

»» Large-scale land acquisition in the Global South: opportunities and challenges

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Population growth, climate change, increasing soil degradation, growing demand for energy crops and the search for lucrative investment opportunities have strongly increased demand for agricultural land in the Global South over the last years. Some view the long-term lease or purchase of large areas of arable land by national and international investors ("large-scale land acquisition") as a development opportunity for the countries in question. Critics, on the other hand, call it "landgrab" and see it as a threat to small farmers' livelihoods. This paper provides an overview of the scale of land acquisition and its potential impact on the target regions.

Africa is the most important target region

Despite media attention and growing research interest, the extent of large-scale land acquisition in the Global South remains unknown due to patchy data and lack of transparency. Conservative estimates are provided by the Land Matrix Initiative, which documents the acquisition of land by foreign and domestic investors. According to these estimates, more than 1,500 agricultural projects covering an area of over 38 million hectares have been recorded in middle and low-income countries since 2000. This is equivalent to around 2.7 per cent of the world's arable land. Africa is the most important target region with approx. 40 per cent of all projects. Many projects focus directly or indirectly on food production (approximately 60 per cent of the area).

The origin of investors can often not be clearly determined due to complex company affiliations. However, current data suggest that the most important regions of investor origin are Western Europe and Southeast Asia. More than a third of all projects are financed by investors from only five countries (Malaysia, USA,

Great Britain, Singapore and Saudi Arabia).

Impact

In the debate about potential consequences of large-scale land acquisition for the target regions, the following opportunities and risks are discussed in particular:

- **Increases in yield:** investors bring capital and expertise with them, which can lead to increasing crop yields and falling food prices (if food is produced and intended for local markets) in the target regions. Up to now there have not been any reliable studies on possible price effects.
- **Access to land:** one considerable disadvantage is that local land users lose their access to land and thus their livelihoods. Many projects actually target land that is already being used for farming. This leads to increasing land use competition in many places, often at the expense of those without documented land titles.
- **Knowledge transfer:** knowledge and technology transfer could boost the productivity of local businesses and the income of their owners. The empirical evidence related to potential spillover effects, however, is not conclusive. Some studies find positive effects, others do not. An important factor here seems to be the investor's business model — positive spillover effects are more likely to occur if forms of contract farming are used. It also shows that only the larger smallholders benefit, while the smallest and other vulnerable groups are often left out.
- **Employment:** hopes are also high that new jobs will be created on the large farms. However, there have been hardly any studies to date showing significant positive employment effects.

One reason for this may be that many investors rely on highly mechanised (and low-employment) production.

- **Environmental impact:** so far, there have been hardly any reliable studies investigating the environmental impact of large-scale land acquisition. Critics fear increasing deforestation and soil degradation, a decline in biodiversity and water resources, and water contamination due to monocultures and increased use of chemical fertilisers.

More transparency needed

As many investment projects are still in the implementation phase, it will only be possible to fully assess their impact in the next few years. Reports of expropriations without compensation, simmering land conflicts and negative environmental impacts over the course of some projects already underscore the need to create more transparency and implement corresponding initiatives. The implementation of the "Voluntary Guidelines on the Responsible Governance of Tenure of Land, Fisheries and Forests in the Context of National Food Security" is central here. Otherwise, lack of transparency remains a major obstacle to the development of appropriate policies to protect those negatively affected by land acquisition. Increases in agricultural productivity and a more just distribution of yields are essential for securing the global food supply. Whether the large-scale acquisition of land will contribute to this cannot yet be assessed satisfactorily on the basis of the current state of research. In the foreseeable future, it will probably continue to be small farmers in many places who produce a large share of food in poorer countries. Supporting them is and remains a central task of international development cooperation. ■