



# AFRICAN LAND GRAB SMA Justice Briefing No 8

The land produced vegetation: plants bearing seeds according to their kinds and trees bearing fruit according to their kinds. And God saw that it was good. Gen 1:12

## 21<sup>st</sup> CENTURY LAND GRAB IN AFRICA

Since 2007 land three times greater than Ireland has been snapped up by foreign investors to establish “mega-farms” in Africa. Negotiations for as much again are in progress. While many African governments welcome this investment, international agencies, NGO’s and local people are less enthusiastic. Some see land-lease as a “land-grab” differing from 19th-century colonialism only by involving different land-grabbers. The 2009 UN Report “*Land grab or Development Opportunity*” diplomatically states that foreign investment “*could be good news if the objectives of the land purchasers are reconciled with the investment needs of the (host) countries*”. Less diplomatically this means land lease has not yet brought the responsible investment in agriculture that Africa needs.



**LAND LEASE FACTS:** Gulf States, China, South Korea and India have leased huge tracts of African land. Biofuel companies from the UK, Germany, Sweden and other European countries have also invested, on a lesser scale. Land is leased for periods up to 99 years to grow rice, maize, sugar-cane, fruit and vegetables and biofuel crops such as palm-oil and jatropha.

Land lease projects exist in at least seventeen African countries, five of them where Irish SMA’s work. While foreign investment in African land is not new what’s different now is the scale and the fact that leases are between Governments or large corporations rather than companies. Past investment helped the local economies through trade and employment. A current lease in Mozambique allows 10,000 Chinese workers produce crops for export to China, cutting out any local benefit.

Land lease became an issue in 2008 when the price of staple foods doubled. Fearing their vulnerability wealthy, but land-poor, countries like Saudi Arabia, Kuwait and Qatar poured millions of dollars into long-term leases in order to ensure future food security. Changes in eating habits resulting from improved economies in China, South Korea and India also led to greater demand for farmland. Added to this came the booming demand for biofuel. Together, these three factors led to an increased demand for farmland. As land in Africa is abundant and comparatively the cheapest in the world it is the most attractive to investors. Roughly twenty foreign nations now lease land in Africa.

Secrecy around land deals is common - nobody knows exactly how much has been leased and information regarding the terms is either vague or unknown. Land lease farming has brought significant employment in some places but in others workers have been brought in from the outside. In some countries e.g. in Zambia, produce does enter local markets benefitting local people, however in most places produce is for export. Benefit in terms of infrastructure development has been patchy and even where this has happened, for example in building roads; little provision has been made for maintenance.

**One thing is clear, so far benefits to Africans are not in proportion to those accruing to leaseholders, Africans are getting the short end of the stick.**



## LAND A RESOURCE TO BE PROTECTED - African Bishops

A submission to the recent African Synod of Bishops criticised the secrecy surrounding land lease deals and emphasised the need to protect land as a resource for future generations.

**“If the Church is serious about being the voice of the poor, it must bring this hidden agenda out into public discussion and defend the land rights of traditional communities against corrupt leaders and greedy investors.”**

The present form of land lease in Africa contradicts Church teaching and Catholic Social principles in many ways. Local communities are often not involved in decisions regarding land, produce is mainly for export and there are real concerns about the long term environmental effects of industrial scale land lease farms.

## CAUSE FOR CONCERN

Eager land lease investors emphasise the benefits of higher crop yields, employment and infrastructural development. Governments anxious to secure these benefits welcome investment. Opposition views range from suspicion to a belief that land lease is a “neo-colonial rip-off”. A report by the International Food Policy Research Institute (IFPRI) sums up the main reason for opposition. *“Unequal power relations in land acquisition deals can put the livelihoods of the poor at risk. Since the state often formally owns the land, the poor run the risk of being pushed off in favour of the investor without consultation or compensation.”* Often it is the local elite who benefit while poor people end up worse-

**LAND GRAB:** Is the purchase or lease of vast tracts of land by wealthier, food-insecure nations and private investors from mostly poor, developing countries in order to produce crops for export.

off as access to land previously farmed or available for grazing, firewood and water supply is denied.

Host governments usually claim the land they offer is state-owned. In law this may technically be true but *de facto* customary rights of occupancy have been recognised for generations. In foreign-investment deals these rights are ignored and villagers evicted. This injustice breeds a potential for conflict. Secrecy, corruption and the exclusion of local involvement add to resentment. In Madagascar anger over a deal involving 1.3 million hectares contributed to the overthrow of the Government. Many observers believe that similar conflicts are inevitable.

There is also concern about the effect that the potential for political instability in many African countries will have on investors. Will they show due care for local environments and economies? Or will the temptation to profit as much as possible as quickly as possible be overwhelming? How these questions are answered will ultimately determine whether or not land lease is a neo-colonial land-grab or an investment beneficial to Africans.

## JATROPHA, BIOFUEL & TANZANIA

Biofuels can be made from food crops such as Maize, Sugar Cane and Palm Oil but it is the "wonder plant" Jatropha that countries like Ghana, Angola, Ethiopia and Tanzania are rushing to cultivate. Its attraction is that it can grow on arid land not suitable for food crops.

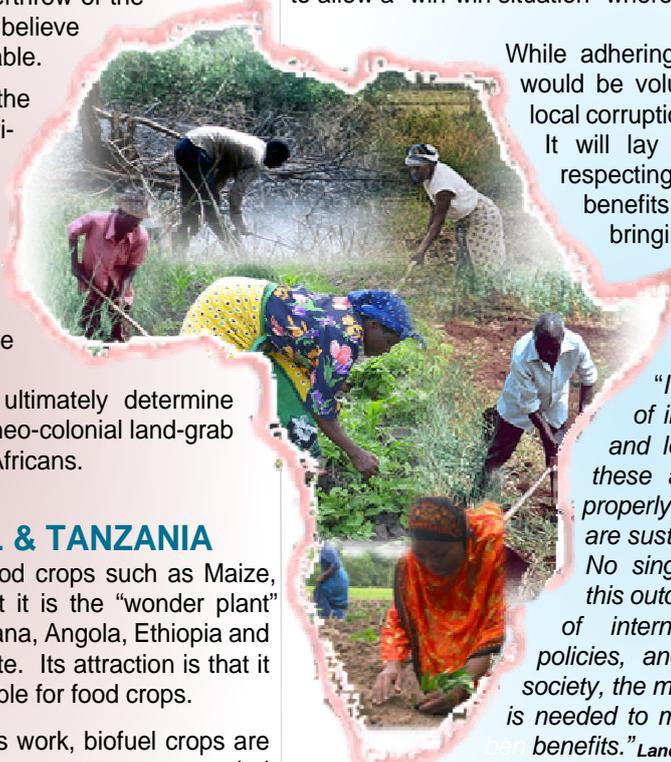
In Tanzania, where Irish SMA's work, biofuel crops are causing problems. In 2009 investment was suspended following unrest over the eviction of farmers and the conversion of food growing land to biofuel crops. In addition irrigating these crops caused water shortages. There is also evidence of shady dealing with villagers being paid less than \$10 a hectare for farmland. Local people are losing out and measures to deal with the effects of land clearance and pesticide use are not in place.

This situation exemplifies the effects that a lack of policy on land usage is having in African countries. In response,

Tanzania's government aims to publish national guidelines for biofuel investment this year. It is also aware that these may not be enough and that protecting the environment and people's rights requires laws, and enforcement. Even though this is a small start, it is a move in the right direction that is far ahead of other African countries.

## A WAY FORWARD – code of practice

Land lease is a *fait accompli*. Accepting this the UN and NGO's are working towards the development of an international code to allow a "win-win situation" where all concerned benefit.



While adhering to this international code would be voluntary and do little to curb local corruption it is a worthwhile first step. It will lay down principles such as; respecting customary rights; sharing benefits among locals (i.e. not just bringing in workers) and increasing transparency (reducing opportunities for corruption). However measures must go further. *"It is in the long-term interest of investors, host governments, and local people to ensure that these arrangements (leases) are properly negotiated, that practices are sustainable and benefits shared. No single mechanism will ensure this outcome. Rather, a combination of international law, government policies, and the involvement of civil society, the media, and local communities is needed to minimize threats and realize their benefits."*

Land Grabbing by Foreign Investors in Developing Countries, Risks and Opportunities, IFPRI 2009.

**It is not yet possible to gauge the impact that land lease will have. Not enough time has passed for promised benefits to materialise. However, up to now the balance is tipped in favour of a negative view. For the moment, the jury is out and judgement deferred. One commentator has prudently said that "a watchful, hopeful but wary eye needs to be kept on the progress of land lease in Africa".**

## WHO BENEFITS? - An examination of land deals in five African countries identified the following facts:

- Governments play a key role in allocating land for lease.
- Benefits are in the form of investor commitments on, employment creation and infrastructure development – **NOT** cash payments.
- Although some countries have laws requiring local involvement and benefits, big gaps between the statute books and reality on the ground exist.
- The lack of legal or procedural mechanisms to protect local rights, interests, livelihoods and welfare.
- The lack of transparency in contract negotiation creates a breeding ground for corruption and deals that do not maximise the public interest.
- Contracts analysed tended to be simplistic compared to the economic reality of the transaction.
- Mechanisms to ensure delivery of investor commitments dealt with by vague provisions if at all.

**The points above show that local people benefit least.**

Source: "Land Grab or Development Opportunity" – an interagency collaboration led by the UN.

