Large-Scale Land Based Investments in Southern Africa

Ward Anseeuw
1) Large-scale land acquisitions in Southern Africa – State, features and drivers

2) Investment models, implications, and agrarian change – Towards new opportunities for Southern Africa?
Large-scale land acquisitions in Southern Africa – State, features and drivers
The rush for land in Southern Africa

<table>
<thead>
<tr>
<th></th>
<th>Number of deals</th>
<th>Size (ha)*</th>
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<tbody>
<tr>
<td>Intended (Under negotiation)</td>
<td>45</td>
<td>1,285,914</td>
</tr>
<tr>
<td>Concluded (Contract signed)</td>
<td>127</td>
<td>4,152,351</td>
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<tr>
<td>Of which in operation</td>
<td>62</td>
<td>79,210</td>
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<tr>
<td>Of which abandoned</td>
<td>9</td>
<td>1,162,848</td>
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<tr>
<td>Failed (Negotiations failed)</td>
<td>23</td>
<td>2,206,500</td>
</tr>
<tr>
<td>TOTAL</td>
<td>195</td>
<td>7,644,765</td>
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</tbody>
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Caution: Quantification difficult (non-transparent, domestic, sector, phase)
All stages of progress
The rush for land in Southern Africa
Certain Southern African countries are the most affected in the world
LSLBI Investor countries in Southern Africa
Majority of the large scale land acquisition cases in the region are by/with foreign investors.

Sovereignty questions
The rush for land is not only for agriculture and food security

Agriculture - Primary driver (73.3% of size, 84.6% of number of cases)

Agricultural sub-sectors (Area)

Agricultural sub-sectors (#cases)

But not food... Questioning food security
Slowing down overall, but evidence of long-term trend of growing commercial interest in land

Reasons: Credit crunch, high failures, less media focus, civil awareness, countries are getting better prepared
Little effective production

- Unknown
- Project abandoned
- In operation (production)
- Project not started
- Startup phase (no production)

Africa

- Failed: 1.7%
- Intended: 17%
- Concluded not operational: 11%
- Concluded operational, not producing yet: 20%
- Concluded, operational, producing: 50%
investment models, implications, and agrarian change – Towards new opportunities for Southern Africa?
Different LSLBI with different outcomes

<table>
<thead>
<tr>
<th>Independent farmer model</th>
<th>Associative farmer model</th>
<th>Cooperative farmer model</th>
<th>Speculative 1000-day model</th>
<th>Asset management and Investment funds model</th>
<th>Nucleus estate model</th>
<th>Agribusiness Estate model</th>
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</table>

High failures/unproductive

- Uncertain governance, institutional environments and the difficulty of doing business
- Technicality of the projects
- The lack of markets
- Lack of financial services
- High settling and transaction costs

Change of strategy / Increased integration

- To overcome high risks related to settlement in less developed agrarian economies

Few «inclusive» growth and business models
Implications of large-scale land based investments in Southern Africa

Some (longer term) trends are becoming clear

• **Unravelling LSLBI** – Different investment models leading to different outcomes

• **Integration/corporate/concentration trend**
  o Based on high risk/failure environment
  o Corporatisation, financialisation, closed value-chains
  o Concentration, dualisation, marginalisation
  o Proletarisation

• **Southern African agrarian front**
  o Organised agriculture: investments/development/services – agrarian change
  o Paradigm being supported and becoming dominant
Concluding thoughts

- Agrarian change in Southern Africa
  - Yes, probably
  - Very little
  - With very few positive results
  - Change not there where expected/announced, by the promoters of LSLBI
  - Investments based on large-scale land loss, implemented in non-transparent manner, are not successful

- Governance
  - Not only an investor issue
  - Agricultural, land, democratic and overall economic
  - Some progress – but too little

- Lack of LT reflection, alternative development trajectories - Provoking a new era in land rights and rural development