The Land Rush, New Investment Models and Agrarian Change
(Global and West Africa)

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• The global land rush – some features and drivers

• The investment dynamics – new actors, new development models

• Broad implications - Agrarian change and social transformations

Results from several projects
The global land rush – Some features
2012 announced/reported deals
228,130,787 ha
+400-500% compared to WB report

1107 verified deals (55% announced/reported deals)
67,042,000 ha (29% announced deals)
+45% compared to WB report
Global

Announced/reported

verified
Africa is the main target

Announced/reported
- 161,666,675 ha in Africa (948 projects)
- 42,723,526 ha in Asia (699)
- 17,643,692 in Latin America (240)
- 5,423,632 ha in other regions (112)

Verified
- 34,195,189 ha in Africa (542)
- 27,902,236 ha in Asia (458)
- 3,360,697 ha in Latin America (84)
- 1,583,878 ha in other regions (23)
Africa is the main target

Announced deals (ha)
Africa is the main target
Host countries

Number of reported deals

Number of verified deals

Reported hectares

Verified hectares
Concentration of investments
The sectors invested in

Importance of flex crops or multiple cropping systems

Reported (global):
- 39% food crops
- 28.5% biofuels
Sectors per region

Africa

Asia

Latin America
Origin of investors

Intra-regional

Extra-regional

20%  80%

91%  9%

57%  43%

71%

29%

31%  69%
A complex and inter-dependent environment ...

**Triggers**
- Food price crisis

**Drivers**
- **LT**
  - Demographic Change in diet and energy use
- **MT**
  - Food production
  - Biofuels
  - Industrial production
  - Forest/fibre production
  - Ecosystemic Services/Tourism
  - Speculation

**Facilitators**
- Land governance
- Democratic governance
- Economic governance and market regulations
- Crisis of family farming (the perception thereof)

**A GOVERNANCE PROBLEM**
(not an investor one only)
Not a recent phenomenon, but…
A complex and inter-dependent environment ...

**Triggers**
- Food price crisis

**Drivers**

**LT**
- Demographic change in diet and energy use

**MT**
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**Facilitators**

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A GOVERNANCE PROBLEM (not an investor one only)
Large-scale land acquisitions as aggravator

**Triggers**
- Food price crisis

**Drivers**
- Food production
- Biofuels
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**Facilitators**
- Crisis of the perception of family farming
- Land governance
- Economic governance and market regulations
- Democratic governance

**LSLA as aggravators**
The investment dynamics – new actors, new investment models
Investors

Announced/Reported deals

Number of announced deals
Investors in Africa

# projects announced

# projects verified
Investors

- **Traditional Western** food-producing, processing, and exporting companies seeking to increase market share

- **Capital-rich / food insecure** Land and water scarce populous but capital-rich (Asian countries, Gulf States - China: 20% of world pop / 9% of world arable land)

- **New actors** – Outside of agriculture (financial sector, ...)

- Private investors
- Direct gov. involvement
- Sovereign wealth Funds
- State-owned enterprises

Avoiding markets

- Hedge funds,
- Pension funds
- Invest banks
- Asset management comp

Diversifying portfolio/speculation
### 7 investment models in Africa

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#### Key Observations
- **High failures**
- **Increased integration**
- **Adaptation strategies**
- **Few inclusive models**
New investment models in South Africa

- High cost of productive, competitive agricultural production (Increase of debt - Input prices increase - the land is not enough as collateral) - no collateral
- Internalisation - The production is never owned by farmer
- Price risk - managed through hedging on futures markets (SAFEX)
- Production risk (flood, drought...) is covered by the multi-peril insurance & geographical/commodity diversity
- Lowering transactions costs
- Speculation

Commercial banks engagement in primary agricultural production

Agricultural engineering/asset management companies

Investment/equity funds
Broad implications - Agrarian change and social transformations
Agrarian change and social transformations

More than land loss, food security issue, etc.
Profound restructuring of agrarian societies

Beyond land,
• The renewed interest to control land-based activities
• LSLA top of the iceberg of wider dynamics, diverting attention from broader dynamics
1) New actors and the financiarization/corporization of agriculture

- Renewed types of actors (Macro-actors - engineering, financial, industrial sectors)
  - New development models

- Non-agricultural paradigms
  - Generation of new productive agricultural models & redefinition of orthodox frontiers of the agricultural sector (IRR – 20-25%)
  - Speculation henceforth long-term strategies, led by actors external to the sector
  - Agriculture equivalent to any other sector
Agrarian change and social transformations

2) *Parallel and closed value chains, private norms and foreign powers*

- Establishment of numerous parallel value-chains, global but closed
- Economic agents’ direct involvement and control over agricultural regulation mechanisms - Private norms developed by very same actors (financial actors!)
- Foreign economic powers control an increasing part of the production, emphasizing food sovereignty issues
3) **Concentration and dualisation within the sector**

- Dominion of a few large international groups (US$30M investment threshold, International corporates)

- Marginalization of the majority of the farmers, leading to extreme dualisation
  - Medium-scale commercial farms swallowed
  - Corporate/very large scale vs subsistence
Agrarian change and social transformations

4) *Socio-professional implications*

- The end of the farmer?
  - Marginalization in the decision making process for the independent family (small scale and large scale) farmer and communities
  - Farmer = Probably more a service provider/rent seeker

- Is this model viable under present social/environmental stress?
  - Labour creation on a continent that has not yet achieved its demographic transition, nor its industrial revolution?
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