12 March 2014

POINT OF VIEW

LAND GRABS IN AFRICA:

Towards a more sustainable approach

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Large scale acquisitions of land in developing countries by multinational or foreign governments have attracted widespread attention in the global media and have sparked a dynamic debate. On the one hand is the argument that agriculture in developing countries especially in Africa crucially needs investment and that the sector has been neglected by peasants, politicians and businesses alike. On the other hand there are arguments against the process that see it as neo-colonial policy where food is being transported from poor countries, where a large per cent of the population is malnourished, to rich nations. The purpose of this brief report is to present the main arguments of both sides, and argue that a more sustainable approach is needed.

The food price crises prompted food security fears within the developed world, which responded by large scale agricultural investment in the Global South. The new investors are mainly oil rich countries but food insecure countries of the Gulf and populous nations with increasing middle classes like India and China. Western companies mostly invest for biofuel production. The region which concentrated most investment is sub Saharan Africa with Ethiopia, Madagascar and Sudan ranking on top of the list. Governments leasing and selling the land claim that the sail will lead to Agricultural Development, Job Creation and Infrastructure Improvement. Many multinationals have promised to improve roads as well as to build schools and clinics where they operate. For example Saudi Star promised to

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bring better roads, electricity supplies, schools and clinics to Gambela in Ethiopia, where it bought land for food production. Another benefit is increase of trade links for these countries and more easy access to rich markets.

Seen by this angle, foreign investors increase the effectiveness of underused agricultural resources such as land, labour and water. Large scale agriculture brings new technologies, machines and advanced pesticides and fertilizers to impoverished region. With the investment the government receives needed foreign currency the same goes for whatever is being exported. This way they can increase their spending on other activities or they can simply decrease their debt. The whole process makes sense more so since investment on land has been one of the strongest trends in Africa's economic renaissance over the last decade.

Africa so far has been unable to attract financing resources to develop its arable land and here is where multinational and foreign investment in general can help. In a theoretical level, with better access to finance and knowledge these companies can increase food security of the recipient country if food is sold locally and it creates job opportunities.

In reality there is little evidence for job creation and there is the fear that the food produced is aimed at foreign markets. Many agreements have clauses that the whole production can be exported and few of them mention job creation. The negotiation and approval process have been closed in most cases giving governments and local chiefs complete control of land that is being used by local people. Not only job creation and improved living conditions have not been realized but displacement to unproductive land and human rights violation has been reported by local communities in several African countries. Less than 30% of documented deals are thought to be in production the remaining can be of speculative nature waiting a future time when land price will increase to make an easy profit. Many of the countries that are leasing large areas to foreign investors have some of the highest percentages of malnourished people in the world, depending on foreign aid for survival. In Ethiopia the rate of malnourishment is 46%, in Madagascar 37% and in Sudan 21%.

The question that needs to be addressed is how foreign investment in agriculture can improve socio economic conditions of the nation. Two conditions need to be part of the negotiations and the final agreement. The first is that people working in the farms need to be locals and be paid a decent salary which will be negotiated by the government, the foreign company and representatives of the local community. The second condition needs to be that part of the yield will remain for sale inside the country and that income derived from exports by the government will be re invested for agricultural growth in the country. Finally the developing countries can use this opportunity and engage in negotiations with the rich world about eliminating taxes on their agricultural exports.