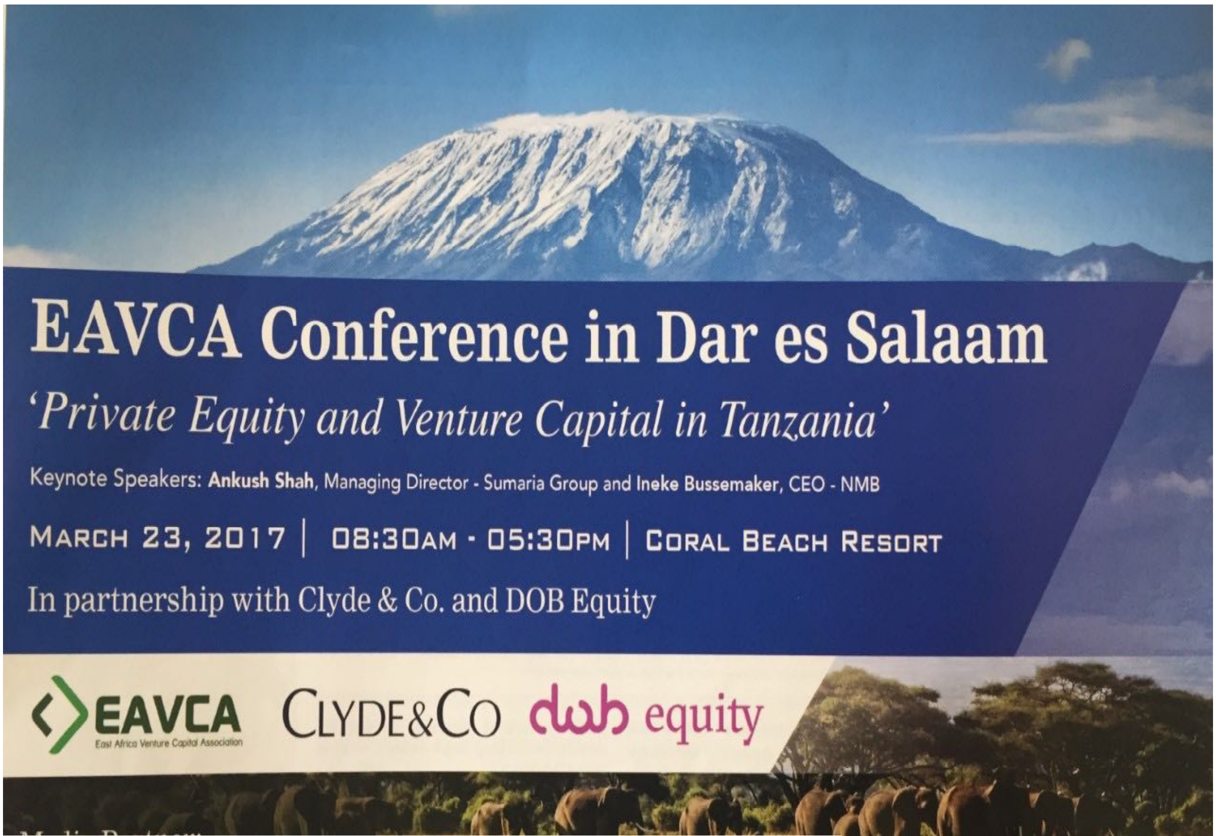

Ouma, 2015

Financialisation of Agricultural Development

Jakob Trappe

Financialisation of Agricultural Development

Financialisation is a relatively new concept used by economic and development geographers, among others, to describe the global expansion of financial logic in all sectors of life, especially since the global financial and food price crisis of 2007/2008 (Mawdsley 2018: 267).

Financialisation is described as "the dominant force changing capitalism, shifting the gravity of economic activity from 'real' production (primary, manufacturing and services) to finance (investment banking, insurance, arbitrage, asset management, venture capital, currency trading and so on). Even non-financial firms are increasingly oriented towards financial rather than 'productive' profits" (Milberg 2008 cited in Mawdsley 2018: 26).

It is argued that the Structural Adjustment Programs (SAPs) as a 'prescription for development' with their neoliberal policies in the late 1980s and 1990s and the liberalisation/deregulation of markets paved the way for **financialisation** in the countries of the Global South (Brooks 2016: 774; Mawdsley 2018: 267). Those neoliberal developments enabled the mobilisation of financial capital, the general expansion of financial logic among individuals, households, and businesses in the Global South, and the transformation of previously mundane objects like untitled farmlands held by smallholders into asset classes, which are now integrated into global capital flows (Mawdsley 2018: 268, 272). African countries are often framed as 'emerging markets' or 'last investment frontiers' by financial institutions (ibid: 268).

Financialisation has become increasingly relevant in the development arena: Since traditional development financing practices like Overseas Development Assistance (ODA) have been criticised in the past for not leveraging enough capital and being inefficient, development organisations increasingly cooperate with financial institutions (venture capital firms, private equity funds, hedge funds, investment banks, etc.) to enable "new circuits of financial investment, speculation and extractions" (Mawdsley 2018: 268). This can be understood as part of the larger '**beyond aid**' era: The International Conference on Financing for Development in Addis Ababa in 2015 outlined that the mobilization of domestic resources and private finance as new essentials to achievethe objectives of the Sustainable Development Goals (SDG) agenda (Brooks 2016: 769).

Financialisation has also reached the field of agricultural development with the New Alliance for Food Security and Nutrition in Africa launched by the G7 and the United States Agency for International Development (USAID) in 2012 to lift 50 million African people out of poverty through agri-business investments until 2022 as a reaction to the global food price crisis of 2007/2008 (Brooks 2016: 770). It can be read as a continuation of the old paradigm of connecting smallholders to markets, but now in the new form of **value chain interventions** (ibid.). Investors are the main beneficiaries of such investments because they place themselves strategically above the smallholders and thereby reduce their own risks while often increasing the instabilities and uncertainties of smallholders at the end of the value chain coming along with newly introduced intensified and unsustainable farming practices (ibid.).

Smallholders are often perceived as ‘sleeping potentials’ in development policies (Brooks 2016: 772). Therefore, agricultural growth corridors such as the **Southern Agricultural Growth Corridor of Tanzania (SAGCOT)** in Tanzania play a crucial role in agricultural development to unleash the full potential of ‘underutilized lands’ mainly held by smallholders (ibid.). This opens the way for private investors to bring in their capital with the support of public donors and multilateral development banks (ibid).

These **financialisation** trends should be observed with care as the new finance products emerging with it are often very complex and risky and the new finance partners are not necessarily known for poverty reduction (Mawdsley 2018: 271). Development organizations like the British Department for International Development (DFID) still try to put financialisation in a positive light by framing it as a win-win situation promoting economic growth in African countries on the one hand and benefiting the British taxpayer on the other hand (ibid.: 265). A more general problem is that since the introduction of the New Financial Architecture (NFA) in the late 1970s (the regulatory framework for US and international financial flows) investment banks, hedge funds, and private equity funds are barely regulated to allow efficient market entries (Brooks 2016: 778).

The role of private equity investors in Tanzanian agricultural development

The agricultural sector of Tanzania, which employs nearly 70% of the national workforce and contributes to over 30% of the national GDP, is still very relevant to the national economy (Lupatu 2017). Although the Tanzanian market is perceived to have huge growth potential and there has been a growing interest of investors in the agricultural sector since the early 2000s, Tanzania is not as favored as an investment destination as Kenya (Lupatu 2017; Ouma & Katundu 2020: 1). This is owing to specific market characteristics and challenges: the dominance of smallholders (owning less than 5 acres of land), lack of infrastructure, currency volatility, overregulation, and a bulky agricultural tax regime with currently 73 different taxes (Lupatu 2017; Ouma & Katundu 2020: 2).

Due to economic, political, and operational risks arising from the difficult business environment, investors perceive the sector as risky and prefer to invest in less risky elements along the value chain and not directly into farmland (Ouma & Katundu 2020: 1, 3). Therefore, investors in search of quick returns, usually exiting after a short period of 5 to 6 years (Lupatu 2017), bring **private equity (PE)** investments to Tanzania, which follow the common logic of 'develop - operate - liquidate' (Hartmann et al. 2020: 129).

According to the East African Venture Capitalist Association (EVACA), the East African region attracted 13% of all PE investments directed to Africa and recorded the largest number of completed deals (44) compared to other regions in 2016 (Lupatu 2017). Still, agriculture is not among the top destinations of PE investments, and only 0,6% of the globally raised PE funds (4,8 trillion $) between 2007 and 2016 targeted the African continent (PEI Media 2020, KPMG & EVACA 2017: 6 cited in Ouma & Katundu 2020: 2).

The **financing structures** of PE investments are complex and are sometimes channeled through classical fund structures but can also include impact investment components as shown in the case discussed below (Ouma & Katundu 2020: 5). Such agricultural investments are then labeled by investors as 'smart finance', 'impact investment', 'responsible investment' or 'patient capital' (ibid.: 1). Investment chains of PE investments usually have stations in several countries including tax havens like the Cayman Islands, Luxemburg, or Guernsey, where they are legally protected by nondisclosure agreements or exempted from tax and legal requirements like annual reports. Therefore, they are often partly intransparent and have low tax footprints (ibid.: 6, 9).

When Private Equity meets a Smallholder Dairy Cooperative: The Case Study of Tanga Fresh Ltd.

Tanga Fresh Ltd., founded in 1997, is the result of a long history of Dutch development interventions in the Tanzanian dairy sector after the collapse of sisal production in the Tanga region in the 1980s (Wegerif & Martucci 2018: 10 f.). It is based on already existing cooperative structures and a dairy processing plant from the socialist era (Ouma & Katundu 2020: 6). Since then, it has become one of the largest producers of pasteurised milk in Tanzania, mainly serving the market of Dar es Salaam (Wegerif & Martucci 2018: 14).

It started with a daily production capacity of 15.000 l of milk, but in 2018 it produced over 50.000 l and had 150 directly employed staff members (Wegerif & Martucci 2018: 10). Tanga Fresh has a blended financing model of private investors and development finance organisations with a social impact focus: In 2008, the Dutch **private equity investor DOB Equity** became a large minority shareholder of Tanga Fresh (ibid.). This blending of finances is a common practice of agricultural PE investors to generate financial value (Ouma & Katundu 2020: 9). However, for many years DOB Equity held back from acquiring the majority equity stake to keep up the ownership of smallholders as a legitimation strategy until it finally became the majority shareholder (Ouma 2020: 132).

Private equity investments in African countries share a common logic: "An asset manager collects capital for a fund or a single investment venture and draws on this capital to acquire a significant share (equity) in an agricultural operation – usually in combination with the mobilization of other external funds. The PE firm enhances an investee firm's market value by reworking its business model, value chain, corporate governance, accounting system, and profitability. The business or a stake in it is eventually sold after a holding period of 7-15 years (via a so-called exit)" (Ouma 2020: 124).

The **Evergreen fund** of DOB Equity with a regional focus on the East African region is financially backed by a Dutch entrepreneurial family, that acquired its wealth by founding the first supermarket chain in the Netherlands (AVCA 2014: 1; DOB Equity 2017 and 2022). It invests in scalable and innovative companies in sectors where not so many PE investors have been active so far such as agriculture, clean energy, retail, distribution, warehousing, waste management, healthcare, education, and others (AVCA 2014: 1; Kenyan Wallstreet 2017). DOB Equities' managing director describes the fund as an **impact investor** with a special awareness for social and environmental sustainability (AVCA 2014: 2).

An Evergreen Fund is: "a fund that provides capital for new companies and makes regular injections of capital to support their development. Evergreen funds are for long-term investors looking for tax-free income" (Collins Dictionary 2022: n. p.).

In the case of Tanga Fresh, it becomes clear how **morality** in the form of smallholder integration is commodified to create additional value and legitimize the investment locally (Hartmann et al. 2020: 124). Moral and economic imperatives often get into conflict: The investor is under permanent pressure to uphold win-win narratives with the **quantification**

Photo 17: Tanga Fresh Ltd. processing plant in Tanga. Source: Ouma 2017

of social impact for the supporters and shareholders and to generate **financial profits** at the same time (Hartmann et al. 2020: 129).

Then it often becomes secondary under which conditions the smallholders are actually integrated (ibid.: 135). Tanga Fresh is one of DOB Equity's larger investments with an investment size of 3,45 million € (2007-2014) and is often portrayed as a success story in interviews, where the impact is well quantified: The number of farmers rose from 3000 (2007) to 5860 (2013) and their incomes rose from 1,6 million € (2007) to 4,3 million € (2013) (AVCA 2014: 2). **Table 1** shows the annually published quantification of impacts of DOB Equity's PE fund for the shareholders in 2020:

Income and Education	Goods and Services	Food Security	Society and Economy
Employees: 57.876	Revenue generated: 61,8 million €	Food security revenue: 41 %	3rd party capital leveraged: 328,47 million €
Smallholder Farmers: 38.492	Ferry passengers: 75.131	Litres of dairy products: 6,9 million l	Income paid: 464 million €
Students: 690.535	Off-grid connections: 20.342	Kg of food products: 20.348 kg	Taxes paid: 69,28 million €
SDGs supported: 1 No poverty, 2 Zero hunger, 4 Quality education, 6 Clean water and sanitation, 7 Affordable and clean energy, 8 Decent work and economic growth, 9 Industry, innovation and infrastructure, 11 Sustainable cities and communities and 12 Responsible production and consumption			

Table 1: DOB Equity's quantification of impacts 2020 Q4. Source: redrawn from DOB Equity 2020

The business model of Tanga Fresh can be described as a typical example of **value chain intervention**: The local raw milk production of about 6000 smallholder farmers is upscaled over a network of 47 milk collection centers and then the value is upgraded through centralised pasteurisation in Tanga to be sold in Dar es Salaam (Wegerif & Martucci 2018: 14). **Figure 20** compares the local raw milk supply chain to the Tanga Fresh supply chain:

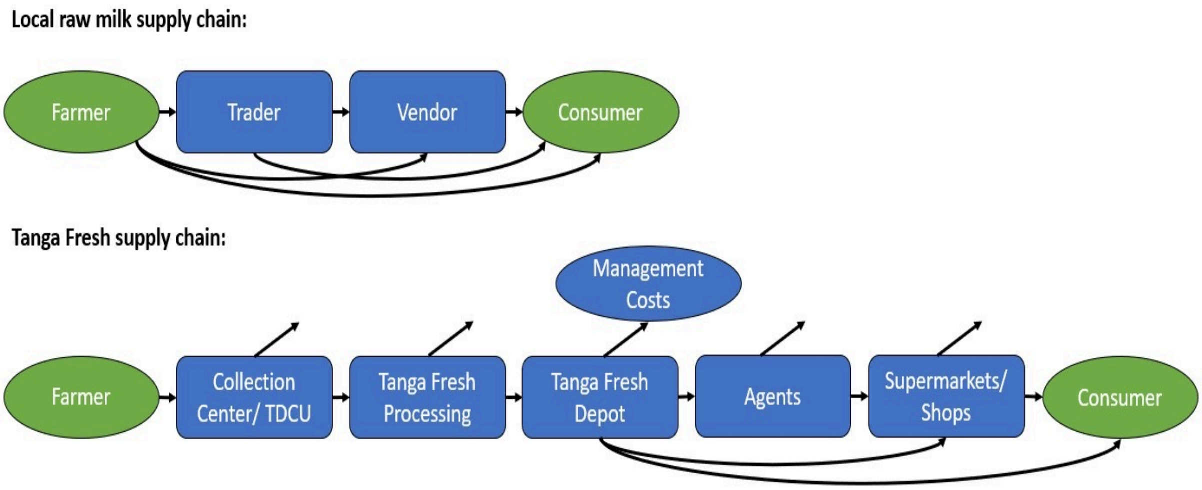

Figure 20: Comparison of the local raw milk supply chain and the Tanga Fresh supply chain. Source: Own representation, based on Wegerif & Martucci 2018: 8, 17

However, not all outcomes of the **value chain intervention** are positive for the smallholders: Principally all farmers are shareholders of the cooperative and co-own the processing plant (Ouma & Katundu 2020: 7). Still, they feel distanced from the decision-making of the management board, especially since DOB Equity got involved (Wegerif & Martucci 2018: 11). The **exclusive contracts** to supply milk for Tanga Fresh (which forbid side selling of fresh milk) give farmers income stability, but in the shorter raw milk supply chain, farmers can create higher revenues because of more direct farmer-consumer relations and fewer transactions and no management costs ibid.: 17). The Tanga Fresh board sets **fixed unit prices** for all segments along the supply chain to offer the consumer base stable prices throughout the year (ibid.: 14). Due to this practice, farmers lose the incentive to maintain their production at the same intensity during the dry season, where they can barely cover their production costs causing **seasonal fluctuations in milk supply** (ibid.: 15). Lastly, there is a reasonable fear, that if the company's equity stake is being sold by DOB Equity, the business model could be reworked by another investor at the expense of the smallholders, increasing their dependency or making smallholder supply obsolete in the worst case (ibid.: 19).

Script for the Excursion Day

Figure 21: Planned daily activities. Source: Open Street Map (accessed on: 28 February 2022)

1st Part: Revision of the Keyword in Lushoto on the prior evening

Before we start our daily activities, we will have a short revision on the content of this keyword and the historical background of the regional dairy sectors' history. We will use this knowledge to observe and try to spot the remains of economic and land-use changes in the landscapes around Tanga during our following bus rides.

2nd Part: Visit of the Tanga Fresh Ltd. milk processing plant in Tanga

As the first stop of the day, we will visit the milk processing plant of Tanga Fresh Ltd. to trace the milk supply chain on the ground. Tanga Fresh is one of the largest producers of pasteurized milk mainly serving the market of Dar es Salaam (Wegerif & Martucci 2018: 14). Here a company representative will guide us around the facilities to give us deeper insights into the regional dairy industry and how the milk is processed in Tanga. There we will hopefully also find time to discuss DOB Equity's influence on the company, the impact of the pandemic on the business activities, and the expansion strategies of the company in the future.

3rd Part: Visit of a smallholder farmer at the end of the supply chain in the Tanga region

About 6000 smallholders supply Tanga Fresh's processing plant over a network of 47 milk collection centres (Wegerif & Martucci 2018: 14). The second stop of the day will be a visit of a rural milk producer supplying Tanga Fresh. This will be an opportunity to learn more about smallholder integration on the ground, to understand the reasons why smallholders decide to supply their milk to Tanga Fresh and to learn more about how smallholders benefit from the cooperative structures.

4th Part: Reflection after lunch in Jamhuri Park in front of our hotel

We will end our day with a discussion of our observations, and we will reflect if Tanga Fresh's business model can be described as a good example of smallholder integration or whether the financialisation of the regional dairy sector happens at the expense of the smallholders.

Postscript for the Day of the Excursion on: Financialisation of Agricultural Development

Summary of the Day

During our early bus ride from Lushoto to Tanga, we observed that large-scale sisal farming is still a major economic activity in the Tanga region, alongside some large cement factories and small industries around the city of Tanga.

Around 10 am we met with an official of Tanga Fresh at the processing plant in Tanga. He took us to one of the 47 **milk collection centres** in the village of Ngomeni. The facility is operated by ‘Uwamli, Mlingano - Muheza’ one of 28 cooperatives under the umbrella of the **Tanga Dairy Cooperative Union (TDCU)**.

Around 300 farmers per collection centre supply their milk to the company daily. A farmer here receives 743 Shilling per litre of milk, which includes the transportation costs to the processing plant and a levy collected for the management and services of the cooperative. The milk is preliminarily tested at the collection centres to ensure that the **quality standards** are met. It later undergoes further testing in the laboratory of the processing plant. Currently, 6000 farmers in six of eight districts of the Tanga region work with Tanga Fresh. The average farmer owns two cows, mainly indigenous breeds, while the largest farmer has around 300 cows. Only a few farmers own improved cattle breeds with higher milk production. In global comparison, the cows in Tanga are not very productive as shown in **table 2**.

Photo 18: Large-scale sisal plantation in the Tanga Region. Source: Own Picture, 2022

	Tanzania (Tanga Fresh)	USA	Israel
Average lifespan of a dairy cow in years	10-12	7	5
Average milk production of a cow per day in litres	10	30	45

Table 2: Global comparison of the milk production in the Tanga Region. Source: Based on our Interview Information

The cooperation, which mainly consists of smallholder farmers, brings challenges to the company like **seasonal fluctuations in milk supply**, but also **resistance strategies of the farmers** to the fixed unit price set by the company board. This includes practices like side selling or the dilution of the milk with water. Smallholders are therefore not just passive objects in the supply chain and have their own forms of showing **agency**.

At our second stop of the day, we visited one of the larger **supplying farms** and met its manager, a young veterinarian employed by the owner of the farm. It accommodated over 20 cows, but also other animals like chickens, with modern concrete infrastructures like enclosures, a silo and troughs for water and feed. Cows were partly held in enclosures and partly on free range. The manager told us that the high feed costs and the

Photo 19: Milk collection centre in Ngomeni. Source: Own Picture, 2022

regional dry spell are serious challenges to the business, for instance in the current dry season. Furthermore, the farm manager hesitated to admit engaging in **side-selling** and expressed the wish for Tanga Fresh to pay a higher **fixed unit price** for the milk. The Tanga Fresh official, who took us around, defended the logic of the **fixed unit price**. He argued, that if it was raised, the local buyers of raw milk would also increase their prices putting the company in a worse position due to already high fix-costs and taxes. Overall, the current daily production on the farm of around 70 litres of milk did not seem to be cost covering.

Photo 20: Improved cattle on the supplier farm. Source: Own Picture, 2022

Lastly, we went back to the milk processing plant of Tanga Fresh and met with Emmanuel Lao, the Milk Sourcing Manager of the company and Innocent Mushi, the CEO of Tanga Fresh. Mr Lao informed us about the huge **growth potential** perceived in the Tanzanian dairy sector:

Only 60-70% of the maximum processing capacity of 120.000 litres of the processing plant is in use so far and in general only 3% of the 3 billion litres annual Tanzanian milk production is processed by only a few companies. As the demand for milk from Tanga Fresh's business partners is larger than the current supply, the company's officials have identified the **seasonal fluctuations in the supply** of up to 70% during the dry season compared to the wet season as a serious challenge. To cope with this problem, the company buys leftover milk from other small processors in Tanzania in times of excess demand. However, it became clear again during our conversation how the company ignores the **cultural preference of the majority of Tanzanians for raw milk** (Wegerif & Martucci 2018: 3f). Therefore, Mr. Lao reproduced stereotypes like the lack of consumer's education, about the potential health risks of consuming raw milk or the consumer's mistrust of the processed product to explain the consumer's preference for raw milk. Eventually, it might simply be the higher prices of Tanga Fresh's dairy products compared to raw milk, which reasons the consumer preference, making processed milk an exclusive product and not "a product for everyone". Also, the **'low productivity of the smallholders'** was criticized while possible reasons connected to the **low fixed unit price** were not considered as potential roots of the problem. One company official summarized the issue as follows: "We have a lot of dairy keepers, but very few dairy farmers".

The CEO, Mr. Mushi stated that he has worked on the “turnaround of the company” during the last two years. He wishes to bring in more large-scale **commercial farmers** to establish a 50/50 **hybrid supplier model** of smallholders and commercial farmers. While obviously and possibly for the lack of alternatives, the cooperation with smallholders and their ‘social impact’ is still important to the management of the company, the company aims to become more resilient to the **seasonal fluctuations in milk supply**. Furthermore, it hopes to create new synergies from cross-learning between commercial farmers and smallholders to increase overall productivity. The last challenge to the management, which is inherent to the business model, is the **collectability of milk** since farmers are too geographically scattered to reach out to. This problem has been addressed with the implementation of mobile collection points as a sub-category of collection centres.

Reflecting on “Financialisation of Agricultural Development” after the field

After the engagement of **DOB Equity** at Tanga Fresh in 2008, the once strong power position of the smallholders and their cooperatives and their influence on the decision-making of the company’s board gradually decreased, until the PE investor finally acquired the majority equity stake. This pattern of buying the shares gradually must be understood as a legitimation strategy of the investment since buying them all at once and with that undermining the smallholders from one day to another could have ultimately harmed their support for the business. **DOB Equity** currently holds 53% of the shares, while the **TDCU** holds 43% of the shares. The last 4% are held by a local investor and former CEO of the company. To uphold the legitimacy and for the sake of the marketing of the ‘social impact’ created with the smallholder integration, the business model cannot be transformed into a **hybrid supplier model** of smallholders and commercial farmers in the short term. That causes the investment to have a longer-term nature than usual PE investments in Tanzania, where the investor exits after five to six years (Lupatu 2017). The current situation of DOB Equity engaging with Tanga Fresh for a period of 14 years, now raises the question of why they are holding on to the investment for so long and why they have not sold their shares to another buyer yet? First, it must be recognized that DOB Equity is a more **patient investor** than ordinary PE investors, which need to create fast revenues to ensure the promised revenue rates and pay-outs quickly. Eventually, DOB Equity also went into the investment with different expectations and then had to adapt its investment strategy to the local circumstances and to the non-expected resistance of the smallholders to the plans of transforming the company. As we were told in the interviews, DOB Equity has not yet created its expected revenues after such a long period. Therefore, it still seems contradictory that the investor presents Tanga Fresh as one of their showcase investments. This is probably due to the large investment size and long-term nature of the investment.

Additionally, it does not seem to be transparent for all TDCU smallholders by whom and how their interests are represented on the company's board. Their strive for **participation**, the sizable equity stake of the smallholders' cooperatives and the resistance coming along with it, always seemed to be disturbing for the investor, but their representation on the board is part of the legitimation strategy and has therefore never been questioned (Ouma & Katundu 2020: 7). Still, elemental problems, that have already been mentioned in the Wegerif & Martucci (2018) study four years ago, like the **fixed unit price** discouraging farmers to uphold their production at a similar level during the dry season, side-selling, or the dilution of the milk have not been adequately addressed by the management until now. Demands of the smallholders to substantially raise the **fixed unit price** remained unaddressed since then. This unsolved situation is created by the management decisions, while the management projects such market problems on the smallholders for lacking expertise, not being productive enough or not being resilient to the harsh environmental conditions in the Tanga Region.

Tanga Fresh is a very interesting and unique case because **PE investors** only rarely engage with **cooperative structures**. However, this particular engagement reveals the downsides of how smallholders can be commodified, economically and morally, and how a company and eventually the investor tries to put pressure on them to increase their productivity while gradually weakening their power position within the company. A social impact investor like DOB Equity markets the **inclusive character of the business model**, while a careful observer could argue that the business model is marginalizing the smallholders due to **uneven power relations** between the decision-making company's board and the price-taking smallholder suppliers. As there are currently no better alternatives to the smallholder supplier model and a **hybrid supplier model** cannot be implemented very soon due to the lack of commercial dairy farms in the region, the smallholders and Tanga Fresh find themselves in a **reciprocal dependency with uneven power relations**.

Ethical and Methodological Challenges of Upscaling the Topic

In the case of Tanga Fresh, it would be interesting research on how the engagement of the PE investor changed the organisation of labour and power configurations within the company and cooperative structures. As a white male scholar from the Global North researching on the African continent is a huge privilege and is unavoidably embedded in **colonialities of knowledge and power**. That is also reflected in the global structures of knowledge production because reversed it is much more difficult for African scholars to do research in Europe and theories on African issues are still mainly produced by non-African northern scholars. Doing research abroad means having the **power to define the discourses of foreign people**. This endeavour comes with great responsibility for a researcher, who has limited time to acquire data in the field and who will never be fully capable of understanding the **local context** due to the different background. Because of that, the field research needs to be thoroughly planned and also a research permit for Tanzania must be acquired in advance.

It is questionable if Tanga Fresh will grant a researcher full access to their data or allow them to interview every potential smallholder supplier as they have a legitimate interest in keeping up a positive image of their company. Research in this field, therefore, underlies a **selection bias** and a researcher must always be very thoughtful on how to express thoughts because too harsh critique could violate the **company's and donor's interests**. Consulting the company to receive feedback on the findings and give them the chance to comment on potential claims before publishing results is paramount. Engaging with smallholders, where the farm is often also their home, means invading their private space and intimacy. In this setting, researchers need to constantly reflect on their own presence. Taking account of this **local sensitivity**, it would make sense from a methodological perspective to choose a **qualitative approach** since it is very difficult to generate a representative picture due to the aforementioned selection bias. Open interview forms like narrative interviews would give the participants more room to set their own thematical focuses and address their daily challenges when working with Tanga Fresh.

Several connections to my own and other topics of the excursion can be drawn from the various other expert meetings. During our meeting with Professor Mbilinyi on the 13th of April 2022, she raised several thoughts that are very relevant to the **financialisation of development**: Development agencies have the power to define discourses and prioritize certain sectors like agriculture, which investors will then follow to bring in their capital. After the **global food price crisis in 2007/08**, witch stimulated the interest of foreign investors in agriculture in the Global South, smallholder farmers have not been recognized enough in the national **'Kilimo Kwanza'** (Agriculture first) policies. Development corridors like **SAGCOT**, which are praised in media and policies for promoting small-scale agriculture, actually favour commercial agriculture owned by large multinationals like Monsanto or Bayer. Also, she criticized the **New Alliance for Food Security and Nutrition in Africa** for promoting the use of genetically modified organisms (GMOs), which are again introduced by those multinationals. Professor Mbilinyi concluded that small-scale farmers are principally willing to be integrated into the global market (or in Tanga Fresh's case the inclusion into global circuits of financial capital), but they want to be able to set the terms of trade instead of just being price-takers.

Hortanzania is another interesting example where a Mauritian PE investor, Loinette Capital, acquired the majority equity stake of an agricultural company 3 years ago (Loinette Capital 2022). This investor is already in a later stage of **transforming the organisation of labour** on this plantation, which is an effective way to **add value** to an investment for potential future buyers. With the gradual introduction of **key performance indicators (KPIs)** for monitoring the productivity of every single worker, the pressure on workers has increased to "shift from attendance to productivity" (Hortanzania Official 2022). Additionally, permanent contracts have been transformed into seasonal contracts to cut labour costs. Such **shareholder interventionism** does not come without **resistance** from the affected workers. Not all employees welcomed these changes and from previously 600 workers only 350 workers remained on the farm. One company representative commented on the issue as follows: "Where there is change comes resistance". Lastly, the investor plans huge capital investments into new infrastructures on the farm like new irrigation systems and greenhouses. During our post-farm visit meeting with Professor Sulle on the 6th of April 2022, he explained that this is a common pattern for companies in the **agricultural transformation** to **shift from labour-intensive to capital-intensive production** to increase their revenues in the short term. Unfortunately, this reduces the **workers' welfare** by eventually paying lower wages, casualisation of contracts, putting additional pressure on the workers' productivity and finally job cuts to reduce labour costs.

The PE investor **DOB Equity** and development agencies like the German Development Agency (GIZ) are also active in the early and late-stage funding of start-ups in Tanzania. It should be critically reviewed what kind of social impact those start-ups can create and where the revenue created flows once they might be sold.

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