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Large Scale Acquisition of Land for Commercial Investment

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**Best Practices for Land Tenure and
Natural Resource Governance in Africa**

Monrovia, Liberia

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Objectives

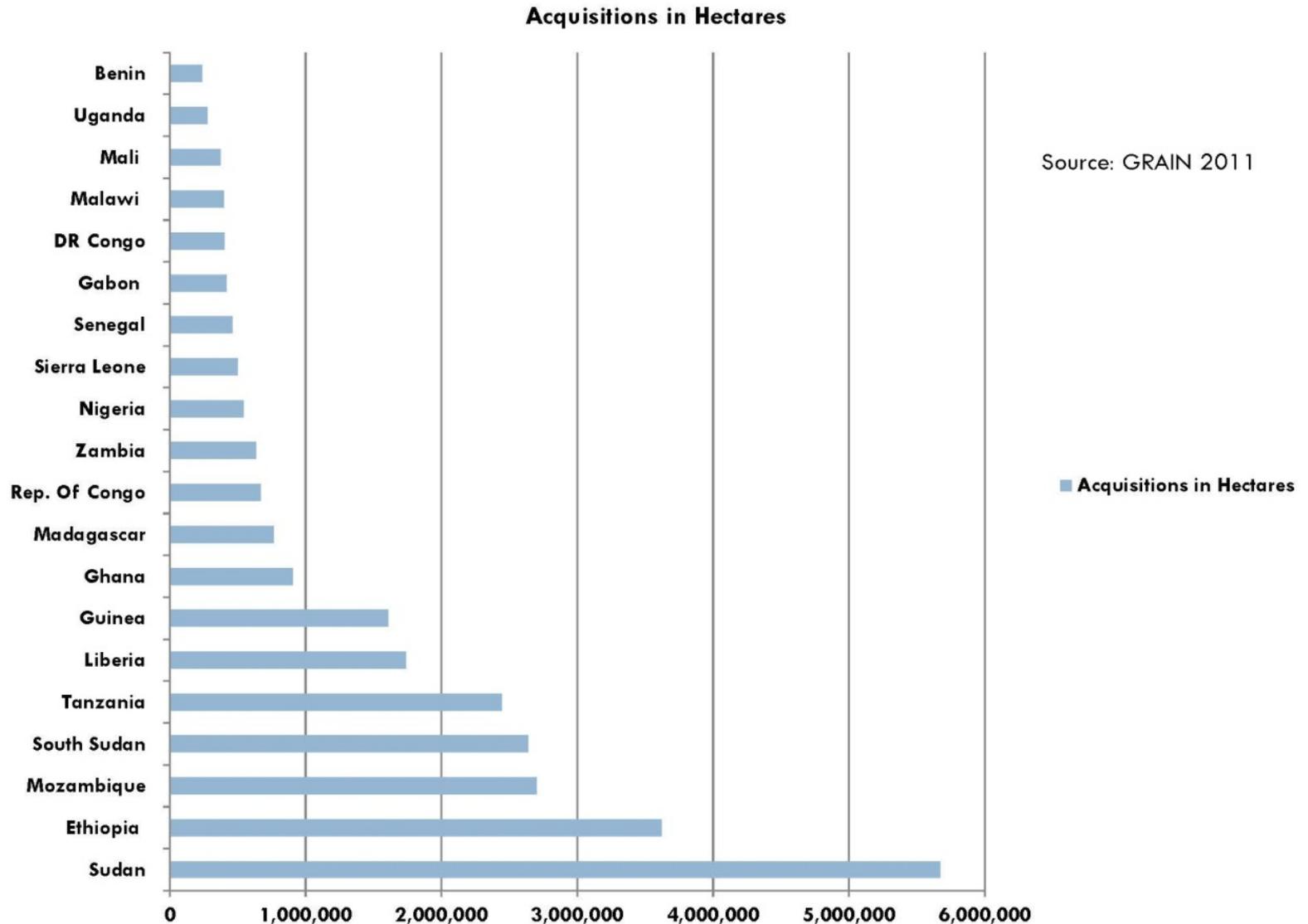
1. Understand the polarized discussion of the current wave of large-scale outsider acquisitions of land in rural Africa
2. Understand the motivations of investors, governments and land users
3. Assess the extent and mechanics of such acquisitions
4. Examine the experience to date with their impacts
5. Consider measures by both the international community and national governments that could improve that experience

What is the “Land Grab”?

- A pejorative term for large-scale land acquisitions by “outside” interests
- Can involve domestic or foreign actors but is most often associated with foreign direct investment through land purchases and concession
- Can involve a wide range of purposes linked to the development of a global market in land:
 - Commercial Agriculture
 - Conservation (including REDD)
 - Biofuels



How extensive are the acquisitions?



Where are large scale acquisitions taking place?

Country	Projects	Area (000 ha)	Median Size (ha)	Domestic Share
Cambodia	61	958	8,985	70
Ethiopia	406	1,190	700	49
Liberia	17	1,602	59,374	7
Mozambique	405	2,670	2,225	53
Nigeria	115	793	1,500	97
Sudan	132	3,965	7,980	78

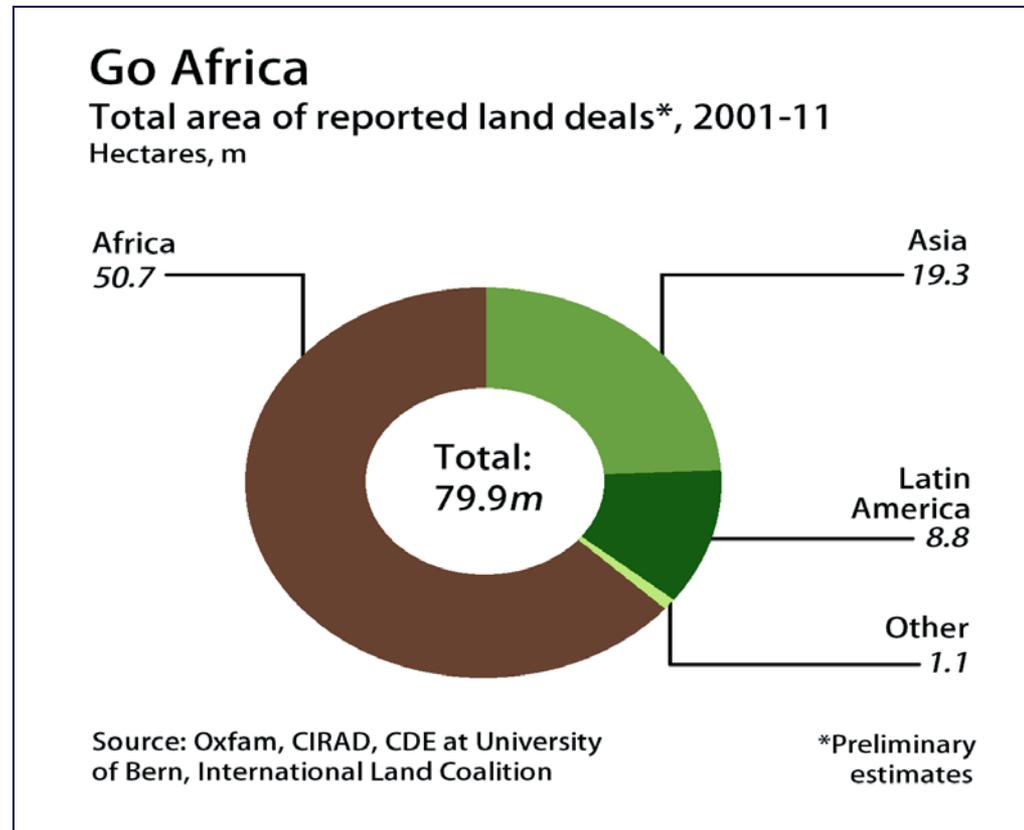
Data for 2004-09 except for Cambodia and Nigeria which cover 1990-2006.

Domestic share is proportion of total transferred area allocated to domestic investors:

Source: The World Bank, Rising Global Interest in Farmland, 2011.

Africa: the Lion's Share. Why?

- Climate, soils, proximity to European markets
- Low person/land ratios
- Large areas in extensive/seasonal uses:
 - forest fallow agriculture
 - pastoralist land use
 - large tracts of **apparently** unused land
- Weak land rights of users render them vulnerable to displacement
- Many African countries exhibit weak, fragmented land governance, and struggle with corruption in the land sector



Common Misperceptions

There is abundant
“empty” land available in
Africa

Government-owned
land and government
only legitimate party to
deal with the investor

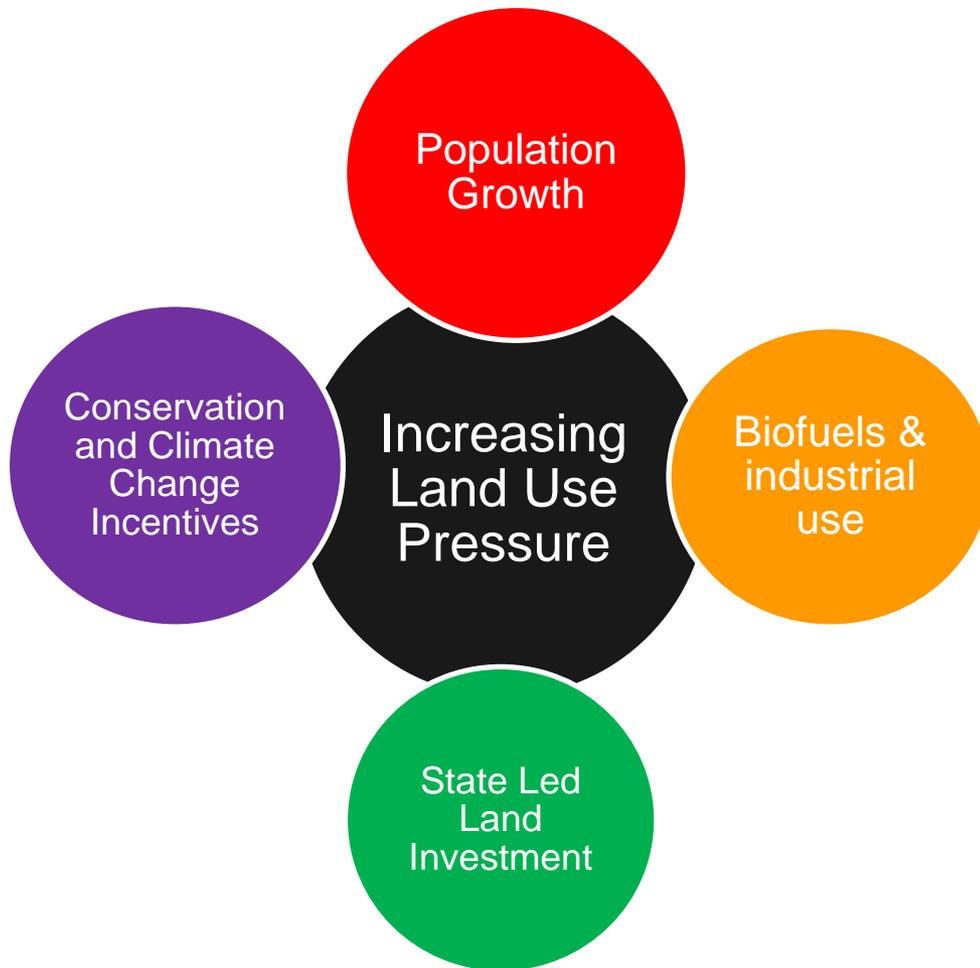
Most small farmers have
clear, secure, and legal
rights to their land

In developing countries
large farms are always
more efficient than
smallholder farms

All large-scale land
investments are actually
“land grabs” by
irresponsible investors

Efforts to create a better understanding are necessary ...

Drivers of Land Acquisition



Global Trends Affecting Land?

1. Population Growth and increasing demand for food and edible oils
2. Escalating energy and commodity prices increasing demand for biofuels/ industrial use
3. Growing protectionism among agricultural exporters (2008) increasing state-led land takings for investment
4. Climate change & REDD initiatives, expansion of forests/protected areas

Incentives for Receiving Countries

1. Modernization--revive stagnant commercial agriculture
2. Access international capital
3. Access technical & management expertise
4. Develop infrastructure, incomes, livelihoods
5. Earn greater foreign exchange from exports
6. Grow state revenue (fees, rents, taxes)
7. Rent seeking / corruption



**Ghana - Peasant farm to
maize monoculture**



How Deals Often Happen

- Those with informal (but socially legitimate) rights are ignored
- No meaningful consultation, if any
- Expropriation (for private gain?) and without proper process or adequate compensation
- Inadequate, mostly unenforceable contracts; low prices; and limited access to dispute resolution
- Lack of transparency and corruption



Enabling Role of Weak Local Land Rights

- Large areas of land in public ownership
- Land users have relied on customary rules and institutions to provide security of tenure
- But, lacking secure rights under national law they are vulnerable to the state and outsiders
- International law protections for indigenous peoples are rarely applied to African situations
- Net result: local users can be displaced relatively easily and with little or no compensation



Concessions?

1. Investors gain access to land on long-term concessions that retain land in state ownership
2. What is a concession?
 - Essentially a long-term leasehold of public land from the state
 - Envisages joint pursuit of a common purpose (development)
 - Stipulates mutual commitments for mutual benefits
 - Envisages major investment over some years, and has long term intent (30-99 years is common).
 - Land access is usually inexpensive
 - Sources of state revenue—usually a share of value of production or revenue
 - Usually has a “grace period” before the investor begins substantial payments to the state.

Scope and Impact

IIED, CIRAD, and ILC, 2012., Land Rights and the Rush for Land

The Land Rush:

Deals reported as approved or under negotiation worldwide (2000-2010): 203 m ha

Deals triangulated and cross checked: 71 m ha

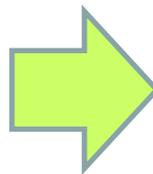
Of Cross-checked deals (and use known):

- 78% agricultural production (3/4 for biofuels)
- 22%: mineral extraction, industry tourism, forest conversions

Prime Targets (cross checked):

- Africa: 34 m ha
- Asia: 29 m ha

Best land targeted (irrigable, markets, infrastructure)



Selected Reported Impacts:

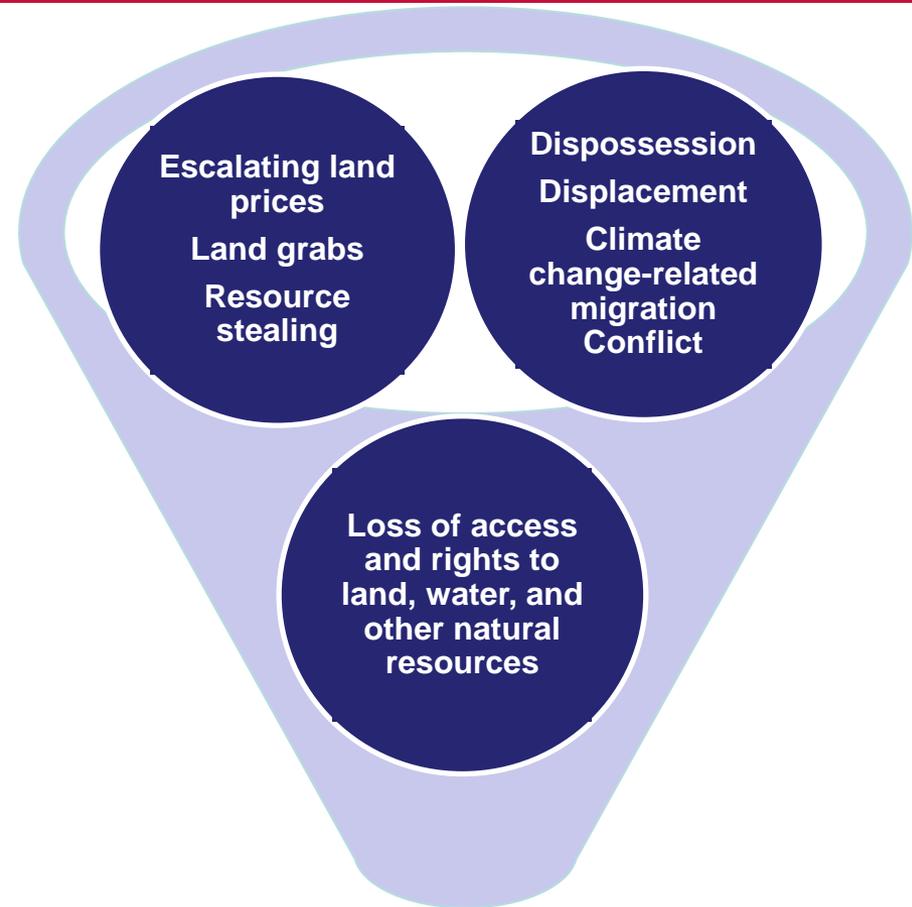
1. Schemes don't materialize/suffer delays
2. Poor dispossessed because customary ownership isn't recognized
3. Perception that large tracts of land can be acquired with little/no payment
4. Compensation rarely adequate
5. Job creation estimates exaggerated
6. Women are particularly vulnerable
7. Extensive conversions of ecosystems
8. Investment is speculative or impacts only small portion of the land acquired
9. Host countries go to great lengths to attract/ legally protect FDI
10. Enabled by a policy/ ideological bias towards industrialized agriculture
11. Can promote conflict (Madagascar)

Land Grab or Give Away?

Commercial Uses:

1. Massive agricultural investment is needed to meet global food security needs
2. In 2010, global private sector investment in agriculture reached \$14 billion (OECD)
3. Investment in agricultural land in developing countries has accelerated rapidly in recent years
4. Demand drivers: global food and financial crises, biofuels
5. It's government's responsibility to help meet these challenges

Win-Win Impact or Myth?



Adverse impacts on livelihoods

What does success look like?

1. How the conversions/transfers should happen

- Existing land rights defined and formalized
- Prior consultation with all affected parties
- Transparent transactions
- Written and enforceable agreements
- Security of investment land & equipment guaranteed



What does success look like (continued)

2. Win-win-win outcome

Local communities

- Land rights respected or promptly and justly compensated
- Receive agricultural inputs and technical advice
- Gain access to new/expanded markets and jobs

Government

- Community infrastructure and employment creation
- Property rights system strengthened
- Improved agricultural productivity and macroeconomic performance
- Improved governance at local, national levels

Investor

- Secure profitable long-term investment



Intervention strategies

1. International guidelines are emerging / evolving – transparency & accountability required for compliance
2. Vest all concession granting in a single agency
3. Improve consultation between investors and communities
4. Secure individual and group rights
5. Require clear employment contracts; facilitate social benefit compacts
6. Strengthen (integrate) institutions, governance, technology, and market access
7. Broaden access and protect interests of women/vulnerable groups
8. Support new agrarian models for enhancing local engagement
 - Marketing cooperatives
 - Equity sharing schemes
 - Out grower schemes
9. Create and enforce contracts that protect rights of communities and investors

Thank You