us about the broader relationships between the state, ruling groups, international capital and Malawian smallholders? The paper argues that the promises of employment, technology transfer and infrastructure development, as outlined in the GBI concept paper and touted in the outgrower sugar cane project, remain rhetorical, while communities in the investment sites are suffering through the destabilisation of the community social fabric, precipitated by persistent, and sometimes violent, confrontations with a coalition of elites determined to serve their own interests rather than those of smallholder farmers. Despite changes in political leadership, the coalition of elites backing the GBI and sugar expansion has remained similar, with each of the three successive governments engaging with the sugar industry in a strikingly consistent manner. This facilitates the extraction of rents for the privileged few, and consolidates the power of those able to broker and maintain deals. The official developmental position, proclaimed by the government as well as sugar companies, justifying the expansion of sugar cane cultivation – focused on improving the livelihoods of people – masks this outcome. By examining the underlying political economy of sugar expansion, and the GBI investment, the paper aims to uncover the political processes, both local and national, that reinforce a particular investment trajectory.

The article is divided into five main parts. Following the introduction, I briefly chronicle the origins and development of the sugar industry in Malawi, and explore the key drivers behind the dominance of sugar cane cultivation within the framework of the GBI. Next, I describe the

\textsuperscript{12} M. Otanez and L. Graen, ‘Gentlemen, Why not Suppress the Prices? Global Leaf Demand and Rural Livelihoods in Malawi’, in W. Leppan, L. Lecours and D. Buckles (eds), Tobacco Control and Tobacco Farming: Separating Myth from Reality (London, Anthem Press, 2014).

\textsuperscript{13} Minister of Agriculture, 12 June 2009, Malawi Parliament, speech to move a loan authorisation bill to the Africa Development Fund (ADF) for the Smallholder Sugar Development Project.

\textsuperscript{14} Government of Malawi, The Third Integrated Household Survey (IHS) (Zomba, National Statistical Office, 2012).

\textsuperscript{15} B. Chinsinga, ‘The Politics of Land Reforms in Malawi: The Case of the Community Based Rural Land Development Programme (CBRLDP)’, Journal of International Development, 23, 3 (2011), pp. 380–93.
outgrower sugar cane scheme and the context of rapidly diminishing land ownership per capita in the country and an impasse over a new land legislative framework. Before the conclusions, the following section discusses how the expansion of sugar cane cultivation through the outgrower scheme has privileged the interests of local elites over poor and marginalised smallholders, first through local-level politics, and second through the structure of local corporate governance.

**Sugar Cane Cultivation: Origins and Developments**

Formal sugar cane cultivation in Malawi dates back to the 1960s under the aegis of the Lonrho business empire, Lonrho International Corporation, which diversified from its existing interest in the Nyasaland Railways and the British Africa Company by investing in the sugar industry at the invitation of Malawi’s founding president, Kamuzu Banda. A partnership with the government and the Commonwealth Development Corporation culminated in the creation of the Sugar Corporation of Malawi (SUCOMA), which opened up the first sugar estate in the Shire Valley at Nchalo in 1968. The Dwangwa Sugar Corporation (DWASCO), with a majority government shareholding, followed a decade later, together with the Smallholder Sugar Authority (SSA), a parastatal organisation, anchored by the Special Crops Act promulgated in 1978. The SSA brought together 200 farmers from different parts of the country to work on a 500-hectare settlement scheme leased from Lonrho to promote the development of sugar cane by smallholder farmers.

The combined area of SUCOMA at Nchalo and DWASCO at Dwangwa was gradually increased, legally sanctioned by the presidential orders of 1969 and 1975, which designated large stretches of hitherto customary lands for cane growing. In Dwangwa, this included an area of 48,750 ha along the lake shore, while in Nchalo it covered an area of 8,788 ha. By the 1998–99 growing season, sugar cane area stood at 16,800 ha, with a combined annual cane production of 1.68 million tonnes. In a 2011 audit, the total area harvested for Illovo amounted to 19,521 ha, with 13,102 ha in Dwangwa and 6,491 ha in Nchalo.

While the introduction of the sugar cane industry was primarily conceived of as one of the key strategies for kicking off industrialisation, the sector fell prey to political patronage almost immediately after its establishment. Former President Bakili Muluzi, in his capacity as Secretary General of the Malawi Congress Party, exploited the emerging sugar industry as a primary source of political patronage during the one-party era through the allocation of sugar distribution quotas to party loyalists. Upon his return to active politics as president, following the transition to democracy in May 1994, Bakili Muluzi perfected this source of patronage. He reasserted himself as the dominant sugar distributor, controlling as much as 60 per cent of the country’s sugar distribution trade, becoming a chief patron in the multiparty political dispensation. His political party, the United Democratic Front (UDF), started as a coalition of politicians that fell out of favour with President Kamuzu Banda. Some party members had been imprisoned under the Banda regime for criticising the authoritarian, one-party political establishment. This faction advocated the democratisation of the conduct and practice of politics. However, Bakili Muluzi was able to neutralise the influence of this progressive movement by using sugar quotas to recruit politicians from within the UDF and other political parties, and thus greatly diluted the power of the residual new blood politicians and making a mockery of...
the original “democratic dreams”. Sugar money, patronage and politics have long been associated in Malawi, and these connections have persisted even after the sugar sector was taken out of state control.

The privatisation of the sugar industry took place in this context in 1998. Both SUCOMA and DWASCO were taken over by the South African-based Illovo Sugar Group, which initially acquired a controlling share of 60 per cent, increasing its stake to 76 per cent in 2005. Illovo owns two production estates and factory operations (mills and refineries) at Nchalo and Dwangwa, accounting for all of Malawi’s milling and refining capacity. The other stakeholders in Illovo include the general public and Illovo employees (14 per cent); Old Mutual (10 per cent); and the Agricultural Development and Marketing Corporation (ADMARC, 1.7 per cent). The sale to Illovo also triggered the privatisation of the SSA, and the creation of two new corporations: DCGL and Kasinthula Cane Growers Ltd (KCGL), which account for around 20 per cent of cane supplied to the Dwangwa and Nchalo mills. These developments coincided with the acquisition of loans and grants geared toward the progressive expansion of sugar fields through the outgrower scheme. Both DCGL and KCGL were charged with providing policies on sugar cane production and promoting the expansion of smallholder sugar cane cultivation.

The GBI and Dominance of Sugar Cultivation

While the GBI was promoted as a food security initiative, building on the widely trumpeted successes of FISP, maize, the main staple, along with the other food crops such as rice, cassava and sweet potatoes, hardly features. Instead, the cultivation of sugar cane has dominated.

The government is particularly keen on intensifying the cultivation of sugar cane because the future of tobacco, which is Malawi’s principal foreign exchange earner, is under serious threat, with declining demand due to the growth of health concerns in key markets, and the switch to alternative products. Tobacco brings in about 70 per cent of the country’s foreign exchange; generates 23 per cent of the government tax revenue; accounts for 53 per cent of all agricultural exports; and contributes around 15 per cent to GDP. Moreover, tobacco has hitherto been the main cash crop for estate farms, many of which are owned by Malawi’s elite.

Sugar is seen as a promising potential alternative that could complement, and eventually replace, tobacco as a leading generator of foreign exchange. It has already overtaken tea to become Malawi’s second largest export commodity in value terms, contributing between 9 and 12 per cent to the total export earnings. This potential is partly attributed to the liberalisation reforms in the EU and US sugar markets under the Everything But Arms (EBA) initiative. This allows sugar exports from developing countries access to EU and US markets without any restrictions or preferential treatment, although EU subsidy and preferential access is being phased out. A competitive sugar industry is essential to compete in the global market. Malawi’s

21 Lwanda, ‘Kwacha: The Violence of Money’, p. 535.
22 R. Record, J. Hara and R. Chiputula, A Study into the Impact of the EU Sugar Reforms in Malawi (Lilongwe, Ministry of Trade and Private Sector Development, 2005).
23 Chinsinga, ‘Seeds and Subsidies’.
24 M. Chasukwa, ‘An Investigation of the Political Economy of Land Grabs in Malawi: The Case of Kasinthula Cane Growers Limited (KCGL)’, LDPI Working Paper no. 30 (Cape Town, Institute for Poverty, Land and Agrarian Studies, University of Western Cape, 2013).
25 M. Assunta, ‘Tobacco Industry’s ITGA Fights FCTC Implementation in the Uruguay Negotiations’, Tobacco Control, 54, 1 and 2, pp. 255–74.
26 Otanez and Graen, ‘Gentlemen, Why not Suppress the Prices?’
27 B. Richardson, Sugar Cane in Southern Africa: A Sweeter Deal for the Rural Poor (Coventry, Ethical Sugar UK/ University of Warwick, 2010).
28 B. Garside, T. Hills, J. Marques, C. Seeger and T. Thiel, Who Gains from Sugar Quotas?, ODI-LSE DESTIN DV 406 Research Project, (London, Overseas Development Institute and London School of Economics and Political Science, 2005).
sugar exports account for 21 per cent of the country’s exports to the EU and, together with exports to the US, accounts for 1.3 per cent of GDP. The drive to expand sugar cultivation seeks to exploit the existing potentials in Malawi’s relatively low cost of sugar production – expanding global exports, as well as responding to domestic and regional demand for sugar and sugar products.  

Malawi’s sugar industry is attractive to investors such as the Illovo Sugar Group. Productivity levels are second only to those of Zambia in the southern African region and are enhanced by average sucrose content of around 14.3 per cent, which is higher than in any other southern African country. Malawi’s sugar industry is one of the most efficient in Africa and worldwide, producing sugar at the factory cost of 7 US cents/lb. It remains highly competitive even after taking into account its landlocked nature and its poor state of infrastructure, which adds 3–4 US cents/lb to get the sugar to the nearest port in Mozambique for export. In terms of cost per tonne of white sugar, Malawi is the third most competitive producer in the world after Brazil and Zimbabwe, putting it ahead of Zambia, Australia, South Africa, Swaziland and Thailand. 

As a consequence, for several consecutive years Malawi has been the most profitable of the Illovo Sugar Group’s investments in southern Africa, contributing on average about 39 per cent of the total profits. In 2013, for instance, Illovo Sugar Group in Malawi contributed US$90 million to the total profit portfolio. Zambia was a distant second, generating US$47.8 million. Malawi Illovo Sugar is also highly profitable because sugar imports are prohibited by law and the company enjoys a monopoly status. This dominant position of Malawi Illovo Sugar is unlikely to be challenged in the medium term, despite plans for investment by two to three new sugar companies.

The EU has continued to support Malawi’s sugar industry under its Accompanying Measures for Sugar Protocol countries support, offering institutional and governance support to smallholder outgrower schemes. Under the auspices of the Capacity Building Project for Outgrowers, now in its second phase of implementation, the EU works with Concern Universal International, a British non-governmental organisation, to provide technical support to smallholder farmers and the managers of outgrower schemes. The project prioritises the empowerment of farmers to take sugar cane growing as a business, through the provision of training in business planning, cane growing, cane factory operations, marketing and performance evaluation.

The government sees the expansion of sugar cane cultivation by outgrowers as a viable strategy for sustainable poverty reduction, arguing that it contributes to food security both by enabling farmers to grow food crops on the fringes of their irrigated sugar cane farms, as well as providing increased incomes from sugar cane sales with which to purchase food. Leading politicians have highlighted sugar as a symbol of self-reliance 50 years after independence. Malawi is a highly aid-dependent country, with donors contributing around 40 per cent of the...
national budget: donor support makes up about 20 per cent of total Gross National Income.\textsuperscript{37} In recent years, donors have twice frozen support: first, as a result of criticism of the late president Bingu wa Mutharika and second, following an unprecedented corruption scandal, dubbed ‘cashgate’, under the former president Joyce Banda.\textsuperscript{38} The narrative of graduating from donor dependency is popular, although some argue that it is an attempt by the political elite to resist the reforms demanded of them by donors. Such reforms would, for example, make it difficult for them to exploit state resources for the purposes of maintaining themselves in power through elections.\textsuperscript{39}

The outgrower production regime has been given a new lease of life in the context of the G8 New Alliance on Food Security and Nutrition, to which Malawi acceded in December 2013.\textsuperscript{40} The country’s co-operation framework contains investment plans from 23 domestic and multinational agri-businesses, including Illovo and Monsanto, and makes 33 policy reform commitments to promote agri-business. Some of these policy measures include the promise of a new land act and national agricultural policy, the release and irrigation of 200,000 ha of land for commercial agriculture under the GBI by 2015, reorganisation of extension services and a review of the Seed and Pesticide Acts. The joint largest agreement was made by the Illovo Sugar Group, which made the commitment to invest approximately US$40 million to expand sugar production by 50,000 tonnes a year at its two factories in Dwangwa and Nchalo. This is driven by the government’s estimation that within a 50-kilometre radius of the mill in Dwangwa there are approximately 3,700 ha of land immediately available and suitable for smallholder sugar cane production.\textsuperscript{41}

Critical to the government’s strategy is the enlistment of traditional leaders to mediate access to the land needed for sugar cane, which is held under customary tenure. Thus, at the local level, the alliance of elites includes politicians, state officials, various private businesses and trusts, the company and local traditional leaders. In Malawian politics, both at the centre, and at the local level, ‘big men’ hold sway. As Lwanda put it: ‘Successful Malawian politicians have a triple-edged relationship with the peasantry: peasants are their masters at election time, subjects at most times and business clients at harvest’.\textsuperscript{42} Despite the advocacy of liberal democratic ideals by civil society organisations, backed by western donors, the articulation with more ‘traditional’ politics is ever present, and here chiefs and other leaders are central.\textsuperscript{43}

In Dwangwa, the GBI land is part of the 48,750 ha that the late president Kamuzu Banda had designated for sugar cane in 1969. Almost all of this area is, in one way or another, being utilised by smallholder communities, some of whom were resettled there under the defunct SSA, and whose population has grown substantially since the 1969 presidential proclamation. Under the existing land legislative framework, Traditional Authorities (TAs) have the power to reassign or allocate land as they see it fit. The role of TAs in the sugar expansion drive is therefore very important, especially when the outgrower schemes are intensified through loans and grants with ambitious targets, but without clear indication where the land for such expansion is going to come from.

\textsuperscript{37} Wroe, ‘Donors, Dependency, and Political Crisis in Malawi’.
\textsuperscript{38} In the ‘cashgate’ scandal, the government lost approximately US$100 million dollars within six months in payments for ghost goods and services.
\textsuperscript{39} B. Chinsinga, ‘Stuck in Transition? Political Economy of Elections in Malawi’ (unpublished paper, Zomba, Chancellor College, 2015); Gabay, ‘Two “Transitions”’; M. Ott, Malawi between Internal Factionalism and External Pressure: Coping with Critical Junctures, Working Paper Series No. 11 (Leipzig, Graduate Centre for the Humanities and Social Sciences, Research Academy Leipzig, 2013).
\textsuperscript{40} J. Oram and A. Wijeratna, A Seat at the Table? Ensuring Smallholder Farmers are Heard in Public-Private Partnerships, report prepared for UK Fairtrade Foundation (unpublished, 2014).
\textsuperscript{41} Government of Malawi, The Green Belt Initiative (Lilongwe, Ministry of Agriculture and Food Security, 2009).
\textsuperscript{42} Lwanda, ‘Kwacha: The Violence of Money’.
\textsuperscript{43} N. Gaynor, ‘Between Citizenship and Clientship: The Politics of Participatory Governance in Malawi’, Journal of Southern African Studies, 36, 4 (2010), pp. 801–16.
Other key players are the outgrower scheme management companies that implement the sugar cane expansion projects. Although essentially private entities, these companies enjoy a special relationship with government, which contracts loans and channels grants from development partners to drive the expansion of sugar cane cultivation. This means that the government, through the Ministry of Agriculture, Irrigation and Water Development, has a considerable stake in the activities of these companies. Thus, although formally privatised, the companies function more like parastatals, making them vulnerable to serving as instruments of state patronage. These management companies also engage with the Illovo Sugar Group on behalf of government in their capacity as primary players in the sugar policies, especially at the level of production. In this way, the management of these companies serves a number of political and economic interests, embedded in the patronage networks associated with sugar, going beyond the companies’ immediate role in their interaction with farmers and management of their own affairs.

The Dwangwa Outgrower Scheme

The outgrower model in Malawi can be traced back to over three decades ago when, under the auspices of the Special Crops Act No. 30 of 1978, the government established the SSA. However, the current configuration is linked to the privatisation of the SSA in 1999. This catalysed several institutional developments that laid a strong foundation for the outgrower farming concept. The SSA was privatised using the management/farmer buy-out option, which resulted in the creation of the Dwangwa Cane Growers Trust (DCGT) and Dwangwa Cane Growers Ltd (DCGL). The former took over all assets of the privatised SSA, and Illovo sub-leased part of the 500 ha to DCGT. The latter is a limited company formed by the Trust to provide management and consultancy services to both farmers and the Trust at a cost. Thus, under the outgrower production regime, farmers enter into a formal relationship with Illovo mediated by management companies. The main role of the management companies is to negotiate the terms of business between outgrowers and the miller, as well as providing essential services to their growers. These services include inputs such as planting material, fertiliser, pesticides, quality control, harvesting, loan brokerage and administration, and extension support.

The practical operational modalities of DCGL are key to understanding the dynamics of outgrower sugar cane cultivation in Dwangwa. Smallholder farmers’ lands are pooled into blocks of 40 ha and registered under titles held by DCGT. Fields are clearly marked with identification tags on each block so that outgrowers can identify the boundaries of their plots. DCGL then keeps detailed operational costs for each plot and provides extension services on a regular basis. These costs are not charged directly to outgrowers on an activity-by-activity basis; rather they are financed through a management fee of 20 per cent that the company retains against sugar cane proceeds. In addition, farmers also have to pay a development fee for between five and ten years to service the loan obtained by DCGT from the ADF on behalf of the outgrowers in order to purchase irrigation infrastructure and farm machinery. The justification is that individual farmers are not in a position to invest in the irrigation equipment that greatly improves the productivity and quality of the sugar cane.

Once suitable land plots have been identified for development for outgrower sugar cultivation, DCGT contacts these communities through their TAs. If the communities agree, a development

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44 B. Chinsinga and C. Poulton, ‘Beyond Technocratic Debates: The Significance of Political Incentives in the Malawi Farm Input Subsidy Programme (FISP)’, Development Policy Review, 32, 2, pp. 123–50.
45 D. Phillips, ‘Global Sugar and Fair Trade’.
46 R. Hermann, U. Grote and M. Bruntrup, ‘Household Welfare Outcomes of Large-Scale Agricultural Investments: Insights from Sugarcane Out-Grower Schemes and Estate Employment’ (unpublished paper, Washington, DC, 2013).
committee is established whose main task is to identify beneficiaries of the project. DCGT then submits a request to the Ministry of Lands and Housing, through the District Commissioner, for a lease agreement for the project area in the name of the Trust, on behalf of the farmers. The District Council then assesses crops and property that would be damaged (except for sugar cane) and compensation is paid to the affected land users. Development of the land for outgrower sugar cultivation commences, and towards the end of this phase the TAs are asked to propose a list of beneficiaries. The selected farmers are then granted a licence for a period of five years. The land is transferred to the licensed farmers after the first sugar cane is harvested.47

These processes take approximately 3.5 years. The paradox, however, is that the lease agreement for the project area in the name of the Trust on behalf of the farmers is for the period of 30 years.48 Even more critical is the fact that the accelerated development and expansion of the outgrower production regime is premised on the existence of plentiful land in sugar-growing areas. This assumption is further reinforced in the country’s G8 New Alliance for Food Security and Nutrition co-operation framework.

The apparent existence of plentiful land is inspired by the 2002 land policy, which was informed by several land utilisation studies commissioned by donors such as EU, the UK Department for International Development (DFID) and the World Bank.49 These studies established that Malawi has 9.4 million ha of potential arable land, of which 7.7 million ha is available for estate agriculture. Estate agriculture takes up to 1.2 million ha, leaving the rest for smallholder farmers.50 Of the remaining 6.4 million ha, smallholder farmers only cultivate 2.4 million ha, implying that 4.1 million ha lies idle. The studies also concluded that much of the land devoted to estate agriculture also lies idle, bringing the total of unutilised land to 4.1 million ha, or 28 per cent of the total potential arable land in the country. Yet such aggregate figures do not tally with the picture of land ownership on the ground. Recent estimates indicate that land per capita ownership has dwindled to as low as 0.3 ha,51 resulting in substantial demand for land.

Sugar Expansion: Politics in Practice

The following sections go on to examine the consequence of the sugar expansion, and the underlying politics, by asking what happened in practice. A number of themes are addressed, including the lack of transparency and accountability in land acquisition; the co-opting of traditional leaders; the implications of loss of land; the lack of representation by smallholder farmers and the resistance by smallholders to sugar expansion.

Lack of Transparency in Land Acquisition from Smallholder Farmers

DCGT champions a modernising narrative in order to attract as many farmers as possible to join the sugar cane expansion project, arguing for sugar cane production as a route to income generation and wealth. Yet the recruitment of farmers is essential for the economic imperative of maximising land conversion for sugar cane in order to repay the massive loans contracted to facilitate the project. This is being pushed, even though it conflicts with the dominant form of land tenure in the area. This is quite evident in the words of the general manager of DCGT who, in an interview, described land in the hands of the villagers as being ‘wasted’ because

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47 Landell Mills Ltd, Study into Land Allocation and Dispute Resolution.
48 Oram and Wijeratna, A Seat at the Table?
49 B. Chinsinga, M. Chasukwa and S. Zuka, ‘The Political Economy of Land Grabs in Malawi: Investigating the Contribution of Limphasa Sugar Corporation and Rural Development in Malawi’, Journal of Agricultural and Environmental Ethics, 26, pp. 1065–84.
50 Historically, estate agriculture in Malawi has been dominated by the elites and through it access to cash-crop income, mainly through tobacco, which until the early 1990s was cultivated only by estates.
51 E. Chirwa, ‘Land Tenure, Farm Investments and Food Production in Malawi’, IPPG Discussion Paper Series No. 18 (Manchester, University of Manchester, 2008).
the villagers do not have the capacity to put it to good use. Furthermore, he argued, the project provides a wide range of benefits to farmers such as the provision of inputs, management training and socio-economic development through ‘immense transferrable benefits to the beneficiary communities such as electricity, tap water, clinics and roads’. DCGT intends to expand sugar cane production through the outgrower arrangement to as much as 3,200 ha, but the main barrier is the willingness of the smallholder farmers in the area to release their land for this purpose, especially since DCGT explicitly touts the principle of voluntary participation. Yet the actual land tenure situation is rather complex: DCGT lays claim to the land based on the Land Act, Chapter 57:01, the local chiefs lay claim to the land based on customary laws, and the outside settlers lay claim to the land based on usufruct.

Loan contracts to propel the expansion of sugar cane cultivation through the GBI have created added pressure on DCGT to acquire land from smallholder farmers. The commitments to expand sugar hectarage outlined in the loan authorisation bills have made it imperative for DCGT to entice as many smallholder farmers as possible to become outgrowers. Without an expanded number of smallholder farmers offering their land, the targets stipulated in the loan authorisation bills cannot be met. This pressure has led DCGT to engage in non-transparent and non-accountable tactics in order to acquire land from smallholder farmers in the areas designated for sugar cane expansion. Yet, the basic operative principle is that smallholder farmers must have the choice of either joining or not joining the outgrower schemes.

DCGT’s tactics on land acquisition have fomented a great deal of resistance among smallholder farmers for violating the condition that participation in the outgrower scheme arrangement would be entirely on a voluntary basis. In fact, in one instance, the contractors that were engaged by DCGT to develop the land proceeded to work on the entire dambo (wetland) area, including on the plots belonging to smallholder farmers who did not offer their land for inclusion. DCGT loans had been secured on the basis of developing the entire area, hence allowing some smallholder farmers to opt out posed a serious practical challenge. In addition, as the sole buyer and processor of sugar cane, Illovo Sugar Group requires that production of sugar cane be concentrated in a particular geographical location to facilitate logistics. DCGL would therefore not qualify as cane supplier to Illovo had it respected the idea of letting farmers participate in the outgrower arrangement wholly on a voluntary basis.

Co-optation of Traditional Leaders

According to existing statutes, traditional leaders were supposed to mediate the conflicts between DCGT and local communities in the sugar cane expansion project areas over land ownership matters. The 1967 Land Act designates traditional leaders as custodians of customary land, which ironically the 2002 land policy considers to be ‘vacant, idle and unallocated land’. While the traditional leaders have tried to champion the interests of their constituents, they have invariably fallen prey to the various external inducements. This has transformed them into strong supporters of land surrender by smallholder farmers to the sugar expansion project.

A very good example is Chief Kanyenda who was generally known for championing the cause of local communities, but suddenly turned into a strong proponent of the sugar expansion project. It was consistently reported that he was specifically hired by DCGT to enable it to reach its desired targets for land acquisition. He was funded to set up the Kazilira Development

52 DCGL General Manager, 15 June 2009, key informant interview at Dwangwa, Nkhotakota District.
53 Landell Mills Ltd, Study into Land Allocation and Dispute Resolution.
54 B. Chinsinga, M. Chasukwa and S. Zuka, ‘The Large-Scale Land Deals in the Sugar Industry and Rural Development in Malawi: A Political Inquiry’, in P. Mihyo (ed.), International Land Deals in Eastern and Southern Africa (Addis Ababa, Organization for Social Science Research in Eastern and Southern Africa, 2014), pp. 63–94.
55 Richardson, ‘Sugarcane in Southern Africa: A Sweeter Deal.’
56 Government of Malawi, National Land Policy (Lilongwe, Ministry of Lands, Physical Planning and Housing, 2002).
Committee, which was charged with the responsibility of overseeing the development of land designated for the cultivation of sugar cane. He was also appointed to the board of directors of DCGT. Under the chief’s guidance, the Committee mounted extensive propaganda in favour of sugar cane expansion and he managed to convince the majority of the people with plots of land in the Kazilira dambo to offer it for development, on the understanding that the plots of land would revert back to the owners after being fully developed. In the campaign to convince the smallholder farmers to surrender their land, the Kazilira Development Committee branded those who were not forthcoming as being ‘anti-development’ and not properly committed to modern practices.

Taking advantage of the powers vested in them by the 1967 Land Act, and reinforced by the material and monetary inducements offered to them by outgrower management companies, traditional leaders have seized on the sugar cane cultivation expansion drive as an opportunity for rent seeking. This has offered them opportunities for upward social mobility. The temptations for local elites to collaborate with foreign investment are many, especially since promises of houses and cars provide a very rare opportunity for mobility to middle-class privilege. These external inducements have motivated the traditional leaders to engage in corrupt activities when allocating land to the beneficiaries of outgrower schemes. Non-landowners are sometimes prioritised at the expense of the original owners of the land due to covert dealings with traditional leaders, who are empowered to compile the final list of beneficiaries. Traditional leaders have thus been incorporated into a web of interests that control both DCGL and DCGT, with firm links to the company and national state elites.

**Smallholder Farmers’ Loss of Land**

A number of cases of smallholder farmers losing significant proportions of their land in the course of their participation in the sugar cane cultivation project were recorded. These cases, coupled with the widespread perception that once farmers join the project they are burdened with costs payable to DCGT and DCGL that they were not made aware of in advance, has greatly undermined the credibility of the project’s modernising narrative. Some farmers have ended up being assigned less land than they offered for development, and some have lost their plots altogether, which in most cases were their only source of livelihood.

The experiences of smallholder farmer X exemplify stories told by many smallholder farmers during this research. X was reluctant to give up his land for sugar cane cultivation but eventually did so, bowing to pressure from DCGT, Illovo Sugar, the District Commissioner’s Office and local leaders. He expressly stated that he did not want to join the project because he feared losing his land and he already had a motorised pump, which he would use for irrigation on his own to cultivate sugar cane on a commercial basis. In the end, he offered 15 hectares (ha) of land for the project on the understanding that he would get it back after development. This did not happen. Smallholder farmer X was only allocated five ha of land, but this was scattered all over the place. At the time of the fieldwork, he had failed to reclaim his land. This has negatively affected the family’s livelihood because instead of the 15 ha he was using prior to joining the scheme, he now only has five ha of scattered land, increasing overall transaction costs of management. He was promised that ‘he would be considered for more land when allocating the remaining area which is not yet developed and allocated’.

Others have reported similar experiences among smallholder farmers. One of the farmers was quoted as saying: ‘when my one-acre garden was taken for Kasitu North Scheme, I was compensated MK4,000. I was surprised and refused it. I would rather continue with my crop.

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57 Chinsinga and Chasukwa, ‘Trapped between the Farm Input Subsidy Programme and the Green Belt Initiative’.
58 D. Miller, Y. M’mangisa and J. van Dieman, A Politics of Awakening (unpublished, Cape Town, Institute for Poverty, Land and Agrarian Studies, University of the Western Cape, 2014).
59 A smallholder farmer, 13 May 2010, semi-structured interview, Liwaladzi, Nkhotakota District.
But, I have not been given [back] the sugar cane plot. This development is unfair, and it is only for the GVH [chief] and his committee.’\(^{60}\) Another farmer expressed similar sentiments, saying ‘if anything, they should have listed the beneficiaries who had no land in the scheme for consideration by us owners [i.e. the initial landowners should have been able to decide whether beneficiaries without land should be included in the scheme, rather than the latter being prioritised]. I had five hectares, now I have 2.5 hectares…where is the rest?’\(^{61}\) The bottom line is that DCGT does not provide the targeted farmers with adequate information about the outgrower scheme in terms of its objectives, procedures, current land rights and rights to access. Smallholder farmers only discover the exact terms of engagement when they have already offered their land for development for sugar cane cultivation. The outgrowers are actually not allowed to opt out of their contract with DCGL until it recovers the land development costs, estimated to take between five and ten years. Such costs are not made clear to would-be outgrowers when the deals are negotiated on their behalf by traditional leaders. The DCGT in effect leases the land on behalf of the company, but with little clarity about how land will be returned later. For some, this appears to be land grabbing by stealth.

**Limited Smallholder Farmer Representation and Land Capture**

The process of sugar expansion rests on an institutional framework that facilitates elite capture of the smallholder farmers’ land. This starts with the managerial organisation of both DCGT and DCGL, which works against effective smallholder farmer representation. In the trust deed, there is provision for farmers’ representation on the boards of both DCGT and DCGL. To achieve farmers’ representation, DCGT works with two farmers’ cane growers’ associations that it recognises as legitimate, namely Dwangwa Sugar Farmers’ Association and the Lakeshore Cane Growers Association.

While this may come across as a sound governance framework, it is not viewed as such by ordinary smallholder farmers participating in the project. The common view is that their representatives on the DCGT and DCGL boards are captured as soon as they are elected. The representatives hardly articulate key farmer concerns, even though they sit on several committees including the Technical Sub-Committee that, *inter alia*, considers pricing. There were even some reports that DCGT and DCGL manipulate the growers’ associations in order to elect representatives that are generally sympathetic to the expansion of the sugar cane cultivation project. The outstanding technical, operational and management issues are a clear testimony that smallholder farmers’ bargaining power is greatly encumbered by the managerial arrangement that makes it extremely difficult for them to get fair deals.

This is further reinforced by the close relationship between DCGT and DCGL, which many stakeholders, including the former MP for the area, have argued presents a case of serious conflict of interest, making it impossible for smallholder farmers’ issues to be dealt with impartially. The relationship between DCGT and DCGL is not only at the level of management; it also extends to the board of directors. The boards of these organisations are to a very great extent managed by the same people. About 40 per cent of the membership of the boards is shared, with the respective chairpersons also being board members of the other group. The majority of senior employees of DCGT, including successive chief executives, have all had shares in DCGL.

This institutional set-up has thus created a favourable milieu for elite appropriation of smallholder farmers’ land. Consequently, aided by traditional leaders, including chiefs, who have been co-opted into the network of elite interests that control both DCGT and DCGL, the redistribution of land that is developed for sugar cane cultivation is mired in corruption and

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60 Landell Mills Ltd, *Study into Land Allocation and Dispute Resolution*, p. 12.
61 Ibid.
patronage. In one of the project sites, for instance, it was discovered that 85 plots were allocated to people who never offered any land and are not natives of the area. In his correspondence with the Minister of Agriculture and Food Security, the former Member of Parliament for the area, who until 20 May 2014 was also Speaker of the National Assembly, observed that: ‘there are 85 people who illegally got pieces of land in Kazilira dambo, contrary to the original plan of the project which includes bank managers, businesspersons and other non-indigenous persons … this evidently defeats the original objective of the project which is to reduce poverty levels of the people in the project area’. In fact, in one of the outstanding cases, a DCGL extension officer was found to have been allocated around five ha of land by the TA and Group Village Headman without consultation with the committee and farmers.

The former speaker’s view is that the activities of DCGT were premeditated and aimed to benefit specific constituencies. In the correspondence with the Minister of Agriculture and Food Security, he observed that DCGT revised Article 4.1 of its trust deed in 2010, which reads as follows: ‘the Trust has been established to benefit, as practically as possible, the smallholder sugar cane growers in the Settlement Area’. Yet DCGT has extended its reach to manage sugar cane on customary land. More critically, DCGT takes the land offered to it by smallholder farmers as its own. This is clearly expressed in the revised trust deed, which stipulates that ‘membership of the Trust shall be restricted to sugar cane growers, and any other such natural or legal person or entity, licensed at the entire discretion of the Trust’. In practice, the Trust acquires its own land and thereafter allocates the land at its own discretion.

Smallholder Farmers’ Resistance to the Sugar Expansion Project

The sugar cane expansion project is facing serious resistance by the smallholder farmers which has intensified over time. Disputes pit a narrative centred on rights and representation against that of modernisation for economic development. The resistance by the smallholders is manifested at two levels. First, it is directed at the coercive reach of DCGT over smallholder farmers’ land held under customary tenure. Second, it is focused on seeking independence from the managerial grip of DCGT over sugar production processes.

The growing protests by the smallholder farmers resulted in the advocates of the sugar cane expansion project led by senior Chief Kanyenda suing those who were resisting the project. Through Civil Case no. 2127 they sought the court’s determination that there would be a permanent mandatory injunction to allow the plaintiffs to carry out the smallholder sugar cane project, combined with a declaration that the defendants’ efforts and acts in blocking or otherwise obstructing the implementation of the smallholder sugar cane production project were wrongful and in violation of the plaintiff’s ‘right to development’ as enshrined in Section 30 of the Constitution. The community members defended the case and the court ruled in their favour, yet DCGL did not quickly act to compensate the community members as stipulated in the court order. Instead, DCGL continued to work the land, fending off community resistance with police protection. This sparked a wave of violent confrontations against the sugar companies and the police. The consequences of these violent confrontations have included the death of a young man aged 21, shot by the police in November 2010; two government officials being seriously wounded by angry community members in October 2011; 25 people being injured following a brawl between pro- and anti-sugar cane cultivation expansion camps in November.
2011; and outgrowers burning four tractors valued at MK12 million, and wounding 26 DCGL employees following unresolved disputes over deductions from their sales sheet at the end of the growing season.67

While the charter of the Trust allows for groups of farmers to form their own companies with a view to competing with DCGL, DCGT has strategically frustrated farmers’ efforts to form viable breakaway companies. A very good example is the Umodzi Sugar Cane Farmers’ Association. It was created to offer similar technical and management services to those of DCGL, but its efforts have been stymied by DCGT. DCGT has declined to sanction the existence of the Association as an independent entity. This has added to tensions. Two objections are raised by DCGT: first, 13 out of the 350 farmers that have formed Umodzi Sugarcane Growers Association have outstanding loans and are only allowed to leave the current arrangement once they have fully serviced their loans; second, DCGT argues that creating a new association would create a nightmare in operational logistics, as the 350 farmers are spread all over the project area. Of course, DCGT has vested financial interests in the continued survival and existence of DCGL, which is its management or shareholding company, and so is doing its utmost to prevent a breakaway arrangement.

These confrontations have created a persistently tense atmosphere, with disastrous consequences. The violent confrontation continues, despite attempts to broker agreements. However, the conflicts are bound up in a deeper political economy that links the operations of the management companies to foreign investment and the state’s requirement to shore up its foreign exchange earnings. The network of interests runs deep, and has resulted in extensive patronage, corruption and the embedding of elite interests, from traditional leaders to company officials to politicians. The legal victories of communities protesting against the expansion of sugar, and attempts to set up alternative management arrangements, have little chance in such a context. Meanwhile, the Illovo Sugar Group proclaims its commitment to assessing how its investments are affecting land ownership and rights;68 and clearly has concerns about how these disputes have an impact on its lucrative operations in Malawi. Yet realising its stated commitments is challenging, making the statements seem shallow and often meaningless. As the Dwangwa experience shows, the company is deeply embroiled in a more fundamental contest over land, rights, and economic opportunity that is at the heart of Malawi’s agrarian political economy. Despite changes in political leadership at the centre, the dynamics remain, as elite power and patronage – combined with the consistent failure to deal with land issues in the country – mean that contests between economic development and local rights remain central.

**Conclusion**

In Malawi, elite alliances with foreign capital, greatly shaped by historically embedded interests and networks, have pushed for an expansion of sugar. This has been encouraged by a combination of a desperate foreign exchange crisis and a false narrative about the existence of plentiful idle land. An alliance against redistributive land reforms and for foreign investment serving elite interests has created a coalition of powerful interests, linking national politicians, multinational capital, western donors, traditional leaders and new-entrant farmers. This acts to disenfranchise poorer smallholders – the traditional ‘peasantry’ – and has persisted across political regimes because of the confluence of interests.

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67 Chinsinga and Chasukwa, ‘Trapped between the Farm Input Subsidy Programme and the Green Belt Initiative’.
68 See Illovo’s ‘Group Guidelines on Land and Land Rights’, available at https://www.illovosugar.co.za/Group-Governance/Group-Guidelines-on-Land-and-Land-Rights; and a positive commentary from Oxfam America, ‘More than a Sugar-Coated Promise? 4 Signs Africa’s Biggest Sugar Producer May be on the Right Track when it Comes to Land’, available at http://politicsofpoverty.oxfamamerica.org/2016/01/more-than-a-sugar-coated-promise-4-signs-africas-biggest-sugar-producer-may-be-on-the-right-track-when-it-comes-to-land/, both retrieved 25 May 2016.
Some smallholders are selectively incorporated into the outgrower production regime on the promise of income benefits, although many have been disappointed. These factors have conspired to create a milieu that not only disempowers smallholder farmers but also renders them subject to increasing marginalisation, despite their mobilisation and protests. The implementation of the sugar cane cultivation expansion project under GBI, supported by the G8’s New Alliance, is dramatically altering the patterns and relations of production, and with this the politics of rural areas. In some cases, smallholder farmers are losing their land completely; in others, they are getting less land than they initially offered, losing control over how they use their own land. The net effect is the fostering of a process of disenfranchisement linked to creeping proletarianisation of the smallholder farmers, who must become wage labourers on larger plots, while guaranteeing some privileged elites access to sugar cane cultivation to make up for the loss of cash income from their traditional cash crop, tobacco. Such elites include urban-based civil servants, businesspeople and politicians who are able to capture the benefits of sugar expansion at the expense of smallholders.

This is reinforced by the management arrangements at field level. The sugar cane expansion project has been captured by the management of DCGT and DCGL who serve a number of political and economic interests, beyond their immediate service provision roles. The management and operational structures of these two organisations are designed in such a way as to squeeze the smallholder farmer as much as possible, while ensuring that the elites appropriate as much surplus as possible for themselves. They have ensured that this happens through a carefully worked out managerial arrangement that co-opts traditional leaders and disempowers the smallholder farmers, casting them as passive and powerless participants in the sugar cane cultivation expansion project. Legal challenges have been resisted, even following formal victories in the courts, while frustrations have spilled over into violent responses and protests. While the Illovo Sugar Group has attempted to encourage mediation, this has failed to address the underlying causes.

The sugar cane expansion project is creating a new agrarian political economy in the sugar areas. This greatly disenfranchises smallholder farmers, while creating opportunities for accumulation by others. The rhetoric of modernisation and development flows freely, but in practice there are major losers among the significant winners. Underlying these disputes is an unresolved land question, with no major players willing to address it, and narratives of large areas of ‘idle’ land reinforcing the impasse. Thus, contemporary investment in sugar cane production must confront historical legacies of policy neglect around land, as well as networks of interests that persist across time, and are reinforced by new configurations, as has been the case following the privatisation of the sugar industry and the increasing interest of foreign capital in the sector. The plentiful rhetoric of ‘pro-poor’ investment and ‘inclusive’ land governance for ‘transformative’ rural development in the end cannot hide the underlying political economy of sugar cane production in Malawi.

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