The secret sale of a country

Investors are buying up huge tracts of fertile land in Southern Sudan, Tristan McConnell reports from Juba

A week before Southern Sudan’s independence, investors have already bought up nearly a tenth of the new nation in a series of huge land deals that researchers say cheat the nascent nation of its birthright.

As much as 9 per cent of Southern Sudan’s total area has been signed over for various investment schemes, according to research by Norwegian People’s Aid (NPA), a charity.

Foreign companies, governments and individuals investing in agriculture, biofuels and forestry have signed leases for at least 2.6 million hectares, an area larger than Wales, in the most fertile parts of the country. “The figures are shocking, the size of some of the deals astronomical, we were not expecting to find anything like this,” David Deng, the report’s author said. “It has not yet dawned on the people.”

Driving the investments in Southern Sudan as elsewhere in Africa is a simple bet: that population growth will increase demand for food just as climate change reduces the amount of fertile land, making farmland an increasingly valuable commodity.

In the wake of the world financial crisis, pension funds and hedge funds looking for safe investments with good returns have led “a rush to land” according to agronomist Henk Hoebenink, co-founder of the food advocacy and research organisation Grain.

A recent World Bank study said that the food price spike of early 2008 led to a tenfold increase in large-scale farmland deals with at least 45 million hectares of land changing hands the following year, 70 per cent of it in sub-Saharan Africa.

“Everyone is talking about food security but if you peel away the layers it is just investors looking for big returns,” said Anuradha Mitra, executive director of the Oakland Institute, a California-based think-tank that has researched land deals in Africa. Ms Mitra said that in some cases investors simply hand a tribal chief “a bottle of Johnnie Walker” in exchange for land.

Nowhere is this truer than in Southern Sudan, a fragile country-in-waiting that recently emerged from a catastrophic civil war and where institutions, laws and land rights are poorly enforced.

“People are taking advantage of this new postwar nation,” said Jan Leding, NPA’s country director. “It’s not by chance that they are here just after the war. Investors approached at the local, local level, a chief, county commissioner or satellite governor and they quickly got land almost for nothing.” Some investors have struck deals for as little as 4 pence a hectare.

Two of the biggest and most controversial deals involve US firms. According to documents seen by The Times, Texas-based Nile Trading and Development, which has its roots in an Israeli insurance company, has signed a 500,000 hectare concession, worth £118 million in foreign currency. The concession is in a border area with Ethiopia and Eritrea.

Company linked to warlords has 1m acres

Behind the story

Tristan McConnell

Philippe Heilberg, a former component trader who heads Jarch Management, an investment company, became one of Africa’s biggest private landowners when he signed a deal to lease 1 million acres of fertile and potentially oil-rich land in Sudan in 2009. A follow-up deal reportedly doubled his holdings.

General Paulino Matip, a warlord from the Nuer tribe backed by the North in Sudan’s 22-year civil war, accused by human rights groups of atrocities, granted the lease in Unity State.

General Matip’s son, Gabriel, is Mr Heilberg’s joint-venture partner through his company Leac for Agriculture and Investment.

In an interview last year Mr Heilberg was candid about the way he does business, describing dealing with warlords as “going to the gym.”

“This is Africa,” he told Rolling Stone magazine. “The whole place is like one big mafia. I’m like a mafia head.” When contacted, Jarch Management told The Times: “Mr Heilberg no longer does interviews.”

For villagers in the area, the sale of the land, which may force them to move, is a shock, say aid workers. “The community knew nothing, it was done secretly between Philippe Heilberg and Paulino Matip’s family,” said one. Mr Heilberg has said in the past that he plans to grow food for sale to local and international markets and that 10 per cent of profits would go back to the community.

High-profile appointees to Jarch’s management have included former US ambassadors and spies. Its Advisory Board is a who’s who of Sudan’s warlords, many of whom led insurgencies against the South.

Nearly 10 per cent of Southern Sudan’s fertile countryside has been signed over for different investment schemes

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