

# OUTSOURCING OF AFRICAN LANDS FOR ENERGY AND FOOD – CHALLENGES FOR SMALLHOLDERS

Kjell Havnevik

Nordic Africa Institute, Uppsala, Sweden

Presentation at workshop on "Governance and  
Biofuel", September 17 2009

# Introduction

- Recent acceleration of outsourcing process
- Spectacular deals reported by media in Africa
- Process of data collection and analyses by researchers in early phase
- Concern about the scale and impacts of outsourcing process for African smallholders
- Recommendations to guide process by researchers and UN special agencies

# Consensus recommendations

- Based on review of recommendations by IFPRI, IIED/FAO/IFAD and UN Special Rapporteur on the right to food (UN/SRRF)
- 1. Transparency in negotiations
- 2. Rights of local communities protected
- 3. Benefit sharing local communities/investors
- 4. Environmental sustainability ensured
- 5. Food security not to be compromised

# Three critical implications of process

- The increasing concentration of land and scale of operations have critical implications for;
  1. Balance between smallholder and large scale farming and future livelihoods of smallholders
  2. Relative importance of African subsistence and domestic food supply versus export
  3. Role of global agribusiness; extension of vertical integration in agriculture to include production, processing and distribution

# Overview of recent findings in the light of consensus recommendations

1. Driving forces and key assumption
2. Trends in large scale acquisition and leases
3. Governance issues and nature of land transfers
4. Environmental and food security issues
5. Revisit recommendations in light of findings
6. Concluding remarks and questions

# Driving forces

- Increases in food and oil prices
- Concern about food and energy security – top political priority (sovereign wealth funds)
- Mistrust in role of international trade – protectionism and government involvement
- Climate change and GHG emissions
- African states see rising agricultural potential
- International and domestic investors - profits

# Key assumption – availability of African land

- 80 % of global land reserves in Africa and LA
- Unclear assumptions about African lands
- Fallow land, grazing, fuelwood, medicines, land for future generations
- More than 90% of African land under customary tenure
- State land ownership regimes with villages and smallholders as managers - uncertainties

# Trend in large scale outsourcing

- 15-20 million ha globally since 2006 (IFPRI)
- 10 million ha offered to SA farmers in DRC
- 1.3 mill ha in Madagascar to Daewoo, aborted
- South Korea acquired 690 000 ha in the Sudan
- Major targets in Africa; DRC, Cameroon, Ethiopia, Madagascar, Mali, Somalia, Sudan, Tanzania and Zambia
- Difficult to get reliable information

# Recent study by IIED/FAO/IFAD

- Ethiopia, Ghana, Madagascar, Mali and Sudan  
- field studies also in Tanzania & Mocambique
- 2.5 million ha of approved land allocations  
(from 2004 to March 2009, in five countries)
- Approved projects/investment commitments
- Ethiopia 157/78.5 USD, Sudan 11/440, Mali 7/292, Madagascar 6/80, Ghana 3/30
- Ethiopia major role domestic of investor

# Land approved for food and energy - area and investment (excl.Sudan)

- Land area for food, 230 000 ha for domestic market, 520 000 for export
- Investment commitment for food; USD 250 million for domestic market, USD 44 for export
- Land area for biofuel production; 1.1 million ha, investment commitments, USD 117 million
- Land allocations for biofuel production nearly 50 per cent above those for food production

# Governance issues

- Increasing role for states to secure food and energy security – top political priority
- Rapid growth in investments of Sovereign Wealth Funds over recent years
- Rapid increase in FDI to Africa, from USD 17 billion in 2005 to USD 30 billion in 2007
- Bilateral Investment Agreements with Africa, up from 193 in 1995 to 687 by end 2006

# Nature of land transfers and benefit sharing

- Problems of identifying contractual partners due to character of land ownership systems
- African governments use "short cuts" to "free up land for investors" – conflicts
- Compensation for crops and land improvements not sufficient to restore similar livelihoods for smallholders (state system)
- With private land ownership, also problems

# Environmental sustainability issues

- Important for large scale farming, monocropping, loss of biodiversity, soils etc
- Irrigation to supply water, conflict with other water users and environmental flows etc.
- Broad environmental and social impact assessments demanded before investments (but process at times conflictual)
- Limited information about impacts of recent land acquisition and leases – short duration

# Food security concerns

- In 2009, about one billion people to be affected by hunger - 265 million in Africa
- Making land available for food export and biofuel very sensitive – civil society org. active
- Political unrest spreading
- Many African countries opening for external investments in biofuel and food for export are also food importing countries

# Revisiting recommendations

- Findings show long way to go to meet recommendations regarding outsourcing
- Transparency in negotiation
- Rights of local communities
- Sharing of benefits
- Environmental and food security aspects
- Recommendations not sufficient - need for binding legal regulations applying everywhere

# Some major implications

- Technology – what will happen to Africa with emergence of second generation technology?
- From cultivators to wage labour to what? Africa as a continental Bantustan?
- New global vertical governance systems; US African Command (2007), sovereign wealth funds, bilateral investment treaties (increase from 193 in 1995 to 687 at end 2006).