NEWS EMBARGOED UNTIL 11 A.M. EDT JUNE 8, 2011

"Understanding Land Investment Deals in Africa"

FAQs on Food Security & Western Investors

Why did the Oakland Institute investigate these land investments in Africa?

The scale, rate and negative impact of land deals is alarming. In 2009 alone nearly 60 million ha– an area the size of France – was purchased or leased in comparison to an average annual expansion of global agricultural land of less than 4 million ha before 2008.

There's an extreme lack of transparency surrounding the land deals in Africa. At the country level, the absence of democratic debate and lack of information in the public domain is the rule. Most often, international investors who are involved in these deals are not accountable to anyone.

Documentation related to these deals is now available for review. In addition to its reports, the Oakland Institute is making available documentation on deals and investors, collected in the course of its research so that the general public, policy makers, media, civil society organizations, and individuals with funds linked to these investments can learn about the impact of such investments and make more informed decisions.

Large scale investments in land in Africa, as exposed by the Oakland Institute, are resulting in food insecurity, the displacement of small farmers, conflict, environmental devastation, water loss, and the further impoverishment and political instability of African nations.

Is the Oakland Institute against investment in agriculture?

The Oakland Institute believes that renewed focus on agriculture is crucial to deal with the current crisis of world hunger, climate change, and for ensuring livelihoods of farmers while enabling developing countries to meet the Millenium Development Goals.

Through our research we have learned that investment in agriculture, however, does not necessarily translate into food security or livelihoods for smallholder farmers who form the bulk of the world's poor. As pointed out by Olivier De Schutter, United Nations Rapporteur on the Right to Food, the issue is not one of merely increasing budget allocations to agriculture, but rather, "that of choosing from different models of agricultural development which may have different impacts and benefit various groups differently."

Will the release of these documents make responsible investors reluctant to be transparent?

On the contrary, we believe that this information will assist investors who are keen on promoting socially responsible investments where benefits accrue to all parties, including farming communities in Africa, to differentiate themselves from investors who are promising high IRRs at the expense of the larger common good.

Who are the investors?

News coverage to date has emphasised the role that countries including China and India have played in the acceleration of land acquisitions in Africa. Although Indian firms are active in countries like Ethiopia, **the Oakland Institute's investigation shows a major role of western firms, wealthy US and European individuals, and investment funds with ties to major banks such as Goldman Sachs and JP Morgan.**

Investors include not only alternative investment firms like the London-based Emergent Asset Management that works to attract speculators, including universities such as Harvard (who has maintained secrecy on such potentially unpopular activities), Spelman, and Vanderbilt – with a primary motivation of economic access to agricultural land that will have high returns for the endowment.

Several Texas-based interests are associated with a major 600,000 ha South Sudan deal which involves Kinyeti Development, LLC, an Austin, Texas-based "global business development partnership and holding company," managed by Howard Eugene Douglas, a former United States Ambassador at Large and Coordinator for Refugee Affairs.

A key player in the largest land deal in Tanzania is Iowa agribusiness entrepreneur and Republican Party stalwart, Bruce Rastetter, who concurrently serves as CEO of Pharos Ag, co-founder and Managing Director of AgriSol Energy, CEO of Summit Farms, and is an important donor to the Iowa State University. Rastetter was recently appointed to the Iowa Board of Regents by Terry Branstad, Iowa's Governor, who received a substantial sum from Rastetter for his 2010 campaign. Iowa State University provides "private" research services that benefit Rastetter's investments in Tanzania.

US companies are often below the radar, using subsidiaries registered in other countries, like Petrotech-ffn Agro Mali which is a subsidiary of Petrotech-ffn USA.

Many European companies are also involved, often with support provided by their governments and embassies in African countries. For instance, Swedish and German firms have strong interests in the production of biofuels in Tanzania. Major investors in Sierra Leone include Addax Bioenergy from Switzerland and Quifel International Holdings (QIH) from Portugal. Sierra Leone Agriculture (SLA) is actually a subsidiary of the UK based Crad-l (CAPARO Renewable Agriculture Developments Ltd.), associated with the Tony Blair African Governance Initiative.

Are Investors Buying Unused, Available Land?

The Oakland Institute's research found a number of cases where small farmers, viewed as "squatters" are forcibly removed from their ancestral land with no compensation in order to make room for export commodities, including biofuels and cut flowers.

In Ethiopia, the current villagization process of nearly 700,000 indigenous people is taking place in the very same areas targeted for land investment by large-scale investors. People who are being forced off ancestral lands don't oppose their displacement because of fear for their lives and threats of prison in a country where political violence and human rights violations are common.

In Samana Dugu in Mali in 2010, when bulldozers moved in to clear the land, men, women and youth from the community protested the cutting of their trees but were met by police forces, who beat and arrested them.

In Tanzania, the MOU between AgriSol Energy and the local government stipulates in its first article that the two main locations - Katumba and Mishamo- for their project are refugee settlements that will have to be closed before the project can start. Yet, the 162,000 refugees living there fled Burundi in 1972 and have been farming this land for 40 years. In June 2009, Amnesty International reported refugees being pressured to leave camps. Some of them lost their homes to a fire set by individuals acting under the instructions of the Tanzanian authorities, to get them to vacate the camp. Refugee leaders who have attempted to organize affected refugees have been arrested and detained.

Overall, when farmers are not simply removed from their land, the land leased to investors in Africa is either fallow land or forests, generally used for a wide range of purposes (collection of timber, wild food, firewood, medicinal plants, protection of watersheds, protection against erosion, etc.).

Instead of using marginal or infertile land as often claimed, most deals identified are actually taking place in the vicinity of water resources offering irrigation potential, near other infrastructure (railways, roads), and fertile soils. Major African rivers – the Nile, the Zambezi and the Niger – are tapped by these land grabs, which provide control not only over land, but also over water. As an investor told the Oakland Institute team, "Internally we call our land fund, water fund."

Don't these Countries Need Investment for Economic Development?

The Oakland Institute investigations revealed that these largely unregulated land purchases are resulting in virtually none of the promised benefits for native populations.

A major argument put forward by governments, investors, and international institutions is that agricultural investment will spur much-needed economic development, create jobs, and infrastructures in poor countries. The reports reveal that these largely unregulated land acquisitions are resulting in virtually none of the promised benefits for local populations, but instead are forcing millions of small farmers off ancestral lands and small, local food farms in order to make room for export commodities. On-the-ground realities reveal land deals posing substantial threats to locals' economic stability and independence. Several reasons are responsible for that, including:

- Contracts reveal a bonanza of incentives for speculators ranging from unlimited water rights to tax waivers. For instance Sierra Leone allows 100 percent foreign ownership; there are no restrictions on foreign exchange, full repatriation of profits, dividends and royalties and no limits on expatriate employees.
- Land is given for free (in the case of Mali) or very cheap (in the case of Ethiopia or Sierra Leone). In Sierra Leone official regulation requires investors to pay $5 per acre, or $12 per ha, per year. Even this low price is not respected, as Sierra Leone Agriculture (SLA) pays only $2 per ha per year, while for Quifel Agribusiness (SL) Ltd. payments start at $5 per ha per year. In Gambella, Ethiopia, Karuturi initially received land for just $1.25 per ha, the rate was later raised to $ 6.75 per ha. In comparison, rates for Brazil or Argentina are $5,000-6,000 per ha. These prices translate into real bargains for the investors but hardly provide additional incomes for host countries.
- The IMF has shown that tax incentives, portrayed as a way to attract foreign investors in developing countries, merely reduce much-needed tax revenues for governments without promoting growth.
- Our research documents many instances where investments took over land from active businesses and production units. For instance, the case of women farmers in Mali who lost the vegetable gardens they used to cultivate fresh food for capital markets.

Don't these Countries Need Investment for Job Creation?

Speculators say that investments will create jobs, but they're actually just a way for foreign investors to access cheap labor and cheap land.

The idea that land deals bring much-needed employment opportunities to poor countries has served as a way for international development institutions and other leaders to justify large-scale land investment as a potential "win-win" scenario for both investors and developing countries. However, first-hand evidence from the Oakland Institute's field research in multiple African nations reveals that promises of job creation are often overstated, if not completely false.

The Emvest Matuba investment project summary and staff at Emergent and EmVest promise job creation with majority employment from the local community. A recent head count provided by Emergent reveals that currently only 17 permanent positions in the agricultural field have been created, 85 seasonal. The largest permanent positions are in security (36 staff).

The average farm size in Mali is just 4.7 ha and one third of the 805,000 farm households cultivate less than 1 hectare. The area covered by recent large land deals they cover could easily sustain 112,537 farm families, well over half a million people (686,478). Instead, that land is now concentrated in the hands of 22 investors, and will create at best a few thousand jobs.

Are Plantations More Productive than Small Farms?

Another argument put forward in favor of large farms is one of supposed higher productivity of large farms. The Oakland Institute's investigations confirm a strong body of previous research on this, with many instances where small farms are more productive than large plantations.

In Mali, where the System of Rice Intensification has been adopted along the Niger River near Timbuktu, farmers have been able to attain yields of 7 to 15 tons per hectare per year, for an average of 9 tons per hectare, more than twice the conventional irrigated rice yield in the area, and more than the previsions of the Moulin Moderne du Mali, one of the major investors. The small-scale village-based irrigation schemes involve plots of just 35 ha of land, shared by as many as 100 farmers, so each household has access to only one-third of a hectare. Yet from that piece of land they are able to earn $1,879 – more than double the average annual per capital income of $676.

If the rice intensification scheme were replicated and successful in the Office du Niger, 10,000 ha of such small-scale irrigation schemes could provide livelihoods for 285,715 farmers and dramatically increase rice production and revenues.

Does Investment Improve Food Security?

Most of the countries targeted by investors suffer food insecurity. Though the food security argument is often put forward by governments and investors, the research finds little assurance that large scale agricultural investments can improve food security. In many cases local food farms are sold off in order to make room for export commodities, including biofuels and cut flowers.

Many of the land leases identified are for the production of agrofuels. In Mali, half of the investors with large land holdings in the Office du Niger intend to grow plants used to produce agrofuels, such as sugarcane, jatropha or other oleaginous crops.

In Mozambique, most of the investments concern timber industry and agrofuels rather than food crops. Food crops represented only 32,000 ha of the 433,000 ha that were approved for agricultural investments between 2007 and 2009.

What Can the US Public Do?

The US can curb its support to rogue governments and hold their investment funds, pension funds, and universities accountable for their investments.

Land investors include universities such as Harvard, Spelman, and Vanderbilt, which have put money into the hands of specialized investment funds such as Emergent and have maintained secrecy on such potentially unpopular activities. Collectively, these investments make a large impact– and alumni of these universities and others must be aware of the negative impact of these investments.

The US is by far the largest donor to Ethiopia, its first ally on the continent**.** Average US aid to Ethiopia is $600 million a year (2005-2009 average, 26 percent of total international aid), far ahead of any other donor. Ethiopia has been also among the first recipients of US food aid in the past two decades.

In addition Ethiopia is an important ally of the US in the “global war on terror.” According to Wikileaks cables, the US pressured Ethiopia’s President Meles Zenawi to invade Somalia. This is consistent with the fact that the US has been providing military aid and training to Ethiopian troops for a number of years.

The US cannot ignore human rights violations related to land grabs. The wave of repression unleashed against domestic Ethiopian critics of Zenawi’s rule has included mass arrests, the massacres of hundreds of protesters and the jailing of virtually all the country’s opposition leaders following the 2005 elections.