NEWS EMBARGOED
UNTIL 12:01 am EDT DEC. 6, 2011

"Understanding Land Investment Deals in Africa"
FAQs on How Land Grabs Contribute to Hunger and Conflict

How are US and EU energy policies connected with land grabs in Africa?

The trend of converting fertile African land to agrofuel plantations is accelerating as more governments and corporations promote agrofuels as a solution to climate change and dependency on fossil fuels. The United States and the European Union, for example, have set targets to replace 30 percent and 10 percent, respectively, of their gasoline with agrofuels. They both provide subsidies to the agrofuel industry so that these targets can be met: the US government gives $6 billion a year in federal tax credits to fuel blenders to support ethanol production, and recent European subsidies supporting agrofuel production have topped $4 billion per year. Corporations such as Europe's largest airlines – including Lufthansa – are also increasing their reliance on agrofuels purchased from African countries.

The growing market for agrofuels has set off a chain reaction of land grabs in Africa that are displacing people from their homes, draining rivers to the point of extinction and replacing valuable food crops with industrial fuel crops.

Agrofuels have been promoted as a solution to climate change and as an alternative to fossil fuels. However, a growing body of research shows that agrofuel production increases, rather than decreases, greenhouse gas emissions.

Don't these countries, and others, need to diversify their energy sources?

Other so-called solutions to climate change, including carbon trade and carbon credits are green-washing the land grabs tha1t some companies are making through land intensive Clean Development Mechanism (CDM) projects. For example, a Norwegian timber company, Green Resources Ltd., plans to replace almost 7,000 hectares of natural Tanzanian grassland with monocultures of pine and eucalyptus that the company would grow to obtain carbon credits to sell to the government of Norway. In Sierra Leone SLGreen Oil has acquired 40,468 hectares for biodiesel production that will generate carbon credits through the CDM. Canadian corporation Sierra Gold has obtained 45,527 hectares of forest and grasslands destined for carbon credit programs, including a land-use CDM project that is expected to be worth more than $714 million over 50 years. With one hectare being approximately the size of a football field, this accounts for a lot of land.

The expansion of the carbon credit system will generate billions of dollars in profits through the commodification of air and forests, but is likely to turn into a disaster for indigenous and forest-dependent communities in Africa who are losing their rights over grazing land and forests, which are essential elements of their livelihoods.

[1] The Clean Development Mechanism (CDM) is the biggest carbon trade framework that operates under the United Nations through the Kyoto Protocol. It is partly designed to lower the cost of compliance to emission targets for developed countries.

How are international development agencies connected with land grabs in Africa?

Oakland Institute investigations identified a wide range of international development agencies and so-called 'socially responsible' or 'ethical' investment funds, backed by several western governments, involved with land grabs in Africa.

The trend of large-scale land investment in Sub-Saharan Africa could not take place without World Bank Group support. The Oakland Institute's research uncovers World Bank Group's orchestration of a business-friendly environment for investor access to land. From helping attract investors, to shaping policy and law that allows for streamlined and lucrative investor contracts, World Bank Group's agencies – including its private-sector arm, the International Finance Corporation, in conjunction with the Foreign Investment Advisory Service – clearly enable and promote land investment.

Oakland Institute found little evidence of truth in World Bank Group's promises to alleviate poverty and improve lives through large-scale land deals in Sub-Saharan. On the contrary, World Bank Group policies and actions have glossed over critical issues such as human rights, food security and human dignity for local populations. Oakland Institute's research findings call for the evaluation and accountability of World Bank Group in its role in promoting land deals that undermine the livelihoods and basic rights of millions of Africans.

The World Bank's policy is consistent with USAID's promotion of large-scale land investment. Oakland Institute research in Mozambique shows, for instance, how USAID has been strongly pushing the government to privatize land in order to support the development of commercial agricultural exploitation by companies and individuals.

Several other international development institutions have been studied in OI's country reports include the British Commonwealth Development Corporation, the Finnish Fund for Development Cooperation, Norfund, the Norwegian Investment Fund for Developing Countries, the Global Solidarity Forest Fund, a Sweden-based "ethical investment fund" established by the Swedish and Norwegian churches. OI findings have identified a wide range of malpractices and harmful effects resulting from these so-called 'development activities'. These agencies must go through a radical change in the way they approach development in order to support – and stop threatening – the livelihoods of rural poor in Africa.

Are these land grabs having any positive effect by creating jobs for Africans?

"Modern" agricultural schemes are highly mechanized and provide relatively few jobs, which are often short-term or seasonal. There is no indication that investors are seeking to maximize local employment or that governments are prioritizing job creation. On the contrary, investors often find scalable, mechanized agriculture to be more manageable, and governments lure these investors by placing few or no limits on expatriate workers.

The US and European companies behind these land grabs sell Africans on the promise of new jobs and much-needed infrastructure, but this investigation reveals broken promises on a massive scale. Oakland Institute's investigations into more than 50 land deals across seven countries reveal that promises of job creation are often overstated and misleading. Oftentimes, it is unclear how many jobs will be created or whether those jobs are fair compensation for lost land and livelihoods for farmers.

For instance, in Western Equatoria, South Sudan, Equatoria Teak promised that it would create 6,000 jobs in the state. It initially hired about 600 people from the local community and paid just seven Sudanese pounds per day (a little more than $2 in the United States). By the time it stopped project operations in October 2010, Equatoria Teak was only employing approximately 250 people.

Not only are these foreign corporations failing to follow through on promises of jobs, in some cases they are actually taking jobs away from local workers by importing more easily exploitable immigrant laborers. Countries like Uganda and Kenya have been pressured into granting exemptions from local labor laws and this has created a race to the bottom for desperate workers.

To truly spur job creation, development should focus on supporting Africans' ability to maintain control of their land and support small-scale manufacturing, storage and processing of agricultural products.

Are these land grabs having any positive effect by funding infrastructure development in Africa?

Large-scale agricultural investments often involve tax exemptions and other loopholes that deny African countries economic benefits from such deals, which would allow them to finance public infrastructure. This allows companies to extract huge of wealth - in the form of crops, products, water and minerals – without fairly compensating African nations and people.

The unfair terms and near give-away prices of most land investments studied are hindering the development of African countries. Governments are losing revenue streams because foreign corporations and the World Bank are pressuring African leaders to give them exemptions from taxes, import and export duties, and local labor laws - not to mention water and mineral rights that could be worth billions.

Even the IMF has said that the generous tax incentives offered by countries like Sierra Leone should be minimized since these tax holidays and other breaks are saddling local governments with more burdens than benefits.

What needs to happen to reverse this dangerous trend?

There is still a chance to stop the momentum of this dangerous trend by demanding responsible policy shifts in rich countries and supporting the ability of African farmers to protect themselves from these land grabs. Players such as the World Bank and development agencies such USAID, the Commonwealth Development Corporation and NORFUND must recognize the harmful impact of their current approach to development.

Previous reports from the Oakland Institute were instrumental in capturing public attention and engaging people around the world in stopping a shady land deal in Southern Sudan – all by exposing how corrupt US-based investors were trying to enrich themselves through an exploitive agreement. However, land grabs across the continent continue, despite widespread opposition. In Mozambique a governmental freeze on land grabs lasted two years, but large-scale investments are back and taking large tracks of land away from the people. The government of Tanzania is negotiating with US-based AgriSol Energy, which is planning to develop 325,000 hectares of land that will displace more than 160,000 farmers. In Zambia communal lands have been privatized, and this transfer of ownership away from the people was prepared by 20 years of work by the World Bank.

In order to decrease the market forces driving this trend, the US and EU must reverse their increasing reliance on agrofuels – the water-intensive crops that are displacing food crops, native forests and native villages. Our national energy policies should incentive real climate solutions – not fuels that are actually making the problem worse.

What is Oakland Institute's vision for supporting sustainable development in Africa?

Investing in increasing sustainable production and productivity of small farms in Africa will not only create jobs, improve millions of lives and strengthen the security of Africans' access to food – it will also improve the stability and affordability of the global food supply. With support, African farms can feed their local populations and lead the way on proving the advantages of sustainable agriculture. Not only is this a better model for feeding the world, sustainable farming will help protect wildlife and threatened natural resources such as rivers and forests as well as reduce the impacts of climate change.

What kind of impact on Africa's water resources are these land grabs having?

Foreign corporations are treating Africa's water like an all-you-can-eat buffet. Many of these deals give developers free reign to take as much water as they want, so they are building dams and draining groundwater with no analysis of the devastating environmental impacts this will cause or concern with the people being forced off their land. As a result, local residents, especially women, have to travel much further than before they find water and sometimes have to sneak onto agrofuel plantations to access their old water sources or buy it at inflated prices.

African rivers are lifelines for the people who depend on them for water and irrigation, but now major rivers are being drained so fast they could be facing extinction. For example, the Niger River is decreasing by 10 percent every decade and the problem is getting worse as more and more water-intensive agrofuel plantations emerge. In Ethiopia, the construction of a large dam on the Omo River and the irrigation of adjacent sugar plantations will result in Kenya's Lake Turkana, the world's largest desert lake, to drop by two meters in the first year, increasing salinity levels, adversely impacting fish stocks and invaluable grazing areas on the banks and condemning the lake to a not-so-slow death.

What role do land grabs in creating conflict in Africa?

Egypt provides a perfect example of how food and water insecurity stemming from land grabs can destabilize African nations and create international conflict between countries. Egypt's revolution was exacerbated by food insecurity caused by the rising price of wheat. Food insecurity could get much worse for Egypt soon because foreign investors are pushing Ethiopia to build a massive dam upriver along the Nile that could drastically decrease the water Egypt will have available for irrigation.

Another example is South Sudan: The world's newest independent country was targeted for land grabs before it even gained its independence. The people of South Sudan fought for their land for decades. Now it's being taken away from them by foreign corporations backed by the World Bank, creating anger and desperation among many of South Sudan's citizens that could lead to further destabilizing conditions.

What Are African Governments doing about it?

Oakland Institute's research has identified several cases where governments seem to have actually taken into consideration the interests of their people. However, outside pressure from donor countries and international institutions, lack of public resources, and self interest of government officials and local elites, undermines the effective development of alternatives to large-scale land investments.

In **Tanzania** some land deals have been revised or cancelled because individual ministries weighed the interests of investors against the current and future land needs of the Tanzanians. Several of the large-scale investors identified did not obtain the amount of land they requested from the government – for instance the UK firm Sun Biofuels requested 18,000 ha but only obtained 8,200 from the government.

Research shows that, while actively seeking investment, the Tanzanian government is attempting to establish procedures and safeguards to protect the land rights and food security of its citizens. But this is not easily accomplished: projects such as the 325,000 ha AgriSol Energy LLC investment, raise serious questions over this perceived balanced approach to agricultural development. Negotiated between the highest level of the state and US investors, the AgriSol project is largely focused on the development of large-scale industrial farming, involving the use of genetically modified seeds and high levels of mechanization. It relies on the relocation of 162,000 people currently farming small plots of land targeted by the project.

In August 2011, a delegation from Mukaya Payam, the area that would be impacted by the 600,000 hectare Nile Trading deal in **South Sudan** came to the capital Juba to meet with Salva Kiir, the president of South Sudan. The twelve community leaders sought government support of their rejection of the Nile Trading lease, claiming they weren't ever consulted on the deal. The president Kiir assured the community that no investment would proceed in Mukaya without the community's consent. However, the government has not yet publicly terminated the lease agreement. Nor have the institutions from the Central Equatoria State government that were involved with the investment explained how they could issue a lease over such a large portion of land without the involvement of the community residing in the area.

In **Mozambique** problems with foreign investors not making good on their promises and coming into conflict with local communities, projects not going forward, and the growing role of hedge funds and speculators led to new thinking of agricultural policy and a freeze in land concessions in 2009. This governmental freeze on land grabs lasted two years, but large-scale investments have resumed in October 2011. There are sharp divisions within the government, with some actively promoting large-scale foreign investments, while others in government are promoting a move toward small-scale developments and promotion of domestic investment. There is no clear indication today on how the government will balance land allocations between foreign-owned plantations and smaller domestic commercial agriculture.