The Global Land Rush, New Investment Models and Agrarian Change

Ward ANSEEUW
The global land rush – some features

The investment dynamics – new actors, new development models

Triggers, enablers and aggravators of the global land rush

Broad implications - Agrarian change and social transformations

Responses and regulation
The global land rush – Some features
2012 announced deals
228,130,787 ha
>+400-500% compared to WB report

1107 verified deals (55% announced deals)
67,042,000 ha (29% announced deals)
>+45% compared to WB report
Africa is the main target

Announced
- 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)
Reported deals (ha)
Reported/under negotiations (ha)
Not a recent phenomenon, but…
Concentration of investments

Commercial Pressure on Land
Niger Basin

Map showing the concentration of investments in the Nile Basin, with varying shades indicating different levels of investment pressure. The map includes countries such as Nigeria, Sudan, and Ethiopia, with specific data points and percentages shown for each area.
The sectors invested in:

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

Africa

Asia

Latin America
The investment dynamics – new actors, new investment models
Investors

- **Traditional Western** food-producing, processing, and exporting companies seeking to “square the market”
- **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, ...)

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

**Speculation:**
- Hedge funds
- Pension funds
- Invest banks
Beyond ‘land-grabbing’...

- Beyond land, the renewed interest to control land-based activities - LSLA top of the iceberg of wider dynamics, diverting attention from a dynamics of control over land-based activities/ production.

- Integration of the entire production cycle
  - Integration of primary production / finance in an overall cycle
  - Spreading the risks / no collateral / A reversal of the risk-profit relationship appears within the production chain
  - Speculation and new actors
Beyond ‘land grabbing’…

- High cost of productive, competitive agricultural production (Input prices increase - the land is not enough as collateral)
- The production is never owned by farmer
- Price risk - managed through hedging on futures market SAFEX
- Production risk (flood, drought...) is covered by the multi-peril insurance
- Monitoring during the crop and before the harvest by the bank or the insurance company
- Farmer remuneration (production less inputs cost or salaried position)

**Commercial banks engagement in primary agricultural production**

**Agricultural engineering/management companies**

**Investment/equity funds**
Triggers, enablers and aggravators of the global land rush
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/Tourisme
  - Speculation

**Facilitators**

- Crisis of (the perception of) small-scale farming
- Land governance
- Economic governance and market regulations
- Democratic governance

A GOVERNANCE PROBLEM
(not an investor one only)
The crisis of (the perception of) small-scale farming

SSF has not succeeded to assume the role of socio-economic development driver
- Lack of support: i) lack of means in post-ind era, SAP, decrease of DA
- Priorisation of available resources: concentrated on urban centers (electoral and elite interest)

Agriculture – in particular SSF - neglected
Crisis farm production/productivity

Direct stakes for agriculture
- Land becomes vulnerable to other – more commercial - uses
- Renewal of interest in agriculture leads to private/public land-based investments
Uneffective land governance

The status of land and of the land rights of populations in host countries (land reform often not implemented)

- Communal land considered as private property of the State
- Vacant or non-utilised land – considered to be non-occupied/non-claimed

- The majority of land acquisitions/dispossessions are legal, with little or no compensations
- The State and national/local lites are main land grabbers
Economic governance and market regulations

- New phase of capital expansion and capitalist transformation
  commodification/privatisation of land
  - Profit/rent seeking as facilitators of social transformation –
    speculation on rights that until recently were 100% secure and
    recognised as not tradable

- Deregulation/liberalisation of markets - 2600 traitees in 2010, obliging host
  States to deal with trade/investments issues through international arbitration
    - Reinforcement of international protection for (foreign) investors
    - Incapacity of international initiatives (voluntary)
    - Incapacity of Human rights traitees etc – compulsory to exhaust
      domestic tribunals first
Democratic governance

Incomplete democratisation – enables for decision-making not to consider the affected populations and to facilitate land acquisitions

- Weak governance systems overall
- Lack of effort to effectively decentralise power
- Non-participatory, non-inclusive policy processes (at different levels)
- Disempowered communities at local level
Large-scale land acquisitions as aggravator

**Triggers**
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**Drivers**
- Food production
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**Facilitators**
- Crisis of the perception of small-scale farming
- Lack governance
- Economic governance and market regulations
- Democratic governance

**LSLA as aggravators**
Large-scale land acquisitions as aggravator

- Deterioration of small-scale farming
  - Loss of land – exclusion of land and agriculture
  - Exclusions agricoles
  - Biased competition
  - Non-insertion of local-national economy
- Deepening weak land governance
  - Land reforms canceled
  - Present, already weak, land rights questioned
- Exacerbated opening up of economy
  - Development land acquisition instruments by host countries
- Entrenching non-democratic governance
  - Increasing non-transparency-corruption
  - Further exacerbating the non implementation of effective decentralisation
  - Non-respect of women and minority rights
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

* Financiarization and corporization of agriculture
  - New development models brought along by renewed types of actors (Macro-actors - engineering, financial, industrial sectors)
  - Generate new productive agricultural models & Redefinition of orthodox frontiers of the agricultural sector
    - Speculation henceforth long-term strategies, led by actors external to the sector, equivalent to other sectors

* Deregulation, foreign powers, non-agricultural paradigms
  - Economic agents’ direct involvement and control over agricultural regulation mechanisms - Private norms developed by very same actors, non-agricultural paradigms
  - Foreign economic powers control an increasing part of the production, emphasizing food sovereignty issues
Agrarian change and social transformations

* Concentration and dualisation within the sector
  - Dominion of a few large international groups
    (Agricultural intermediaries & commercial banks and insurance companies)
  - Marginalization of the majority of the African farmers

* Socio-Professional implications of these models
  - Marginalization in the decision making process for the communities and independent family (small scale and large scale) farmers
  - The end of the peasant? No family farming anymore? Which future for agricultural sector?
    - probably more a ‘service provider’/rent seeker
Responses and regulation
Responses and regulation

6 different types of initiatives:

- Guidelines
  - Special Reporteur on the Right to Food statement ‘A set of core principles and measures to address the human rights challenge’ (addendum on land acquisitions)
  - Principles for Responsible Agricultural Investment that Respects Rights, Livelihoods and Resources’ (January 2010, FAO, IFAD, UNCTAD, WB)
  - FAO Voluntary guidelines on responsible governance of tenure of land, fisheries and forests in the context of national food security (currently being negotiated by the Committee on World Food Security (CFS)).

- 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)
Responses and regulation

- 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/bioliquids, ...)

- 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)
Thank you!

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