I. INTRODUCTION

1.1. THE RESEARCH TOPIC AND WHY IT MATTERS

Over the past 12 months, large-scale acquisitions of farmland in Africa, Latin America, Central Asia and Southeast Asia have made headlines in a flurry of media reports across the world. Lands that only a short time ago seemed of little outside interest are now sought by international investors to the tune of hundreds of thousands of hectares. Governments concerned about stability of food supplies are promoting acquisition of farmland in foreign countries as an alternative to purchasing food from international markets. Recipient countries, welcoming the new wave of foreign investment, are implementing policy and legislative reforms to attract investors.

This fast-evolving context creates opportunities, challenges and risks. Increased investment may bring macro-level benefits (GDP growth and government revenues), and create opportunities for raising local living standards. For poorer countries with relatively abundant land, incoming investors may bring capital, technology, know-how and market access, and may play an important role in catalysing economic development in rural areas.

On the other hand, large-scale land acquisitions can result in local people losing access to the resources on which they depend for their food security and livelihoods. Local residents may be directly dispossessed of the land they live on, often their long-standing heritage. More indirect impacts may also be of major significance, though these are often more difficult to measure. They include loss of seasonal resource access for non-resident groups such as transhumant pastoralists, or shifts of power from women to men as land gains in commercial value. It is not only the land acquired that is affected. Knock-on effects are possible in other parts of the country or in the region, as local users pushed from higher-value lands encroach upon more marginal lands and as poorer people are priced out of the land market. Impacts may also be multiplied where land acquisitions are accompanied by accelerated policy reform to attract investment.[3]

Beyond these local impacts, concentration in land use has major implications for the future of world agriculture, with possible changes in:

3. For a more detailed conceptualisation of the land access impacts of large-scale agricultural investment, with particular regard to biofuels, see Cotula *et al.* (2008: 23-29).

– The balance between small-scale and large-scale farming and the future livelihoods of today's small-scale farmers;

– The relative importance of export-led agriculture;

– The role of agribusiness and the degree of vertical integration in agricultural production, processing and distribution.

Despite the spate of media reports and some isolated examples of forerunner research (particularly GRAIN, 2008), there is still very little empirical evidence about international land deals and their positive and negative impacts.

This study provides a contribution in that direction. Focusing on sub-Saharan Africa, it examines key trends and drivers in land acquisitions, the contractual arrangements underpinning them and the way these are negotiated, and the early impacts on land access for rural people in recipient countries. The study takes stock of what is known about these issues, reports empirical evidence internationally and from a sample of countries, and identifies next steps for research, policy and action. The aim is not to come up with definitive answers, but to facilitate balanced debate among government, private sector and civil society interest groups.

Beyond introduction and conclusion, the report is structured in two central sections that can be consulted on a "stand-alone" basis as well as forming part of the general narrative. Section 2 discusses the "what": trends in international land deals and their underlying drivers. Special attention is paid to the motives driving investors, and to policy contexts in investor and recipient countries. Section 3 analyses the "how": characteristics of land deals, with regard to both their content and negotiating processes. As far as possible, the report examines inclusion of local people in decision-making, and the effects of land acquisitions on access to land for the rural poor. A short conclusion summarises key findings, identifies knowledge gaps and suggests next steps.

1.2. SCOPE AND RESEARCH METHODS

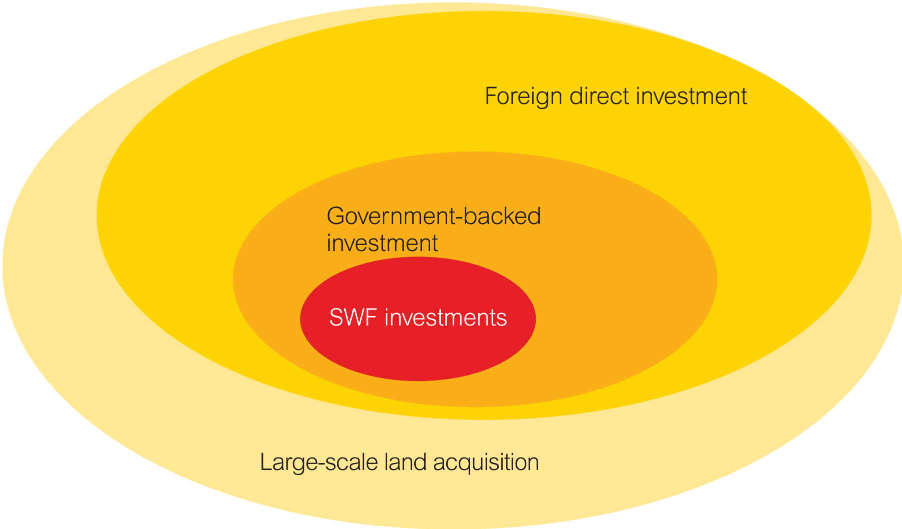
Given the breadth of the research, defining the scope and focus of the study is of particular importance. This involves setting geographic and thematic boundaries, and sharpening the focus within those.

While international land deals are emerging as a global phenomenon, this report focuses on sub-Saharan Africa. Media reports suggest that this region is a hotspot for international land acquisitions – particularly countries like Sudan, Ethiopia, Madagascar, Mozambique and Tanzania. Much of the rural population in the continent depends on land for their livelihoods and food security, which makes the issue of large-scale land acquisition all the more sensitive. The nature of property rights systems prevailing in Africa (e.g. the central role of the state in land relations) is likely to translate in differences between land deals in the continent and deals in Latin America or Eastern Europe (where private-to-private deals are likely to be more important). As the study is designed as a first step towards improving understanding of the phenomenon, extending research to other regions is expected to be a key next step. Unless otherwise stated, “Africa” refers to sub-Saharan Africa alone, given the important differences that separate northern from sub-Saharan Africa.

Thematically, the scope and focus of the report is articulated in four concentric areas, as visually represented in Figure 1.1 (see next page). The overarching scope is defined with regard to large-scale land acquisitions for agriculture. Land acquisitions for activities in other sectors (e.g. extractive industries, infrastructure, manufacturing) are outside the scope. Land acquisition is defined broadly to include not only purchase of ownership rights, but also the acquisition of use rights, for instance through leases or concessions, whether short or long-term. What qualifies as large scale varies among countries depending on local contexts (e.g. average farm size); the report considers deals involving land areas above 1000 ha.

Although most of the aggregate statistics presented in the report refer to all land deals above this threshold, the focus of the analysis is on foreign direct investment (FDI). It is recognised that land acquisition is by no means limited to FDI, and that domestic investors may also be involved. But, due to time and resource constraints, specific consideration of domestic investment is only cursory. Foreign direct investment is defined by the International Monetary Fund (IMF) as “the investments made by a resident entity in one economy (direct investor) with the objective of obtaining a lasting interest in an entity resident in an economy other than that of the investor (direct investment enterprise). The lasting interest implies the existence of a long-term relationship between the direct investor and the enterprise and a significant degree of influence on the management of the enterprise” (IMF, 2001). FDI is

FIGURE 1.1. SCOPE AND FOCUS OF THE STUDY



distinguished from other forms of international movements of capital, namely "portfolio" investment, which refers to short-term capital flows linked to the sale or purchase of financial instruments.

Within FDI, the focus is on government-backed investment, particularly investment projects backed by the home country government. This focus reflects media reports of government promotion of land deals overseas, and the greater policy entries offered by government involvement. Exact typologies and definitions are difficult, because of the wide range of ways that governments in both investor countries and host countries engage in, support and regulate international investments. Particular attention in this report is given to direct investments by foreign governments, either as joint equity or wholly owned subsidiaries. Given the recent media and policy attention given to sovereign wealth funds (SWFs), the report specifically examines the role of SWFs in international land deals.

Because of its thematic focus and to the extent made possible by time constraints, the report pays specific attention to understanding trends in investors' nature (e.g. whether government-backed or not) and origin (e.g. FDI versus domestic investment). This is not meant to suggest that the characteristics of land deals and their positive and negative impacts are necessarily expected to differ depending on these factors.

The report draws on a four-pronged methodology combining both quantitative and qualitative research methods. First, a literature review generated a wealth of materials – though mainly based on media reports about newly signed deals or ongoing negotiations. Empirically based literature on the research topic (academic research, “grey literature”) is currently much more limited, partly due to the recent nature of the phenomenon studied. Because of this, the study relied on reports from respected media to a greater extent than in many research efforts, mainly as a source of intelligence about ongoing and proposed investment projects. In choosing media sources, the study prioritised those with a reputation of credibility, and sought to ensure diversity of geographical regions and of perspectives.

Second, semi-structured interviews and email exchanges with key informants provided insights on the drivers underpinning large-scale land acquisitions for agricultural investment, on the content and negotiation of international land deals, and on how local land rights issues are usually approached. Key informants included staff from investor institutions, service providers (e.g. lawyers, consultants facilitating land deals), host government officials, and “observers” such as researchers, journalists and FAO country officers in home and recipient countries.

Third, in-country research in Ethiopia, Ghana, Mali, Madagascar, Mozambique, Sudan and Tanzania provided empirical evidence about what is happening on the ground. Country selection was based on relevance (reports of significant large-scale land acquisitions), geographical diversity (East, West and Southern Africa, the Horn) and research feasibility (particularly with regard to data access). It is recognised that other countries not covered by the study would also be highly relevant.

In Ethiopia, Ghana, Mali and Madagascar, teams of national researchers prepared national inventories of ongoing and proposed agricultural investments involving land acquisitions above 1000 ha from 1st January 2004 to 31st March 2009. Each country inventory drew on data from official government sources (e.g. investment promotion agencies, ministries responsible for land or agriculture), cross-checked with a small number of semi-structured interviews. In Sudan, an attempt to undertake the same exercise had to be suspended due to force majeure; therefore, the inventory here only drew on information made available online by the investment agency.[4] The country studies also entailed a more detailed examination of a small number of investment projects (up to 10, depending on the country), mainly chosen based on data accessibility.

The inventories used a common methodology developed jointly by IIED and the World Bank as part of a parallel study led by the Bank and involving both IIED and FAO. The World Bank-led study is significantly more ambitious than this one in terms of both geographical scope (it aims to undertake inventories in 30 countries worldwide) and thematic focus (it is not specifically focused on FDI and government-backed investment, and it includes forestry).

In Mozambique and Tanzania, in-country partners (Centro Terra Viva and Tanzania Natural Resource Forum, respectively) undertook qualitative research on the land access impacts of different business models for biofuel production (Nhantumbo and Salomao, 2009; Sulle, 2009). This forms part of other IIED-led research on biofuels. Quantitative inventories in these countries are being undertaken by the World Bank and were not commissioned for this report.

Based on findings from the quantitative inventories, the report develops descriptive statistics to provide a picture of trends and key features of land deals. On the other hand, statistical analysis to explore statistical significance or correlations is beyond the scope of this study, and will be undertaken by the World Bank-led research. Qualitative findings provided more in-depth insights both on trends and drivers and on the key features of land deals.

The fourth strand of research involved the legal analysis of applicable law and of a small sample of land deals from the covered countries (see Table 1.1). These contracts are quite diverse, ranging from framework agreements through to legal instruments to execute the land transfer or allocation. These different layers of legal instruments may co-exist in a given land "deal", as will be discussed.

In most sample contracts land is provided by the host government or a parastatal – with the exception of the Varun deal, which concerns lease and contract farming arrangements with local landowners organised in associations. The acquirer ranges from a foreign government to an intergovernmental organisation through to a domestic private investor. The

4. www.sudaninvest.org

MAP 1.1. FOCUS COUNTRIES, QUANTITATIVE AND QUALITATIVE RESEARCH

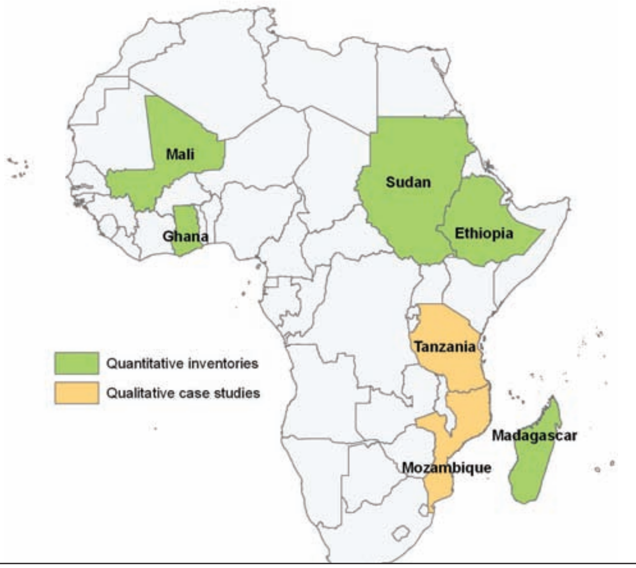


TABLE 1.1. SAMPLE OF LAND DEALS

Country	Contract
Ethiopia	Land Contract between the Benishangul Gumuz Regional State Administration and Alemitu Negash, signed on 20 October 2008 (original in Amharic, contract examined through an English translation undertaken by the study; the date on the contract is 10 October 2001 following the Ethiopian calendar).
Madagascar	Contract Farming Agreement between Varun Agriculture SARL and Each Association of 13 (Thirteen) Different Plains (Bemanevika, Bekapila, Mahatsinjo, Ambohitoaka, Mahadrodroka, Manandriana, Ankaizina i, Ankazina ii, Bealanana, Maevarano, Amparay, Ankobalava, Ampatsifatsy) in Sofia Region, signed on 26th January 2009 (accessed in English translation only).[5]
Mali	Draft Convention between the government of the Republic of Mali and the West African Economic and Monetary Union (UEMOA) concerning the terms of the allocation of two plots in the Office du Niger area as well as the roles and responsibilities of actors involved in their development (original in French); Draft Lease Contract between the Office fu Niger and Petrotech/AgroMali SA (original in French).[6]
Mozambique	Model provisional allocation of a "land use and benefit right" (DUAT; original in Portuguese).
Sudan	Special Agricultural Investment Agreement between the government of the Arab Republic of Syria and the government of the Republic of Sudan, signed on 22 May 2002 (original in Arabic, contract examined through an English translation undertaken by the study).

5. Available at http://farmlandgrab.blogspot.com/search/label/Varun
6. It was not possible to obtain a copy of these agreements as eventually signed by the parties; the Office du Niger is a large irrigated scheme run by a parastatal.

land area involved varies from a few hundred hectares in the Ethiopian contract to 10,000 ha or above in Sudan and in one of the two Malian contracts. The Varun deal is considerably bigger, as it concerns a land area of 170,914 ha. Mozambique's model land allocation instrument applies irrespective of land area.

Finally, the legal form of land deals varies across countries. In Mozambique, for example, strictly speaking there tends to be no "contract" as such; the deal is embodied in a cluster of legal instruments, including the provisional and then permanent land allocation instrument ("DUAT"), plus the investment plan, the community consultation report ("*acta*"), a sketch map and other documents annexed to that instrument.[7]

While it is accepted that the contracts sample is very small and that it is not possible to generalise from it, this analysis was useful to better understand the terms and conditions embodied in some of these land deals. A final caveat is the recognition that, while contracts are important legal documents, they are not always applied to the letter, and what happens on the ground often deviates from the content of the contract.

Despite this articulated research design, it is important to emphasise the limitations of the study. Research activities were carried out over a five-month period – an ambitious timeframe for a study of this kind. In-country access to data was constrained by varying government capacity to collect and store information about agricultural investments (with cross-country variation in recorded investment projects possibly reflecting differences in this capacity as well as in real-world investment flows), by varying degrees of cooperation from government authorities, and by limited access to investor-state contracts due to confidentiality concerns. Internationally, the scarcity of literature beyond media reports, and the difficulties in reaching key people for interviews (with confidentiality being a major concern) also constrained our access to data.

Given these limitations, the picture presented in this report is likely to entail biases and gaps, particularly with regard to quantifying investment flows and land acquisitions. As such, the contribution of the report is to provide an initial mapping of issues, promote debate and pave the way for further research.

7. International land tenure consultant based in Mozambique, 2 April 2009. A separate contract may exist where investors wish to avail themselves of the tax breaks offered by the Investment Law 1993.