Large-Scale Land Acquisition and agro-investment
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Cirad / University of Pretoria

IWGIA Workshop on IP rights to land and natural resources, investment and land grabbing
Copenhagen, 29th Oct 2014
1) A couple of flashes on LSLA...

2) Disaggregating “Large-scale land acquisitions”

3) Reflections on regulation and data
# LSLA globally

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African countries are among the most affected in the world.
African countries are among the most affected

- Important concentration – top 20 countries, 74% deals, 80% size
- Top 20 – 9 African countries (insecure land rights)
African countries are among the most affected
Western countries are still the main investors in Africa, Emerging and Middle Eastern countries are upcoming.
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
  Market expansion

• Direct gov. involvement
• Sovereign wealth Funds
• State-owned enterprises
  Avoiding markets

• Hedge funds,
• Pension funds
• Invest banks
• Asset management comp
  Diversifying portfolio/speculation
The rush for land is triggered by a wide range of drivers, food becoming a main driver.
Little effective production
### LSLA globally

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**Change:** +115 **Concluded deals**

**Change:** +41 **Intended deals**

**Change:** +24 **Failed deals**
Slowing down overall, but evidence of long-term trend of growing commercial interest in land

Reasons: Credit crunch, high failures, less media focus, civil awareness, countries are getting better prepared
Disaggregating “Large-scale land acquisitions”
Different LSLA with different outcomes

<p>| Independent farmer model | Associative farmer model | Cooperative farmer model | Speculative 1000-day model | Asset management and Investment funds model | Nucleus estate model | Agribusiness Estate model |</p>
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- Association with local farmers, looking for CF opportunities
- Based on bilateral agreements (more based on social inclusion)
- 1/3 of CF (tendency to full control) & Spot market
- CSR
Different LSLA with different outcomes

- Independent farmer model
- Associative farmer model
- Cooperative farmer model
- Speculative 1000-day model
- Asset management and Investment funds model
- Nucleus estate model
- Agribusiness Estate model

High failures

- Uncertain institutional environments and the difficulty of doing business
- Technicality of the projects
- The lack of markets
- Lack of financial services
- High settling and transaction costs
Different LSLA with different outcomes

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- High failures
- Increased integration
  - Slow down, more secure investments
- Invisible control
- Few inclusive models

Strategy change

- Slow down, more secure investments
Implications for agrarian development and restructuration

- Corporization of agriculture
- Closed value-chains and foreign powers
- Concentration and dualization within the agricultural sector
- Proletarization of the agricultural / rural society
Reflection related to local farmers/indigenous people
Towards more equitable LSLA? Initiatives and lessons learned...

1. Policies and governance
   1. Investment policies
   2. Land policies

2. Better international and continental guidance
   1. VGs, RAI, AU Declaration on Land, Framework and Guidelines for Land Policy in Africa (F&G)

   - Limited in scope and in effect
   - Danger of legitimising LSLA as sole model
Towards more equitable LSLA? Initiatives and lessons learned…

Governments
1. Transparency
   1. Liberia decided to publish the land allocation contracts
2. Monitoring instruments
   1. Ex: Cameroun Land Observatory
3. Challenging investment protection regimes, with some countries terminating BITs (Cotula, 2013).

Private sector
1. Development of more inclusive instruments
   1. Inclusive Business Models (Contract farming, outgrower schemes)
   2. Community Partnership Programmes
2. Need for more secure environments
   1. Data
   2. Governance instruments (secure land rights)
   3. Credit
Normalisation process vs consolidation and agrarian change

Going beyond ‘direct’ loss of land, indigenous rights ...

.... Broader transformation of agrarian societies

- Land grab is only a ‘tipping point’
- Profound transformation of the food regimes, of our agrarian societies
  - Self determination on your land vs agrarian system without room for manoeuvre
- Questioning of the development model
  - LSLA debate is having a blinding effect on other development trajectories
Concluding thoughts

• Agrarian change in Africa?
  o Yes, probably
  o Very little # - With very few ‘positive’ results
  o But enduring model/paradigm – tipping point
    • Long term marginalisation…
    • Externalisation of norms and regulatory mechanisms
    • …
  o Change not there where expected/announced, by the promoters of LSLA

• Lack of LT reflection, “alternative” development trajectories
  o Inclusive of sectors and actors
  o Roles of different actors
Thank you

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