Large-Scale Land Acquisitions and Responsible Investment in Africa

Future Agricultures London Policy Dialogue
Overseas Development Institute, London
24 September 2014

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3 phases of work on large-scale land investments

• Phase 1:
  – quantify and characterise the phenomenon (how much land, who, what, where?) and explain it (what enables it) and why is it happening (what are the ‘drivers’?)

• Phase 2:
  – Understand how land deals are designed and implemented (through what processes?) and identify impacts and outcomes (with what results?)

• Phase 3:
  – Identify what factors determine different outcomes (what are the better and worse models?) and inform strengthening of land governance
Voluntary Guidelines on the
Responsible Governance of Tenure of Land, Fisheries and Forests
in the Context of National Food Security
AU Guiding Principles
2014

LAND POLICY INITIATIVE

GUIDING PRINCIPLES ON
LARGE SCALE LAND BASED INVESTMENTS IN AFRICA
FAO CFS-rai
2014

*Principles for Responsible Investment in Agriculture and Food Systems*
Research jointly supported by the ESRC and DFID
Global Land Grab I and II

Co-hosted two academic conferences – with participation of policy makers, social movements, farmer associations, donor agencies

1. Global Land Grab conference, April 2011, IDS, University of Sussex

2. Global Land Grab II conference, October 2012, Cornell University
Special issues of journals
Pan African Parliament and regional parliamentary forums
Pan African Land Hearings
### 12 dimensions of land-based agricultural investments

<table>
<thead>
<tr>
<th>Dimension</th>
<th>Range of experiences documented</th>
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<tbody>
<tr>
<td><strong>Size</strong></td>
<td>Available data on deals over 1,000 hectares; huge variation ranging up to deals of 500,000 hectares and plans of deals up to 10 million hectares</td>
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<tr>
<td><strong>Duration</strong></td>
<td>Short to medium term, but mostly long-term 15-25 year (often renewable) leases, and up to 50 or 99 year leases</td>
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<tr>
<td><strong>Source</strong></td>
<td>Domestic private investors, foreign private investors (both being individuals or large companies), parastatals, foreign sovereign wealth funds,</td>
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<tr>
<td><strong>Commodity</strong></td>
<td>Jatropha, sugar, rice, other foods, forestry, various minerals, also tourism experiences.</td>
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<td><strong>Business model</strong></td>
<td>Enclave model, colonist model, large commercial estates, nucleus estates with outgrowers, outgrowers and processor, smallholder model</td>
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<td><strong>Tenure arrangements</strong></td>
<td>Lease, concession, illegal enclosure, or purchase (rare)</td>
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<tr>
<td><strong>Resource access</strong></td>
<td>Land, water, minerals, marine resource, wildlife, forestry (and labour)</td>
</tr>
<tr>
<td><strong>Lease / compensation payments</strong></td>
<td>Value, method of calculation, timing (once-off or repeat, eg. annual payments) and distribution to local communities, traditional leaders and local, district, provincial and national government</td>
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<tr>
<td><strong>Displacement</strong></td>
<td>‘Vacant’ and ‘unused’ land, claimed land, grazing land, cultivated lands, lands used for natural resource harvesting</td>
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<td><strong>Labour</strong></td>
<td>Locally hired labour, imported labour, self-employment as outgrower</td>
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<tr>
<td><strong>Settlement</strong></td>
<td>Changes in settlement (eg. villagisation), de-agrarianisation</td>
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<tr>
<td><strong>Infrastructure</strong></td>
<td>Investment in infrastructure for production, processing transport (roads, ports), and social infrastructure (schools, clinics)</td>
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What have we been looking at?

1. Land tenure and land governance
2. Institutional arrangements & changing land relations
3. Role of the state and local intermediaries
4. Livelihood and food security impacts
5. Implications for rural differentiation – class, gender, generational and kinship relations
6. Responses, resistance and land-related conflicts
7. Implications for agrarian transformation in the long term
Insights

• **Dynamics are not (entirely) new**: resonate with and even resurrect old colonial estates and the state farms of post-colonial ‘developmentalism’ – often on the same sites, with contested claims to land

• **Diverse trajectories of land grabbing**: interaction of large-scale foreign investments and endogenous processes of concentration by local / national elites – especially in post-conflict and high-growth contexts

• **Outgrower optimism misplaced**: contrary to the ‘win-win’ expectations, coercion (Malawi) but also lack of transparency in contracts and DoP, harvesting delays / broken market guarantees, displacement of food production (timing of income, commuter farmers)

• **Deepening dualisms in agrarian structure** – due to lack of a well-defined approach to smallholder sector and measures to promote synergies between large and small sectors to promote equitable outcomes

• **Limited opportunities to technology transfer** especially from capital-intensive monoculture plantations to smallholders – better in more variegated endogenous commercial farming (eg. mangoes Ghana, coffee Kenya). For outgrowers, access to irrigation is key

• **‘Winners’ are not only usual suspects**, also elites from disadvantaged groups, who emerge as brokers, finding business opportunities as adjuncts to new projects (Ghana, Kenya Laikipia, Tanzania)
Land & Agricultural Commercialisation in Africa

Three models of commercialisation:
1. Large plantations or estates
2. Contract farming or outgrower schemes
3. Commercial farming areas

Comparative three-country study:
- Ghana
- Kenya
- Zambia
Three models of agricultural commercialisation in Africa

<table>
<thead>
<tr>
<th>Plantations</th>
<th>Commercial farm area</th>
<th>Contract farming</th>
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<tbody>
<tr>
<td>• large, self-contained agribusiness farms</td>
<td>• medium-to-large farms</td>
<td>• a processing firm, sometimes with a nucleus estate</td>
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<tr>
<td>• vertically-integrated processing chains,</td>
<td>• more or less contiguous, and dominate an area</td>
<td>• outgrowers are contracted to supply their produce</td>
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<tr>
<td>• associated with one major crop,</td>
<td>• associated with mixed farming operations</td>
<td>• outgrowers farm on their own land</td>
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<tr>
<td>• permanent or seasonal hired labour.</td>
<td>• owned by individuals or small companies</td>
<td>• use their own family labour</td>
</tr>
<tr>
<td>• not much interaction with local economy</td>
<td>• may be planned or not</td>
<td>• may also work on the nucleus estate</td>
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Assessing the 3 models

Initial evidence suggests that:

• **big plantation agriculture** might be most weakly integrated into local economies – more ‘enclave’ than dynamic catalyst of development.

• **in commercial farming areas**, what passes as ‘growth’ might be merely the transfer of capital from one sector to another, for instance Ghana mango farmers and Nigeria dairy farmers. Insecure tenure & absence of finance is an impediment to ‘endogenous’ commercial farmers (more than markets).

• **outgrowing or contract farming** is a way to connect small farmers into markets, but variation in how this is done; important that they participate in value-adding processes; also a need to preserve land (and water) for food crops, otherwise marginalises women.
What is the best pathway to commercialisation?

- Debates continue among policymakers and academics about the relative merits of large and small farms, their implications for labour absorption, rural livelihoods and growth in Africa’s farm sector.
- Some countries have promoted commercialisation in specific regions, aiming to attract local and foreign commercial farmers as pioneers to build a commercial farming sector.
- Recent transnational investments in commercial agriculture have prompted the resurgence of plantations (large estates) and other forms of large-scale commercial agriculture – often reviving models used during colonialism and during state-led developmentalism. (We should learn from history!)
Pathways of commercialisation

Accumulation ‘from above’
commercialise agriculture by importing capital in return for land & labour
1. transnational: import into country
2. domestic: import into sector

Accumulation ‘from below’
commercialise agriculture through reinvestment of capital by those who hold the land and labour
Methods and analytical frames

• Multi-scalar research
  – Detailed local case studies
  – Localities, regions, provinces
  – National political economy
  – Sub-regional dynamics and geopolitics
Ghana

Norpalm oil palm plantation on 4,500ha following privatisation of state farm and processing mill, 68% Norwegian owned
• No displacement as this was an established plantation but conflict with chiefs over rent and revenue

Blue Skies outgrower scheme for fresh cut fruit processing for European market, 90% UK owned
• Substantial factory employment but wholly seasonal (2,000-2,500 in season)

Commercial mango farming area at Somanya: mostly (retired) urban business and political elites
• Expanding production and local small farmers becoming workers – while sometimes maintaining their own plots
Zambia

Zambeef Chiawa estate in Lower Zambezi, producing staple grain crops, little integration into local economy
• Limited employment creation, mostly women on casual or temporary contracts
Illovo’s Nakambala sugar estate is expanding its outgrower scheme, mostly benefitting larger landowners (and men)
• Younger men’s labour now in higher demand
• Negative effects on poorer households and women who have less land and rely more on common property resources
Mkushi farm block where old established commercial farmers are joined by new local elites
• Non-labour intensive farming of field crops (wheat and maize) but less contentious as on land long privatised.
Kenya

Kisima Farm 6,000ha wheat, oilseeds and potatoseed farm in a region where farms average 2.5ha
• On-farm processing and marketing of Kisima flour and canola oil
• Positive local economic linkages into related industries

Meru County Coffee Millers driven by urban returnees and professionals
• Group branding and marketing strategy with county support
• Effective self-organisation of medium-scale farmers to revitalize farming as an alternative to agribusiness investment in estate farming.

Finlay’s, Meru Greens and Frigoken are three companies expanding their contracts with local farmers for green beans for export
• A range of in/formal contracting systems
• One company absorbs global commodity price fluctuations, critical to limiting risk for farmers
Outcomes: land

1. **Land tenure:** shifts from ‘customary’ land tenure (in varied forms across countries) to more private, titled, freehold arrangements, but many hybrids and ambiguities, and on-going contestations. Often legal under national law, but processes and terms far from rights frameworks

2. **Land consolidation:** loss of arable land and water, but also rangelands and commons – the latter especially gendered. All associated with entry of new agribusinesses and vertically-integrated value chains but also land scarcity driving intra-family dispossession and fragmentation of holdings. Access to alternative non-privatised land is key

3. **Different trajectories:** in Zambia, extensification into low population density areas; in Kenya and Ghana, intensification in context of high demographic pressure – diverse implications of new commercial zones.

4. **Intensification:** expansion in the area of land being under cultivation and aggregate output (cf. yield gaps)

5. **Young people:** failure of intergenerational transfer of land and family farms, few jobs, urban migration
Land use changes not readily reversed

Forest livelihood at Kilwa, Tanzania (Sulle, undated)

Cleared forest at Bioshape jatropha plantation ‘trial plot’ Kilwa district (IFM report, 2009)
Outcomes: labour & production

1. **Shifts in crops**: high-value, capital-intensive export crop production but several cases show underproduction or collapse – or diversification towards lower-cost crops, bringing direct competition with local farmers.

2. **Low evidence base**: both governments and investors have little basis for projections of production – a reason plans are not realised in full – agronomic, infrastructure, market, institutional reasons.

3. **Proletarianisation**: emergence of new labour markets, associated often with in-migration of workers, and growth of wage labour, often casualised and largely female, with poor and conditions, but cash incomes for women can lead to intrahousehold changes.

4. **Gender roles in production**: diversification from food crops into commercial crops (eg. fruit in Ghana) opens up space for women to control revenue – but also loss of women’s cropping land and common property resources elsewhere, adding to women’s reproductive labour burden.
Outcomes: value chain & non-farm linkages

1. **Changing farm input portfolios**: shifts towards bought inputs, including chemical fertilizers and machinery, in some cases funneling money out and to multinationals, but in other cases spurring on service industries, eg. tractor services.

2. **Local economic linkages**: purchasing power from cash wages spurring demand for local goods but also manufactured foods and other consumption items (survey addresses this)

3. ‘**Boom towns**’ arising from growing demand for goods and services from investors and employees, and related infrastructure projects – benefiting often not the same people who had lost land, water and other resources (Nigeria, Ghana, Tanzania)

4. Infrastructure challenges:

5. **New scarcities**: changes in the food system with shift from food crops for consumption to production of cash crops – eg. ‘commuter farmers’
The next agenda for research

1. **National legal and policy reforms** to secure land rights and strengthen land governance, and their compliance with FAO and AU regulatory frameworks

2. **Action research** with affected communities, developing user materials and taking frameworks into negotiations

3. **New Alliance** on Food Security and Nutrition and its articulation with the still-in-process FAO and AU regulatory frameworks

4. **Corridor development** in theory and practice; what development pathways does this imply, and what factors shape outcomes? (SAGCOT, ProSavana, Lamu)

5. **Alternatives** to LSLAs, including community titling, value-chain investments, public investments
The operationalisation challenge

• AU/AfDB/UNECA LPI
  – Support in selected countries where we have strong partnerships and track record
  – Sharing comparative experience and lessons learned

• FAO Voluntary Guidelines & CFS-rai
  – Need to develop methodologies and metrics for assessing CFS-rai

• Land Transparency Initiative
  – Land Observatories at national level – galvanising research and civil society sectors
What else should we do to advance the AU agenda?

• Bring knowledge from research into AU processes
  – CAADP Expert Orientation seminar on land governance and land investments
  – LPI Conference on Land Policy in Africa
  – LPI Journal on Land Policy in Africa
  – African Centre of Excellent on Land Governance

• Jointly identify further research needs – while building our end-user audience

• Where possible, partner with private investors and communities to document genuine attempts to comply with FAO and AU regulatory frameworks