Large-scale land acquisitions for agricultural investment in Africa:

Trends and issues

Lorenzo Cotula
(and Sonja Vermeulen, James Keeley, Rebeca Leonard, Berhanu Adenew and Moussa Djiré)
International Institute for Environment and Development (IIED)

Setting the scene

- Spate of media reports worldwide yet little systematic empirical data
- FAO/IFAD/IIED study; IIED involvement in World Bank-led study
- "What": trends and drivers; and "how": characteristics of land deals, land access impacts – focusing on government-partnered investment and on sub-Saharan Africa
- Ongoing literature review, qualitative interviews, quantitative inventories in 6 countries (Ethiopia, Mali in)
- Limitations

Outline

1. "What": Trends and drivers
2. "How": Characteristics of land deals

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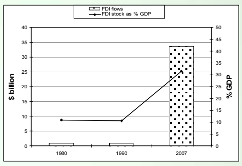
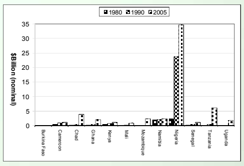
A fast evolving context: Investment flows to sub-Saharan Africa

- Major increase since 2000
- Driven by commodity demand, esp extractives, and policy reform
- Highly uneven distribution
- Likely to slow with economic downturn
- But, longer term, stuctural factors likely to stay



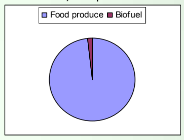


Source: UNCTAD

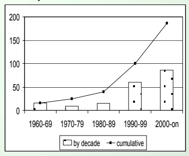
Agricultural investment - drivers

- Biofuels – energy demand (transport), government targets, oil prices (though decline after summer 2008)
- Agrifood - long term projections re: global food demand; food price hikes 2008
- Host country policy reforms to encourage investment
- Land acquisitions as policy and market reaction
- Why Africa? Investors: “inexpensive land”, “favourable climates”, “labour available”

Food vs fuel, Ethiopia

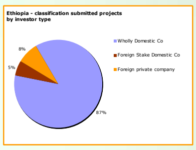


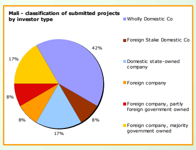
BITs by 12 African countries



Agricultural investment - Key players

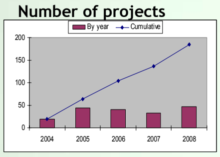
- Some governments promote acquisitions overseas - food importing, official reserves (oil revenues, trade surpluses)
  - E.g. Gulf states in Sudan
- Private investors (agribusiness, finance) - expect significant returns and/or land value increases
  - E.g. Lonrho, Daewoo, Hadco deals; private fund activity in parts of Africa



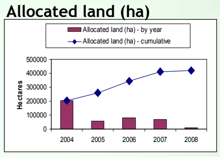


Ethiopia (2004-2008)

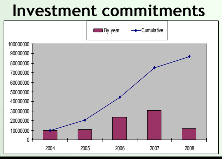
Number of projects



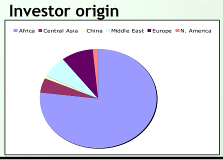
Allocated land (ha)



Investment commitments



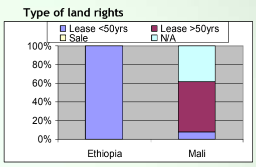
Investor origin

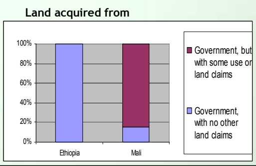


1. “What”: Trends and drivers
2. “How”: Characteristics of land deals

Acquirer → Provider ↓	Government	Private
Government	• QIA deals in Sudan, Indonesia, Vietnam • UAE deals in Sudan, incl Abu Dhabi Fund for Development • …	• Daewoo-Madagascar; • Hadco-Sudan • …
Private		• Jarch Capital deal in Sudan • …

- Mainly govt leases (cf legal constraints): qualitative (Lonrho, Sudan) and quantitative (eg 100% Ethiopia)
- Land fees not main govt benefit (Sudan); reported prices (Mali, Ethiopia) 0-12 USD/ha/yr, possible 5-yr exemptions
- Investment and empoyment commitments – but what legal value?
- Plantations seem predominant but some contract farming esp in biofuels
- Provisions on produce export – 100% guaranteed?



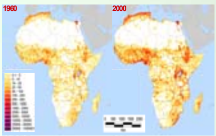


Local land rights

- Land commonly state-owned, protection of use rights varies
- “Wasteland” – but what is it? 100% of land allocations in Ethiopia (now triangulating); Mali: farming, herding
- No or little local involvement in decisions (but Ethiopia, 3/6 projects: agreement with local leaders)
- Compensation tends to be limited to improvements if state-owned land, compensation rates an issue

Final remarks

- Major risks: loss of land access, esp where growing scarcity; food insecurity, economic marginalisation...
- But also opportunities: harnessing capital, know-how, market access...
- Terms and conditions key – What business models? What benefit sharing? Who decides and how?
- Properly negotiated investor-state deal, but also triangle with local resource users (decisions, benefits)
- Secure land rights key to minimise arbitrary dispossession *and* maximise local benefit



Population density (UNEP, 2004)