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Outsourcing of African lands for energy and food – challenges for smallholders

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Introduction

The process of outsourcing of land for production of food and agricultural stocks for biofuel and biodiesel (such as sugar cane and jatropha) has accelerated globally over recent years and in particular in Sub-Saharan Africa. This continent remains in deep poverty and has seen the conditions for smallholder agriculture deteriorating over the last three decades due to neglect by African governments, international financial institutions and donors. The international media has over the last few years pointed to a picture of ongoing massive land grabbing in Africa connected with the needs of non-African governments and people to enhance their food and energy securities. Some of the land deals reported - concluded, in process or aborted - are spectacular. However, information on the broader process and details about actors, terms of contract and implications of the land deals for host and investing countries, governments and people, are still unclear and in need of systematic data collection and assessment.

Nevertheless, some information about the dynamic process of land acquisitions and leases in Africa by foreign states and investors has emerged. Recent research related to the character and volumes of the large scale land deals or leases (over 1000 ha) provides a first approximation of the dynamic changes taking place regarding control, ownership and use of African lands. Responses to the large scale African land deals include as well NGOs in the affected African countries and globally, and research- and specialised UN agencies such as FAO (Food and Agricultural Organisation), IFAD (the International Fund for Agricultural Development) and the Special Rapporteur on the right to food (UN/SRRF).¹

Most of the advocacy, research and human rights related initiatives and activities have attempted to get a better understanding of the background, driving forces and outcomes of this process by conducting field work, and the sourcing of and systematising and analysing data. Although many of these initiatives have been of short term character and use methodologies that leave many uncertainties, they illustrate that the process of land acquisitions and leases has accelerated over the last years and with that a growing concern about the implications of this process. This concern has been manifested by the formulation of a number of proposals, recommendations and principles that should guide the land acquisitions and leases in order to safeguard the interests and rights of rural people and communities in Africa to land, food and decent livelihoods and environmental sustainability aspects.

In fact, research institutes such as the International Food Policy Research Institute, IFPRI,² and the International Institute for Environmental Development, IIED, in cooperation with FAO and IFAD³ (Cotula et al. 2009) and the UN Special Rapporteur on the right to food (UN/SRRF, 2009) have all provided recommendations to guide the land acquisition and land

¹ Special Rapporteur on the right to food (UN/SRRF, Mr. Olivier De Schutter), 2009, "Large-scale land acquisitions and leases: A set of core principles and measures to address the human rights challenges". 11 June 2009.

² IFPRI, 2009 (Joachim von Braun and Ruth Meinzen-Dick), "'Land Grabbing' by Foreign Investors in Development Countries: Risks and Opportunities". IFPRI Policy Brief, 13 April, 2009. A comprehensive listing of overseas land investments is available on IFPRI's website at www.ifpri.org/pubs/bp/bp013.asp.

³ Cotula, L., S. Vermeulen, R. Leonard and J. Keeley, 2009, "Land grab or development opportunity? Agricultural investment and international land deals in Africa". IIED, FAO and IFAD.

lease process. Although the recommendations vary in character and numbers they show consensus regarding the following aspects related to the large scale land acquisitions and lease process:

- (i) that there shall be transparency in the negotiations,
- (ii) that the rights of local communities, including customary land rights, should be protected,
- (iii) that there shall be a sharing of benefits between local communities and investors
- (iv) that environmental sustainability shall be ensured and
- (v) that food security in the African countries and communities shall not be compromised.

Beyond these locally oriented recommendations, the increasing concentration of land and scale of operations have critical implications for (i) the balance between smallholder and large scale farming and the future livelihoods of African rural people, (ii) the relative importance of African subsistence and domestic food supply versus export led agriculture and (iii) the role of global agribusiness in African countries connected with vertical integration in agricultural production, processing and distribution.⁴

This article will provide an overview of some of the recent findings presented regarding large scale land acquisition and lease of African land and assess them in the light of the above recommendations. However, since investigations on the topic are new, access to data is difficult and methodologies are mostly unproven, a case study of a large scale planned biofuel project in Rufiji district, Tanzania, will also be presented. This will be done in order to complement recent research findings and reflect about the realism of the above recommendations on large scale land acquisitions and leases of African land. The choice of a Swedish municipally owned energy company, SEKAB, with long experience in the energy sector, is made on the basis that such a company has a reputation to uphold and is directly accountable to Swedish tax payers. Hence, it should be expected that it will stand out as a “good case” in addressing the recommendations proposed.⁵

The article will analyse the implications of large scale land acquisitions and leases for African smallholder farmers and their livelihoods. To what extent can the proposed recommendations ensure that negative impacts on the smallholder farming systems, the core of African agriculture, are addressed? The last part will also briefly reflect further on what the unfolding dynamics related to large scale African land use for food and energy might imply for some critical technological and governance issues and as well for rural institutions. Ideas for possible remedies will also be mentioned. Theoretical propositions and approaches toward African agriculture and rural development that relate to the unfolding changes will also be briefly discussed.

⁴ Gibbon, P. and S. Ponte, 2005, *Trading Down: Africa, Value Chains and the Global Economy*. Philadelphia, Temple University Press.

⁵ SEKAB's work in Sweden to develop alternative vehicle fuels has been noted by many, including the US Embassy in Stockholm, which has included the company on its list of, "Partners for Cleaner Energy - Alternative energy opportunities in Sweden" (US Embassy, June 30 2009). Here (p. 44) it is stated that SEKAB's main mission is "to create the conditions for actively promoting sustainable transport for the future with the help of long-term sustainable biofuels." SEKAB's ethanol produced in Sweden is biological and the raw materials for production consist, among other things, of sugar solution obtained from paper pulp production and oxygen from the air. Hence, SEKAB's activities for promoting second generation ethanol technologies at its mother company in Sweden, are considered to be in the forefront and attractive for countries and business partners aiming for developing clean and alternative vehicle fuels.

Driving forces

Food prices increased rapidly worldwide during 2007 and 2008. Global maize and wheat prices doubled between 2003 and 2008.⁶ It is estimated that the increased demand for biofuels from 2000 to 2007 contributed 30 per cent to the weighted average increase in cereal prices.⁷ In 2007, 18 million tons of grain was used for industrial purposes compared with 100 million tons for biofuels and other industrial purposes in 2008.⁸ A relevant factor for the current and longer term food demand is changing food consumption patterns in emerging economies, in particular the increase of meat in the diet. This food conversion leads to considerable loss of calories. Currently more than 40 per cent of world grain is being fed to livestock, rather than feeding people directly.⁹ Although food prices have dropped since mid-2008, they are still 30-50% higher than the average a decade ago.

Concern about food security in countries highly dependent upon imports and/or with limited or declining natural conditions to produce their own food, like many of the Arab states, also constitutes an important driving force for the outsourcing and leases of African land. This fear is also connected with deteriorating global conditions for agriculture and food production due to soil erosion and soil mining, depletion of water sources etc.

The character of food as a commodity is unlike any other commodity, since it cannot be compromised if people are to survive. Lack of access to and limited or declining supply of food can translate into immediate popular manifestations that may lead to serious political instability. Political implications are also important in producer countries due to the sensitivity connected with food exports in a context of growing food insecurity. Through recent food price increases and the ongoing conversion of land to non-food production, food security has emerged as a critical global issue that governments need to highly prioritise.

Uncertainties related to the volatility and provision of food globally have also led to a protectionist stance among important food producing countries with large populations to feed. Many governments are no longer willing to trust the role assigned to international trade as a levelling mechanism for food prices and global food distribution. Hence increasingly states try to secure food through inter-state agreements and various forms of investments and leases conducted by Government Owned Enterprises (SOE) or Sovereign Wealth Funds (SWF) or in cooperation with private enterprises. The growing fear of states about growing food insecurity and its connection with hunger and political instability, has led to a rapid increase in the engagement of state controlled entities and agencies in food related investments and agreements. This has also led to major changes in the governance situation related to the food and energy sectors.

Increasing oil prices and growing concern about climate change over recent years has led to an increasing interest in switching to non-fossil fuels such as ethanol (from sugar cane and

⁶ von Braun, J., 2008, "Food and Financial Crises: Implications for Agricultures and the Poor," Washington DC, IFPRI, Food Policy Report No. 20, 2008.

⁷ Ibid.

⁸ Chakraborty, A. 2008, "Fields of gold," *The Guardian* (London) 16. April, p. 4

⁹ W. Aal, L. Jarosz and C. Thompson, 2009, Response to P. Collier, "Politics of Hunger", in *Foreign Affairs* November/December 2008.

other feed stocks) and bio-diesel (from jatropha). Government consumption targets of non-fossil fuels linked with increasing oil prices and the oil peak scenario has led to rapidly growing interest in bio-fuels. It is possible that the decline in the price of oil since mid-2008 may reduce the interest in bio-fuel investments in the short run. However, in the longer run the scarcity of fossil energy, related to peak oil prices, is likely to lead to renewed interest in bio-fuel production. However, uncertainties linger as to the role of agriculturally based biofuels (based on sugar cane, jatropha etc) when new and second generation technologies become commercially viable. At that point in the future, many African countries will have converted considerable areas of their land to large-scale monocropping of agricultural feed-stocks with consequences for water use, ground water tables, biodiversity etc., a process which is not easy to reverse to sustainable agricultural food production.

The global community is facing a dilemma in reducing greenhouse gas (GHG) emissions at the same time as the demand for energy in the world is increasing. This global dilemma coupled with national and regional political priorities about national energy security, has led to a shift in interest towards alternative energy sources, including biofuel. This is particularly so in expectation of the global climate summit in Copenhagen in December 2009 which will determine the world's post-Kyoto willingness to address climate change. The EU has already committed itself to reduce greenhouse gas emissions by 20 per cent, compared to 1990 levels, by 2020. The Swedish government, holding the presidency of the EU (July-December 2009), is, however, working to push this EU objective to 30 per cent in the face of the Copenhagen meeting, given that similar commitments will emerge from major global economies such as the US and China. This process is establishing firm global markets that are driving development of the alternative energy sector, including large-scale biofuel developments in Africa.

Concerns about the sustainability of alternative energy production, including biofuels, have, however, increasingly been raised by researchers and advocacy groups that have taken a closer look at the “net-energy” contribution and environmental and social impact of various large scale biofuel production projects. In 2008, this contributed to the endorsement by the European Union (EU) of a directive on the promotion of the use of energy from renewable sources.¹⁰ In article 15 the sustainability criteria for biofuels and other bioliquids state that they shall not be made from raw material obtained from land with high biodiversity value, including primary forests and other wooded land (Art. 15, 3 (a)) and areas designated by law or by the relevant authority for nature protection purposes (Art. 15, 3 (b)).

African governments see an increasing potential as well for rural development and agriculture due to higher land and commodity prices and also major export potentials where land endowments are substantial. During recent years renewed interest has also been shown globally in the role and potential of agriculture that has translated into increases in donor commitments to the sector. The allocation of African government budgets to agriculture has also increased over the last years, although many countries have not reached the target set by the Comprehensive African Agricultural Development Programme (CAADep) launched in July 2003, under the auspices of the African Union (AU) and New Economic Partnership for African Development (NEPAD), of allocating 10 per cent of government budgets to agriculture. The Forum for Agricultural Research in Africa (FARA) forms the secretariat for CAADep's fourth pillar. In early 2008, in its bi-monthly bulletin, Monty Jones, the Executive Director of FARA, emphasises both opportunities and problems related to large-scale biofuel

¹⁰ Directive of the European Parliament and of the Council on the promotion of the use of energy from renewable sources (2008/0016(COD)). Art. 15, “Sustainability criteria for biofuels and other bioliquids”.

production in Africa, arguing for the need for comprehensive research programmes to address these issues in depth.¹¹ A FARA discussion paper (April 2008), states that the opportunities related to African biofuel production present risks, “that must be managed.” And further that, “Provided sustainability criteria are met, the biofuel market represents an opportunity for marginal and unused or abandoned land for development.”¹²

Rising land values and the rise in prices of agriculture based commodities (food and biofuels) are key drivers for the engagement of the private sector in the African agricultural sector. Due to low land prices, there are high expectations among many companies, domestic and externally based, of competitive returns from agriculture and land. This process is compounded as well by the increasing tendency of large scale international food and supermarket chains to extend their processing and sales to the production of commodities and raw material themselves. This vertical integration of food and supermarket chains is also an important driver of acquisition and lease of African land. Some agribusinesses that traditionally were involved in processing and distribution are also pursuing integration strategies into direct agricultural production to reduce risks, e.g. Lonrho’s recent land acquisitions in Angola, Mali and Malawi.¹³ The processes mentioned complement, or at times are integrated with, the government-backed objectives and initiatives related to food and energy security.

Key assumption – availability of African land

A key assumption to the rising interest and investments in acquisition and leasing of African land is that large reservoirs exist of unused or underutilised land. The Global Agro-ecological Assessment¹⁴ provides the most comprehensive survey of global and African agricultural potential. It is suggested that 80 per cent of the global reserve of agricultural land exists in Africa and South-America. Satellite imagery from the mid-1990s indicates a total cultivable land area in Africa of about 800 million ha of which 25 per cent are under cultivation. The study itself indicates that the underreporting on use ranges from 10-20 per cent.

According to Cotula et al (2009, p. 60) it is not “clear how land under shifting cultivation and fallow systems is included” in the Agro-ecological Assessment. In order to make the assessment more realistic for African conditions, Cotula et al. assume that agricultural systems on average have five plots under fallow for every plot in use. Putting this as an upper level for total land of African farming systems give a range of total lands of farming systems from 230 to 1200 million ha, giving an upper level way above estimated potential African cultivable land area of 800 million ha. Due to various pressures on smallholder land, my assessment is that it is highly unlikely that the ratio of cultivated to fallow land in African farming systems currently is 1:5 as indicated by Cotula et al (2009).

¹¹ Monty Jones in FARA Bimonthly Bulletin, December 2007/January 2008, p. 2.

¹² FARA Discussion Paper, 2008, “Bioenergy value chain research and development. Stakes and Opportunities”. Written by FARA Secretariat and the International Institute for Water and Environmental Engineering, Ouagadougou, Burkina Faso, April.

¹³ Cotula et al 2009, p. 57 referring to statement by Lonrho plc.

¹⁴ Fischer, G., van Velthuisen, H. and Nachtergaele, F., 2002, *Global Agro-Ecological Assessment for Agriculture in the 21st Century*. Rome, FAO and Luxemburg, International Institute for Applied Systems Analysis (IIASA).

Since the mid-1990s, there has been a rapid expansion of land cultivation both by smallholders and investments in large scale food and biofuel production. The former is partly due to the average rise in the annual population of Africa of about 2.5 per cent between 2000-2005 (United Nations 2008). Other factors are also of relevance when declaring land as available, idle, not in use etc. Pastoral systems rely on large areas of land for grazing, villagers make use of land for collection of fire wood and medicines. Although some fallow land exists in particular in low intensive agricultural systems, the increased pressure on land since the mid-1990s is likely to have reduced both fallow and grazing areas considerably since then. Unused land belonging to clans, communities or villages, is often looked upon as land to be provided to future generations.

There is an eagerness of African governments and agencies to declare land as unused or unoccupied in order to attract foreign investments, although there may be multiple claims on the same land. In countries with state owned land systems, such as Tanzania and Ethiopia, where the management of land is delegated to villages, major conflicts may emerge due to wrong classification of land. In Tanzania 70 per cent of the total land is under jurisdiction of 11 000 villages. In such a context, large scale production of biofuel and food will necessarily infringe on village land. Detailed legal procedures exist as to how external investors can access such land through land leases of between 33 and 99 years. The remaining land is reserved land of various categories (28 per cent) and general land (2 per cent) which is under direct jurisdiction of the government. Governments eager to provide land for lease or acquisitions to foreign investors, tend to make short cuts overlooking national legislations and the land rights of the rural people.¹⁵

For the above reasons there is a need for governments to be cautious about providing land for large scale investments, given the complexity and multiplicity of claims on rural land. Most likely there exists some amount of unused and unoccupied African land which can be taken in use for large scale land investments. However, to avoid conflict and the alienation of smallholder farmers, the identification of land for large scale investors has to take account of the factors mentioned above.

For some, including governments, investors and some academics, alienation of smallholder land is defended by pointing to the fact that smallholder farming systems are ineffective and that large scale farms will provide better utilisation and higher productivity of the land.¹⁶ Numerous studies, however, have found that smallholder farming systems in themselves are efficient or can enhance their productivity considerably through various types of support for improving production conditions and market access.¹⁷ Others have reported about the budding of a potential smallholder green revolution fostered by policies of several African states during the 1970s that was nipped in the bud.¹⁸

¹⁵ Cotula et al 2009, p. 62 and case study on Tanzania.

¹⁶ See P. Collier 2008, "The Politics of Hunger". In *Foreign Affairs*, November/December 2008.

¹⁷ D. Byerlee and A. de Janvry, 2009, "Smallholders Unite". *Foreign Affairs*, March/April 2009 and G. Djurfeldt, H. Holmén, M. Jirström and R. Larsson, 2005, *The African Food Crisis: Lessons from the Asian Green Revolution*. CABI Publishing, UK.

¹⁸ C.K. Eicher 1995, "Zimbabwe's maize-based Green Revolution: Preconditions for replication". *World Development*, 23, pp. 805-18 and C.K Eicher, 2001, "Africa's unfinished business: Building sustainable agricultural research systems". Staff paper no. 2001-10. Department of Agricultural Economics, Michigan State University, East Lansing, Michigan.

Trends in large scale land acquisitions and leases

Several recent studies have provided quantitative estimates and trends in land acquisitions and leases globally and in Africa. An IFPRI estimate, depicting the trend since 2006, claims that 15 to 20 millions ha of farmland in developing countries have been subject to transactions and/or negotiations involving foreign investors.¹⁹ This is exclusive of a recent land offer of 10 million ha allegedly made to South African farmers in the Democratic Republic of Congo (DRC).²⁰ According to the Special Rapporteur on the right to food (UN/SRRF), the major target countries in Sub-Saharan Africa include DRC, Cameroon, Ethiopia, Madagascar, Mali, Somalia, Sudan, Tanzania and Zambia.

China is reported to have acquired 2.8 million ha in the DRC for an oil palm plantation,²¹ Libya has leased 100 000 ha in Mali for rice production, South Korea has acquired 690 000 ha in Sudan for wheat growing and the United Arab Emirates have invested in more than 400 000 ha to grow corn and other crops while Egypt has secured a similar area to grow wheat.²² In Madagascar negotiations of a 99-year lease of 1.3 million ha with Daewoo Logistics Corporation of South Korea for maize and palm oil was aborted due to the role the deal played in the overthrow of the government in 2009.²³ A major lease of 465 000 ha of land in Madagascar has been given to the Varun International, an Indian company, for the growing of rice for export to India.²⁴ Saudi Arabia is requesting to lease 500 000 ha and SEKAB of Sweden 400 000 ha for biofuel production in Tanzania (see case study).²⁵

It is difficult to get exact information about the content of the African land deals due to lack of transparency and secrecy. Therefore the information must be treated with caution. Cotula et al. 2009 attempted to make a systematic study of acquisitions and land leases of more than 1000 ha in the period 2004 to March 2009 in five case study countries, Ethiopia, Ghana, Madagascar, Mali and Sudan. In addition, qualitative field studies were conducted in Tanzania and Mozambique. This study was carried out by IIED, London, with partners in the seven countries.²⁶

This study reports that national inventories in the five case study countries document about 2.5 million ha of approved land allocations for investment in agriculture, including Foreign Direct Investment (FDI), domestic investments, privately or state-led.²⁷ Madagascar reports a total of about 800 000 ha, Ethiopia about 600 000 ha and the Sudan about 470 000 ha. The sizes of approved land allocations range from 100 000 to about 450 000 ha in Madagascar and Ghana respectively. Total investment commitments linked to the land areas and investment projects amount to a total of about USD 920 million. The number of approved projects and the corresponding investment commitments (in parentheses) (from 2004-March 2009) was 157 (USD 78.5 million) in Ethiopia, 11 (USD 440 million) in the Sudan, 7 (USD 292 million)

¹⁹ IFPRI 2009, op. cit. UN/SRRF, June 11 2009, p. 3.

²⁰ Reuters, April 15 2009.

²¹ New Zealand Herald, May 14 2009.

²² Ibid., and The Economist May 23 2009, reported in UN/SRRF, June 11 2009.

²³ IFPRI, op. cit.

²⁴ UN/SRRF, op. cit. and Cotula et al, op. cit., 2009.

²⁵ Cotula et al, op. cit., p. 73, claim that this land request is for sugar cane production in Bagamoyo district, while in fact it is for a second large scale project in Rufiji district.

²⁶ It was funded by FAO and IFAD. Various European donors, including NORAD and Sida, funded the field studies in Tanzania and Mozambique.

²⁷ Cotula et al., op. cit., p. 49.

in Mali, 6 (USD 80 million) in Madagascar and 3 (USD 30 million) in Ghana. Nearly all the data, however, is stated by Cotula et al. to be incomplete.

In terms of the investment commitments recorded in four of the countries (the Sudan excluded), about USD 250 million was directed towards food production for the domestic market, compared to USD 44 million for export. Whereas all the biofuel related investments were geared to export, USD 117 million.

In terms of land area, food for the domestic market was recorded at 230 000 ha while food for export was more than double, about 520 000 ha, while fuel related investments had been allocated about 1.1 million ha. Hence in the four countries Ghana, Madagascar, Ethiopia and Mali, the land allocated to biofuel (solely for exports) exceeded that of land allocations for food production (domestic supply and exports) by nearly 50 per cent.²⁸ This may reflect that energy related land acquisitions and leases are more extensive in terms of area than large scale allocations to food production which are likely to target relatively more prime quality land.²⁹

Governance issues

All investments and deals documented in Ethiopia and Madagascar are privately owned, while in Mali major government-backed investments exist, including land allocations to a Sovereign Wealth Fund (SWF - government owned funds with financial objectives, but separately managed from other government funds) with a base in Libya.³⁰ When comparing the shares of FDI and domestic investments in Ethiopia, Ghana, Madagascar and Mali, Cotula et al. found that the major part of the investments involve FDI. However, it was also found that national individuals and companies were acquiring land in a number of countries. Ethiopia showed domestic investors accounting for land allocations of 362 000 ha and USD 54 million in investment compared with 240 000 ha and USD 24 million in FDI.³¹

The findings from Ethiopia and other countries imply that the context of large scale land acquisitions and leases cannot be understood properly unless the domestic investor aspects are included. Of particular interest would be to learn how much of domestic acquisitions and leases is related to aspirations about partnering with foreign investors. The involvement of domestic elites or investors may imply that rural smallholders in their struggle to retain their rights are not only faced by external investors, but domestic ones as well or a combination of them. The latter is particularly relevant where external investors are not allowed to own land in the host countries, such as Tanzania and Ethiopia.

An alliance between external and domestic investors linked with host state agencies may be similar in its perspectives to the alliance between African states, international institutions and

²⁸ Calculated on the basis of information in Table 2.3 in Cotula et al., op. cit., p. 51.

²⁹ It is, however, true that sugarcane production also requires continuous water provision and is often related to irrigation systems. See for instance, Sida's Helpdesk for Environmental Assessments, 2009, "Biofuels – Potential Challenges for Developing Countries". Uppsala. On May 28 2009, Friends of the Earth International published a report that casts doubt about the notion that jatropha does not compete with food production for land and water. The report, "Jatropha – wonder crop?" investigated claims made by UK biofuels company D1Oils about jatropha.

³⁰ Cotula et al., op. cit., p. 49.

³¹ Ibid.

donor agencies in the 1970s (and into the 1980s) that also overlooked the interests of African smallholders.³²

The hypothesis that smallholders are increasingly facing an alliance between external and domestic investors in land acquisitions and leases, would possibly imply weak consultations with local communities and interests and lack of transparency around contracts. This was documented in Mozambique in spite of a rather strong policy. Nhantumbo and Salomao (2009) found that national economic priorities give district authorities stronger incentives to promote the interests of investors over local communities. And further they state that, “Local interests are also undermined by the fact that policy does not include terms for benefit-sharing. In addition, the actual legal weight of community consultation processes is unclear.” As a result, “community consultations during land acquisitions by investors are in practice fairly limited.”³³

Cotula et al. conclude that “there is little sign that efforts are made specifically to include significant social groups such as women, or user groups such as pastoralists. Indirectly affected communities, for example those affected by migration out of project areas, have not been included to date. Consultation tends to be a one-off rather than an ongoing interaction through the project cycle.”³⁴ And further they report that, “Lack of transparency is a major challenge in the negotiations of land deals as well as the broader government-to-government arrangement in which individual deals may fit.”³⁵ Given the empirical evidence presented by Cotula et al. of weak, or lack of consultation between investors and government agencies and local interests and communities, it is surprising that they describe the underlying problem not as much as reluctance on the part of local government and companies to “do the right thing” but rather a lack of experience and guidance to shape better practice.

The rise of food and energy issues to top political security priorities among an increasing number of states, implies that current economic analysis, including trade analysis, may weaken its explanatory and predictable potentials, since political aspects tend to overshadow economic efficiency issues. Understanding of the process of land acquisitions and leases related to food and energy may therefore require deeper insights about the governance system around food and energy and in the wider context scarce natural resources.

This perspective is further supported by the increasing number of bilateral investment treaties (BIT) as a framework for foreign direct investments in African food and energy production. According to Cotula et al. 2009 and UNCTAD 2008 there has been a veritable boom in BITs with African countries.³⁶ They increased from 193 in 1995 to 687 by December 2006. The seven countries covered by Cotula et al., signed 71 treaties in the period 2000 to 2009, compared with 5 in the 1960s and 42 in the 1990s.

³² F. Ellis, F., 1982, “Agricultural Pricing Policy in Tanzania”, in *World Development*, Vol. 10, No. 4, pp. 263-283, K. Havnevik ed., 1987, *The IMF and the World Bank in Africa. Conditionalities, Impact and Alternatives*. Nordic Africa Institute, Uppsala, P. Gibbon, 1992, “The World Bank and African Poverty 1973-91.” *Journal of Modern African Studies*, Vol. 30, No 2.

³³ Nhantumbo, I. and A. Salomao, 2009, “Biofuels, Land Access and New Business Models for Rural Livelihoods in Africa – the Mozambican Case.”. Maputo, Centro Terra Viva unpublished, reported in Cotula et al. op. cit., p. 72.

³⁴ Cotula et al., op. cit., p. 74.

³⁵ Ibid., p. 68.

³⁶ UNCTAD, 2008, *World Investment Report 2008 – Transnational Corporations and the Infrastructure Challenge*. Geneva.

Although BITs vary, they usually provide legal protection to investments by nationals of one state party in the other state. The BITs define investments broadly, “which would cover investments in agriculture and land acquisitions.”³⁷ The overall outcome of the new governance system may imply that states pursuing food and energy security through large scale land investments in Africa have been able to attain somewhat similar security for investments compared to that OECD countries aimed at in the aborted Multilateral Agreement of Investments (MAI) in the late 1990s.

The above framework for security for state and state/private investments in individual African countries, may also help explain the rapid increase in FDI in Africa during the last few years - from 17 billion USD in 2005 to 22 billion in 2006 and 30 billion USD in 2007.³⁸ In parallel there has been an acceleration in the investments abroad by Sovereign Wealth Funds (SWF). According to UNCTAD,³⁹ investments abroad by such funds during the last 20 years had reached nearly 40 billion USD of which as much as 75 per cent was committed during 2005-2007. The increasing dominance of SWFs has led to concern about their activities and impacts. Recently both the OECD and the IMF have provided guidance to host countries on SWF investments so that they better can strike a balance between own national security concerns and the continued flow of SWF investments.

In addition to SWFs, State Owned Enterprises (SOE), are also important players in large scale land acquisitions and leases. SOEs can be seen as profit-making companies registered under company law that are wholly or majority owned by the state. Such firms often operate in companionship with non-state or private companies. The importance of SOEs is growing, e.g. all major Chinese transnational companies are state-owned. In addition many strategic private companies are influenced by states or they are able to expand because of their links with SOEs or other state agencies. SOEs usually disclose limited information about their operations, thus blurring their actual role and as well the understanding of the governance system related to large scale land acquisitions and leases related to food and energy. Both formal and informal links exist between private companies and SOEs and such relationships are of particular importance when states pursue energy and food security or wish to access other strategic natural resources.

The Nature of land transfer contracts and benefit sharing

Important insights for understanding the character and distribution of benefits of land transfers may emerge through scrutiny of contracts guiding such transfers. In the African context it is not, however, straightforward to identify the nature of the land rights concerned and who the contracting partners are. This is related to the complex nature of African land ownership, where state ownership, customary ownership systems and private land ownership may exist side by side or intertwined with each other.⁴⁰ Even in Kenya where private ownership and individual titling emerged in the early 1960s, the system is currently in

³⁷ Cotula et al., op. cit., p. 32.

³⁸ UNCTAD, op. cit.

³⁹ Ibid.

⁴⁰ C. Toulmin and J. Quan, eds, 2000, *Evolving land rights policy and tenure in Africa*. IIED and Natural Resources Institute for the Department for International Development, London and K. Havnevik, D. Bryceson, L.-E. Birgegård, P. Matondi and Atakilte Beyene, 2007, *African Agriculture and the World Bank. Development or Impoverishment*. Policy Dialogue No. 1, Nordic Africa Institute, Uppsala, pp. 32-40.

disarray due to lack of proper records, various forms of land grabbing and conflicting and overlapping claims to land.

It has been estimated that formal land ownership or tenure in Africa exists for maximum 10 per cent of the land, and most likely less, and the major part of such land is in urban areas. International donors and financial institutions, including the World Bank, and others seeing Africa from outside, have for decades argued and supported the process of formalisation and privatisation of African land, seeing this as a precondition for increasing agricultural productivity and economic development. More insightful analyses have documented and argued that individualisation of African land ownership can best come from an evolutionary process of commercialisation of African agriculture.⁴¹ Even more recent the World Bank analysis of African land issues has come to an understanding of the virtues of customary land ownership systems and that land is simply not only an economic, but a social and cultural category as well.⁴²

Whose land rights are being transferred in land deals are particularly problematic in countries with state ownership of land and where the management of land has been delegated to rural communities and villages through complex laws and regulations. Tanzania, Ethiopia and Mozambique represent such countries where reported land transfers are increasing, some of significant areas. In these countries foreign ownership of land may be prohibited or complicated, leading in the direction of long term leases, often of durations from 33 to 99 years. The implementation of such deals may be helped by the establishment of joint companies where the domestic partner has the majority. Most African countries with communal type land ownership systems aspire to develop a “one stop” agency for serving foreign investors and their partners in search for land. Investors seeking large land areas, evidently also have to access village land, a cumbersome process which easily gets tangled up.⁴³

Both customary land ownership and community or village managed land systems easily translate into insecure land ownership systems when the state decides to “free up land” on behalf of or in cooperation with external and domestic investors. This can happen in spite of the fact that customary and village land is protected by law (as in Mali, Tanzania, Mozambique and Uganda). A key mechanism used by the state and state agencies to “free up land” for itself and investors is to claim that the land is “waste land” (refer to Ethiopia) or unused or underutilised for which the productivity and incomes can be increased through investments. The offer of such land to investor based land acquisitions and leases signed by the state and the investors, most often result in land conflicts on the ground, since the investor is not considered the legitimate manager or owner of the land. To address land tenure uncertainty in a proper way should thus be a central issue for all partners involved.

Compensations for acquisition and lease of land associated with local land rights are reported to vary between countries and within the same country. In cases where the state holds the ultimate title to land, legal contracts are most often limited to compensation for loss of harvest and land improvements. Such cash compensations are normally insufficient for households to acquire replacement land. Problems of implementation of contracts also obstruct

⁴¹ Platteau, J-Ph 1996, “The Evolutionary Theory of Land Rights as Applied to Sub-Saharan Africa: A Critical Assessment”, in *Development and Change*, Vol. 27, No 1, pp. 29-86.

⁴² World Bank: *World Development Report 2008: Agriculture for Development*. Washington DC.

⁴³ See e.g. Cotula et al., op. cit, pp. 73-4.

compensation to restore affected rural livelihoods. Compensation costs are supposed to be paid by governments, however, due to budget and administrative problems, investors often pay directly to affected local land rights holders and users.

Compensation in kind may thus be preferable for rural people since it at least may guarantee some livelihood security. One example reported by L'Essor (2008) is the compensation offered of 5 ha (2 ha offered free and 3 to be paid over two decades) of irrigated land to each of 800 households affected by a large scale irrigation project in Mali's Office du Niger areas.⁴⁴ In kind compensation was found to be allowed in six countries studied by Cotula et al. 2009 (The Sudan excluded). In all cases investigated compensations were paid by the investor, not the government.

In the Cotula et al. study, assessments of the sufficiency of compensation to restore livelihoods have been made by in-country researchers for four countries, Ethiopia, Ghana, Madagascar and Mali, with no information provided for Tanzania and Mozambique. In my opinion these countries are likely to fall in the same category as Ethiopia (all with state land ownership regimes), for which insufficient compensation to restore rural livelihoods was reported. Even in Ghana, with considerable private land ownership, compensation was found to be insufficient because the Land Evaluation Board usually inserted minimum land rates in the calculation of compensations. Only Mali and Madagascar reported sufficient compensation, although in Mali indirect rights holders were excluded while in Madagascar problems occurred with resettlement.⁴⁵

The benefits to rural smallholders and communities also depend upon how investments projects, acquisitions and leases, are designed and managed. According to IFPRI,⁴⁶ projects that include contract farming and outgrower schemes and involve existing smallholders and land users can generate benefits both for smallholders and communities.⁴⁷ The Special Rapporteur on the right to food recommends that the host government and investors promote labour intensive farming systems that can ensure employment creation.⁴⁸ However, as to employment creation, experiences from labour intensive and large scale ethanol production from sugar cane in Brazil show this is no guarantee for reasonable incomes and social standards and the avoidance of environmental and health problems.⁴⁹ SEKAB, in its planned biofuel investments in Ruiji district in Tanzania, has included portions of smallholder contract farming adjacent to its large scale operations and the company has ambitions as well to learn from the negative aspects of Brazilian experiences.

Environmental sustainability issues

The environmental sustainability issues are important in the context of large scale land acquisitions and leases for food and biofuel production. Intensive, large scale agricultural production is often based on a transformation of complex and diversified smallholder farming systems to mono cropping based on high inputs of fertiliser and pesticides. The conversion of

⁴⁴ L'Essor, 2008 reported in Cotula et al., op. cit., p. 92.

⁴⁵ Cotula et al., op. cit., p. 93.

⁴⁶ IFPRI, 2009, op. cit.

⁴⁷ Ibid., p. 3.

⁴⁸ UN/SRRF, 11. June 2009, p. 14.

⁴⁹ Comar and Gusman Ferraz, 2007, "Brazil's Sugar Cane Ethanol: Villain or Panacea?" Institute for Environment and Development and EMBRAPA/CNPMA, mimeo.

complex agricultural systems, rangelands and forests to mono cropping leads to reduction in the diversity of both flora and fauna and as well as agrobiodiversity and both above ground and subsurface carbon stocks. Many tropical soils are unfit for intensive cultivation or they lack sufficient water for such cultivation. Although irrigation and fertilisers can compensate some of these limitations, they often lead to sustainability problems linked to water logging, salinity and soil erosion.

According to IFPRI,⁵⁰ such problems are likely to emerge when external or domestic investors are driven by short term profit perspectives or they lack understanding of the agro-ecological environment in which their production is taking place. There are numerous large scale agricultural projects in Africa both during the colonial and post-colonial periods that have mined the soil thus destroying its future suitability for cultivation. However, the longer term perspectives of foreign (and domestic) land leases for food or energy over 33 to 99 years, often provide a possibility to plan and implement production sustainably over time. Both food and sugar cane production need proper water access which is often secured through the establishment of irrigation systems. The drawing of water for large-scale production does, however, often infringe on other water users as well as environmental flows which secure and sustain finely tuned ecological systems.⁵¹

Drawing of water from rivers or river basins for agriculture related production may also conflict with hydro energy projects that require continuous and predictable flows of water. In the 1960s and 1970s Africa saw major hydro power projects develop without proper investigation of the ecological impacts. Such projects are again on the drawing board in many countries due to critical energy shortages. The water needs and social and ecological impacts of large scale agricultural and hydropower projects, and their possible competition, needs to be carefully investigated before such projects are planned and implemented. IFPRI⁵² argues for the need to, “conduct careful environmental impact assessment that not only looks at the effects on the local area, but also considers off site impacts on soils, water, greenhouse gas emissions, and biodiversity. Land-lease contracts should also include safeguards to ensure that sustainable practices are employed.”

The UN/SRRF⁵³ calls for even broader impact assessments prior to the completion of land acquisition and lease negotiations that highlight the consequences on the right to food through, (i) local employment and incomes, (ii) access to productive resources of local communities, (iii) arrival of new technologies and investments in infrastructure, (iv) various environmental impacts, but as well (v) access, availability and adequacy of food. Although Cotula et al. 2009 cannot provide insights into the environmental impacts of the projects that were investigated (probably due to the short time span of their operation), they nevertheless recommend (host governments) to conduct state-of-the-arts assessments of the social and environmental impacts of proposed investments that for the environmental aspects resemble the proposals of IFPRI (op. cit.). Environmental sustainability issues are strong in relation to the case study of SEKAB.

⁵⁰ IFPRI, op. cit.

⁵¹ See K. Havnevik, 1993, *Tanzania – the limits to development from above*, Nordic Africa Institute, for a case study on Rufiji district and H. Hoag, 2003, *Designing the Delta: A History of Water and Development in the Lower Rufiji River Basin, Tanzania, 1945-1985*, Boston.

⁵² IFPRI, op. cit.

⁵³ UN/SRRF, op. cit., p. 15.

Food security

Since the rapid increase in food prices in 2007, the issue of food security has taken on a new dignity. It is not a new issue, however, having been discussed and conceptualised in international fora since the 1970s.⁵⁴ The notion of food security has changed over time. In the 1970s it was closely connected with production, due to shortfalls in global production and rising prices. Later, Amarty Sen, showed, using the experiences from Ethiopia in the early 1980s, that food insecurity was not necessarily connected with total production levels, but also with the ability of people to access food, using their different entitlements. In addition the issue of nutritional adequacy of food takes the issue of food distribution all the way to the individual level. To the complexity of food security can also be added that cultural acceptance of food plays a role when assessing food security.

At present, global food production is sufficient to provide every human being with sufficient calories to lead a reasonable life if distributed evenly. In Sub-Saharan Africa the number of undernourished people increased by 20 per cent from 1992 to 2002 (FAO 2006), while the absolute number of undernourished in global terms decreased. Undernourishment and hunger are, however, globally on the rise. The most recent estimate by FAO (19 June 2009) shows that 1.02 billion people will be affected by hunger in 2009, 11 per cent increase from 2008. 265 million hungry people will reside in Sub-Saharan Africa in 2009.

This is the broader background for the sensitivity around export of food and the conversion of agriculturally suitable land in poor countries in sub-Sahara Africa - whether in current use or not - to the production of energy (based on agricultural feed stocks) for export to investing countries. The sensitivity of the issue is also manifested in the widespread social unrest in at least 33 countries associated with the rise of food prices.⁵⁵

The production of agricultural food crops for export to the investor's home country is a main driving force for recent large-scale land acquisition and leases. On the other hand a number of African host countries for such investments are also food-importing countries, or recipients of food aid. Kenya, for instance, was forced due to droughts and failed harvests to declare a national food shortage emergency at the same time as a Qatar-Kenya deal came to public attention which involved the alienation of land for production and export of food crops.⁵⁶ The lease of 1.3 million ha for maize and oil palm being negotiated by Daewoo in Madagascar was set in a similar context, but due to its spectacular features it came to play a role in the political conflicts that overthrew the government in early 2009.⁵⁷ Examples of insufficient

⁵⁴ It is interesting to note that many African states upon independence in the 1960s pursued and/or initiated plans for major multipurpose projects, combining food production through irrigation and hydropower development. E. g. in Tanzania the FAO study, 1961, "Report on the Preliminary Reconnaissance Survey of the Rufiji Basin", addressed the trade-off between agriculture and hydropower production. When Japanese (JETRO, 1968) and Norwegian (Norconsult 1972 and Hafslund 1980) development assistance entered the scene, the focus of the project shifted entirely to hydropower production (see K. Havnevik, 1993, *Tanzania – the limits to development from above*. Nordic Africa Institute, ch. 8). A similar thing happened with Tanzanian plans for multipurpose development, including agricultural irrigation, of the lower Wami river basin. When Swedish and other development assistance actors became involved, the project finally ended up as a single purpose hydropower project at Kidatu, rather than a multipurpose project in the lower Wami basin (M-B Öhman, 2007, *Taming Exotic Beauties. Swedish Hydropower Constructions in Tanzania in the Era of Development Assistance, 1960s-1990s*. Doctoral Thesis, KTH, Stockholm.

⁵⁵ World Bank, *World Development Report 2008*. Washington DC.

⁵⁶ Ochieng-Oron, 2009, as reported in Cotula et al., op. cit., p. 87.

⁵⁷ IFPRI, op. cit.

protection of national food security by African governments and international and domestic investors have occurred over time. They draw attention to the need, not only to address food security in the host country, but to reconcile food security concerns in both host and investing countries. Such concerns will require genuine benefit sharing or the creation of win-win arrangements, that many international investors, including SEKAB, claim that they are developing.

The empirical material being provided by research, NGOs and international institutions, indicates, however, that to bring about win-win outcomes, safeguards have to be introduced to ensure that benefits accrue also to the weaker partner in the arrangements, the smallholder and local communities in the African rural areas. The ascent of food and energy security to the top of political agendas of many states has led to major changes in the governance and investment systems related to food and energy. This new scenario has also provided a revalorisation of land and opportunities for agriculture that, if handled competently, can generate potential benefits. Securing such benefits in a win-win context between rural African communities, host governments and non-African states and their associated companies and investors, represents a major challenge to all parties involved.

Revisiting the recommendations

Transparency in the negotiations

IFPRI and UN/SRRF recommend that negotiations leading to investment agreements shall be conducted in transparency. This implies that local landholders should be informed and involved in negotiations over land deals and that free, prior, and informed consent should be the standard to be upheld when land acquisitions and leases affect local land rights holders. The latter is also recommended by UN/SRRF and Cutola et al. 2009. UN/SRRF, however, qualifies transparency further by adding “full transparency” which implies as well that local communities whose access to land and other productive resources may be affected by the investor shall participate in the negotiations. Particular concern has to be given to protect the rights of indigenous and marginalised ethnic groups. When deciding whether to conclude an investment agreement or not, host governments should, according to UN/SRRF, always balance the benefits of the agreement against the opportunity costs, and in particular so if they are more conducive to the long-term needs of the local population and the realisation of their human rights. Cutola et al. 2009 state that local consultation is likely to be a key success factor during project implementation whether or not it is legally required but also recommend that recipient governments should ask hard questions about the capacity of investors to manage large scale agricultural investments effectively.

The findings presented above show that there is a long way to go before transparency in negotiations about land acquisitions and leases is attained. This is in particular the case in countries where the state holds the ultimate title to land. Here, in many instances the opposite scenario seems to be more common, that local communities and affected rights holders are neither well informed, nor invited to participate in the negotiation processes. A further problem is that local communities and smallholders are often not well informed about their rights as stipulated by laws and regulations. Further problems related to transparency are lack of coordination among government agencies and various levels of government which may cause confusion and uncertainty both among investors and communities. In many countries, policies and guidelines for providing a framework for investments in large scale food or

energy investments are unclear or lacking or those existing are not being implemented. Host governments of large scale land investments have much work to do before there is “a one stop” agency that can serve external investors well.

The rights of local communities, including customary land rights, should be protected

Customary land rights are widespread in Sub-Saharan Africa and respond to fundamental cultural features and needs of African rural populations connected with access to food, belonging, status and meaning. Customary rights often exist as bundles or layers of rights relating to families, clans and communities that have developed over time based on redistribution and reciprocity principles. Often they are not in writing. However, many countries with state land ownership regimes, acknowledge customary land ownership systems even protect them by law. UN/SRRF recommends that states should adopt legislation protecting the rights of local communities at all times and specifying in detail conditions according to which shifts in land use, or evictions, may take place, as well as the procedure to be followed. Both Cotula et al. and UN/SRRF recommend that states should also assist communities in obtaining collective registration of the land they use.⁵⁸

Currently, however, customary land ownership systems may be unable to identify clearly the rightful land holder that is to be entered in a contract. The process of freeing land for offer to investors in large scale food and energy production, often overlooks that unused or underutilised land is important for communities or households. Lack of clarity both within and between various laws often creates problems for smallholders and communities in understanding their basic rights. The best way to protect local rights, including customary land rights, is to establish consultations and negotiations related to large scale land acquisitions and leases that adhere to the principles of full transparency (see above). Otherwise, problems may emerge further on that may reverse or undermine the investment or leave investors and local land holders frustrated.

Sharing of benefits between local communities and investors

The recommendations by IFPRI, UN/SRRF and Cutola et al. all place strong emphasis on the sharing of benefits. According to IFPRI, the local community should benefit, not lose, from foreign investment in agriculture. IFPRI states that leases are preferable to lump-sum compensation since they will generate continuous revenue streams when land is taken away. Contract farming and outgrower schemes are considered even better as they leave smallholders in control of their land at the same time as they may achieve secure deliveries to the investor. IFPRI also underlines that explicit measures are needed to enforce compensation if it is not forthcoming.⁵⁹ UN/SRRF goes a step further and recommends that investment contracts and investment agreement revenues should be used for the benefit and need of the local population. Contractual arrangements for the provision by the investor of improved technologies, access to credit and pre-defined prices and volumes of crops, may be preferable to long-term leases of land or land purchases.⁶⁰

⁵⁸ UN/SRRF, op. cit., p. 14 and Cotula et al., op. cit., p. 109.

⁵⁹ IFPRI, 2009, op. cit., p. 3.

⁶⁰ UN/SRRF, 2009, op. cit., p. 14.

Cotula et al. warn that local expectations of benefits may be beyond what is realistic. Unclear contractual conditions and too optimistic promises by the investor, may often result in frustration or conflicts. High priority should therefore be given to clarity about the costs and benefits of the land acquisition or leases from the beginning. This includes realistic assessments, e.g about number and types of jobs created, and honest communication of what the investment will generate.⁶¹ Cotula et al. also underline that long-term land leases of between 50 and 99 years, are unsustainable unless there is some level of local satisfaction. Innovative business models and outgrower schemes could address some of these challenges.⁶² IFPRI recommends that the standards of the World Commission on Dams could be a concrete example for compensation to be restored to an equivalent livelihood standard.⁶³

The empirical findings presented above show that the real situation as regards benefit sharing regarding land acquisitions and leases is a long way from what is being recommended. Where state land ownership prevails, the affected households normally get compensation only for crops and land improvements. Even in situations where private land ownership is involved, there are often faults with valuations and implementation of contracts. Stronger and binding regulations on an international level that can be enforced both in the host and the investing countries are required to address real compensation to local land rights holders. An issue not raised in any of the recommendations, is compensation related to technological change, e.g. with a break through of second generation biofuel technologies that can make current biofuel technology redundant.

Environmental sustainability

All recommendations are strong as regards environmental sustainability. Investments should include careful environmental and social impact assessment and monitoring to ensure sound and sustainable agricultural production practices. The recommendations also aim at avoiding increases in greenhouse gas emissions. UN/SRRF recommends that host states should explore low external input farming practices to meet environmental challenges.⁶⁴ Cotula et al. recommend that recipient governments should place sustainable development at the centre of investment decision-making. Given the long term nature of many of the recent land leases, strategic thinking rather than ad hoc and short term decision making is important in order to secure long term rural development. One element proposed by Cotula et al. in this connection is to combine foreign investments with domestic resources including smallholder farming and thereby create long-term synergies.⁶⁵

The reporting so far on recent large-scale land acquisitions and leases for food and biofuel production does not include any substantial documentation of environmental impacts. This is mainly due to the recent development of the process. However, many of the fears voiced are based on numerous past experiences of large scale agricultural production with documented and considerable negative impacts for the environment, including water related impacts, loss of biodiversity, loss of soil fertility, negative effects of high levels of inputs of fertiliser and pesticides etc. In addition, social impacts related to marginalisation and exclusion of smallholders and pastoralists have been frequently reported in connection with large-scale

⁶¹ Cotula et al., op. cit., p. 104.

⁶² Ibid.

⁶³ IFPRI, op. cit.

⁶⁴ IFPRI, op. cit., p. 4 and UN/SRRF, op. cit., p. 14.

⁶⁵ Cotula et al., op. cit., p. 106.

agricultural schemes and investments. The issue of environmental sustainability related to large-scale production of food and biofuels, although key aspects may vary, is real and needs to be taken seriously by all partners involved. The danger may arise, as in many past projects, that large scale investors pay less attention to long term production and sustainability aspects due to short term profit maximisation. This fear is less pronounced regarding large scale land acquisitions and leases for food production as compared to biofuel, due to the above mentioned technological uncertainty.

Food security in the African countries and communities shall not be compromised

The global rise in food prices since 2007, and the recent financial crisis and its global economic impacts, have resulted in a set-back for food security in Sub-Saharan Africa and globally. Conversion of land to biofuels has also had an effect on rising food prices and increased food insecurity. The last estimate by the FAO (19 June 2009), shows that the number of hungry people globally will rise to 1.02 billion in 2009, a record high, an increase of 11 per cent over 2008. In 2009, 265 million of the world's hungry will reside in Africa. The only regions avoiding increase in hunger in 2009 will be Latin-America and the Caribbean.

The UN/SRRF⁶⁶ is particularly concerned with recommendations that can address the human right to food and attainment of food security. In order to ensure that large scale land acquisitions and leases shall not lead to increased food insecurity for the local population, due to increased dependence on international markets or food aid in a context of higher prices for agricultural commodities, the UN/SRRF proposes that, "investment agreements should include a clause providing that a certain minimum percentage of the crops produced shall be sold on local markets." IFPRI formulates its safeguard on food security in relation to adherence to national trade policies. "When national food security is at risk, domestic supplies should have priority. Foreign investors should not have a right to export during an acute national food crisis."⁶⁷ Cotula et al.'s recommendations do not specifically address food security, but the wide range of their recommendations to various stakeholders, including investors, recipient governments, development aid agencies and the organisation of the rural poor, focus on the overarching perspective related to long-term sustainability and food security.

Tanzania case study – SEKAB's biofuel project in Rufiji district

Background

Actually, the Swedish Company, SEKAB, was founded more than a hundred years ago (1906) and the core business of the present (established in 1985), municipally owned, company is to develop second generation ethanol and green chemicals from lingo-cellulose biomass for which it is highly acclaimed.⁶⁸ However, it has taken more time than expected to achieve commercially feasible production of second generation ethanol technologies and alongside this technology development SEKAB therefore decided to venture into first generation ethanol production globally where land areas are available. SEKAB's vision is that the

⁶⁶ UN/SRRF, op. cit.

⁶⁷ IFPRI, op. cit., p. 4.

⁶⁸ Refer note 5

production and use of non-fossil fuels in the transport sector has to increase in order to address climate change in the period until the second generation ethanol becomes commercially available (personal communication with CEO of SEKAB, Dar es Salaam, November 2007).

The company thus decided to internationalise its production and trade of first generation biofuels to Brazil, Ghana, Poland, Hungary, Tanzania and Mozambique. During the first years of the 2000s, SEKAB had become the largest ethanol importer of biofuel to the EU market.⁶⁹ Its engagements in Tanzania, which started in 2006, focus on ethanol production based on sugarcane on a former state farm in Bagamoyo district and the targeting of large areas, about 300 000 ha, in Rufiji district, located along the Indian Ocean coast about 150 km south of Dar es Salaam. The company established its Tanzanian subsidiary SEKAB BioEnergy (T) Ltd.

SEKAB's proven Swedish experience and global vision related to climate change and rural development, enabled it to mobilise resources and manpower. The choice of Tanzania as a production country was based on the assumed existence of available and suitable land for large scale biofuel production. Tanzania as well has a strong Swedish and Nordic aid relationship dating back to the 1960s. The objective of SEKAB BioEnergy (T) Ltd (hereafter SEKAB (T)) was to set up office in Dar es Salaam, to recruit competent personnel to plan the projects, start land acquisition processes and conduct initial risk and environmental and social impact assessments (ESIA). The first ESIA was conducted for the Bagamoyo project under contract with an experienced Swedish consultant company, ORGUT.

The Bagamoyo project including 20 000 ha was first in the pipeline and according to SEKAB the ESIA for this project, conducted in 2008, was accepted by the Tanzanian government in early 2009. An initial Risk and Opportunity Study for the Rufiji project was conducted jointly by the Stockholm Environment Institute, SEI, and the Institute of Resource Assessment, IRA, the University of Dar es Salaam in May/June 2009.

This case study will analyse SEKAB's Rufiji biofuel project in order to throw light on how and to what extent a well reputed Swedish municipal energy company addresses some of the consensus recommendations presented by IFPRI (April 2009), Cotula et al. (2009) and UN/SRRF (June 2009) (see above).

SEKAB (T) Ltd was established in Tanzania at a time when development assistance fatigue had taken hold among many competent Swedish and Nordic development practitioners with long term experience from Tanzania. With its vision and dynamic leadership, SEKAB (T), promised employment opportunities and increasing incomes in rural Tanzania, something development assistance had failed to deliver. SEKAB (T) was thus able to recruit some of the most competent Nordic project managers and practitioners alongside experienced Tanzanian professionals. SEKAB on numerous occasions also organised meetings and informed the relevant Swedish authorities, notably the Swedish International Development Agency, Sida, and the Foreign Ministry. Professionals with long experience from high positions in Swedish development assistance and diplomacy also chose to make their services and competence available to SEKAB. SEKAB (T) also put a lot of effort into informing relevant Tanzanian authorities, international agencies and donors, not least the Swedish and Norwegian Embassies in Tanzania.

⁶⁹ P. Roberntz, T. Edman and A. Carlson, 2009 (June 19), "The Rufiji Landscape. The sweet and bitter taste of sugarcane grown for biofuel". Draft report prepared for WFF, Sweden.

When SEKAB announced its Tanzania biofuel plans, the ideas found support among many development assistance professionals and diplomats and the Swedish ambassador took a keen interest in it. It clearly emerged that Tanzania had neither guidelines nor policies that could assist government agencies at all levels to coordinate and guide such large projects, involving hundreds of thousands of hectares. The Swedish Embassy created a forum for discussion about how frameworks could be developed for the biofuel sector. The push from potential biofuel investors was enormous and a representative from the Ministry of Agriculture claimed that by mid-2008 there were 30 foreign investors in the process of preparing the ground or developing biofuel projects (personal communication with member of the national biofuel task force, Dar es Salaam, November 2009).

From the government side a national biofuel task force was established with coordination from the Ministry of Energy. In January 2009 the Norwegian and Swedish development agencies, Norad and Sida, provided 3 million USD to the Tanzanian government for the development of guidelines for the biofuel sector. Guidelines, not policy, had to come first, due to the urgency of the situation. Various draft guidelines have so far been circulated in the relevant Tanzanian ministries. A problem with the process seems to be that biofuel issues are addressed primarily as energy issues, and not sufficiently connected with agricultural and other aspects. However, as of July 2009, no final guidelines for the sector exist.

The development of SEKAB (T)'s biofuel projects has thus taken place in a context without guidelines and policies directing activities in the sector. The Tanzania government and parliament had, however, at earlier stages passed laws and regulations of relevance for the biofuel sector, such as the Tanzanian Investment Policy of 1997 and the Land Act and the Village Land Acts of 1999 (with subsequent amendments). The Tanzanian Investment Centre (TIC) was also tasked with preparing the ground for large scale biofuel investments through identifying suitable land for investors through the establishment of a Land Bank and acting as a "one stop agency" in order to attract and serve external investors. The TIC claims to have identified 2 million ha as suitable for large scale biofuel production, but this land is not free to be offered to investors, since much of it is claimed by villages. The establishment of a Land Bank has not materialised due to lack of funds for land compensations. International donors are reluctant to provide assistance to the TIC administered Land Bank due to the fear of marginalising smallholders with weak land rights (personal communication with representative of TIC, November 2009).

A critical aspect of large scale biofuel projects is access to land, either for acquisition or lease. The best option for land access in Tanzania is through the long term leasing of village land. In a note from February 2009, the SEKAB (T) land and agricultural manager, outlines the process that the company is involved in to access village land for investment. Since a foreign company cannot own land in Tanzania it can be given a user right or lease through the TIC. The TIC has been given ownership of the land through the Commissioner of Land, and a foreign company is given a Derivative Right of Occupancy. This is based on a leasehold system and the holder will only pay an annual administrative fee for the land. According to the SEKAB manager the difficult nature of the process has so far led to that "very few foreign investors have so far been given such derivative rights."⁷⁰

The TIC connection outlined above is but the last part of the process. In order to access village land in Tanzania, the foreign investing companies and their local subsidiaries, have

⁷⁰ Oscarsson, P., 2009, "The Land Process in Tanzania", mimeo.

been urged by the TIC to visit district and village authorities in order to identify and discuss the availability of suitable land. For a village to allow foreign investors to lease village land under derivative rights, the Village Assembly, constituted by all villagers above 18 years of age, has to give its consent. In discussions at village level there is, however, ample ground for misunderstanding due to language problems, cultural barriers and insufficient knowledge and information about local rights. Two major legal and regulative processes regarding village land demarcation and land use, should in principle have been cleared before land can be leased to foreign investors. The village should have received its village land certificate from the Ministry of Lands which is based on the finalisation of cadastral surveys of village borders and a village land use plan (VLUP). As of today less than 1000 of the 11 000 registered Tanzanian villages have received their village land certificates. The VLUP is prepared by the National Land Use Commission and shows the zoning in different uses of village land. According to the Commission, the preparation of land use plans, “is the only way to meet requirements for villagers scientifically and find extra land for the biofuels production.”⁷¹ The process of preparing village land use plans is, however, also proceeding very slowly.

According to the SEKAB land and agricultural manager, the company has set in motion the process to access village land and has followed the legal process step by step. By February 2009 SEKAB was dealing with 13 of the some 90 villages in Rufiji district. However, since the village land use plans had not been finalised, SEKAB (T) “decided to put the continued discussion with most of the villages on hold till the exercise was finalised.” In only four villages had SEKAB by February 2009 managed to finalise discussions and demarcations with the villages and been given final approval from the Village Assemblies.⁷² In addition to informing about its handling of the complicated land access process, SEKAB (T) also makes efforts to inform about its emphasis on sustainability and rights perspectives as guiding criteria for its operations and its willingness to enter into “serious dialogue on how to best achieve social and environmental sustainability.”⁷³ This was most recently done in response to the draft WWF-Sweden Report of June 2009.⁷⁴

Findings from WWF-Sweden’s investigation of SEKAB (T) biofuel development in Rufiji district

The WWF-Sweden report regarding SEKAB (T)’s plans for large-scale biofuel in Rufiji district is based on a field visit to the district in late March 2009, including visits to and discussion with authorities and smallholders in villages where SEKAB (T) is involved. By combining village maps (obtained in the villages), maps provided by SEKAB (T) (providing

⁷¹ Web site of National Land Use Planning Commission, April 2009.

⁷² Oscarsson, op. cit., p. 4

⁷³ SEKAB (T)’s official response dated 25 June 2009, to the draft report by WWF-Sweden (Roberntz et al., 19 June). Here it is claimed that SEKAB (T), “from the start stated that sustainability is a top priority and realises that difficult compromises to social and environmental challenges are necessary” and further that, “SEKAB is interested in a serious dialogue on how to best achieve social and environmental sustainability.” SEKAB (T) does not feel, however, that “the WWF assumptions, statements and guesses” can be a base for a constructive dialogue for “true development” and “sees no reason to discuss them in detail in this forum” (i.e. the response of June 25). To this my comment is that a constructive dialogue has little space to develop if one of the partners has the blueprint for “true development”. The WWF-Sweden draft report provided a good opportunity for SEKAB (T) to inform about and explain why their plans had taken their current path and why discrepancies between visions and planning operations on the ground occur. The history of development assistance and investments is full of such discrepancies that need to be discussed by all stakeholders in order for objectives to be attained.

⁷⁴ Roberntz et al.

information about their plans), and maps of village land use plans (from the National Land Use Planning Commission), and findings from interviews, WWF-Sweden provides a rather startling picture of SEKAB (T)'s plans in terms of location and possible impacts that show wide discrepancies with the company's stated objectives that emphasise sustainability and local rights perspectives. The key information provided by WWF-Sweden, and which is shown in some of the attached maps, 1-5, is presented in the following.⁷⁵

SEKAB (T) planned investment area

WWF-Sweden was provided with maps by SEKAB (T) on two occasions. They indicated similar geographic locations of the project, but the second map showed a smaller area and was more specific in terms of outgrower areas and village boundaries. The total area of the project in the first map comprises 175 000 ha (polygons and ellipses in map 1) and the areas of the second map received add up to about 78 000 ha (polygons in map 2). About 15 per cent of this land, 11 400 ha, is targeted for outgrower land.

The character of outgrower schemes

Based on interviews and map 2 it was found that the outgrower areas adjacent to the SEKAB project are planned to be a sharecropping system rather than outgrower schemes with some influence for smallholders. The scheme will be managed by SEKAB and any profits after deducting SEKAB costs, will be returned to the villages.

Overlap between SEKAB investments and conservation areas

Combining SEKAB's map showing areas of planned investments with UNEP maps of protected areas in Rufiji district, the WWF-Sweden draft report shows that the location of the investments will intrude on two forest reserves, *Katundu* (about 6 000 ha) located south of Rufiji river, and *Ruahi river* (about 80 000 ha) to the north (see map 1 and 2). According to UNEP these forest reserves are not defined as key biodiversity areas, but as nationally protected areas.

Planned investment area, vegetation cover and carbon

When the WWF-Sweden team overlayed the SEKAB map with the demarcation for sugar cane cultivation, including outgrower areas on Nyamwage village land, with a vegetation map, it emerged that the planned sugar cane plantation would be located on wooded grassland (see map 3). A field visit confirmed that the area was covered by Miombo forest and it was estimated that the canopy cover exceeded 30 per cent. Old Miombo forests such as that located in Nyamwage village attracts high prices on the timber market, but they store large quantities of carbon as well.

According to UNEP maps, the areas of SEKAB interest in Rufiji district, have high (148-563 tonnes carbon/ha) to medium (101-148 tonnes carbon/ha) carbon content (see map 4). According to WWF-Sweden sugar, cane plantations covering 200 000 ha on such land would potentially transform land that currently stores between 20 to 113 million tonnes of carbon. In comparison, the annual GHG emissions from road traffic in Sweden are about 20 million

⁷⁵ Roberntz et al., pp. 17-19. All maps are taken from Roberntz et al. 2009.

tonnes of carbon dioxide, equivalent to 5.5 million tonnes of carbon. Hence, according to WWF-Sweden, if all stored carbon in the vegetation on 200 000 ha were released as carbon dioxide, it would equal between four and 20 years of the GHG emissions from the current Swedish road traffic.

An initial risk assessment of SEKAB (T)'s large scale biofuel production in Rufiji district was published in June 2009.⁷⁶ This report, on the other hand, assumes a low impact of SEKAB's planned production of biofuels for interfering with carbon sequestration, but at the same time it is stated, somewhat contradictorily, that the risk has not been determined.

Planned investment areas and village land use plans

Of the 8 village land use plans that WWF-Sweden received from the office of the National Land Use Planning Commission, six village plans coincided with SEKAB's demarcated areas of interest (map 2). The following zonings of village land would, according to the WWF-Sweden analysis, be affected by sugar cane production (as an example the village land use plan of Kipo village is attached as map 5):

Village	Affected
Kipo (see map 5)	Reserve land, grazing land
Nyaminywili	Reserve land, farm land
Kipugira	Reserve land
Ndundunyikanza	Forest reserve
Ngorongo West	Village forest, investment land, rice fields
Ngorongo East	Investment land, village forest, settlement area

WWF-Sweden's detailed findings on village level show that SEKAB (T)'s sugar cane plantations will affect village land in different degrees in the range of 15 per cent to 77 per cent. The planned sugar cane plantations would in addition reduce farm land available in some villages. Nyaminywili village would transfer 60 per cent of its farm land to sugar cane production and Ngorongo West, 49 per cent.⁷⁷ The SEI/IRA report⁷⁸ assumes that a low risk exists regarding interference of sugar plantations with food production without, however, providing any documentation of relevant village land use plans. This assumption is in contrast to the findings presented by WWF-Sweden.

Consultations and compensation

According to interviews conducted by WWF-Sweden in Rufiji villages, SEKAB's strategy, when consulting with villages and reaching agreements, seems to have been to address one village at a time. This approach, as argued by WWF-Sweden, is likely to undermine the

⁷⁶ Stockholm Environment Institute/Institute of Resource Assessment, IRA, University of Dar es Salaam (SEI/IRA report), 2009, "Initial Assessment of Socioeconomic and Environmental Risks and Opportunities of Large-Scale Biofuels Production in the Rufiji District." A report prepared for SEKAB (T).

⁷⁷ Roberntz et al., p. 19.

⁷⁸ SEI/IRA, op. cit.

possibility of villages having fair negotiations and tensions between villages may emerge as well if large discrepancies occur in the agreements. Interviews conducted in villages indicated that promises had been made by SEKAB (T) on social development, e.g. building of schools. No information, however, is provided about the follow up of such promises. WWF-Sweden is of the opinion, after its brief fact finding trip, that lack of knowledge among villagers implies a special responsibility for investors to ensure that local livelihood compensation and social development are adequately addressed.⁷⁹

Some preliminary assessments

The field findings provided by WWF-Sweden regarding SEKAB (T)'s approaches and plans for large scale biofuel production in Rufiji district show only limited considerations to environmental sustainability, including climate change issues. The large scale sugar cane plantations will partly be located on reserved forest land and will result in land use changes with negative implications for climate change. It is highly questionable, under such conditions, that the production of biofuel by SEKAB(T) in Rufiji will adhere to the EU sustainability criteria (refer p. 6). In addition the local food security situation is negatively affected through planned encroachment of large scale plantations on village farming areas. The organisation of the outgrower schemes seems more like a sharecropping arrangement than a scheme where smallholders can influence their production and marketing conditions. The SEI/IRA initial risk assessment of SEKAB (T)'s investment plans for biofuel production in Rufiji district, raises far fewer questions regarding investment risks, climate impacts, intrusion on farming land and natural reserves. However, the analysis and findings of this report are supported by limited cartographic documentation and far less than that of the draft report of WWF-Sweden, of which much was obtained from official Tanzanian agencies. The SEI/IRA study is also weak in its analysis of the environmental implications of the planned large-scale irrigated biofuel plantations and in particular on their impacts environmental flows and fragile downstream ecological systems, although it is recommended that the issue should be further investigated.

In spite of being an experienced, municipally owned energy company with a vision to contribute to positive climate change, SEKAB (T) fails in important areas to deliver in the direction of the recommendations proposed by IFPRI, Cotula et al. and UN/SRRF related to large-scale acquisitions and leases of African land. How can a company held in high esteem internationally for its technological developments in its Swedish part, plan its activities in Tanzania with such shortcomings? Are external investors operating with different standards in their home countries, as compared to Africa? The findings presented in this article indicate the existence of such a scenario which is not promising for the future impacts of large-scale land acquisitions and leases on the continent.

An internationally accepted code of conduct for large-scale land acquisitions and leases with "teeth" may be required to address the situation. Such codes of conducts have been pushed by civil society organisations, and in particular Transparency International, when it comes to bribes. Giving bribes has now become a legal issue also in OECD countries rather than just in the country where they are being paid. Such laws have been adopted throughout OECD. Laws, based on the similar principles - that they apply everywhere - could be developed for large-scale land acquisitions and leases as well. This would help compensate for the weak

⁷⁹ Roberntz et al., p. 21.

governance system in many host countries of investments with insufficiently developed legal institutions and enforcement mechanisms.⁸⁰ Such laws would also constitute checks and balances for the new governance system emerging connected with the ascent of food and energy security to top political priority in many countries.

As to SEKAB (T), the mother company in Sweden, recently decided to withdraw and sell its activities in Tanzania and Africa. The mother company and its owners were not willing any longer to extend further funding to these activities. A new CEO has taken over SEKAB (T) and preparations are being made for the selling the activities on which the mother company has had to take considerable losses. The total outcome of the Tanzanian venture will, however, depend on the sales price obtained. A future change in ownership will not imply that challenges related to large-scale biofuel production in Rufiji district are gone. Most likely local communities and smallholder will face new investors and as well the environmental issues will remain. The rapid expansion and changes connected with large-scale acquisitions and lease of land for biofuel and food, give urgency to the call, mentioned above, for establishment of legal regulations that can apply everywhere.

Some concluding remarks and questions

Technological change

An important issue related to technological change is the possible break-through for second generation technologies for biofuel production which can apply other raw materials than agricultural feed-stocks. For instance, SEKAB, Sweden, is heavily involved in such efforts, as well, and has received high international acclaim for this part of its operations (see reference 5). A commercial breakthrough for second generation technologies is likely to undermine or make redundant the first generation biofuel production technologies currently in use. When such a technological breakthrough occurs and new raw materials take the place of agricultural feed-stocks, what will investors do? Will those who are now taking over large land tracts in Africa, remain with their production activities employing first generation biofuel technology or will they withdraw?

The implications of technological change related to biofuel production are real but may also relate to other types of production and products. Such issues need to be reflected upon because they have fundamental implications for Africa's long-term sustainable agricultural and rural development. African policies for agriculture and rural development seem to overlook such long-term strategic issues. The recommendations presented in this article for guiding large scale acquisitions and lease of African land also seem to be unable to capture such issues. African development strategies have so far, and for understandable reasons, had to face mainly short term acute challenges. What is being done and who is taking responsibility for ensuring that long term strategic issues, such as those related to a breakthrough in biofuel production technology, are being properly addressed? A proper handling of long-term strategic issues on the part of African governments and institutions will also help to protect the development space of African smallholders.

⁸⁰ IFPRI, op. cit, 2009, p. 4.

The role of smallholders

In the discussion about large-scale outsourcing of African lands for food and energy, several trends and processes have been noted that are affecting African smallholders. In fact many of the recommendations proposed for regulating the outsourcing of African land are specifically directed to protect rural people's rights and livelihoods. It seems that the dynamic global developments regarding food and energy securities are turning the African agricultural agenda upside down. Rather than acknowledging that African smallholders for generations have been, and currently are, foundational for African agriculture, the focus has shifted towards safeguarding their rights and conditions from large scale investment projects driven by external states and international and domestic investors. How to make smallholders and communities survive, a welfarist approach, rather than one focussing on their long term potential contribution to broad based African development, has taken precedence in many quarters. Even the World Development Report 2008⁸¹ is ambiguous about the role of African smallholders:

An emerging vision of agriculture for development redefines the roles of producers, the private sector, and the state. Production is mainly by smallholders, who often remain the most efficient producers, in particular when supported by their organisations. But when these organisations cannot capture economies of scale in production and marketing, labor-intensive commercial farming can be a better form of production, and efficient and fair labor markets are the key instruments to reducing rural poverty.

The editors the World Development Report 2008, have, however, recently come out more clearly on the issue of large scale versus smallholder agriculture in Africa: "Although large-scale agriculture has a place in some land-abundant areas of Africa – if it is driven by markets rather than subsidies and if the rights of the current land users are adequately protected – it would be a grave mistake to forsake the proven power of smallholders to jump-start growth, reduce poverty, and solve the hunger crisis in Africa and beyond. Promoting smallholder farming is not "romantic populism" but sound economic policy."⁸² Other initiatives, such as the Alliance for the Green Revolution in Africa, is helping to strengthen the focus on African smallholders by providing research funding, capacity development and input support. The challenge for these new initiatives is to base them on a proper understanding of the complexities, constraints and possibilities, in which African smallholder agriculture is embedded.

Institutional reflection related to promotion of smallholder agriculture

In parallel with a strong push towards outsourcing of African lands for large scale food and biofuel production, there is also a growing consciousness about the role of African agriculture and land not only for production, but also for belonging, status, solidarity and, in the widest sense, African culture. This opens for a wider understanding of rural production and livelihoods and their institutional foundation. The role of land ownership systems remains

⁸¹ World Bank, 2007, *World Development Report 2008 – Agriculture for development*. Washington D.C. For a critical assessment of the World Bank's support to African agriculture over time and the World Development Report 2008, see Havnevik et al, 2008.

⁸² D. Byerlee and A. De Janvry, 2009, "Smallholders Unite." Response to Paul Collier in *Foreign Affairs*, March/April 2009.

central in the discussion about African rural diversity and the conditions for improved agricultural productivity. The promotion of individual property rights to land has been long standing advice on the part of international financial institutions, donors and many economists in order to generate agricultural productivity growth. This, it is claimed, would open a space for individual rational economic behaviour and provide security for long-term investments, it would also do away with gender discriminating ownership systems.

However, from another perspective a shift from existing customary land ownership systems based on redistribution and reciprocity principles, however weakening, to individual land ownership is likely to face numerous problems that may easily lead to conflict and unstable production conditions. The land adjudication process in a context of overlapping and complex rights system that have developed over generations may also undermine the future legitimacy of land owners. Another major hindrance to agricultural productivity enhancement is the vesting of the radical title to land ownership with the state. This has led to continuous state initiated institutional changes and interference which has often undermined smallholder trust and created an underlying uncertainty regarding smallholders' and communities' land rights. It is also a major obstruction when it comes to compensation to local land rights holders and communities in connection with land transfer related large scale land acquisitions and leases.

An alternative land ownership solution that may be worth reflecting upon, is to prepare for the end of state land ownership systems and transfer land ownership as well as management to rural smallholders and communities. This is not a new idea, and the change cannot be achieved without a protracted struggle. Nearly two decades ago a similar recommendation came from the Presidential Commission on land in Tanzania (1992). The idea was, however, removed in the process of formulating the Tanzanian land policy of 1995, a process controlled by state agencies. The subsequent Land Acts of 1999 also retained a state land ownership regime.

Transfer of land rights to rural smallholders and communities would make it possible to develop rural production and livelihoods from below, using and developing existing institutions to adapt to internal and external pressures and opportunities. In parallel, individual ownership systems could be strengthened where they exist, for instance in Ghana and Kenya. In my assessment, it is necessary for long term sustainable agricultural development, that can induce growth and reduce poverty, to emerge through the strengthening of local communities and institutions of rural Africa according to their own needs and perceived opportunities. This space for influencing one's own development is an important, if not the most important impetus for change. Increased autonomy, local institutions and secure land rights and entitlements can, in my opinion, help create such a space. Such a shift in perspective regarding African rural development, however, can only result from increasing respect for and changing power relations in favour of smallholder and rural communities. Power is also related to the configuration of new governance related to large-scale food acquisitions and leases.

Governance changes and the need for widening of the analytical approaches

The emerging governance systems connected with food and energy security and related to large-scale land acquisitions and leases, create challenges for understanding of the driving forces and outcomes of the process. The rise of food security and energy security to primary political concerns may imply that economic aspects related to understanding the large scale acquisitions and leases of African land may have to give way to political considerations and

aspects. Such aspects should, however, not be subsumed to economic aspects but be given a certain autonomy in the explanatory models or perspectives. Such an approach may also provide a better basis for understanding the long term strategic challenges facing Africa in a context of globalisation.

A more comprehensive analysis could be attained, by connecting the macro-oriented analytical approach to increased insights about micro-level institutional dynamics. This will require a broadening of the economic analysis with sociological and cultural aspects and perspectives since African rural livelihoods seem to connect or integrate economic priorities and rationality with concerns about rural survival that encompass both redistributive and reciprocity aspects and relationships.