CONCEPT NOTE

Making Agricultural Investment Work for Africa: A parliamentarian’s response to the land rush

BACKGROUND

Since 2008 there has been a wave of foreign investment in land and water, predominantly in Africa. An explosion of media reports and a series of studies confirmed the scale and consequences. In 2010, the World Bank published a study, which found that reported land deals amounted to 45 million hectares in 2009 alone. That is compared with an average land expansion rate of 4 million hectares a year in the decade leading up to 2008. The top four targets for investors were Sudan (4 million hectares), Mozambique (2.7 million hectares), Liberia (1.6 million hectares) and Ethiopia (1.3 million hectares). In 2012, the International Land Coalition (ILC) revised those figures, and now estimates that over the past ten years, investors are reported to have acquired or are negotiating a total of 203 million hectares of land, 134 million hectares in Africa (a land area bigger than the whole of South Africa).\(^1\)

A key driver for investment is the growing global demand for food and biofuels coupled with increasing water shortage and scarcity, forcing some governments to look abroad. The financial sector is seizing these new opportunities.

\(^1\) The ILC has been able to verify and crosscheck a total of 71 million hectares, 34 million in Africa. Anseeuw W., Wily L. A., Cotula L. and Taylor M., *Land Rights and the Rush for Land*, IIED, CIRAD and ILC, January 2012
The investor rush was triggered in response to the biofuels boom from 2003 and the global food and financial crises in 2008. In January 2011, the Food and Agricultural Organisation (FAO) warned of a new “food price shock” that could lead to a prolonged food crisis.

Rural areas and the agriculture sector desperately need both public and private investment. One billion people go to bed hungry every night. Seventy percent of those people live in rural areas and depend on agriculture for their livelihoods. There is an urgent need to increase substantially the support to the agriculture sector to be able to improve food security. Foreign direct investment is one source of investment for agriculture, which can increase the production and generate significant benefits such as creating jobs and increasing local incomes. But for foreign investment to work, countries need a robust and sustainable policy framework and capacity to implement and monitor projects. Otherwise there is a serious possibility that foreign investment will lead to negative effects on small-scale farmers and communities.

Not all foreign investment contributes to development or increases employment. In fact, a series of reports on foreign investment in farmland, from intergovernmental organisations (such as the World Bank), universities, policy think tanks and NGOS, found that investors were targeting countries with weak land governance, resulting in land transfers that often neglected existing land rights, displaced local populations, increased corruption, undermined food security, caused environmental damage, led to loss of livelihoods, access to forests or grazing areas for vulnerable groups, nutritional deprivation, social polarization and political instability. The reports also found that in

2 Studies were undertaken by Agricultural Research for Development (CIRAD), Food and Agricultural Organisation (FAO), Foodfirst Information and Action Network (FIAN), German Agency for International Cooperation (GIZ), Grain, International Food Policy Research Institute (IFPRI), International Fund for Agricultural Development (IFAD), International Institute for Environment and Development (IIED), International Institute for Sustainable Development (IISD), International Land Coalition, Land Deals Politics Initiative, Oakland Institute, Oxfam International, UN Conference on Trade and Development (UNCTAD), the World Bank and many others.
many cases the projects often failed to generate employment. All studies pointed to a culture of secrecy where communities, and even government officials, were not consulted or informed about land deals until after they had been signed. Parliamentarians have been totally left in the dark.

IMPACT OF THE LAND RUSH ON WOMEN

Alarmingly, the World Bank report found that virtually all projects had a negative impact on women. Women’s livelihoods were negatively affected because of land access issues. In addition, the time required for women to gather water or firewood increased. In one case study, communities in Gaza Province, Mozambique, ceded to outside investors access to forest and water resources critical to the livelihoods of women.

In many cases, land rights were presumed to be in the name of men only, and consultations were limited to males in the community. Women and other vulnerable groups were also less likely to obtain employment from investors or be included in decision-making processes surrounding the investment.

MAPUTO DECLARATION 10% COMMITMENT

Investment in the agriculture sector can have a positive impact on people’s livelihoods. New sources of investment could support the commitment made in 2003 by African Heads of State in the African Union’s Maputo Declaration, “to the allocation of at least 10 percent of national budgetary resources to agriculture and rural development policy implementation within five years.”3 These commitments need to be backed up strongly by parliamentarians at the national and regional level in order to increase public investment to agriculture. Under the Comprehensive Africa Agriculture Development Programme of the African Union, many countries have started to allocate more resources

3 “10 Percent National Budget Allocation to Agriculture Development,” Maputo Declaration on Agriculture and Food Security, July 2003
to the agriculture sector. So far, 7 countries have concretely put into action this commitment made by political leaders almost 10 years ago. Unpacking the investment areas, it becomes clear that those investments are mainly targeted towards increasing productivity and market access, but still only the Southern and Northern African countries have a significant annual agriculture GDP growth of above percent.

PAN AFRICAN PARLIAMENTARIANS’ RESPONSE

At the Third Ordinary Session of the Second Parliament, October 2010, Midland, South Africa, the Pan African Parliament approved the recommendations of the Permanent Committee on Rural Economy, Agriculture, Natural Resources and the Environment (CARENRE), to address issues around land and the implication for food security and peace, including:

- That sensitization be carried out through workshops and regional and continental fora to inform parliamentarians and citizens about this issue;
- That the equivalent of the African Ministerial Conference on the Environment (AMCEN) and the African Ministerial Council on Water (AMCOW) be set up by African Ministers in charge of land;
- That directives on good land governance be developed [to support the operationalization of the African Union’s Framework and Guidelines on Land Policy, adopted by Heads of State in Tripoli in June 2009, and the Voluntary Guidelines on Responsible Governance of Tenure of Lands, Fisheries and Forests];
- That rules on these special investments be developed so as to secure the benefits of these investments for the African countries and citizens;

Seven countries have either met or exceeded the targets, including Guinea, Senegal, Burkina Faso, Malawi, Mali, Niger and Ethiopia. On average, African countries allocated 6.5 per cent of national budgets to agriculture, while sub-Saharan Africa’s average was closer to the targeted amount of 9 per cent and the Economic Community Of West African States (ECOWAS) achieved an average higher than the 10 per cent allocation.
That awareness on at least 10% budget allocation to the agriculture sector be carried out through workshops and national, regional and continental forums to inform parliamentarians and citizens on this issue in order for them to put more pressure on governments in meeting this target.

The Committee on Rural Economy, Agriculture, Natural Resources and the Environment (CARENRE), in collaboration with the International Institute for Sustainable Development (IISD), established a programme of action to implement the recommendations.

THE NAIROBI ACTION PLAN

The Land Policy Initiative (LPI), which comprises the African Development Bank (AfDB), African Union Commission (AUC) the United Nations Economic Commission for Africa (UNECA) organised a two-day High Level Forum on Land-Based Foreign Direct Investments in Nairobi, Kenya from 4 to 5 October, 2011. Representatives from the PAP attended the event and addressed the participants. The outcome—dubbed the Nairobi Action Plan—emphasizes the need to minimize the negative impacts of large-scale land acquisitions. The PAP is now member of the LPI Steering Committee and will work in partnership with the LPI Secretariat to advance their common objectives.

WHAT HAS BEEN DONE SO FAR?

The Pan African Parliament, in collaboration with IISD and PLAAS, organized a 2-day workshop at the Pan African Parliament in Midrand, South Africa, 21 – 22 July 2011. The event was supported by the Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ).

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The workshop highlighted the role of the Pan African Parliament in providing a common platform for African peoples and their grassroots organizations, to be more involved in discussions and decision-making on the problems and challenges facing the continent.

A series of resources and publications were prepared to respond to the needs of parliamentarians from different regions, including a discussion note on the role for parliamentarians in relation to foreign investment in agricultural land and water. The full report, programme and participants list is available at: http://www.iisd.org/investment/research/agriculture.aspx

Participants agreed that the most urgent need was to move ahead and organise regional seminars over the next 2-3 years in the five regions of Africa. A broader partnership was established to fulfil these activities (see partner organisations below).

REGIONAL WORKSHOPS 2012-2014

The Pan African Parliament, in collaboration with the partner organisations, will organise 2-day workshops in four African regions over the next 2-3 years.

The overall aim of the workshops is to develop a plan of action for parliamentarians in the region to ensure that foreign investment brings benefits, including strengthening local land rights, food security and employment opportunities. Indeed, land governance is fundamental in achieving sustainable development and poverty reduction and therefore a key component in supporting the advancement of MDGs. Parliamentarians will consider a range of campaigns, legislative measures and other monitoring and oversight roles for the region.

WORKSHOP OBJECTIVES

The workshops will:
(a) Inform parliamentarians of the current situation of foreign investment in their region, focusing on the impact on women and potential to improve land governance, food and water security;

(b) Sensitize on the 10% national budget allocated to agriculture development;

(c) Explore business models for agriculture that are currently being used in their region and elsewhere and that can strengthen local access and control over land, water and other natural resources;

(d) Provide a better understanding of the domestic and regional legal framework for foreign investment in agriculture and how parliamentarians can respond;

(e) Examine how recent African and global initiatives and guidelines on foreign investment in agriculture, land and water can be concretely implemented by parliamentarians, including the FAO Voluntary Guidelines, Land Policy Initiative and the Maputo Declaration; and

(f) Conduct an investment project site visit where feasible

A series of resources and publications will be prepared to respond to the needs of parliamentarians from different regions. This will include:

(a) The guideline on foreign direct investment on land in Africa: This document is a legal guide for government officials, parliamentarians, landholders and local communities who are involved in negotiating investment contracts with foreign investors for the agriculture sector. It is a tool to guide the investment process.

(b) Background papers: These papers will inform parliamentarians of what is happening in their region and identify possible roles for parliamentarians to concretely implement existing normative frameworks and guidelines on foreign investment in land;

(c) A resource pack: The resource pack will include existing research and papers from think tanks, international organizations and academia that provide an overview of the investment situation in the region; and

(d) Thematic fact sheets: These fact sheets will provide a 2-page overview of the key issues affecting the region, for example, land tenure systems, water rights, gender
issues etc.

PARTNER ORGANISATIONS AND ADVISORY COMMITTEE

The overall project will be lead and coordinated by the Pan African Parliament in collaboration with the International Institute for Sustainable Development (IISD).

An advisory committee will be formed to support in the preparatory phase for the regional workshops. Members of the advisory committee will be expected to provide overall direction, guidance and expertise to the PAP. They will help to formulate the programme, invite speakers, prepare background papers and secure the necessary financial resources.

The advisory committee members include:
- African Union Commission
- Africa Forum
- CIRAD
- Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ)
- European Parliamentarians With Africa (AWEPA)
- Institute for Poverty, Land and Agrarian Studies (PLAAS)
- International Institute for Sustainable Development (IISD)
- International Land Coalition
- New Partnership for Africa's Development (NEPAD)/Comprehensive Africa Agriculture Development Programme (CAADP)
- Oxfam International
- University of Pretoria
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