Future Agricultures

Policy Brief

Land Grabbing in Africa and the New Politics of Food

Introduction

'Africa is for sale' is how some characterise it; there is a 'land grab' underway. Others are more cautious, speaking of 'large-scale land acquisitions', while the World Bank notes euphemistically the 'rising global interest in farmland'. Whatever the prevailing terminology and ideologies, there is now ample evidence that large swathes of African farmland are being allocated to investors, usually on long-term leases, at a rate not seen for decades—indeed, not since the colonial period. The fact that much of this land is being acquired to provide for the future food and fuel needs of foreign nations has, not surprisingly, led to allegations that a neo-colonial push by more wealthy and powerful nations is underway to annex the continent's key natural resources.

While no solid dataset tells us precisely the scale and distribution of the phenomenon, all the major studies conducted so far confirm that Africa is the global centre of land grabbing. The World Bank's study released in September 2010 identified 45 million hectares under negotiation for allocation during 2009 alone, of which 70 percent (about 32 million hectares) was in Africa.[1] A new study by the International Land Coalition suggests that the true figure could be much higher, at around 80 million hectares, 64 percent (about 50 million hectares) of these in Africa.[2]

Why? What Are the Drivers?

This dramatic rise in land acquisitions across Africa and elsewhere originates from three main drivers, which are reflected in the term 'the triple-F crisis': food, fuel and finance.

First is the food crisis. The food price spikes of 2007/8 showed just how vulnerable food-importing nations are to fluctuations in global commodity markets. These led many, including the Gulf States and several east Asian countries, to re-evaluate their strategies and secure land and water elsewhere, essentially turning to 'offshore' food production to supply their growing populations. This food crisis plunged an extra hundred million people globally into hunger, from which most have not recovered. This situation has set back by many years development efforts towards Millennium Development Goal 1: to eradicate extreme poverty and hunger.

Second is the fuel crisis. Rising and fluctuating oil prices in the period 2007–09, and the realisation that we might have hit peak oil production, created powerful incentives for companies to acquire land for the production of 'agrofuel' or biofuel' crops. Foremost among these feedstocks are jatropha, palm oil, maize and soya for biodiesel; and sugarcane for bioethanol. Compounding the rush towards biofuels are policies like the European Union's target of 10 percent renewable content in its fuel stocks by 2020, which by itself constitutes very substantial demand for renewables. Globally, the World Bank found that 21 percent of land deals in 2009 were for biofuel production, while the International Land Coalition's (ILC) more updated figures put this higher, at 44 percent. There is also substantial regional variation, with Southern Africa being called 'the new Middle East of biofuels'.[3]

Third is the financial crisis. The meltdown in international financial markets in late 2009 and the subsequent recession led investors to consider those markets volatile and risky. Many sought to invest in the more tangible asset of farmland, with the promise that rising demand for food and fuel would make this a secure investment in an increasingly unpredictable global system. While some may have long-term plans for these investments, others are clearly speculators, bargaining on short-term gains. Private equity groups have established 'farmland funds', buying up portfolios of land in numerous countries and promising their clients returns of 30 percent per annum over a five-year period. This figure is entirely unrelated to actual farm production, but is based on cheaply acquired land and a gamble on projected growth in demand for farmland, which will create secondary markets for further transfers of these leases to other buyers.

Some analysts are now pointing to a fourth driver, the growth of carbon markets. Reducing Emissions from Deforestation and Degradation (REDD) is an instrument that emphasises the strategic importance of controlling forested land—and most of Africa's savannah can be counted as natural forest for these purposes. So as well as acquiring land to cultivate, investors are looking to acquire land to not cultivate, in order to earn carbon credits.

Why Africa?

Why Africa is at the centre of this new trend is disputed. One reason put forward is that Africa's land is empty and available. Much of Africa's land is under-utilised and ripe for commercialisation, according to the World Bank's 2009 report entitled Awakening Africa's Sleeping Giant: Prospects for Commercial Agriculture in the Guinea Savannah Zone and Beyond. It argues that this region of the Guinea Savannah, stretching across most of inland west Africa across to the horn, through much of central Africa and down the east coast to Mozambique, constitutes 'one of the world's largest underused land reserves'.[4] The report suggests that it will be key to meeting growing food demand as the world's population rises to nine billion by 2050. Because of low population densities and limited mobility, much of this commercialisation will need to be based on large-scale commercial agriculture, the Bank argues.

The Land Is Cheap—or Even Free

An alternative explanation for why Africa is such an attractive destination for investors—mooted by both proponents and critics of land deals—is that the land is so cheap; sometimes, even free. Private equity groups explicitly sell their African farmland investment funds to prospective clients by pointing out that land on the continent is 'undervalued' and therefore an excellent investment.

Indeed, what is a 'market' price for customary land cleared of its inhabitants and leased by a government? Many deals involve renewable leases for twenty-five, fifty or even ninety-nine years, in return for small payments made to national, provincial or local government. Sometimes once-off compensation for local people is included—with, of course, the promise of jobs and construction of new infrastructure.

Yet after the land is acquired, enforcement of promises made remains a challenge, especially as investors' choices about how and how much to invest are framed by factors far outside the control of host governments.

But the Land Is Not Empty

Mounting evidence shows that much of the land being allocated on long-term leases or concessions to investors is already occupied and used—mostly by Africa's eighty million small-scale farmers, who supply most of Africa's food needs and produce 30 percent of its GDP. While powerful narratives rationalising such deals emphasise that land being targeted is 'idle land' or 'wasteland', case studies suggest that these terms often reflect an assessment of the productivity, rather than the existence, of current land uses.

The International Institute for Environment and Development, for instance, found that in Ethiopia, all land allocations recorded at the national investment promotion agency are classified as involving 'wastelands', with no pre-existing users. But in a country with a population of about seventy-five million, the vast majority of whom live in rural areas,[5] this formal classification is open to question. Indeed, shifting cultivation and dry-season grazing have been widespread in these regions, but have gone unacknowledged by officials in charge of leasing out land. Now, a growing body of more detailed case studies shows the extent to which small-scale farmers have been displaced; pastoralists have lost their grazing land; and rural people have lost access to crucial common property resources. In sum, even land that is not farmed is often used by and important to the survival of local communities. Thus, discourses about 'empty land' are deeply and dangerously misleading.

The World Bank hoped that commercialisation would focus on more marginal regions, bringing un- or under-utilised land into production and increasing overall output. However, research now sugests that investors are favouring areas with higher rainfall and proximity to urban centres and transport infrastructure—in other words, those areas already most prized by existing small-scale farmers.

Who Is Doing the Grabbing?

While much attention has been given to 'foreign companies' acquiring farmland, in fact a range of actors has proliferated, including multinational companies, sovereign wealth funds (notably from Europe and the Gulf States), private equity funds and other financial institutions.

This recent wave of 'land grabbing' has witnessed not only European and North American actors seeking out farmland deals, but also the rise of 'south-south' deals, with the BRICS countries (Brazil, Russia, India, China and South Africa) becoming more significant. At the recent Conference on Global Land Grabbing hosted by the Land Deal Politics Initiative (LDPI) at the University of Sussex, UK, several detailed case studies showed how regional economic powers are emerging as more significant actors: Brazil in Latin America, South Africa in Africa, China (as well as India and South Korea) in Asia, and so on. It is to be expected that, with the rise of regional powers, the old north-south dynamic should shift, bringing about new opportunities but also threats and dynamics that need to be understood and engaged with.

Further, while the world's attention has been drawn to the entry of 'foreign' actors, emerging evidence shows that many of the land deals have been secured by domestic capital. This operates in the form of private companies, sometimes in partnership with government investment corporations and other parastatals, and sometimes also in partnership with foreign companies and financiers. And even if the land is allocated to private companies, it is the states themselves (usually national governments) that are doing the 'grabbing' of land from citizens with weak or unregistered rights.

Most important, though, is not the identity of the investors, but rather the nature of the deals, the types of land use changes they bring about, and how these contribute to fundamental shifts in the structure of these largely agrarian economies. Who wins, who loses, and what does this mean for the future of rural economies and rural poverty in Africa?

A Minefield of Controversies

Land grabbing has prompted many to criticise the high levels of corruption involved in securing large-scale land deals, but the concerns extend far beyond this. Changes in land use may alter the amount of food being produced for local markets, and so might reduce food availability. Threats to biodiversity and loss of environmental services constitute another concern. Large commercial deals typically involve the transition from multiple land uses, intercropping and low-level use of forest products to forest clearance and monocropping.

But there are several other key debates about land deals, four of which are highlighted here: land rights, gender, water and bilateral investment treaties.

Land rights are a precondition for any legitimate land deal. Yet in many cases, the land rights of existing users have been violated. This tendency has been widespread, not only in Africa, where most people hold land under forms of customary tenure, but also in Asia and Latin America. Land deals have prompted loss—and not only of cultivated land, where food production for consumption and for local markets is displaced. Even where land is not farmed, researchers and non-governmental organisations have pointed to the devastating impacts of land deals on pastoralist communities in regions of west Africa, and also in the horn (notably Kenya, Ethiopia and Sudan), when their customary grazing lands have been privatised and fenced.

Despite talk of 'land grabbing by foreigners', those doing the grabbing are in most instances national governments—though also sometimes state or local authorities, traditional leaders and other local power brokers. For this reason, some kind of registration of community land rights might be advantageous to help guard against

Text box 1: Competing claims in Kenya

Kenya's Tana River delta, a biodiversity hotspot, is home to small-scale cultivators (Pokomo) and pastoralists (Oromo and Wardei). The delta is under unprecedented threat as corporations and foreign agencies scramble to exploit its riches for export crops, biofuels and minerals. So far, 40,000 hectares have been allocated for a monoculture sugar cane plantation, and further proposed deals include 90,000 hectares for a Canadian-based biofuels company to grow jatropha curcas; 120,000 hectares to Qatar to grow food crops; and 20,000 hectares to a Canadian mining company to mine titanium, among others. While the delta provides immense environmental services to the country, and livelihoods to its inhabitants, these developments may lead to the collapse of most of its services, and displace settled farmers and fence off the grazing land of pastoralists. More than 25,000 people living in 30 villages will be evicted from their ancestral land due to the first of these deals alone.

Source: Nunow, Abdirizak. 2011. The Dynamics of Land Deals in the Tana Delta, Kenya. Paper presented at the International Conference on Global Land Grabbing, University of Sussex, UK, 6-8 April 2011.

Text box 2: Biofuels in Tanzania

In Tanzania, 640,000 hectares have been allocated for biofuels production – for jatropha curcas, sugar cane and palm oil – and potential investors have applied for a total of 4 million hectares. The areas targeted are forested areas on which villagers depend for food and livestock grazing – a crucial source of livelihood. Although the Village Land Act of 2009 requires that people be compensated for any land loss, the processes for consulting on this, and determining the level and manner of payment of compensation, has been fraught with conflict, not least because much of the compensation is paid to state authorities rather than local people. Investments based on outgrower models have reportedly been less conflictual and secured more local support. Following widespread opposition to land allocation to biofuels investors, and evidence of people being dispossessed, the government imposed a moratorium on new projects, and developed in consultation with civil society a set of National Biofuels Guidelines to address concerns about the displacement of local people and the shift from food to fuel production.

Source: Sulle, Emmanuel and Fred Nelson. 2009. Biofuels, land access and rural livelihoods in Tanzania. London: International Institute for Environment and Development.

governments displacing landholders in favour of investors—though problematic experiences with titling customary lands in Africa suggests that this is not a simple solution, either.

Most disturbing is the finding of several studies that the new investors are favouring host countries where governance is weak, politicians corruptible, and land rights of existing users weak in law and practice. Rather than seeking secure political environments (which some may favour), many are opting for precisely those destinations where local people can be easily removed from their land. This is one of the key findings of the World Bank report: surveying fourteen countries across three continents, it found a strong negative correlation between good governance on land rights and investor interest. In short, for many (though obviously not all) investors, it's easier and cheaper to rely on local people being displaced than to engage in negotiations and partnerships with them.

Gender is one of the most important criteria for understanding the true, and varied, impacts of land deals. As a recent study from the International Food Policy Research Institute (IFPRI) shows, women are most likely to carry the brunt of land loss, given their primary role in providing food for household subsistence. Men, by contrast, are most likely to benefit from access to employment in plantations or processing plants.[6] Where people are displaced, the costs of rebuilding livelihoods and ensuring social reproduction fall disproportionately on women, and gender relations are likely to become more unequal as a result. Rather than assuming then that all in rural communities are equal and will benefit or suffer equally, gender is one among other dimensions of social differentiation that must be understood, in context, in order to inform appropriate policy alternatives.

Water is a central but often ignored component of land deals. The right of investors to access the water required to cultivate acquired land is embedded within land leases, but is seldom paid for. Most investors favour land with good access to water and the potential for irrigation: contrary to the World Bank's expectations of commercialisation in the Guinea Savannah zone, little of the investment is for rainfed cropping. Given that much of the continent is projected to become more water-scarce in the future, the impacts of land deals on other water users, now and into the future, are critical areas for investigation. The presence of large, corporate water users will likely spark conflicts between competing uses and users—as has already been seen in the volatile regions around the shrinking Lake Chad.[7]

Bilateral investment treaties are fast becoming the most significant determinants of the relative powers of investors vis-à-vis national governments. The International Institute for Sustainable Development (IISD), based in Geneva, has found that the terms of the land deals, and the legal frameworks that govern them, impose restrictions on important areas of policy such as land, food, agriculture and trade.[8] Put simply, African governments are making deals that will tie their hands in terms of making needed policy changes for years, even decades, to come.

Experience with international arbitration of disputes between investors and national governments shows that investors' rights to export their produce (even in times of food shortage) and to use water (even in the face of rising water scarcity) typically trump the rights of governments to protect their citizens' basic needs. Most government-to-investor contracts do not stipulate that investors sell to domestic markets, and government efforts at export restrictions in times of acute food shortages would likely be illegal under international investment and trade law.

Implications for the future

All of the above conjures a worrying spectre, fuelling outrage over the actions of investors, as well as of national governments and local elites. What we are witnessing may well turn out to be a non-reversible corporatisation of African agriculture that will displace some of the poorest and most vulnerable citizens, undermining local food production and food security in favour of capital-intensive and labour-displacing production systems of food and other goods, mostly for foreign markets.

To the extent this is happening, it is the antithesis of land reform, in that it concentrates control in fewer hands; and of agrarian reform, in that it tilts the scales in favour of those who control input and output markets, and undermines self-sufficiency. It is ironic indeed that these changes are underway at precisely the time that the African Union, among others, has embraced a vision of smallholder-led agricultural commercialisation and a 'green revolution in Africa'. Yet this period—characterised by the conjuncture of global market failures in food, fuel and financial markets and weak governance over African land rights—could well see the patterns of accumulation becoming narrower and food security being undermined in Africa.

Policy Responses

At a global multilateral level, three frameworks have been proposed. The UN's Food and Agricultural Organization (FAO) is spearheading a multi-agency initiative to establish a set of Voluntary Guidelines for Responsible Governance of Land and other Natural Resource Rights ('voluntary guidelines'). The first draft, published in April 2011, was the output of consultation with governments and civil society organisations over several years in each continent and within regions. These guidelines adopted a human rights-based approach, referencing existing international human rights law, and are premised on securing existing users' rights.

In contrast, the World Bank has, with partners, proposed a set of Seven Responsible Agricultural Investment Principles, representing a code of conduct for investors and their financial backers ('RAI principles'). Building on the corporate social responsibility models of the roundtables for soy and palm oil, this set of principles emphasises community consultation. But it is a proposal by technocrats within the bank and other institutions. No civil society groups have been involved in developing it, none of it would be enforceable, and it's unclear which institution could or would be mandated to monitor it. At present, it is under discussion by the Committee on World Food Security as a possible adjunct to the voluntary guidelines.

In response to this debate, the UN Special Rapporteur on the Right to Food published Ten Minimum Principles for Land-based Investments. These include procedural requirements such as informed participation of local communities, as well as substantive norms such as benefit-sharing and ensuring that states' human rights obligations take precedence over land deals. The rapporteur argues that it is wrong and misleading to contrast the efficiency of large-scale corporate agriculture with that of the existing smallholder sector. Given decades of neglect of smallholder farming, first by newly independent governments and then by states undergoing donor-imposed structural adjustment programmes, the existing smallholder sector in no way reflects its potential for broad-based and poverty-reducing growth.[9] That people survive in this way shows their lack of feasible alternatives, which is why their displacement in favour of new production regimes is so unconscionable.

Within Africa, several overlapping processes are underway. The African Union, having adopted the AU Land Policy Guidelines in 2009, is working with the UN Economic Commission for Africa and the African Development Bank to operationalise these principles at regional levels and in member states. These bodies urge that land laws and policies be tightened up to protect land users.

The Pan-African Parliament is convening a series of meetings through the regional economic commissions (RECs) in southern, east, central and west Africa, to brief parliamentarians from these regions about land grabbing and to consider a legislative and policy response.

Several civil society organisations—Action Aid, Oxfam, the International Land Coalition—are working with local farmers' associations to generate responses and alternative proposals for regulation of land deals, and for pro-smallholder agricultural policy that calls for investment in existing farmers, rather than in the land. Some are building on the Dakar Appeal Against Land Grabbing, adopted at the World Social Forum in Senegal in February 2011.

In Europe, too, campaigns are underway by the Food First International Action Network (FIAN), Transnational Institute (TNI) and partners, urging European citizens to 'follow their money' and ask critical questions of European companies and banks, to find out what land acquisitions in the developing world are being supported through their investments and through their consumption patterns, and what the true costs of these are.

Fundamentally, the debates about land grabbing—as diverse as they are—gravitate around two basic positions. One is that the challenge is to ensure good governance and establish robust institutions, so that deals are concluded responsibly and investors are held to account. In other words, large-scale land deals can be reformed to produce win-win outcomes. This is the view advanced by the World Bank and US Agency for International Development, among others.

A competing view is that 'good governance' is not enough. As the UN Special Rapporteur, Olivier de Schutter, has argued, this view—which underpins the RAI proposals—is based on the idea of 'destroying the global peasantry responsibly'. He proposes that what is needed is not merely regulation to curb the corrupt excesses of land grabbing, but a substantive alternative that provides a new direction for agrarian change; opposes corporate control of food production and distribution; and promotes types of agriculture that are inclusive, pro-poor, smallholder-based, poverty-reducing and hunger-eliminating.

Conclusion

Africa, a continent plagued by chronic food insecurity, is now considered to be the future breadbasket of the world, and is expected to help meet its rising food needs. In the process of cashing in on the opportunities offered by cheap land and water, large-scale investors are displacing land uses and land users in ways that could aggravate the already severe challenges of rural poverty and hunger.

The rise of 'land grabbing' or 'responsible agricultural investment' in Africa is undoubtedly one of the great challenges of our time for development in the continent. The deals being made now are remaking the map of food production and food distribution, in Africa and globally. What happens over the next few years—acceleration or reversal, regulation or laissez-faire, better governance or substantive changes in agricultural policy—will determine to a great extent the future of poverty and hunger in Africa.

Endnotes:

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Ruth Hall is a senior researcher at the Institute for Poverty, Land and Agrarian Studies (PLAAS) at the University of the Western Cape, South Africa.

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