



PELUM Network, Kenya

## Foreign Investments in Agriculture - “Land Grabbing”

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## **1. Definition: What is land grabbing?**

“The term land grab refers to the purchase or lease of vast tracts of land by wealthier, food-insecure nations and private investors from mostly poor, developing countries in order to produce crops for export”.<sup>1</sup>

According to M. Kugelman, the transactions involving the land purchase and/or lease are highly opaque and few details have been made public.<sup>2</sup>

It is the scale, rate, negative impacts and extreme lack of transparency surrounding these large-scale land acquisitions that have been criticized and made advocate groups to characterize them as “Land Grab”. (See chapter 6)

## **2. Who is involved?**

As per the definition above, large-scale land acquisitions involve rich countries and foreign investors acquiring land in poor and/or developing countries in order to secure crop production. Which countries are hosting these investments and who are the investors?

### **2.1 Host countries**

According to a recent World Bank Report on this issue, “...countries that attract foreign investors are the countries with abundant land and/or weak land governance”. The same report states that two-thirds of the most recent reported land-deals happened in Sub-Saharan.<sup>3</sup> Moreover, the recent global hunger index report states that the south Asia and Sub-Saharan Africa regions are more affected by hunger than any other regions in the world<sup>4</sup>. Below is a non exhaustive list of countries that are reportedly affected by this trend of land acquisitions.

#### **2.1.1 African countries**

The Democratic Republic of Congo, arguably one of the richest African countries in natural resources, is claimed to have sold or leased approximately 3 million hectares of land in major land deals signed with China and South Africa.

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<sup>1</sup> Sheppard Daniel with Anuradha Mittal: The great land grab: Rush for world's Farmland threatens food security for the poor

<sup>2</sup> Michael Kugelman and Susan L. Levenstein (2009): Land Grab? The race for world's farmland

<sup>3</sup> Klaus Deininger and Derek Byerlee with Jonathan Lindsay, Andrew Norton, Harris Selod, and Mercedes Stickler: Rising Global Interest in Farmland, Can it yield sustainable and equitable benefits?

<sup>4</sup> K. von Grebmer, M. Torero, T. Olofinbiyi, H. Frischie, D. Wiesmann, Y. Yohannes and L. Schofield, C. von Oppeln (2011): Global Hunger Index- The challenge of hunger: Taming price spikes and excessive food price volatility

Ethiopia, despite receiving more than 700,000 tons of food and £1.8 billion in aid last year, has reportedly sold and/or leased more than three million hectares of land to foreign investors.<sup>5</sup> The case of Ethiopia is interesting because it exposes contradictions that surround the land grabbing phenomenon. Foreign investments in agriculture (a less controversial term than land grabbing) are said to be made in the name of food securities. In the case of Ethiopia, however, the farmland sold or leased to foreign investors is used to produce food for export rather than feeding the local population. The situation leaves the local population in even greater food insecurity since they do not have access to land and its resources anymore.

Kenya has been plagued by droughts in recent years with devastating effects on its agriculture sector. Sadly instead of addressing this issue, Kenya has opted to give up its farmland to foreign investors planning to grow plants (for export) that are used to produce bio-fuel; plants such as sugar cane and jatropha, which require a lot of water to grow. In order to satisfy the watering needs of these plants, Kenya allegedly made available 10,000 hectares to the Canadian company Bedford Bio-fuels, for a pilot project to grow Jatropha and 28,000 hectares to G4 Industries Ltd. from the UK.<sup>6</sup> The land provided to both companies is adjacent to the Tana River and situated in the Tana Delta which is considered as an important habitat for birds in Africa. As a Consequence of these land concessions the environment of the delta has been damaged. Less and less animals are being seen, which once densely populated that habitat. Furthermore, the local population has been displaced and entire communities have been dismantled. It has also been reported that Kenya concluded an agreement with Qatar to exploit 40,000 hectares.<sup>7</sup>

Mali's Segou region is irrigated by two rivers, the Niger and the Bani. For this reason the Segou region is considered to be the most fertile in the country. The fertility and abundance of water in this region have attracted the interest of foreign investors in

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<sup>5</sup> John Vidal for the Guardian: Ethiopia at centre of global farmland rush;  
(<http://www.guardian.co.uk/world/2011/mar/21/ethiopia-centre-global-farmland-rush>)

<sup>6</sup> Tracy McVeigh for the Guardia: Biofuels land grab in Kenya's Tana Delta fuels talk of war;  
(<http://www.guardian.co.uk/world/2011/jul/02/biofuels-land-grab-kenya-delta> )

<sup>7</sup> Discourse 015- German Federal Ministry for Economic Cooperation and Development :Development Policy Stance on the Topic of Land Grabbing- the Purchase and Leasing Areas of Land in Developing Countries

agriculture. For example, Libya has acquired 100,000 hectares of land in the Segou region for rice production.<sup>8</sup>

Madagascar has made the rounds of media reports following the failed land deal which was to lease 1.3 million hectares for 99 years<sup>9</sup> to the South-Korean multinational Daewoo, to grow maize and palm oil for export. The people of Madagascar protested against the deal and the ruling president was toppled as a consequence of the protest. However, this failed deal did not dispel interest of foreign investors to pursue opportunities to buy or lease land in Madagascar.

Sudan was, until the independence of South-Sudan in July 2011, the largest country in Africa with 2.5 million square kilometers. The newly independent South-Sudan is 640,000 square kilometers big. It has been reported that between 2007 and 2010, foreign investors bought or leased approximately 2.64 million hectares of land in South-Sudan.<sup>10</sup> The World Bank also reported that "...in Sudan (North and South combined), the total area for 132 approved projects amounts to almost 4 million hectares".<sup>11</sup>

Uganda has recently been in the news following the new released Oxfam report, which states that more than 22,500 people have been evicted from their land to make way to New Forest Company. This UK based company obtained a license to plant trees.<sup>12</sup> Already in 2001, but in a less publicized case, approximately 2041 individuals<sup>13</sup> were evicted from their land following a land lease agreement between the Ugandan government and a German coffee trader (Neumann Kaffee Gruppe) to establish a coffee plantation. It is also important to mention that in Uganda land deals represent more than 14 % of the current agriculture area.<sup>14</sup>

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<sup>8</sup>Tanya Keressen: Don't Touch my Land! Peasant resistance to land grabs in Mali, posted on "Institute for Food & Development policy" website (<http://www.foodfirst.org/en/node/3321>)

<sup>9</sup> Lorenzo Cotula, Sonja Vermeulen ; 'Land grabs' in Africa: can the deals work for development?

<sup>10</sup> David k. Deng: The new frontier- A baseline survey of large-scale land-based investment in Southern Soudan

<sup>11</sup> Klaus Deininger and Derek Byerlee with Jonathan Lindsay, Andrew Norton, Harris Selod, and Mercedes Stickler (2011): Rising Global Interest in Farmland, Can it yield sustainable and equitable benefits?

<sup>12</sup> Oxfam, 2011: Land and Power: The growing scandal surrounding the new wave of investments in land

<sup>13</sup> Alison Graham, Sylvain Aubry, Rolf Künnemann and Sofia Monsalve Suárez – FIAN

:CSO Monitoring 2009-2010 "Advancing African Agriculture" (AAA): The Impact of Europe's Policies and Practices on African Agriculture and Food Security-Land Grab study

<sup>14</sup> Samuel B. Mabikke :Escalating Land Grabbing in Post-conflict Regions of Northern Uganda:

A Need for Strengthening Good Land governance in Acholi Region

Tanzania is among the countries which seem to attract investors for bio-fuel production. According to Thembi Mutch, the foreign investors present in Tanzania are “mostly Europe based companies from the UK, Germany and Sweden and that only 650,000 hectares of land were allocated for bio-fuel production out of 4 million hectares requested”<sup>15</sup>.

### **2.1.2 Asian, Latin American and East European countries**

As mentioned above, two-thirds of land deals happened in Africa and the other third is split over Asia, Latin America and East of Europe. The land deals are reportedly to be more prominent in the following countries.

In 2008, Pakistan made roughly 404,700 hectares of farmland available to foreign investors seeking to invest in the country. It has also been reported that the United Arab Emirates bought 324,000 hectares of land. To attract more investors, Pakistan put in place incentives to attract foreign investor in agriculture; for example it is possible for an investor to lease, with full propriety rights, land for 50 years with the option to extend the lease for an additional 40 years.<sup>16</sup> The investment incentives combined with availability of land, have sparked interest of foreign investors particularly those from the Arab Gulf countries.

According to many observers, the Philippines are high on the list of targeted countries for land deals by foreign investors mostly from the Middle East but also from East Asian countries namely China and South Korea. In Fact, the Philippines agreed, to lease 94,000 hectares of farmland to Jeonman Feedstock Ltd, a South Korean company in 2007. It also entered into an agreement with Bahrain to provide 10,000 hectares of fertile land.<sup>17</sup> The Philippines have allegedly set aside 6 million hectares of land for production of sugar cane, jathropa, palm oil and it is in the talks to lease an undisclosed amount of land to Saudi Arabia for 50 years.<sup>18</sup>

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<sup>15</sup> Thembi Mutch (2010): Jatropha biofuels: the true cost to Tanzania

[http://www.theecologist.org/trial\\_investigations/414648/jatropha\\_biofuels\\_the\\_true\\_cost\\_to\\_tanzania.html](http://www.theecologist.org/trial_investigations/414648/jatropha_biofuels_the_true_cost_to_tanzania.html) (accessed on Oct 15, 2011)

<sup>16</sup> Shepard Daniel with Anuradha Mittal: The great land grab: Rush for world's Farmland threatens food security for the poor

<sup>17</sup>NTS Alert May 2010 (Issue 1) : 'Land Grabbing': The Global Search for Food Security in Southeast Asia; <http://www.rsis.edu.sg/nts/HTML-Newsletter/alert/NTS-alert-may-1001.html>

<sup>18</sup> Foreign land deals: global land grabbing?, posted by IBON Features on 16 June 2011 and accessed on 4<sup>th</sup> oct,2011 <http://farmlandgrab.org/post/view/18835>

Russia is considered to be one of the large single nations in terms of available arable land.<sup>19</sup> The fertility of the Black Earth region together with the proximity of Russia to Western Europe and Asia have attracted foreign investor from West Europe, China but also Gulf countries. The major foreign investor in Russia is the Swedish company, Black Earth Farming with estimated 330,000 hectares of farmland. Moreover, about 700,000 hectares of farmland are said to be in hand of foreign investors.<sup>20</sup>

The Latin America region is also affected by the land grabbing phenomenon. In 2008, the World Bank reported that approximately 3.2 million hectares of land were acquired. The most affected countries are Brazil, Argentina and Uruguay.

The examples above show the scale and the reach of the phenomenon of land grabbing. Even though all affected countries did not experience the same level of land grabbing, they have been exposed to similar negative impacts of this phenomenon; for example the price increase and volatility of food, due to increasing use of food crops for bio-fuel, has adversely affected poor people in way that they cannot afford to buy enough food or nutritious foods. According to the global index report, this inability to buy enough and/or good quality food has worsened the hunger situation in affected countries.<sup>21</sup> To illustrate the scope of the phenomenon, the map<sup>22</sup> below shows the geographic representation of the land deals.

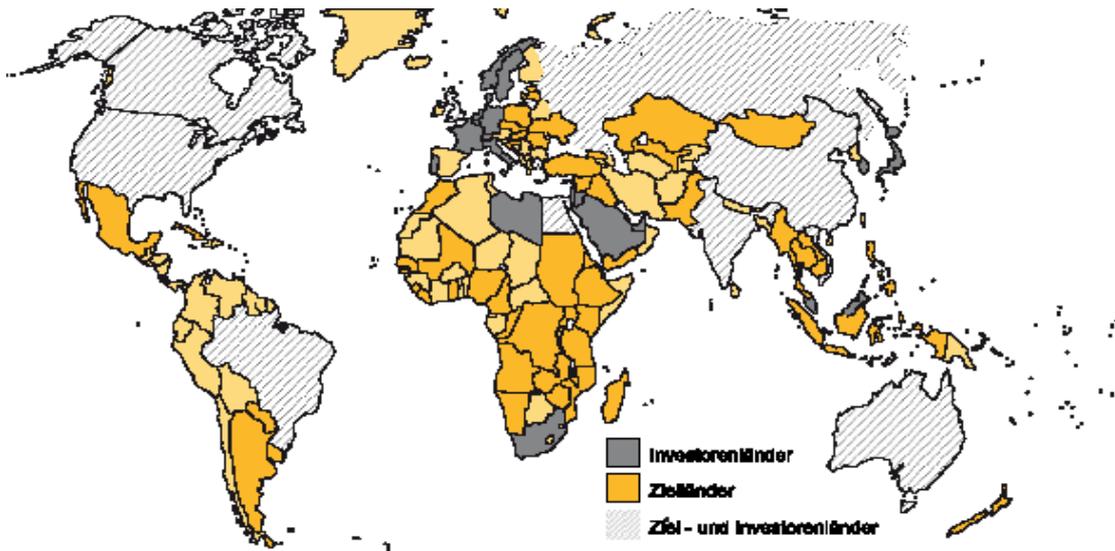
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<sup>19</sup> Oane Visser & Max Spoor (2011): Land grabbing in post-Soviet Eurasia: the world's largest agricultural land reserves at stake, *Journal of Peasant Studies*, 38:2, 299-323

<sup>20</sup> Jonathan Kandell (2009): Betting on the Russian farm <http://farmlandgrab.org/post/view/13810>

<sup>21</sup> K. von Grebmer, M. Torero, T. Olofinbiyi, H.Fristche, D. Wiesmann, Y. Yohannes and L.Schofield, C. von Oppeln (2011): *Global Hunger Index- The challenge of hunger: Taming price spikes and excessive food price volatility*

<sup>22</sup> Inkota netzwerk e.V: <http://www.inkota.de/nc/themen-kampagnen/welternahrung-landwirtschaft/land-grabbing/interaktive-weltkarte/>



## 2.2 Foreign investors

The foreign investors can be categorized in two groups: governments and the private sector. In the context of this paper, the category “government” refers to all institutions which represent a sovereign government such as ministries, state owned enterprises, and government backed agencies and Sovereign Wealth Funds<sup>23</sup>. The category “private sector” refers to private corporations which are mostly private finance institutions such as private equity funds, hedge funds and pension funds.

### 2.2.1 Sovereign investors or governments

This category includes Gulf States such as Bahrain, Qatar, Kuwait, Saudi Arabia, and some North African countries such as Egypt and Libya. In general, these countries rely heavily on food imports to feed their population since they are situated in arid regions and have limited water resources to produce enough food.

This category also consists of Asian countries such as China, India, South Korea and Japan where both the population and economic growth are reducing the available land for agriculture. In the future, these countries are also likely to rely on food imports due to projected reduced arable land and a foreseeable increase of food demand.

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<sup>23</sup> Sovereign Wealth Funds is defined as follow: Pools of money derived from a country's reserves, which are set aside for investment purposes that will benefit the country's economy and citizens. The funding for a sovereign wealth fund (SWF) comes from central bank reserves that accumulate as a result of budget and trade surpluses, and even from revenue generated from the exports of natural resources. The types of acceptable investments included in each SWF vary from country to country; countries with liquidity concerns limit investments to only very liquid public debt instruments.

Source: investopedia: [http://www.investopedia.com/terms/s/sovereign\\_wealth\\_fund.asp#axzz1bs7fVBwp](http://www.investopedia.com/terms/s/sovereign_wealth_fund.asp#axzz1bs7fVBwp)

### **2.2.2 Private sector**

The private sector, which is usually involved in large scale acquisitions, handles ninety percent of all land deals<sup>24</sup>. The actors in this category are individual investors or corporations from European Union countries and/or the USA. They are outsourcing the farming of plants to produce bio-fuel and invest in the agriculture sector in pursuit of financial returns. Examples of these institutions are Emergent Asset Management Ltd, a UK based Investment Company; Blackrock, a US based asset management company; New Zealand Superannuation, a pension funds from New Zealand; Fund Flora Eco Power Holding AG from Germany; Karuturi Global Ltd., agribusiness firm from India; China State Farms Agribusiness Corporation, State owned Chinese company ; Morgnan Stanley; Rabobank Group, a bank from the Nederland that focuses on food and agribusiness internationally; Allianz and Deutsche Bank to name a few.

## **3. Motivations or driving forces (Rationale)**

To better capture the recent development of the phenomenon of land grabbing, the following section exposes the perceived rationale that is driving hosting countries and foreign investors.

### **3.1 Motivations for host countries**

The agriculture sector in developing countries has been underfunded for many years. "...the share of public spending on agriculture in developing countries has fallen to around seven percent, even less in Africa, and the share of official development assistance going to agriculture has fallen to as little as five percent. Commercial banking lending going to agriculture... - is less than ten percent in Sub-Saharan Africa"<sup>25</sup>.

The underfunding of the agriculture sector in developing countries has weakened its development. Thus, many developing countries welcome the new interest of foreign investors in agriculture and see it as an opportunity to access fresh capital and new technologies; two essential elements that have been missing in order to develop and improve their agriculture sector. However, it is important to remind that in affected countries, especially in Africa, the contracts are being signed by governments which are generally corrupted, ignored to involve in the process the population is supposed to

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<sup>24</sup> Alison Graham, Sylvain Aubry, Rolf Künemann and Sofía Monsalve Suárez : The role of the EU in Land Grabbing in Africa-CSO Monitoring 2009-2010 "Advancing African Agriculture" (AAA): The Impact of Europe's Policies and Practices on African Agriculture and Food Security

<sup>25</sup> David Hallam, session 2.2., Promoting responsible international investment in agriculture (2009) : Foreign investment in developing country, Agriculture- Issues, policy implications and international response.

represent and are in common weak due to the fact that they are plagued with good governance issues. The corruption and misrepresentation of the affected population constitute the basis of concerns raised by this phenomenon of land grabbing in host countries.

### **3.2 Motivations for foreign investors**

For foreign investors, the motivations for investing in land and/or agriculture in developing countries vary. However, from available documentation regarding the land grab trends, three main motives have transpired as the driving forces of the land grab development.

The first motive is described as being food security: In 2008, the food crisis pushed the prices of food so high that it triggered riots across the globe. As reaction to the riots, some food producing countries imposed bans on food exports. The consequence was a food shortage on world food markets and even higher food prices. On one hand, countries which rely on foods imports saw their spending on food exponentially increased. On the other hand, countries that foresee reduced available land for food production, due to the rapid growth of their population and economy, saw this crisis as a threat to their future food supply. To avoid future food shortage and high food prices as experienced during the food crisis, these countries decided to reconsider their food supply strategy. Consequently, they decided to control the food supply chain by producing food in foreign countries and sending the harvest back home.

The second motive is energy security: Most developed countries and particularly European Union countries have set targets in their energy policies in an attempt to cap greenhouse gas emissions and other climate change related issues. In 2009 for example, European countries adopted the Directive 2009/28EC, which declares that each member state should achieve, among other targets, a minimum ten percent share of renewable energy consummation of fuel in the transport sector by 2020. In the United Kingdom, there is an incentive that requires local fuel suppliers to have a certain percentage of agro-fuels in their aggregate sales or to face a penalty of fifteen pence per liter.<sup>26</sup> These kinds of measures have motivated investors (governments and/or private sector) to invest in the bio-fuel production, mostly using farmland overseas.

Finally, the third motive transpires to be the pursuit of financial return: Following the 2007 financial crisis and 2008 food crisis, "...private-sector financiers recognize land as

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<sup>26</sup> Alison Graham, Sylvain Aubry, Rolf Künemann and Sofía Monsalve Suárez : The role of the EU in Land Grabbing in Africa-CSO Monitoring 2009-2010 "Advancing African Agriculture" (AAA): The Impact of Europe's Policies and Practices on African Agriculture and Food Security

a safe investment in an otherwise shaky financial climate, and hope to capitalize financially on the food- and energy-security-driven mushrooming demand for agricultural land.”<sup>27</sup>

#### **4. Land grabbing trends**

In September 2011, Oxfam released the most recent report on land grabbing. According to this report, approximately 227 million hectares of land, mostly in Africa, have been leased and/or sold to international investors since 2001. The report added that most of these deals happened in the last two years. Prior to the Oxfam report, the World Bank, in its report released in April 2011, estimated that approximately 56 million of hectares of farmland were leased or sold in the year 2009 alone. The same report stated that more than seventy percent of those deals were in Africa.<sup>28</sup> Despite the fact that the two reports show different statistics, they both draw attention to the scale of these deals and reveal that most of land deals are happening in Africa. They also show, that the trend of land grabbing is increasing and it is a fact that is troublesome. The upward trend of land grabbing is not likely to slow down, knowing that US \$5 to \$15 billion have already been invested in farmland acquisitions by pension funds and that these investments are projected to double by 2015<sup>29</sup>; it is even more worrisome.

Another example validating that the upward trend of land grabbing is not likely to change, is the recent report released by Friends of the Earth. The report states that “60% of the land used to meet European Union demand for agricultural and forestry products comes from outside the continent”<sup>30</sup>. The same report assumes that in order to meet the European Union’s energy policies, which promote the use of bio-fuel energy, the demand for land outside the European continent will continue to grow. Finally, the report says that “...increasing incomes in large countries such as India and China are leading to increase land take”<sup>31</sup>.

#### **5. The role of international financial institutions**

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<sup>27</sup> Michael Kugelman and Susan L. Levenstein (2009): Land Grab? The race for world’s farmland

<sup>28</sup> Klaus Deininger and Derek Byerlee with Jonathan Lindsay, Andrew Norton, Harris Selod, and Mercedes Stickler (2011): Rising Global Interest in Farmland, Can it yield sustainable and equitable benefits?

<sup>29</sup> Grain, 20 June 2011: *Pension funds: key players in the global farmland grab* <http://www.grain.org/article/entries/4287-pension-funds-key-players-in-the-global-farmland-grab>

<sup>30</sup> Friends of the Earth (2011): Europe’s land import dependency

<sup>31</sup> Friends of the Earth (2011): Europe’s land import dependency

Numerous reports and researches have blamed international financial institutions such as the World Bank and the European Union and its member states, to have stimulated and facilitated the phenomenon of land grabbing in developing countries.

For instance, the targets set by energy policies in the European Union to reduce greenhouse gas emissions are reportedly to have stimulated private investment in bio-fuel production overseas.

It has also been reported that the European Union may have facilitated land acquisitions in the affected countries, through its support of land policies, investment environment and trade policy reforms<sup>32</sup>. As for the World Bank, it has been criticized to have facilitated the development of land grabbing by means of investment and advisory services provided by the International Finance Corporation (IFC) and the Foreign Investment Advisory Service (FIAS). These two organizations are the private sector arm of the World Bank Group. Their role is to promote the improvement of investment climate and the growth of the private sector in developing countries. Critics, of the work of these organizations, say that initiatives such as “Access to Land and Land Market for Investment”<sup>33</sup> have facilitated the propagation of land grabbing trends in these countries.

## **6. Concerns of land grabbing**

The land grabbing phenomenon has stirred controversies due to the fact that they raise a number of concerns. The following section points out the main concerns that are associated with this phenomenon.

### **6.1 Socio-economic concerns**

Africa is said to be more affected by land grabbing than any other affected region. Africa’s agricultural sector is also said to be essentially made up of subsistence farmers. “...an estimated 80 million small-scale farmers supply 95% of Africa’s food needs and

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<sup>32</sup> Alison Graham, Sylvain Aubry, Rolf Künnemann and Sofia Monsalve Suárez – FIAN :CSO Monitoring 2009-2010 “Advancing African Agriculture” (AAA): The Impact of Europe’s Policies and Practices on African Agriculture and Food Security-Land Grab study

<sup>33</sup> **Access to Land product** “focuses on assisting governments in implementing achievable short-term reforms to encourage investment...” **Land Market for Investment product** “ is used to find short-term solutions to land access problems for investors”. For more details refer to page 7-9 for definition Shepard Daniel(2011) d : The Role of the International Finance Corporation in Promoting Agricultural Investment and Large-scale Land Acquisition;

produce 30% of its Gross Domestic Product”.<sup>34</sup> It is also known, that the first victims of land grabbing are the subsistence or small-scale often female producers, who are forced out of their farm to make room for foreign investors.

The displacement of small-scale farmers has social consequences. It dismantles communities, creates intercommunity conflicts and tensions among opposite parties. It also has economic consequences since it puts at risk a sector that supplies a third of the market value of all final goods produced within a given country. Furthermore, it impacts the ability of small farmers to generate income and provide for their families.

In fact, the affected farmers are often promised to be relocated to new farms and/or to receive fair compensation for the lost land and resources associated to it. However, the promises, in most cases, are not fulfilled and the evicted farmers are left struggling since they lost the only asset they had. Even when the investors promise to offer employment to the evicted farmers, it is usually seasonal, low paid and offers poor working conditions<sup>35</sup>. In other words, the land grabbing exacerbates the life conditions in affected areas and leaves the affected population considerably worse off.

## **6.2 Environmental concerns**

In 2009, the World Bank and the International Land coalition, estimated that the land deals related to bio-fuel production represented 21-44% of the total land deals<sup>36</sup>.

In general, agro fuel implies monoculture of bio-fuel crops such as sugar cane and jatropha, which require a lot of water and pesticides to grow. The consequences are less fertile grounds, a higher risk of erosion and pollution through the use of herbicides and pesticides<sup>37</sup>. Considering the above mentioned high proportion of land deals for bio-fuel production and the noted adverse impact of such agricultural models, it is no surprise that land grabbing for bio-fuel raises huge environmental concerns. Beyond environmental concerns, the growth of agro fuel production intensifies food security

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<sup>34</sup> Kremena Krumova (Sept. 2011) : Land grabs in Africa threaten greater poverty

<http://farmlandgrab.org/post/view/19301>

<sup>35</sup> Alison Graham, Sylvain Aubry, Rolf Künnemann and Sofia Monsalve Suárez – FIAN

:CSO Monitoring 2009-2010 “Advancing African Agriculture” (AAA): The Impact of Europe’s Policies and Practices on African Agriculture and Food Security-Land Grab study

<sup>36</sup> Kremena Krumova ( 2011): Land grabs in Africa threaten greater poverty <http://farmlandgrab.org/post/view/19301>

<sup>37</sup> Neale Young(2011) Ethical and Environmental Implications of Land Grabs; The Second Scramble for Africa: <http://www.fourgreensteps.com/infozone/world-news/general/ethical-and-environmental-implications-of-land-grabs-the-second-scramble-for-africa>

concerns, as it is essentially practiced for export purposes and occupies land where food crops could have been farmed to feed local people<sup>38</sup>.

### **6.3 Legal concerns**

The land deals are indeed negotiated in secrecy and in a non-transparent way. In the negotiation process, the affected population is not consulted and when they are, they are in weak position as they do not necessarily have the same resources and abilities as their counterpart (investors) to negotiate fair terms. This situation leads to unclear and unfair provisions of the contracts in favor of the investors<sup>39</sup>.

Also, the local land rights which are usually customary rights are commonly ignored. Furthermore, the foreword of the report of the food and agriculture organization of the United Nations on land rights in Africa states that a "...lack of respect for the rights of the poor contributes to tenure insecurity, which in turn can hamper human development, mire people in poverty and contribute to food insecurity."<sup>40</sup> Albeit that one of the arguments for land grabbing is food security, the actual trend of land grabbing is rather leading to this expressed concern of food insecurity. It is the flawed process of acquiring or leasing land in developing countries that has caused legal concerns and in many cases prompts to consider agreements between host countries and foreign investors as defectives contracts.

## **7. Remarks**

The current phenomenon of land grabbing raises concerns due to in its scale, ways agreements related to it are reached and debates that it has risen<sup>41</sup>.

In fact, many reports show that the land grabbing phenomenon has picked up considerable speed and more land was sold or leased since the food and financial crisis in 2007/2008 to a scale, which has not been seen before. It is also said that although the agreements are not forced upon the hosting countries, they are however processed, usually in partnership with corrupted host countries governments, in ways that are not always transparent and fair. Furthermore, the land deals, in most cases, neglect to

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<sup>38</sup> Klaus Deininger and Derek Byerlee with Jonathan Lindsay, Andrew Norton, Harris Selod, and Mercedes Stickler (2011): Rising Global Interest in Farmland, Can it yield sustainable and equitable benefits?

<sup>39</sup> Tinyande Kachika (2010): Land grabbing in Africa: A review of the impacts and the possible policy responses

<sup>40</sup> Rachael S. Knight (2010): Statutory recognition of customary land rights in Africa- An investigation into best practices for lawmaking and implementation

<sup>41</sup> Michael Kugelman and Susan L. Levenstein (2009): Land Grab? The race for world's farmland

include provisions that address environmental matters such as pollution of soil and water streams from the use of fertilizer, pesticide and herbicides to produce monoculture food crops for bio fuel production and this practice has a devastating effect on biodiversity.

Finally, the land grabbing has raised debates between those who are in favor of land investments and those who are against it. The former considers the land investment as an opportunity to bring in needed investments to improve the agriculture sector and transfer of technology with a subsequent effect on job creation in developing countries. While the latter sees the land investment as a threat to small farming, food security, the environment and socio-economic stability in developing countries. Even though this debate is ongoing the available data and research point out more risks than merits associated with this phenomenon. The risks are: *conflicts over land, marginalization of small farmers particularly women, displacement of local population in affected regions, adverse environmental impacts, food insecurity, and intensification instead of alleviation of poverty.*

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**Some German organizations that are following issues related to land grabbing:**

Inkota netzwerk e.V: INKOTA setzt sich mit seiner Arbeit für eine Welt ein, in der die Lebensinteressen aller Menschen mehr zählen als das ökonomische Interesse der Privilegierten.

<http://www.inkota.de/themen-kampagnen/welternaehrung-landwirtschaft/land-grabbing/>

Das Forschungs- und Dokumentationszentrum Chile-Lateinamerika e.V. Mit dem Projekt „**Die Verdammten ohne Erde – Die Jagd nach Land und ihre Opfer**“ möchte das FDCL das Problem der neuen Landnahme aus einer menschenrechtlichen und entwicklungspolitischen Perspektive heraus thematisieren

<http://land-grabbing.de/>

Bei **agrardebatte.de** sollen Informationen, Analysen, Berichte und Reportagen, sowie Kommentare und Meinungen zu diesen Entwicklungen, Auseinandersetzungen, Konflikten und Perspektiven zusammen geführt werden.

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