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LAND GRAB IN AFRICA: A REVIEW OF EMERGING ISSUES AND IMPLICATIONS FOR POLICY OPTIONS

Ayodele F. Odusola*

Over the past decade, large-scale land acquisition in Africa has become quite intense, especially in DRC, Ethiopia, Madagascar, Mozambique, Sudan, Tanzania and Zambia. While African countries are motivated by the need to transform the agricultural sector and diversify their economies, the urge to meet the needs of future food and biofuel security, among others, underpins foreign interest. This divergence of interest makes the realisation of the prospective benefits elusive in Africa. Maximsing the benefits of large-scale land acquisition requires bold actions against the following structural impediments: (i) weak land governance and a failure to recognise, protect and properly compensate local communities' land rights; (ii) lack of country capacity to process and manage large-scale investments; (iii) foreign investors' proposals that are inconsistent with local and national visions; (iv) resource conflict with negative distributional and gender effects; and (vii) inadequate capacity to assess the social, economic and environmental impact of the project on local communities. This paper suggests a 10-point agenda for maximising the benefits of the land grab in Africa.

1 INTRODUCTION

Large-scale land acquisition in Africa is not a recent phenomenon, but the intensity of the current wave, over the past decade, is unprecedented. Contrary to past trends, in 2009 alone almost two thirds of the total area intended or actually acquired (39.7 million hectares — ha) are in sub-Saharan Africa — representing about half (48 per cent) of the total projects or deals. This is followed by East and South Asia (8.0 million ha), Europe and Central Asia (4.3 million ha) and Latin America (3.2 million ha) (Deininger, 2011). The dominant countries of origin of land acquirers include Asia (China and India), the Gulf States (Saudi Arabia, United Arab Emirates, Qatar, Kuwait and Bahrain), North Africa (Libya and Egypt) and such developed economies as the United Kingdom and the United States.

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There has been substantial debate on the main drivers behind the new wave of demand for African land. From the African point of view, the drive for foreign direct investment at all cost and the quest to transform the agricultural sector with a view to raising productivity, meeting the nutritional requirements of the population and reducing poverty underpinned the clamour for foreign investment in the agricultural sector. From the foreign investors' side, the rush for land in Africa is driven by several factors, the most important of which include:

- their governments' concerns about future food supplies and security (especially as a result of the recent global food crisis);
- meeting the current and future demand for biofuels;
- to hedge against inflation and act as a safe haven for coping with the global financial crisis;
- mineral resource exploration; and
- tourism and nature conservation (including implementation of projects funded by the Clean Development Mechanism).

There is no doubt that Africa needs foreign investment to transform its agricultural sector. However, the increasing demand for land in Africa has generated heated debates on whether the net effect is positive or negative for the continent and its people. Although foreign investment in the sector is desirable, Africa does not need policies that transfer land to investors primarily motivated by the urge to feed their own populations while Africans wallow in hunger, supply biofuel markets across the globe, and small farmers are dispossessed of their main asset and livelihoods. The livelihood of two out of every three Africans is still dependent on agriculture. Concern about the negative effect of large-scale land acquisition on Africa's development is further heightened by the emerging wide gap between the intention of acquiring land and the actual level of implementation of land agreements in most targeted countries in the continent.

Evidence from triangulation reveals a wide divergence for countries such as Libya, India, the Gulf States and the UK. Many other studies have also observed that land acquisition in Africa could be more for speculation and as a store of wealth than as a productive asset that will enhance the food security of Africa and the well-being of its people. The intensity of the land grab in countries with weak property rights (especially an absence of land rights protections) and low governance rating also raises some concerns about the development orientation of the phenomenon.[1]

This paper aims at synthesising these emerging issues and, in so doing, draws up relevant lessons to inform policy actions for making land grabs more beneficial to Africa. To achieve this, the paper is divided into six parts. Following the introduction is Part 2, which addresses the trends and intensity of large-scale land acquisition. Part 3 examines the drivers of the land grab on the continent, while opportunities and threats are contained in Part 4. Part 5 focuses on issues requiring urgent policy consideration while Part 6 concludes the paper.

2 TRENDS AND INTENSITY OF LARGE-SCALE LAND ACQUISITION

Large-scale foreign land acquisition is not a new phenomenon in Africa. However, it has recently become an important development issue that has generated substantial debate and discussion. This land grab has several dimensions: in the forms of a lease (often for 30–99 years), a concession or an outright purchase of large areas of land in other countries for various purposes (Zoomers, 2010). Although information from the media tends to overestimate the volume of land acquisition, evidence from both the media and triangulation sources shows that the current trend of land acquisition in Africa is a significant one.

A quick review of the existing literature on this issue confirms the unprecedented volume and intensity of land acquisition in Africa in the last decade. For instance, Friis and Reenberg (2010) provide a snapshot of the media reports on Africa between 2008 and 2010 and concludes that between 51 million and 63 million ha were involved in land acquisition on the continent.[2] The average of this corresponds to about a quarter of the landmass of the Democratic Republic of Congo (DRC) or almost the equivalent of the whole landmass of Botswana or Kenya or Madagascar. It is twice the size of Burkina Faso or 10 times the size of Togo. Interestingly, the size of land acquisition between 2008 and 2010 is almost equivalent to the combined size of the following 18 African countries (Eritrea, Liberia, Malawi, Sierra Leone, Togo, Lesotho, Guinea Bissau, Equatorial Guinea, Burundi, Rwanda, Djibouti, Swaziland, Gambia, Cape Verde, Comoros, Mauritania, Sao Tome and Principe and Seychelles) in terms of surface land area. See Appendix 1 for the relative share of the land acquisition of the landmass of each African country.

Documentation by Deininger et al. (2011) over 2008 and 2009 puts the global acquisition at about 56.6 million ha, with about 40 million ha in Africa.[3] The findings from Oxfam (2011), using a combination of media and triangulation sources, put it at 227 million ha globally over the period 2001–2010 — about 67 million ha have been cross-checked with respective governments and other actors. The differences in figures are understandable: Oxfam's study covers a longer period of time and includes agriculture, mining and timber concessions, while the previous two inventories are restricted to only agriculture.[4] Sudan, Ethiopia, Madagascar and Mozambique are among the leading host countries for land deals on the continent.

There are discrepancies between sources of information due to differences in methods of inventory, coverage, types of purchase and scope of activities. On differences in methods of inventory, for instance, only projects above 1000 ha were considered by Cotula et al. (2009), while Gorgen et al. (2009) capture land 'demanded' but not necessarily approved deals. On the issue of coverage, using Ethiopia as an example, Deininger et al. (2011) include land allocations by regional government agencies, while Cotula et al. (2009) only consider allocations by federal government agencies and by the Oromia regional government.

As indicated in Table 1, research-based figures for 2004–2009 for countries such as Ghana, Liberia and Sudan are much lower than those suggested by media reports. The inclusion of renegotiations of pre-existing concessions in Deininger et al. (2011) for Liberia accounts for the discrepancy with media reports. The opposite holds for Mali, Ethiopia and Mozambique — where media reports are higher than those collected from official sources. Also, Cotula (2012) documents about 250,000 ha for Mali but notices that when one-year letters of credit are included, this amounts to about 650,000 ha compared to media reports of 2,417,000 ha.

Irrespective of the various methods used by the numerous authors for Ethiopia, Madagascar and Mozambique, the media figures are substantially higher than the research-based values.

TABLE 1

Comparison between Official and Media Sources of Aggregate land Areas Acquired in Selected Countries (ha)

Country	Official sources				Media sources
	Deininger et al. (2011) 2004–2009	Gorgen et al. (2009)	Cotula et al. (2009) 2004–2009	Cotula (2012) Since 2004	Friis and Reenberg (2010) 2008–2010
Ethiopia	1,190,000		602,760		2,892,000–3,524,000
Ghana			452,000		89,000
Liberia	1,602,000			1,195,894*	421,000
Madagascar		1,720,300	803,414		2,745,000
Mali		159,905	162,850		2,417,000
Mozambique	2,670,000				10,305,000
Nigeria	793,000				
Sudan	3,965,000				3,171,000–4,899,000

Source: Cotula (2012).

Notes: World Bank data for Liberia include renegotiations of pre-existing concessions. In Ghana, Cotula et al. (2009) data refer to land-based investments registered with the Free Zones Board only; leases may be concluded directly with customary chiefs and are, therefore, difficult to track systematically.

* The figure is for mining exploration or development concessions and includes renegotiation of existing concessions.

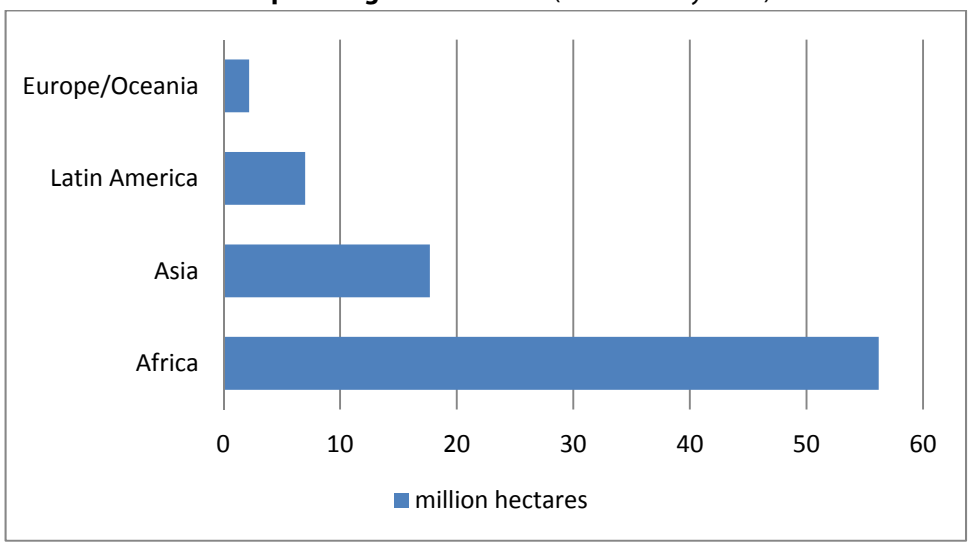
The recently released land Matrix[5] database has a wider scope and coverage than previous databases on land acquisition globally. The database has gone through an error-checking process of triangulation and covers 200 million ha and 2200 deals between 2000 and early 2012. Unlike most other sources that do not consider any deal less than 1000 ha, this covers deals of 200 ha and above. This accounts for the large volume and number of deals involved. Five African countries are among the top 10 targeted countries globally for both agricultural and non-agricultural purposes: DRC, Ethiopia, Madagascar, Sudan and Zambia (Table 2).

An important measure of land concentration is the size of land acquisition deals approved to a single investor. Based on the five countries studied by Cotula et al. (2009), it ranges from 452,000 ha in Madagascar to 100,000 ha in Mali (Table 3). Cotula (2012) also reveals that the average size of projects above 1000 ha is much smaller than what is suggested by media reports. Contrary to a mean ranging between 111,000 ha and 135,000 ha for Ethiopia and of about 186,000 ha for Mali from the media reports, the research-based findings put it at 7500 ha for Ethiopia[6] and 22,000 ha for Mali. Evidence from the top 10 targeted countries also reveals that the average land deal ranges from 40,951 ha in India to 805,187 ha in DRC (Table 2). Other countries with a high average size of land deals include Indonesia, Malaysia, Sudan and Zambia. If this is not well managed, it could worsen land concentration and intensify land inequality.

Evidence from Cotula (2012) also describes the rising trend of land acquisition at the provincial level, especially in Mozambique. The number of approved land leases in Manica Province alone rose from just 562 ha in 2007 to 21,334 ha in 2008 and 58,880 ha in 2009. As at January 2010, applications for 367,165 ha were pending.

FIGURE 1

Regional Distribution of Acquired Agricultural land (2000 to early 2012) **in Million Hectares**



Source: Compiled and computed from Anseeuw et al. (2012).

When land acquisition for only agriculture is considered, a similar trend is also observed. The above evidence is further supported by the findings from Anseeuw et al. (2012), which conclude that Africa appears to be the main target of the land grab, because out of the 1217 publicly reported deals, 62 per cent of the projects took place on the continent. This translates as 56.2 million ha in Africa, 17.7 million ha in Asia and 7.0 million ha in Latin America (Figure 1). The volume of reported large-scale land acquisitions for agricultural production corresponds to the total landmass of Kenya. It represents 4.8 per cent of Africa's total agricultural area, compared to 1.1 per cent for Asia and 1.2 per cent for Latin America (Anseeuw et al., 2012).

Although a large number of countries (84) are targeted by foreign investors for agricultural purposes, only 11 of them account for 70 per cent of the targeted area. Seven of these 11 countries are in Africa.[7] Land in countries such as Sudan, Ethiopia, Mozambique, Zambia, DRC and Tanzania are in high demand and, therefore, experienced the greatest pressures both in terms of the volume of hectares and the number of deals (see Table 2).

Analysis of the top 10 land acquirers (including food production, agri-fuel production, mineral extraction, conservation and tourism) reveals the USA, Malaysia, India and the UK as the largest acquirers (Figure 2). About 10 per cent of investors account for 68 per cent of the land acquired (Land Matrix, 2012). However, when only agricultural land is considered, the role of China becomes more pronounced as the lead actor. In addition to the three countries mentioned above, South Korea, Saudi Arabia, Sweden, South Africa, Qatar, Norway and Singapore are among the leading 13 acquiring nations (Anseeuw et al., 2012). The role of emerging economies, especially some of the BRICS countries (China, India and South Africa), is more pronounced, although the dominance of the North still holds sway. This, to a large extent, confirms the pronounced agitation about the dominance of China and the Gulf States (especially Saudi Arabia and Qatar) in formal land acquisition in Africa.

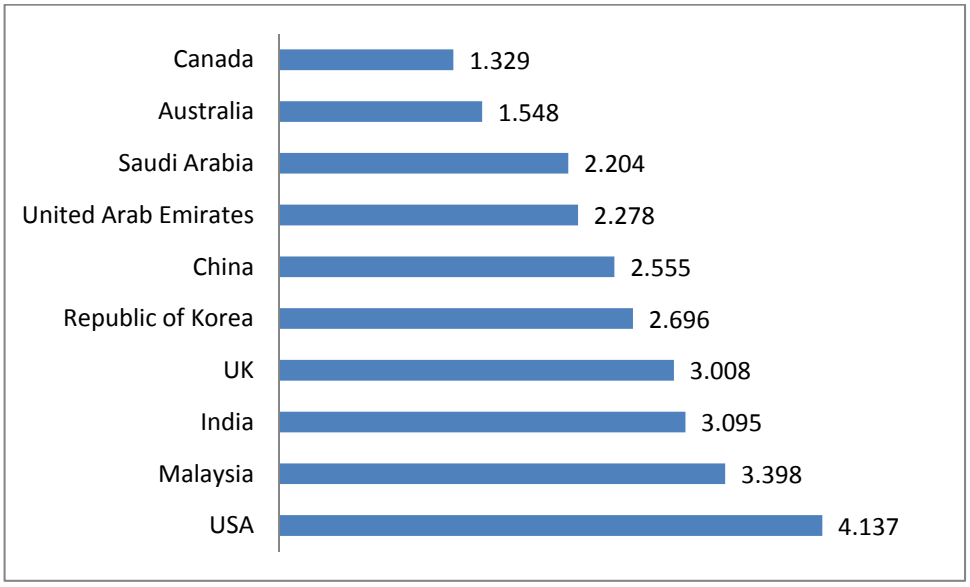
Another important feature of the land grab is the heterogeneity of investors, which if well managed, could be an opportunity for the continent. A copious review of the Land Matrix data brings to the fore four different types of investors — namely, private companies; public or

state-owned enterprises; investment funds; and public–private partnerships. Private companies dominate, with 442 deals and 30.3 million ha — representing two thirds of the cumulative land acquired. State-owned agencies comprise 172 deals and 11.5 million ha — representing a quarter of the affected land. Investment funds have 32 deals and 3.3 ha, while the public–private partnerships record 12 deals and 0.6 million ha. Analysis from Anseeuw et al. (2012) further reveals that investors from North America and Europe are almost exclusively private companies.

Two African countries have emerged as strategic transit countries: South Africa and Mauritius (IIED, 2012). Foreign investors are leveraging South African proximity, knowledge and experience in African agriculture and commercial farming. Many South African companies have facilitated commercial farming on behalf of foreign investors (e.g. partnering with those of UK and Chinese origin) in countries such as Mozambique, Swaziland, Malawi, Tanzania and Zambia. As a result of a good tax system and the existence of several bilateral investment treaties with many African countries which could protect foreigners' investments, some foreign investors (especially of Australian, UK and Singaporean origin)[8] prefer to reach out to other countries through Mauritius. In addition, many foreign investors now operate through nationally incorporated subsidiaries — a phenomenon that blurs the lines between national and foreign investments.

FIGURE 2

Top 10 land Acquirers (2000 toApril 2012) **by Million Hectares**



Source: Compiled from Anseeuw et al. (2012).

Existing databases on land acquisition tend to focus mostly on direct land acquisition for greenfield investments, with a limited focus on activities such as taking over the management of existing farms previously or currently run by government establishments, including rehabilitation of existing irrigation and related infrastructure as well as equity participation in existing agribusinesses. Richardson (2010) reviews the strategy of a South African sugar company in the takeover of many existing ventures and equity participation in a number of Southern African countries over the past two decades.

TABLE 2

Top 10 Targeted Countries Globally (2000 to April 2012)

Rank	Countries	Volume of land acquired (ha)	No. of deals	Average deal
1	Indonesia	9,527,760	24	396,990
2	Democratic Republic of Congo	8,051,870	10	805,187
3	Ethiopia	5,345,228	83	64,400.34
4	Philippines	5,182,021	46	112,652.6
5	Malaysia	4,819,483	20	240,974.2
6	India	4,628,578	113	40,960.87
7	Sudan	3,923,430	18	217,968.3
8	Brazil	3,871,824	61	63,472.52
9	Madagascar	3,779,741	39	96,916.44
10	Zambia	2,273,413	9	252,601.4

Source: Author's compilation and computation from Land Matric Database, April 2012 (accessed May 2012).

TABLE 3

Approved Land for Investors' Claims (2004 to early 2009)

	Ethiopia	Ghana	Madagascar	Mali	Sudan	Total
Total land allocated (ha)	602,760*	452,000*	803,414*	162,850*	471,660*	2,492,684*
No. of projects approved (over 1000 ha)	157	3*	6*	7*	11*	184*
Largest land allocation (ha)	150,000	400,000	452,000	100,000	109,200	
Total investment commitments (US$)	78,563,023*	30,000,000*	79,829,524*	291,988,688*	439,600,000*	919,981,235*

Source: Cotula, Vermeulen, Leonard and Keeley (2009).

Note: * indicates incomplete data.

The lands acquired are used for many purposes. Of the projects with commodity data, 37 per cent focus on food crops, 21 per cent on industrial or cash crops, and 21 per cent on biofuels, with the rest distributed among conservation or game reserves, livestock and plantation forestry. The scale of investors' ambition is huge, with a median project size of 40,000 ha (Deininger, 2011). It is important to note that foreign investors target land with high yield gaps, good accessibility and considerable population densities.

The implementation of some of these projects lags behind the original intention. The implementation of most large deals often begins on a much smaller scale and is phased up to full capacity over relatively long periods of time. Key bottlenecks to implementation include on-the-ground reality in terms of resistance from communities (mostly as a result of their lack of involvement in the negotiation process), which sometimes lead to conflicts, the challenges

of infrastructure development and financing difficulties. Findings from Deininger et al. (2011) on Mozambique reveal that more than 50 per cent of approved projects had not started any activity or were significantly behind schedule — a development that could heighten local land pressures and problems, with substantial opportunity costs to the people and communities. The review of the Land Matrix results by Anseeuw et al. (2012) provides the current rate of implementation of projects associated with flexible crop production (soybeans, sugar cane and palm oil) across Africa sub-regions. The highest rate of implementation (30 per cent) is in East Africa, compared to about 10 per cent and 12 per cent in West and Central Africa, respectively.

3 DRIVERS OF LARGE-SCALE LAND ACQUISITION

There are many factors driving demand for African land. For analytical purposes, they have been grouped into two broad areas: domestic and external factors.

3.1 DOMESTIC FACTORS

Promotion of foreign direct investment: Foreign direct investment is an important development strategy in most African countries. To attract genuine foreign investors, governments introduced several incentives such as a 'one-stop shop' for business registration, tax breaks, profit repatriation, reduced import and export tariffs and, in some extreme cases, heavily subsidised land for agrobusinesses, among other incentives. This is an important pull factor that often opens doors for many foreign investors in agriculture.

Weak land policy and management: Laws recognising land rights in Africa vary from country to country, and where they exist, most of them are outdated and are not in tune with current reality. In most countries (e.g. Ethiopia and Mozambique) land is owned by the State, outright private land ownership is outlawed, and only long-term land leases may be acquired. In some other countries, state ownership co-exists with customary or communal ownership (e.g. Nigeria and Tanzania). In others, land can be privately owned through land registration procedures (e.g. Cameroon and Mali). However, because the process of titling and registering land is quite costly and cumbersome, it is accessible to very few people (e.g. elites) (Cotula et al., 2009). See Box 1 for more information.

Since most rural people do not have title to their lands, compensation is only based on productive use, such as the number of economic trees and value addition, when such lands are taken away from them. If documentation is lacking, most countries do not pay for the value of such lands when expropriated. The absence of consultation often leads to conflict between people and the State and also between the people and companies that acquire such lands. The outright absence of legal frameworks and other protections of rural people's right to land facilitates the use of land as a candidate for foreign investment with very limited consideration for the people that have been tilling such land for decades. The significant correlation established by Deininger (2011) and Deininger et al. (2011) between weak protection of local land rights and level of agricultural investment tends to suggest that weak rights are an enabler of large-scale land acquisition in Africa.

BOX 1

Cost of Land Registration and Titling in Selected Countries

Generally, the cost of land registration is considered to be quite high in sub-Saharan Africa. Evidence from Byamugisha (2013) shows that in 2011, land registration costs in sub-Saharan Africa, which were put at 9.4 per cent of property value, were more than double those in Organisation for Economic Co-operation and Development (OECD) countries, at 4.4 per cent of property value. Madagascar presents a good case for the direct and indirect cost of land registration. While the cost of land certification is on average $16 per hectare, that of a title deed is around 25 times higher, at $400 per hectare. As presented by Pickardt et al. (2013), it takes 3 to 11 years to complete title deed registration, while land certification takes about a year.

To deal with the high cost of individual land registration, collective and/or community land registration, mostly through the support of development partners, has become prominent as an alternative approach. For instance, it is an average cost of about $500 per village in Tanzania, and between $500 and $700 per square kilometre in Ghana. In Mozambique, the unit cost of delimiting and certifying community land ranges between $2000 and $10,000. See Byamugisha (2013) for more information (e.g. p.47 for Ghana, p.57 for Tanzania and Mozambique). The cost of the certification was estimated to be as low as $1.00 per plot and $3.50 per farm household (Deininger et al., 2008) compared to the cost of $150.00 in Madagascar (Jacoby and Minten, 2007). The difference in approach accounts for the wide range in costs. While Ethiopia uses a communal registration approach, demand-based land titling is used in Madagascar, which is considered very expensive.

Large concentration of agricultural yield gaps: The primary factor pulling investors to grab land on the continent is that Africa is home to 600 million ha of uncultivated arable land — about 60 per cent of the world's total (Roxburgh et al., 2010). The continent is endowed with unforested but uncultivated land suitable for rain-fed cultivation of crops. This is projected to be 446 million ha, 306 million ha or 198 million ha, respectively, for cut-offs of 25, 10 and 5 persons per km^2 (Deininger, 2011). An important implication of this is that if the rights of local land owners and tillers are adequately protected and foreign land investors adopt a win–win approach, there is enough unforested land to meet the potential increased demand for expansion in the foreseeable future. This also suggests that the area that could be the subject of demand by investors is large. Even the limited portion that is being cultivated is grossly underutilised, as manifested by low yields. With the exception of South Africa, no country in sub-Saharan Africa achieves more than 25 per cent of potential production capacity (Deininger, 2011). Thus, with additional inputs such as water, fertilisers, seeds, infrastructure and know-how, investors could increase yields and earn tremendous profits. Analysis from the Land Matrix indicates that investors always target countries with high yield gaps. To this end, perhaps an important way to reduce foreign demand for land is for government to embark on proactive programmes that promote the achievement of high yields in all African countries.

3.2 EXTERNAL FACTORS

The emerging imbalance in global supply and demand for agricultural commodities which manifests through frequent food price hikes plays an important role. Prior to the food price spike in 2007, there was a global assumption that global food supply was commensurate with demand. However, the combined effect of world population growth, changing diets, growing

demand for energy and increasing rates of urbanisation are putting pressure on the global demand for fuel and food from agriculture (FAO et al., 2010; FAO, 2011; Cotula, 2012). For instance, maize and wheat prices doubled between 2003 and 2008. Although grain and other food prices started to drop at the end of the third quarter of 2008, by the second quarter of 2011, global prices had again reached the levels of 2008 (FAO and IFAD et al., 2011), with associated short-term price volatility and vulnerability. As argued by FAO (2009), the increase in world food prices in 2007–2008 alone pushed an additional 115 million people into chronic hunger. It is important to note that other factors outside demand-related issues could contribute to increases in prices, especially through direct (transport and fertiliser prices) and indirect (incentives for biofuel production) effects. The need to ensure food security in many Western, Gulf and Asian countries has underpinned the unprecedented rush for African land.

Meeting the changing demand for energy is a key factor. The preference for replacing energy generated from fossil fuels with cleaner energy sources in the future is putting pressure on land demand and use (Cotula et al., 2011). First, the expansion of biomass energy capacity in some major energy-consuming countries — especially in Europe, where many countries are constructing new energy plants fired with woodchips and wood pellets — is a major factor. Second, carbon markets are a growing driver for land acquisitions involving forest conservation (including Reducing Emissions from Deforestation and Forest Degradation — REDD). Promotion of REDD has gained traction in many African countries such as South Africa, Kenya, Namibia and Zambia, where the private sector is playing an important role in wildlife protection and commercial conservation, with very bright prospects for future development (Brooks et al., 2009).

Third, European and other countries' policies and strategies on biofuel are increasing demand for biofuel and thus the expansion of biofuel plantations. The European Union (EU) policy to promote renewable energy through the 2003 Biofuels Directive, which set a biofuels consumption target of 5.75 per cent of all petrol and diesel for transport by 31 December 2010, has now been replaced by the 2009 EU Renewable Energy Directive (RED), which aims to raise the share of energy from renewable sources to at least 20 per cent of gross final consumption and at least 10 per cent of the final consumption of energy in transport, all by 2020 (Odusola, 2012). Similarly, the US Renewable Fuel Standard provides financial incentives for American firms to source energy feedstock from USA, Brazil and other countries, and highlights the need to increasingly diversify its energy sources away from Russia and the Middle East.

The changing demand for energy has contributed to foreign demand for land. For instance, using the Land Matrix data, Anseeuw et al. (2012) noted that biofuels accounted for 37.2 per cent of cross-referenced land areas acquired worldwide in 2001–2010, food accounted for 11.3 per cent, while agro-industrial crops, forestry, mining and other land uses accounted for the balance. Evidence from the country level also confirms the role of biofuels in putting pressure on the demand for land. In Tanzania and Mozambique, for instance, 798,578 ha and 2,327,296 ha, respectively, of land were found to have been requested for biofuel projects (Cotula, 2012). In 2009, Mozambique revived negotiations with 17 investors for new land allocations, of which two thirds were for biodiesel crops such as jatropha, and one third for bio-ethanol crops such as sugar (Schut et al., 2010).

Water requirements for commercial farming impose serious strains on domestic water resources. This is an important issue that has not been given adequate attention in the global debate. The analytical work of Anseeuw et al. (2012) highlights the seriousness of this issue. It is argued that large-scale land acquisitions are also about securing water rights for investors. The recent spike in such acquisitions may lead to a change in patterns of regional freshwater

use in both target and investor countries: positive for investors and negative for recipient countries. Of the 20 top acquirers, 12 countries show that the intensity of water use implied by the land deals is greater than the current average domestic rate of use; it is more than double for countries such as Egypt, the United Arab Emirates and South Africa (Anseeuw et al., 2012). If developed countries find it very difficult to cope with this challenge, what will be the implications for African countries where, on average, only 66 per cent of the population — and only 53 per cent of the rural population — had access to safe drinking water in 2010?[9] As a consequence, the increasing wave of land grab in Africa is likely to exacerbate water stress and aggravate land degradation, in turn impeding local people's livelihoods and possibly triggering conflicts.

Increasing 'financialisation' of agriculture: The projected high rate of return from agriculture globally, where demand has outstripped supply, has created a safe haven for several financial firms that have been struggling to stand on their feet since the global financial crisis of 2008–2009. This situation, in addition to projected capital appreciation from land purchased and profit from increased productivity, has increased the attractiveness of land as an investment option not only for agribusiness and energy companies interested in direct production but also for financial operators interested in increasing returns and lowering risks for their portfolios (FAO, 2010). Investment in agriculture is also seen as a hedge against inflation and volatility in the capital market (i.e. portfolio diversification), which has been a common phenomenon since the financial crisis of 2008. This has increased the number of financial investors in agriculture. A review of literature by Cotula (2012) cited 66 investment funds now specialised in investing in farmland, as opposed to an insignificant number in the past.

Changing development policies and strategies of advanced and emerging economies: Several countries have initiated policies and strategies to address the emerging development challenges facing them, and these have serious implications for the demand for foreign land. First, the Going Global Strategy from 1999, which is designed for Chinese firms to operate abroad through a variety of incentives such as tax breaks, low interest rates, preferential customs treatment and high-level diplomatic support, contributes in no small way to the demand for land in Africa. A similar initiative was established in Saudi Arabia specifically on agricultural investment abroad, with a particular focus on the production of wheat, rice, barley, corn, sugar and animal and fish resources. An important Saudi Arabian strategy is providing funds, credit and logistics to Saudi investors to invest aboard in agriculture. Some of the criteria for choosing the host countries are the availability of resources (land, water, labour), infrastructure, and the investor's right to choose which crops to cultivate and to export the produce to Saudi Arabia.[10]

These foreign firms benefit not only from fiscal and investment incentives from their country of origin but also from an avalanche of enticements from African governments. This creates an uncompetitive environment for local farmers and agro-businesses that do not enjoy such incentives. Second, several energy policies and strategies initiated at country and regional levels in North America and Western Europe have also contributed to this phenomenal rise in demand for land. The US Renewable Fuel Standard and the 2009 EU Renewable Energy Directives mentioned above are very good examples of these changing development strategies influencing demand for agricultural land in Africa.

4 OPPORTUNITIES AND THREATS

WHAT ARE THE POTENTIAL OPPORTUNITIES?

Large-scale foreign farming, if effectively managed, could serve as a linchpin of Africa's development in a number of ways. The impact on development can come through six channels:

- It could be an important source of foreign capital: If land is appropriately priced and the process transparently and efficiently managed, it could supplement the shrinking ODA to Africa.
- It could expand social and economic infrastructure: Effective land compensation could take the form of community development funds that could be used to provide educational and health facilities, safe drinking water and access roads, and irrigated farming.
- It could promote livelihoods through the creation of employment and job opportunities including value chain development.
- Access to markets (local and foreign) and technology for local producers is enhanced. This is a plausible goal because only 25 per cent of potential yield is currently being achieved in Africa.
- National and sub-national tax revenues and foreign exchange would be enhanced if there are effective tax and exchange rate policies.
- All the above create a synergy for raising smallholders' productivity, promoting food security, facilitating economic growth and accelerating poverty reduction and human development.[11]

Realising these potential is not automatic. The risks can be quite significant if there is no convergence among the objectives of the communities, governments and foreign investors. This could be more complex when there is divergence in the goals of the stakeholders. For instance, foreign investors are interested in maximising profits and in meeting the needs of their originating countries (e.g. national food and fuel security). The communities are much more interested in enhancing their livelihoods through enhanced productivity, job creation, improved wealth generation and access to modern infrastructure. The host governments, on the other hand, are focusing their attention more on revenue and the injection of foreign capital, which often becomes very elusive due to the provision of unnecessary incentives that make net effects low or sometimes even negative.

For the benefits to be mutually reinforcing, investments must be economically and socially viable. For instance, the analysis from Deininger and Byerkee (2011) reiterates that the economic viability of investment is a necessary condition for positive economic and social outcomes to materialise and be fully maximised. This includes the need to discuss the envisaged benefits, distributional issues (including addressing the interests of vulnerable groups) and how they will be achieved upfront at the stage of negotiation and contract design using very skilful and entrepreneurial people. The design of and adherence to the implementation plan is critical. This rests on the capacity of the public sector and national stakeholders to evaluate, vet and manage the process efficiently.

There are practical cases of positive impacts in a number of countries — though with limited examples from Africa. For instance, the emergence of Peru as a major high-value agro-exporter of horticultural produce and generating large numbers of jobs has been linked to the positive experiences with investment in large-scale farming. This was made possible by a number of factors including the use of a transparent auction system to sell land. About 235,500 ha of public lands were sold in a very transparent process with strong technical vetting and brought in almost $50 million in investment over the past 15 years (Hernandez, 2010).

The transformation and expansion of productivity which has been pronounced for oil palm in Southeast Asia (especially in Malaysia and Indonesia) would not have been possible without the synergy created through the partnership between large farm estates and smallholders. Specifically, in Indonesia, the 117 per cent increase in planted area (from 2.9 million ha in 1997 to 6.3 million ha in 2007) would not have been possible without the significant participation of smallholders. This initiative is estimated to have created between 1.7 million and 3 million jobs.[12]

Other notable factors include: (i) large farms are better able to deal with financing, infrastructure and technological constraints, which have been the bane of smallholders in Russia and Ukraine; (ii) the spatial concentration of production in large farm settlements or estates in Brazil was able to reduce the cost of production by about 20 per cent; and (iii) specialising in commodities with low seasonality of production promotes employment all year round and allows workers to develop specialised skills, as was the case in Peru and Chile (Deininger and Byerkee, 2011). The key question is how can governments transform the potential into concrete development impact in Africa?

WHAT ARE THE EMERGING THREATS FOR AFRICA?

The experience from the past few years has shown the reality of the risks and threats associated with large-scale land acquisitions that are not properly managed. The review of 19 projects in seven countries (including Ethiopia, Liberia, Mozambique, Nigeria and Sudan) supports widespread concerns about the risks associated with foreign large-scale investments. Key conclusions from the review reveal the following:

- weak land governance and a failure to recognise, protect and properly compensate local communities' land rights;
- lack of countries' capacity to process and manage large-scale investments (including consultation and enforceable agreements);
- foreign investors' proposals that were insufficiently elaborated, not viable technically and/or inconsistent with local and national visions often make investors rescind on agreements, encroach on local lands and shortchange communities in realising development objectives;
- resource conflict with negative distributional and gender effects; and
- inadequate capacity to assess the social, economic and environmental impact of the project on local communities.[13]

Some of the threats associated with these risks are highlighted below.

An unfolding reality of the land grab across Africa is the low level of implementation of the agreement by acquirers. The gap between the objectives and intentions indicated in the agreements and the current level of implementation is quite wide. Evidence from Deininger (2011) reveals that 30 per cent of the total deals were at an exploratory stage; 18 per cent had been approved but not started yet; more than 30 per cent are at initial development stages; and only 21 per cent had started farming, often on a scale much smaller than intended. The 2009 land audit in Mozambique found that 34 per cent of land transferred was not used for farming or was used in a way that did not comply with agreed investment plans (15 per cent). Also in the same country, some communities gave up their commonly owned forest with the expectation that jobs and infrastructure would be provided; this remains unfulfilled.[14] This tends to confirm the theory from many analysts that land acquisition in Africa is more of a speculative than a genuinely productive investment. The argument of Cotula (2011) is that land acquisition in Africa motivated by the need to hedge against inflation and to diversify portfolios as a result of the global financial crisis may be a more dominant driving force than investment as a tool to achieve the continent's agricultural and economic transformation. This emerging reality has some implications for the long-term development of the affected communities, and the continent in general. For instance, the objectives of job creation, promotion of diversified livelihoods (through value chain and related activities) for the displaced settlers and technology transfer expected from the transaction are turning to be a mirage or yielding minimal impact. In Mozambique, none of the implemented projects have thus far met their promised targets for job creation, and most have focused on supplying external markets rather than the domestic market (Schut et al., 2010; Hall, 2011).

The scale at which traditional settlers and small-scale farmers were often displaced without or with minimal compensation has become a concern for social justice. Thousands of smallholder farmers who have been dispossessed of their lands, sometimes forcefully ejected, with minimal compensation for foreign investors to take over their lands have created conflicts and violence on a number of occasions. The eviction of 20,000 farmers in western Uganda for pine and eucalyptus plantations with no compensation is one example. Another is the forceful displacement and relocation of 1000 farmers (about 30 per cent of the population living on a piece of acquired land) in Liberia, where the inability of rice investors to honour an agreement not to cultivate the fertile lowland dedicated for smallholders puts an additional 1500 people at risk of being displaced (Deininger, 2011). In some countries, land is used as collateral for seeking financial support for land redevelopment and related likelihoods; when such lands are appropriated, rural people not only lose their customary rights to land but also access to this facility. Granting extensive opportunities to companies with huge profit potential (in the region of 25 per cent and above) without compensation to those displaced seems socially and economically unethical. It is also a risk to the security of the investors and stability of the area.

People with customary rights enjoy little protection from the law. Despite titling programmes that have taken place in some countries, people without formal property rights are not always included. The process of large-scale land acquisition is increasingly serving as a threat to the capacity of poor and vulnerable populations to sustain their livelihoods, especially those whose only asset is the appropriated land.

Offering excessive subsidies on high-quality land when hundreds of companies are scrambling for them is economically unviable. In a number of cases, foreign investors pay below national market rates for land and benefit from special credit lines, favourable interpretation of national regulations, extensive tax exemptions or low rents, land use fees and short-term property tax, and reduced export tariffs. For instance, the findings from Cotula et al. (2009) based on a study of Sudan, Angola, Mali and Ethiopia observed that payment of rent of between $2 and $10 per ha per annum is too low to encourage foreign investment to stimulate the local economy.

A review of land acquired between 2009 and 2010 in Ethiopia shows that, for instance, while Ethiopians and Ethiopians in diaspora paid an average rent of Birr226.97 (about $12.90) per ha, Saudi Arabian and Indian firms paid Birr30.00 (approximately $1.70) and Birr95.94 ($5.45) per ha, respectively (Table 4). This is in addition to the heavy fiscal incentives provided by their originating governments.[15] This makes large-scale farming unaffordable for Ethiopians. With subsidies from originating and host governments, there are no incentives for large-scale foreign farmers to be committed to stimulate the local economy in a way that will create a win–win situation for national stakeholders — communities and governments. The inequality in payment of land rent could breed social tensions among local and foreign farmers. As indicated in Table 4, Indian firms with 71.4 per cent of total land transfers paid only 55.8 per cent of the total rent, while Ethiopians with only 18.9 per cent of land transfers accounted for 34.4 per cent of rent payments.

TABLE 4

Land transfer and associated capital registered and land rent (January 2009 to April 2010)

Country of origin	Land transfer (ha)	Capital registered (million Birr)	Land rent (million Birr)	Average rent per ha (Birr)	Share of the total (%)		
					Land transfer	Capital registered	Land rent
Saudi Arabia	10,000	3,7640	0.30	30.00	2.86	76.78	0.70
China	25,000	2,973	3.95	158.00	7.14	6.06	9.18
India	250,012	7,463	23.98	95.94	71.41	15.22	55.77
Ethiopians and Ethiopians in diaspora	65,087	944	14.77	226.97	18.59	1.93	34.35
Total	350,099	49,020	43.01	122.84	100.00	100.00	100.00

Source: Author's computation from the Ethiopian Ministry of Agriculture portal: <http://www.eap.gov.et/?q=node/835>. (accessed 5 June 2012).

Note: In the Ethiopian calendar, this refers to January 2002 to April 2003.

Contracts are mostly drawn up in secrecy without the involvement of smallholders and no safeguard for local food security. The quality and outcomes of such contracts are obvious; they will be at the expense of the local communities and host countries. This is further compounded by the absence of or limited framework for consultations. The lack of consultations and transparency in land transactions disempowers communities and breeds social injustice (UNDP, 2012). AAP (2012) also reiterates a common phenomenon among land negotiations in Africa: contracts seldom seek to create employment opportunity for the local inhabitants. And unlike the situation in Peru, Indonesia and Malaysia, large-scale farming is mostly done without partnership with local farmers. The recent initiative in Madagascar

(though not yet implemented) where foreign investors were asked to partner with about 13 farmers' associations to produce rice is commendable and should be scaled up to other initiatives across the continent. In many countries, contracts are drawn up without consultations with smallholders and without any social and environmental impact assessment. It is commonplace for foreign investors to export most of the farm produce without any link with the local and regional markets. The local food security implications of this for Burundi, Chad, DRC, Eritrea, Ethiopia and Sierra Leone have been noted in Robertson and Pinstrup-Andersen (2010).

There is always an unequal power balance between the host countries and the foreign investors. The intrinsic feature of asymmetry in power relations in land deals in most African countries has been discussed in the literature.[16] Foreign investors have the advantage of skilled experts with diverse knowledge, unlike most African countries, which have limited capacity to handle large-scale agricultural investment and negotiations. Such inherently imbalanced power relations in land deals makes it very difficult for host countries to use land to achieve economic transformation and development. This accounts for why this has not been translated into improved well-being of affected communities in terms of better incomes, enhanced productivity, creation of more jobs and access to modern infrastructure.

Many foreign investors often disregard national laws. One of the common practices of foreign investors is to show a lack of respect for local and national labour laws. For instance, a rubber plantation firm in Liberia employs its workers as casual labour with unclear terms and conditions of employment. The Chinese practice of substandard and unsafe working conditions in many African countries has been noted in a number of studies (e.g. Hellendorff, 2011), whereby Chinese firms overwhelmingly confine locals to manual labour work, sometimes resorting to child labour, disregard local communities and reserve managerial posts to Chinese nationals.[17]

The current wave of unprecedented demand for African land tends to suggest a manifestation of a structural weakness. A lack of transparency and checks and balances in contract negotiations creates opportunities for corruption. In addition, most African countries lack an appropriate institutional framework for land management and the protection of land rights of small land holders. In some situations, there are overlapping institutions. Evidence from several studies reveals that demand for land is more intense in countries with very weak land rights (Cotula, 2011). Analytical results from Deininger (2011) show a high likelihood of a country with weak institutional arrangements for land management being subjected to intense land demand by foreign investors. An important way of managing this trend is to address the issue of land titling and registration in Africa.

An important issue of serious concern to peasant farmers, communities and countries is that *demand for land is not targeted at 'marginal' lands but at 'high-quality'* *lands* with water availability, irrigation potential, soil fertility and proximity to markets or availability of infrastructure. Very good examples of this include the irrigable areas of the Segou region in Mali (Cotula et al., 2009; and Gorgen et al., 2009), the high-irrigation-potential areas of the Senegal River valley in Senegal (Faye et al., 2011), the Beira Agricultural Growth Corridor in Mozambique, the Southern Agricultural Development Corridor of Tanzania (Kaarhus, 2011), and the river-basin marshlands in Rwanda (Veldman and Lankhorst, 2011).[18] Gambella, a region in western Ethiopia, is one of the most fertile locations in Eastern Africa, with thick forests, abundant rains and home to five rivers and a designated National Park. It has become the

target for foreign commercial farming. As of 2010, Indian companies had already leased 165,000 ha, Chinese firms 25,000 ha, and Saudi firms 10,000 ha.[19] This is also confirmed by the findings of Anseeuw et al. (2012) that a very large proportion of land is in Mosaic croplands, forest and vegetation and is mostly located in accessible locations with a high population density. The implication of this is that rural people are pushed further away from urban centres, limiting their access to basic infrastructure, decreasing their market access and reducing their likelihood of being moved out of poverty.

5 ISSUES REQUIRING URGENT POLICY CONSIDERATION

The current wave of land acquisition in Africa is like a double-edged sword that can make or mar the continent's development progress. Foreign direct investments, including those in agriculture, are what the continent has been longing for. However, the forms and dimensions of the land grab are creating fractures and division among African societies, within communities, and between citizens and States as well as between local actors and foreign investors. Actions that will maximise the benefits and minimise the threats are vital for agriculture to contribute meaningfully to community, national and regional development.

It is important to address certain structural issues that make African land very attractive to foreigners but render the benefits of its natural endowment very marginal to local people. A good example is the long-standing neglect of technology, infrastructure and institutions which contributed to disappointing performance of commercial farming. For instance, the neglect of existing land rights ignited conflicts and undermined investment incentives. On the other hand, there is evidence that none of the sub-Saharan African countries (except South Africa) that attracted foreign investors in recent times achieved more than 25 per cent of potential yields, and the area cultivated per rural inhabitant remains below 1 ha (Deininger, 2011). For land acquisition to be more beneficial to Africa, particularly to local people, it will require making these structural issues very explicit in land contracts, effectively monitored and enforced.

Existing land laws need to be reviewed to ensure that large-scale land acquisition aligns with local and national visions and development aspirations. The current land management system that gives preference to elites and powerful investors should be reviewed. Customary tenure systems can provide sufficient tenure security to allow farmers to take a long-term interest and invest in their land. Similarly, formal land rights allow collateralisation of land, which promotes the development of efficient credit markets and increases security of tenure that encourages landowners to undertake capital development for enhanced productivity. Efforts to integrate customary and formal land rights should be strengthened. They need to focus on how such reforms will promote rural livelihoods, rural development and the country's sustainability agenda. Secure access, tenure, use and control of land either through the traditional system, legal reforms or a combination of both are important to reduce marginalisation of local communities and the associated risks often related to arbitrary management of land in several countries.

Design policy and regulatory frameworks to determine and monitor arrangements to maximise local benefits, especially on agricultural productivity, value chains, welfare and environmental issues. Those who lose land should be adequately compensated and rehabilitated to equivalent livelihoods, and all distributional issues should be addressed

upfront. This includes preparation of a code of conduct to ensure that investors adhere to fundamental principles such as respecting existing land and resource rights, guaranteeing local food security, adherence to national labour and trade laws and ensuring that agricultural practices do not endanger the environment (e.g. depletion of soil, loss of biodiversity, and increased greenhouse emissions).

Improving land governance to enhance efficiency and to protect traditional land rights is important. Land governance should be able to strike a balance between protecting rights and productive use of land — a combination of economic progress, sustainable use of land and social justice. African governments should step up efforts to better protect customary land rights, increase transparency and manage incentives for land-related investments. FAO et al. (2010) argue that one of the fundamental principles of responsible agricultural investments is the need to respect existing use or ownership rights to land, whether statutory or customary, primary or secondary, formal or informal, group or individual. In doing this, it is important to: (i) identify all rights holders; (ii) provide legal recognition to all rights and uses; (iii) negotiate with land holders or users; (iv) ensure fair and prompt payment for all acquired rights; and (v) allow independent avenues for resolving disputes or grievances. When any of these rights are violated, as is always the case in the current situation in most African countries, such agricultural investment remains irresponsible. It is also important to improve access to information to better negotiate contracts and to enforce them more effectively. Clear guidelines for involving stakeholders in the negotiation, planning and management of contracts should be established, popularised and used. Another critical aspect relates to the capacity of government to flexibly reallocate land in case an investment fails. Overall, land governance should contribute to improving the capacity of poor people to control access to land and maximise opportunities for inclusive development.

Promoting welfare-enhancing and transparent land transfers: Most of the land transfers on the continent have been done in secrecy. However, lack of transparency breeds opportunities for graft, corruption and other social vices, which disempower poor and rural communities and violate social justice. The process of transferring land to foreign investors should be consultative and transparent. Large-scale land transfers should be done under public scrutiny. The practice in Peru which has transformed large-scale land acquisition into a transformation tool offers a good example. To ensure realistic valuation, property values are determined in court proceedings. Land owners can demand payment of the land's market price plus remedies for any damage. There are clear timelines for the transactions to be completed. The congressional expropriation order lapses if after six months the judicial process has not started, and after 24 months if the court process has not been completed. If after one year the property is not used for its intended purpose, the land reverts to the original owner.

Also in Mali, letters of intent were issued for 402,682 ha, but with a clause that these expire if the investor does not undertake feasibility studies within a year (Cotula, 2012). The bold initiatives in Mozambique where land allocations were withdrawn for failure to invest is laudable, and such actions should be emulated by other African countries. Each country should use whatever fits its context in a way that produces better outcomes for local people, communities and countries.

There is urgent need to reduce the large power imbalance between foreign investors and current landowners: Power relations in land negotiations shape the nature and outcome

of land deals. This will require revisiting existing incentives that favour land-based investments at the expense of local investors and small landowners. This includes ensuring that prices of land are very close to the social opportunity cost of the forgone land. It also involves having the right institutions and human capacity in place to negotiate, manage and monitor contracts. The rules of engagement are clear to both parties. The capacity to evaluate the impact on the labour market and the technical and economic viability of proposals, as well as to carry out social and environmental impact assessments, is critical for land transfers to lead to sustained development. This underpins the need to always study in depth the productivity, social, economic and environmental impact of large farms before any agreement is signed. There is a need for access to information to strengthen local communities' bargaining powers and their ability to ensure that contractual agreements are respected. To further enhance transparency, an independent third-party verification body is important. Increasing community participation (including improved access to information on ongoing land deals and comparable ones), building capacity of local and national government officials and involving civil society in monitoring contracts and implementation is vital to rebalance the power asymmetry between smallholders and foreign land investors.

***There is a need to invest heavily in land titling and registration*:** Countries with very weak formal rights to land have a high likelihood of being subjected to intense land demand by foreign investors. To reduce the pressure for land acquisition and elicit genuine investment for the transformation of agriculture and rural development, countries should invest in land titling, registration and certification. Countries where the vast majority of land is under the customary system should explore how to make the current system more beneficial to local people. Efforts tend to focus more on individual land ownership. Rather, a community-based rights system should also be encouraged. The example from Mexico, where more than 100 million ha were registered in less than a decade, shows that this is practicable. An important lesson from countries that have made progress on this supports the introduction of simple, low-cost and accessible forms for recording land. The ongoing initiatives in Benin, Burkina Faso, Ethiopia, Niger, Rwanda and Mozambique on land registration should be continued and strengthened.

Africa needs alternative business models to land acquisition: To avoid the inherent risks associated with large-scale land acquisition, other forms of investment such as joint ventures or contract farming and out-grower schemes or investments are central to economic diversification through agriculture-related value chains which also offers security of supply to investors. Successful implementation of upstream and downstream partnerships between European supermarket chains in the development of East African horticultural production for export is a good approach that could be strengthened. Such joint ventures between foreign investors and local producers or their associations as partners offer substantial benefits for the host country. The Varun Agriculture Sarl contract in Madagascar is another good successful case of contract farming. In addition to building schools, clinics and roads in communities where the project is located, the deal also had a contract with landowners to purchase their produce at prevailing market prices and to hire local people based on merit, performance and capability.[20] The Malaysian and Indonesian transmigration programme (where partnerships between large- and small-scale land holders in rubber plantations were encouraged) succeeded in shifting production away from large-scale farming into labour-intensive production systems where smallholders now make up 80 per cent of global rubber production.[21] With contract farming or out-grower schemes as are currently experienced in many African countries, smallholders can be offered inputs including credit and technical advice. However,

limitations associated with fixed prices and loss of freedom over which crops to grow can be addressed. The involvement of foreign investors in the Tanzanian sugar sector and the Zambian 'farm blocks'[22] should be promoted. However, what business model is most appropriate will depend on the specific country's circumstances and context.

Policy measures to increase smallholders' productivity are vital. There is evidence that South Africa is the only country in sub-Saharan Africa where productivity reaches 25 per cent of its potential. The high yield gap is one of the drivers of land grabs in Africa. A strategy is required that ensures that commercial farmers' activities do not hinder smallholders' productivity and actually facilitate small-scale farmers' access to inputs (fertilisers and improved seeds) and, if possible, irrigation facilities. Government should put in place complementary programmes for smallholders to have access to inputs (including microfinance programme and fertiliser subsidies), irrigation and extension services, and public investment in technology, infrastructure and market access and development.

A regional framework and guidelines for development-oriented large-scale land acquisition should be established. The African Union, in collaboration with the regional economic commissions and other pan-African institutions, could facilitate the process of preparing results-based guidelines for Africa. This should include how to maximise the benefits of large-scale farming for Africa and reduce the associated threats and risks. In particular, the guidelines should focus on how Africa could make foreign land acquisition promote structural socio-economic transformation, especially in reducing poverty and inequality and accelerating human development.

6 SUMMARY AND CONCLUSIONS

Evidence from official, media and triangulation sources reveal the intensity of the land grab in Africa between 2000 and 2012. It is putting intense pressure on demand for land in such countries as DRC, Ethiopia, Madagascar, Mozambique, Sudan, Tanzania and Zambia, all of which, except for Tanzania and Zambia, are trying to emerge from protracted and costly conflicts. This post-conflict reality has implications for general governance and political participation, even before the issue of land access is brought into the picture. There is divergence of interest (between Africans and foreign investors) in the demand for African land. The African governments gave up most of the land because of their quest to transform the agricultural sector with a view to raising productivity, meeting the nutritional requirements of the population, reducing poverty and expanding livelihoods. However, from the foreign investors' side, the rush for land in Africa is driven by their governments' concerns about future food supplies and security, meeting the current and future demand for biofuels, and mineral resource exploration, among other factors. Many issues tend to confirm this divergence of objectives and interests, such as the exportation of almost all food produced to investors' countries, and the failure to use land for agricultural purposes as planned and to implement agreed contracts, including by compensating displaced people, among others.

Large-scale foreign land acquisition, if effectively managed and used for farming, could lead to the social and economic transformation of many African countries. In addition to serving as an important source of foreign capital, it could expand social and economic infrastructure, promote livelihoods through the creation of employment and job opportunities, facilitate access to markets (local and foreign) and technology, generate tax revenues and foreign exchange, and create a synergy for raising smallholders' productivity.

However, the risks and threats associated with large-scale land acquisitions that are poorly managed and implemented are complex and counter-productive. Evidence from reviews of recent experiences from African countries such as Ethiopia, Liberia, Mozambique, Nigeria and Sudan raises widespread and serious concerns about: (i) weak land governance and a failure to recognise, protect and properly compensate local communities' land rights; (ii) lack of country capacity to process and manage large-scale investments (including consultation and enforceable agreements); (iii) foreign investors' proposals that were insufficiently elaborated, not technically viable and/or inconsistent with local and national visions; (iv) resource conflict with negative distributional and gender effects; and (vii) inadequate capacity to assess the social, economic and environmental impacts of the project on local communities.

How can Africans turn this complex challenge into development opportunities and outcomes? Arising from the emerging risks and threats from the management of recent and current dimensions of the land grab which have created fractures and division among African societies, within communities, between citizens and States as well as between local actors and foreign investors, certain proactive policy actions that could optimise development gains on the continent include:

- addressing certain structural issues that make African land very attractive to foreigners but render the benefits of its natural endowment very marginal to local people (e.g. neglecting existing local land rights);
- reviewing existing land laws (e.g. customary tenure systems) and ensuring that large-scale land acquisition aligns with local and national visions and development aspirations;
- designing policy and regulatory frameworks to monitor progress on how local people benefit from land acquisition;
- improving land governance to enhance efficiency and to protect traditional land rights, especially by increasing transparency and managing incentives for land-related investments;
- promoting welfare-enhancing and transparent land transfers through enhanced beneficiary participation and objective public scrutiny;
- designing strategies to reduce the large power imbalance between foreign investors and current landowners;
- investing heavily in land titling and registration;
- exploring alternative business models to land acquisition such as joint ventures, contract farming and out-grower schemes;
- promoting policy measures to increase smallholders' productivity; and
- establishing a regional framework and guidelines for development-oriented large-scale land acquisition.

This 10-point agenda is vital for turning this turbulent and challenging issue into development gains for Africa.

APPENDIX 1:
LAND ACQUISITION AS SHARE OF LANDMASS IN AFRICAN COUNTRIES

Rank in Africa	Rank (Global)	Country	Total landmass (km^2)	Total landmass (hectares)	Land acquisition as share of landmass (%)
1	11	Algeria	2381741	238174100	23.93
2	12	Congo (Dem. Rep.)	2267048	226704800	25.14
3	16	Sudan	1861484	186148400	30.62
4	18	Libya	1759540	175954000	32.39
5	22	Niger	1266700	126670000	45.00
6	23	Chad	1259200	125920000	45.27
7	24	Angola	1246700	124670000	45.72
8	25	Mali	1220190	122019000	46.71
9	26	South Africa	1214470	121447000	46.93
10	29	Mauritania	1030700	103070000	55.30
11	30	Ethiopia	1000000	100000000	57.00
12	31	Egypt	995450	99545000	57.26
13	32	Nigeria	910768	91076800	62.58
14	33	Tanzania	885800	88580000	64.35
15	35	Namibia	823290	82329000	69.23
16	36	Mozambique	786380	78638000	72.48
17	40	Zambia	743398	74339800	76.67
18	43	South Sudan	644329	64432900	88.46
19	44	Somalia	627337	62733700	90.86
20	45	Central African Republic	622984	62298400	91.50
21	46	Madagascar	581540	58154000	98.02
22	48	Kenya	569140	56914000	100.15
23	49	Botswana	566730	56673000	100.58
24	54	Cameroon	472710	47271000	120.58
25	57	Morocco	446300	44630000	127.72
26	62	Zimbabwe	386847	38684700	147.35
27	65	Congo (Republic)	341500	34150000	166.91
28	67	Côte d'Ivoire	318003	31800300	179.24
29	76	Burkina Faso	273800	27380000	208.18
30	78	Western Sahara	266000	26600000	214.29
31	79	Gabon	257667	25766700	221.22
32	80	Guinea	245717	24571700	231.97
33	84	Ghana	227533	22753300	250.51
34	86	Uganda	197100	19710000	289.19
35	88	Senegal	192530	19253000	296.06
36	94	Tunisia	155360	15536000	366.89
37	102	Benin	110622	11062200	515.27
38	106	Eritrea	101000	10100000	564.36
39	109	Liberia	96320	9632000	591.78
40	110	Malawi	94080	9408000	605.87
41	121	Sierra Leone	71620	7162000	795.87
42	129	Togo	54385	5438500	1048.08 →

43	141	Lesotho	30355	3035500	1877.78
44	144	Guinea-Bissau	28120	2812000	2027.03
45	145	Equatorial Guinea	28051	2805100	2032.01
46	149	Burundi	25680	2568000	2219.63
47	151	Rwanda	24668	2466800	2310.69
48	152	Djibouti	23180	2318000	2459.02
49	160	Swaziland	17204	1720400	3313.18
50	170	Gambia	10000	1000000	5700.00
51	177	Cape Verde	4033	403300	14133.40
52	183	Comoros	2235	223500	25503.36
53	184	Mauritius	2030	203000	28078.82
54	189	Sao Tome and Principe	964	96400	59128.63
55	203	Seychelles	455	45500	125274.73

Source: Compiled and computed by the author using data from<http://world.bymap.org/LandArea.html> (accessed 26 September 2013).

Note: The value of land acquisition in Africa is arrived at by taking the average of the range (51 million to 63 million hectares) between 2008 and 2010, which is 57 million hectares.

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NOTES

1. For information on the wide divergence between land grab intention and implementation as well as concentration of land within countries with weak land rights protection, see Deininger (2011), and on using land for speculative purposes see Cotula (2012). For the livelihood effect of agriculture, see Africa Progress Report 2012.

2. As an average of these two values, 57 million ha becomes the average for the continent.

3. Friis and Reenberg (2010) use International Land Coalition blogs, while Deininger et al. use the GRAIN database.

4. Cotula (2012), however, points out that the dataset used by Oxfam (2011) greatly underestimates mining, forestry and tourism concessions because of lower priority and interest attached to these sectors by the media.

5. The Land Matrix monitors land transactions in rural areas that are made for agricultural production (for food or agro-fuel production), timber extraction, carbon trading, mineral extraction, conservation and tourism, see: <http://landportal.info/landmatrix/media/img/get-the-idea/top-10-target-countries.pdf>.

6. Computations from the Ethiopian Ministry of Agriculture portal reveal an average of 14.6 ha when acquisitions by Ethiopians and Ethiopians in diaspora are included. The average for only foreign acquisitions is 28.5 ha.

7. These countries are Sudan, Mozambique, Philippines, Tanzania, Ethiopia, Madagascar, Zambia, DRC, Brazil, Pakistan and Indonesia.

8. See Cotula (2012) for this type of partnership.

9. See AU, ECA, AfDB and UNDP (2012). *2012 African MDG Report*.

10. See Anderlini (2008) for detailed components of China's strategy, and Al-Obaid (2010) for Saudi Arabia's strategy.

11. See Robertson and Pinstrup-Anderson (2010); Zoomers (2010); Deininger and Byerkee (2011); and Africa Progress Panel (2012).

12. Koh and Wilcove (2008) point out that more than half of the expansion was at the expense of natural forests in Indonesia.

13. See Deininger (2011), Alden (2011) and World Bank (2010) for more information on the various aspects of the risks.

14. Deininger (2011) also points out that in one country an investor actually resorted to leasing land back to smallholder farmers.

15. For instance, China's Going Global Strategy and Saudi Arabia's Agricultural Investment Abroad strategy give foreign firms a further edge over their local counterparts.

16. See Deininger (2012), Cotula (2012) and FAO et al. (2010) for more information of the imbalance of power relations on large-scale land transactions.

17. See Hellendorff (2011: 25–26) for the case of DRC.

18. See Cotula (2012) for detailed analysis of this issue.

19. See Ethiopian Ministry of Agriculture on land lease; Ministry of Agriculture's portal: <http://www.eap.gov.et/?q=node/835>.

20. See Robertson and Pinstrup-Andersen (2010) for the case of Madagascar.

21. See Deininger and Byerkee (2011).

22. See Hallam (2009) for more information on the Tanzanian and Zambian approaches.

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