Large Scale Land Acquisitions in Southern Africa: Characteristics, Perspectives and Regulation

Ward Anseeuw

In collaboration with Perrine BURNOD and Pierre-Marie BOSC
Since 2008
Huge media attention on “land grab” & “neo-colonialism”

“Africa investment sparks land grab fear”
Large Scale Land Acquisitions in Africa:
An initial analysis and perspectives

1. Quantifying and qualifying these dynamics

2. Tendencies and evolution factors

3. Implications and stakes for agricultural and rural development

4. Roles and possible modes/instruments of regulation
1. Quantify and qualify these dynamics

- 20,000,000ha worldwide – 1/3 in Africa (IFPRI, 2009), in ALL Southern African countries

- Since 2004 (peak 2008) - ↑ number of projects/transactions
  - ↑ coveted areas (> 100 000 ha)
  - new (macro-)actors

- Difference between announcements/desire of the operators and the accepted/effective investments
  - Madagascar: 800,000ha acquired, 4Mha requested, representing 2.3% of arable lands
  - Coveted areas small compared to the potential agricultural lands … but potentials to be discussed
  - Mozambique: 660,000ha acquired compared to 3.7Mha cropped and 34Mha arable land
  - Choice of the operators  -> quality land or well situated / infrastructures

Very few effective projects

<table>
<thead>
<tr>
<th>Acquired Area (ha)</th>
<th>World*</th>
<th>Mozambique</th>
<th>Tanzania</th>
<th>Madagascar</th>
<th>Zambia</th>
</tr>
</thead>
<tbody>
<tr>
<td>x</td>
<td>20 000 000</td>
<td>660 000</td>
<td>2 728 000</td>
<td>800 000</td>
<td>3 150 000</td>
</tr>
<tr>
<td>Nb projects</td>
<td>x</td>
<td>12</td>
<td>41</td>
<td>6</td>
<td>4</td>
</tr>
<tr>
<td>% of arable lands</td>
<td>0.5 to 4</td>
<td>1.9</td>
<td>3.1</td>
<td>2.3</td>
<td>4.2</td>
</tr>
</tbody>
</table>

Source : ILC (ongoing)
Diversity of renewed drivers

• Agricultural activities:
  
  - for food production (mainly for investor country, foreign company)
  - Biomass production for energy

  Direct integration of agricultural production, to avoid international markets
  Direct export of production to investor country

But also:

• « Environmental » activities: forest conservation, carbon sequestration, REDD

• Non agricultural activities: tourism, game farms, golf estates

• Land speculation (short or long term)

• Rent seeking activities
Diversity of operators

- **Investors**
  - >1000 ha: foreign investors – Capital rich investors in search of NR
    - Qatar/UAE, China, South Korea but also Europe
    - Private investors, Governments through public/private investment funds, pension funds, banks

- **Host countries: Primordial role of governments and elites**
  - Seeking FDI + hope for direct benefits (employment) or indirect (infrastructure) + personal interest elites
  - Non-titled land (communal - State lands) of which government/elites are regulators
  - Facilitates processes (identification of land, investment agencies, fiscal advantages)

Share of foreign and national investments in 5 African countries
(Source: Cotula et al., 2009)
The contracts and agreements

- Leasing (20, 30, 99 years) more frequent than purchase
- Processes often non-transparent
  - Agreements and contracts with government
  - Rarely with local communities (representation problem of local actors)
  - Lack of consultation with concerned populations and local actors
  - Poor compensation in case of expropriation and displacement
- Contracts very short and not very detailed, with very few conditions
  - Control and enforcement of contracts is a problem: for the 2 parties
  - Engagements regarding employment and infrastructure development not formalized
Diversity of transactions and land acquisitions

- Illegal land grabs (Sudan)
- Legal allocation of state land, ignoring customary rights (Ethiopia, Niger)
- Legal transfer of customary land by elite (Kenya)
- Illegal removals through intimidation (Zimbabwe)
- Concentration of private land (Kenya)
- Legal expropriation/forced leasing of land (South Africa?)
- Legal allocation of customary land (Tanzania, Mozambique)

Source: Adapted from ILC, 2009.

Different forms of land acquisition

‘Land grab’ not relevant term
2. Tendencies and evolution factors

Slow down:

• Decrease of prices of agricultural commodities and of petrol,
• Financial crisis, slow down of the economy and difficult access to credit,
• Technical and organisational difficulties
  – Fragility of the production models (low productivity, climatic issues)
  – Poor evaluation of quality of services and infrastructure (poor infrastructure, lack of market access)
  – Poor environment of ‘business doing’
• Social contestations and awareness of the social and political limitations of these practices
Tendencies and evolution factors

But an on-going process

- ↑ Demand for certain agricultural commodities: demographic growth and change in consumption patterns

- ↑ Demand biomass production: decrease of fossil fuel and encouraging public policies for biofuels and carbon sequestration

- Increased fragility of financial markets: seeking more stable commodities (land)

- ↑ volatility of agricultural prices:
  - Decreased confidence in international markets and tendencies of integration of agricultural production (including of production abroad)
  - And, in context of scarce NR, increase of speculative practices (agricultural and land commodities)

- ↓ development aid, seeking of DFI (promoted by international financial institutions): opening-up of host countries
Tendancies and evolution factors

Generalization of medium-scale acquisitions for industrial agriculture

Medium size-land acquisition, legal, transparent, some type of redistribution
Industrialized production model (as seen in Latin America)

Development of contract farming practices

Population keeps control of production, land rights, access to services (extension, credit, inputs), secured markets - Less control over production by investor (which might be in contradiction with main objective of delocalisation)

Direct Engagement of financial sector
3. Implications and stakes for agricultural and rural development

Positive:
Investor: Securing (agricultural) production
Host government / population: -Employment and poverty reduction
-Infrastructure and technology transfer
-Food production and food security
-Commercialization and enhancement of commercial balance, fiscal gains

Negative:
Host government / population: -Absence of compensation
-Loss of access to land, NR and social rights (impacting family agriculture and pastoralists)
-Food security and food sovereignty
-Low job creation, questionable sustainability of jobs and labour conditions (export of labour)
-Environmental issues/degradation (soil quality, volume and quality of water),
-Non-transparency, governance issues and political destabilization
3. Implications and stakes for agricultural and rural development

-> Investment is necessary

- **Food security: a problem of access to food and not of quantity produced**
  - Enhance income of populations, securing their access to land and NR,
  - Enhance access to services (credit, extension) and markets

- **Human rights, the right to self determination (food sovereignty) and the right to development**
  - "foreign direct investment (FDI) should contribute to local and national development in a responsible manner”
  - “the right of all peoples to freely dispose of their natural wealth and resources”

-> Investment conditions, code of conducts, etc.
-> Include minimum provision clauses (in case of food crises for example),
-> Promote production models allowing income provision/employment creation and preserving the access to land/NR of local populations,
Implications and stakes for agricultural and rural development

• Agricultural and rural development models
  -> Public policy priority: defining and securing land rights (populations and investors)
  -> Reinforce agricultural/rural policy and prospective and territorial governance instruments
  -> Possible coexistence of different forms of agriculture, but a priority should be given to family production
  -> Evaluation and selection of projects in function of their economic, social and environmental impact
  -> Broader reflection on (rural) development model

• Democratic and multi-level Land/NR governance and policy structures
  -> Defining policies, securing land rights and negotiating of contracts/agreements (populations and investors) should include all stakeholders and respect existing institutions
  -> Reinforce negotiation capacities – i) to engage in negotiations, ii) to balance power relations (collective action)
  -> Dissemination and transparency of information
  -> Identification/establishment of institutions capable to monitor and control the implementation of policies, the respect of contracts and dispute resolution mechanisms
4. Roles and possible modes of regulation

6 different types of initiatives:

• Guidelines
  ➢ Special Reporter on the Right to Food statement ‘A set of core principles and measures to address the human rights challenge’ (addendum on land acquisitions)
  ➢ FAO Voluntary Guidelines for responsible governance of tenure of land and other natural resources

• International frameworks indirectly related to land
  ➢ Right to self-determination (International Covenant on Economic, Social and Cultural Rights)
  ➢ Right to development (Declaration on the Right to Development)

• General CSR instruments (OECD guidelines for multinational enterprises, UN-Global Compact)

• Financial sector specific instruments (Equator principles, UN Principles for Responsible Investment, UNEP Finance Initiative)

• Commodity specific instruments (Forest Stewardship Council (FSC), Round Table for Sustainable Palm Oil (RSPO), EU sustainability criteria on biofuels/bioliqulids, …)

• Land related frameworks, institutions and policies at continental, regional and national (AU Guidelines for Land Policy in Africa, NEPAD Pillar 1, Regional policies, national policies)
Roles and possible modes of regulation

• Role of International institutions (WB, FAO, IFAD, European Union, …)
  -> definition by the different parties of voluntary directives – coupled to those linked to land
  -> subscription to CSR processes and financial sector instruments
  -> certification of agricultural production oriented to international markets

• Roles of host States
  -> Development of national policies
  -> Development of criteria for project selection: economic, technical, social and environmental criteria
  -> Importance of inclusiveness and transparent negotiation processes

• Role of specialised institutions, research, civil society, unions…
  -> support/accompany negotiations – develop own positions/conditions
  -> monitor and control i) of respect of agreements by different parties, ii) of land situation
  -> develop and offer expertise in and follow-up of economic, environmental and social aspects
  -> Information dissemination

  Importance of SACAU as regional entity