

Foreign land acquisitions in Africa – An analysis of the impacts of individual land deals on local communities

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By

Dr. Albert Makochekanwa

Trade Analyst

USAID Southern Africa Trade Hub

Gaborone, Botswana

Tel: +267 390 0884

Fax: +267 390 1027

Mobile: +267 7552 7583

Email: almac772002@yahoo.co.uk

Abstract

The paper analyzed the impacts of foreign land deals on the local communities in which those projects are located in a number of African countries. The study critically investigated the extent to which those foreign land transfers impacted positively and/or negatively on the local communities. Out of all the six case studies analyzed, the overall pictures show that most of these land deals have impacted negatively to local communities. This has been evidenced by the fact that, in most cases, local peasant farmers lost their farming lands to the new land deals, other households forced to relocated, while others lost their animal grazing areas. Additionally, very few affected people were meaningfully compensated. As way forward, the study recommends the following. First, local communities should be involved right from the start on any land deal project. Second, all potential benefits promised by the investors should be signed and have fixed periods upon which they are expected to accrue to the affected communities. Third, the promised benefits should be costed so that the potential beneficiaries can see the magnitude of such promised benefits. Last, there should be evaluations at interval years to see whether the promised benefits turned into reality.

Key words: Compensation, displacement, employment, impact, loss of farming land, land deals, local communities

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1 Introduction

Although foreign nationalities have been engaged in agriculture activities in Africa for many years, it is the scale at which the interest of these foreign entities over the last few years which has dramatically aroused a critical analysis of their motives (Friis and Reenberg, 2010). This debate is also provoked by the fact that some (if not much of) the land leased by African governments to foreigners was previously occupied by poor local and indigenous populations who have little control over such land transfers (Aryeetey, 2010).

These resource seeking (rather than market seeking) foreign direct investments (FDIs) in African agriculture sector have been driven by a plethora of reasons including the desire by investors to ensure food security for the citizens of their home countries, energy (biofuels) and industrial production (investment), high rates of return in agriculture, and increased conducive investment environment in the African continent (Tolossa, 2011; Friis and Reenberg, 2010; Cotula et al. 2009; Görge et al. 2009; Kugelman and Levenstein, 2009; and Smaller an Mann 2009), among other factors.

Whilst there is debate about the potential benefits and risks associated with foreign direct investment (FDI) in the form of large scale land acquisitions in African agriculture, there is limited systematic evidence of the actual impacts of such investments on the local communities in which those activities are carried out. As pointed by Ansoms (2011), a thorough analysis of the benefits and costs of investment injections through large-scale agricultural land acquisitions is still rare. This lack of evidence maybe be due to limited availability of detailed information and data on such investments (Gerlach and Liu, 2010) given that such transactions are highly opaque and few details are made available to the public (Kugelman and Levenstein, 2009). Thus, according to World Bank (2010:ix), ‘With little empirical data about the magnitude of this phenomenon, opinions about its implications are divided’.

Among the various purported benefits of FDI in the form of large scale land acquisitions in African agriculture includes: employment (job) creation, technology transfer, access to capital markets, productivity improvement, increased exports, more efficient marketing, adoption of high standards (quality), Infrastructure development, Positive impacts on balance of payments, additional tax revenues and food security

On the other hand, potential negative impacts include: displacements of households, local farmers lose their farmlands, loss of livelihood as land is given to foreigners, loss of biodiversity due to monoculture, increased high risky of pesticides (due to monoculture), land degradation and water pollution, and increased food insecurity.

It is important to note that most of these positive and/or negative impacts have been considered at macro or national level in most studies, with scant investigations at local community level. Thus this study differ in that it will provide an analysis at local level by analyzing the impacts of individual cases of FDI in the form of large scale land acquisitions in a number of African countries. The impacts studied have been limited to the local communities in which these land deal activities are situated.

2 Study questions and objectives

2.1 Study questions

The following are the study questions to be answered:

- i.** What have been the positive and/or negative impacts of land deals to communities?
- ii.** What caused the deals to have positive and/or negative impacts?
- iii.** What policy implications at local community level can be gained from these individual case studies?

2.2 Study objectives

The following are the study's objectives:

- i.** Assessment of the positive and/or negative impacts of land deals to local communities.
- ii.** Analysis of the various attributes which contributed to the deals having positive and/or negative impacts.
- iii.** Policy implications at local community level can be gained from these individual case studies.

3 Methodology

The study was based on literature review of various individual case studies of FDI in the form of large scale land acquisitions in some African countries. Only case studies with clear local community impacts (positive and/or negative) have been analyzed.

4 Case studies

It is important to note that policy documents on large-scale land acquisitions in Africa rarely make a thorough analysis of the diversity of subgroups existing within the rural population as most analysis stick to a differentiation between the ‘poor’ and the ‘non-poor’. Nevertheless, Krishna (2009: 948) rightfully claims that “‘the poor’ does not constitute a valid category for analysis or action: it is no more than an article of speech’. As such, subgroups of poor have different identities, different material interests, different degrees of agency, and different interests with respect to land and natural resources (Vermeulen & Cotula, 2010). As a result, they have different needs in terms of policy design. Policy documents reflecting upon the opportunities and risks of large-scale land deals on the one hand, and institutional innovations that transform ‘smallholders’ into rural entrepreneurs rarely take this diversity of rural actors into account.

To this end, a rigorous investigation of the ‘new agriculture’ should not only stick to an estimation of the effects upon productivity, upon job creation, and – in the best case – upon overall income distribution. Rather, there is need for a much more detailed analysis of effects in terms of opportunities and threats to the socio-economic livelihoods, the agency, and the cultural identities of different local interests groups. Such analysis should furthermore consider the dimensions of time (short, medium and long-term) and space (local context, regional context, national context, supra-national context) (Ansoms, 2011). On the basis of such analysis, policy makers could then take that diversity of interests into account and weight them off against each other, and against the overarching objective of poverty reduction. This study therefore concentrates on various case studies from different African countries analyzing the impacts of large-scale foreign land grabs upon local livelihoods.

Whilst every effort has been exerted to pin down all the relevant impacts at community level, it should be noted that most land transfer deals including commercial bio-fuels projects in Africa are in early stages of development. This means that, in some cases, it may be too early for detailed assessments of the impacts of land transfers on food security and access to natural resources for specific local groups (Vermeulen and Cotula 2010: 902). Thus, the case studies presented here account for the impacts up to date (and some of the impacts may change in future).

4.1 Case study from Rwanda

4.1.1 Land tenure system in Rwanda

The 2005 Organic Land Law classifies land as either individual land or state land. Individual (i.e., private) land can be obtained under principles of customary law or under formal law. State land includes: (1) state land in the public domain (e.g., lake shores, national parks, roads, tourist sites), which generally cannot be alienated; (2) state land in the private domain of the state (e.g., vacant land, swamps, plantations, expropriated land), which can be alienated; and (3) district, town and municipal land, which is controlled by the local government (GOR Organic Land Law 2005).

The formal law recognizes the following tenure types:

- **Ownership:** Individuals, entities, and the state can own land in Rwanda. Landowners have the right to exclusive use of their land, and land can be mortgaged and freely transferred. Ownership rights can be obtained under customary law or formal law but must be registered to be recognized under the Organic Land Law. Ownership rights are evidenced by a Certificate of Full Title. Certificates of Full Title can be obtained for the private land of individuals, state land, the City of Kigali, district land, and land held by parastatals. Land under a Certificate of Full Title can be subject to an emphyteutic lease; a notation of the leasehold is made on the certificate (GOR Land Registration Order 2008d; GOR Organic Land Law 2005).

- § **Contrats de Location:** These are granted for undeveloped land, usually in urban and peri-urban areas. The contrat de location is granted after a deed plan (fiche cadastre) is issued for a parcel but before land is developed. The contrat is available for an initial term of three years and can be extended in 3- and 4-year increments up to a total of 10 years. The landholder must pay rent for the entire 10-year term (GOR Land Lease Order 2007c).

- § **Certificat d'Enregistrement d'une Propriété Foncière:** Also known as Titre de Propriété, this certificate is the equivalent of freehold title and is available after land is developed in accordance with a contrat de location (GOR 2007).

- § **Emphyteutic Leases (contrats d'emphytéose):** are long-term leases available to the general public, requiring the lessee to use and develop the land in accordance with its classification or zoning requirements. Emphyteutic leases have primarily been used for agricultural land. Leases must be in writing and are available for up to 99 years on individual

land and up to 49 years on private state land. Permissible land-uses include agriculture, tourism and forestry. The Land Registration Order limits the availability of Certificates of Emphyteutic Lease to unregistered land in the private domain of the state, City of Kigali, districts, or parastatals (GOR Land Registration Order 2008d; GOR 2007).

§ **Contrats de Cession Gratuite** are granted to NGOs, churches, and other nonprofit associations for donated or sanctioned land. The contrat de cession gratuite has no limit on its duration (GOR 2007).

§ **Acte de Notoriété** is an occupancy permit that is widely held in urban areas. The acte de notoriété has no fixed term, but annual rent must be paid and a 6% tax on value of the land must be paid to the government on registration.

§ **Paysannat Land** is land allocated by the government under a condition, such as to be used for tea plantations. Paysannat land was mostly given in the 1960s and 1970s, with rights continuing so long as the conditions of use are fulfilled.

4.1.2 Kabuye Sugar Works (KSW) in Rwanda

Since 1997 to date, the KSW which is owned by Madhivani Group which originates from India was granted a land lease of approximately 3.150 hectares in the Nyabarongo swampland for 50 years. The land leased to the Madhivani was originally used by local peasants who used to cultivate diverse crops for their livelihood, food security and as a means to supplement their proceeds from the other pieces of land from the hills. Further, the local peasants were not consulted and properly informed about the whole transfer of land from them to Madhivani Group.

4.1.3 Positive impacts of KSW to local communities

The following are some of the positive benefits which are claimed to have accrued to the local community in which this KSW operates.

i. Employment¹

Since KSW started operating in 1997, the company directly employs 5000 to 6000 people as manual labour force to work in the sugar cane factory. When the indirect labour force is added, this number is assumed to be bigger.

ii. Processing of sugar cane for private farmers

The Kabuye Sugar Works (KSW) claims that it processes sugar cane for 1200 – 1500 private farmers spread over the territory of 2200 hectares.

4.1.4 Negative impacts of KSW to local communities

i. Loss of farming rights

The 3000 hectares of land which was leased to KSW was not from ‘unused’ land, but rather it was taken away by the government from local peasants who were using that land to cultivate their variety of crops. Thus, local farmers were displaced from their land fields in favour of foreign land users.

ii. Threat to food security

Loss of farming areas has been a threat to local farmers’ food security needs. Most farmers who were growing food crops for their subsistence requirements on the land which was leased to KSW are finding it difficult to produce the same amount of food they used to produce on their former fields.

iii. Loss of livelihood

The local farmers lost their means of livelihood since some of these farmers were growing cash crops for sale so as to get income to buy other necessities.

iv. No compensation for loss of farming rights

While the norm in most circumstances is that when land owners in a particular area are required to vacate that same land (whether physically or in terms of use), they should be compensated, this was

¹ This employment figure needs however to be treated with care as it is a gross figure – it does not indicate how many local people were employed in the same land area before the land was transferred to KSW.

not the case with the KSW. Rather, local farmers were never compensated, whether in kind or in monetary terms.

v. Police intimidation

Cases were reported to the fact that some of those who did not hand over 'their land' voluntarily were confronted with strong intimidation by the police and by local defense forces. As one peasant farmer claim, peasants were being put in prison or 'chased' from their swampland 'by bullets'.

vi. Lower wages

Whilst around 5000 to 6000 locals are employed in KSW factory, the wage rate that they get is relatively low. For instance, in 2007, factory labourers were paid 400 Rwf per day. This daily wage rate was even lower than when one works for another individual person. For example, in 2007, when working on other people's plots as wage labourer, a physically strong man earned up to 500 Rwf per day (work from the morning until 1PM). For women, and physically less capable men, the salary was 300 Rwf per day.

4.1.5 Conclusion

The KSW case study reveals that the large-scale land deal between the Rwandan government and Madhivani Business Group has been far from optimal in terms of securing local livelihoods. This is even recognized by the Privatisation Secretariat (2002: 6), stating that "the privatization of Kabuye Sugar Office and its purchase by KSW in 1997 has been cited explicitly as an example of an operation which instead of benefiting to the population, has made people poorer in taking their fields". As a result of KSW land deal, thousands of peasant families lost access to their swampland plots. For some who cultivated cash crops or used their land to extract clay for brick-baking, this meant a loss in their monetary income-generating capacity. Others, who concentrated on subsistence crops and used the swampland plots as a safety-net in times of setback, lost an important risk-coping mechanism.

4.2 Case study from Nigeria

4.2.1 Land tenure system in Nigeria

Under the Land Use Act, all land in Nigeria is vested in the government. The Land Use Act recognizes two types of occupancy rights:

§ **Statutory occupancy rights.** Under the Land Use Act, individuals and entities can obtain a statutory right of occupancy for urban and non-urban land. Statutory occupancy rights are granted for a definite term, which is set forth in the certificate. Recipients of certificates of occupancy are obligated to pay the state for any unexhausted improvements (i.e., improvements with continuing value such as a building or irrigation system) on the land at the time the recipient takes possession and must pay rent fixed by the state. Rights are transferrable with the authorization of the state governor (RON Land Use Act 1978).

§ **Customary right of occupancy.** Local governments may grant customary rights of occupancy to land in any non-urban area to any person or organization for agricultural, residential, and other purposes, including grazing and other customary purposes ancillary to agricultural use. The term for customary rights (which is contained in the application form and not the legislation) is 50 years, and may be renewed for a second 50-year term. Recipients of customary rights of occupancy must pay annual tax on the land and cannot transfer any portion of the rights absent approval of the governor (for sales of rights) or the local government (other transfers) (RON Land Use Act 1978; Kuruk n.d.).

In contrast to the occupancy system in the Land Use Act, Nigeria's customary land tenure system allows for flexible leases, rentals, pledges, and borrowing arrangements that adapt to the needs and circumstances of different communities, such as new or temporary populations in a remote community (e.g., migrant laborers), or relocated populations of professionals residing in urban areas and seeking land to farm on the outskirts of cities. Other types of arrangements apply to specific crops such as palm oil, setting payment as a percentage of yield. Customary holdings have been increasingly individualized and in many areas may be transferred and sold (Ike 1984; Lloyd 1962; Arua and Okorji 1998).

An estimated 80% of urban landholdings in Nigeria are in informal settlements and considered by residents to be governed by customary law. The landholdings are individualized at the family or individual level, and landholders routinely exercise the rights of owners, asserting rights of exclusive possession and control over the land and freely transferring the holdings (Aribigbola 2007; Nwaka 2005).

4.2.2 New Nigerian Farms in Shonga District, Kwara State (Nigeria)

In an effort to pursue Kwara State Government's goal premised on the understanding that the pathway to socio-economic development is to create a class of commercial farmers who will utilise the large

expanse of arable land and equitable climate with which the State is endowed, the governor of the State invited foreign farmers into the area. It was in 2004 when the governor, with political support from the Federal Government of Nigeria and other donors that he invited a delegation drawn from the Commercial Farmers Unions of South Africa and Zimbabwe for a one-week fact-finding visit to Kwara State. The visit, which was paid for by the Kwara State Government, led to the signing of Memorandum of Understanding (MoU) in 2004 between the Kwara State Government and the Zimbabwean farmers (who suddenly became landless in the wake of the forced and violent land reform process in Zimbabwe between 2000 and 2002).

The main driver of transferring land to foreign investors was based on the fact that Nigeria's small-scale sub-sector has been considered by many to have failed, notwithstanding the fact that imports are largely made up of wheat and rice, in response to changing preferences among the urban population.

Following the signing of the MoU in 2004, the Kwara State Government invoked the provisions of the Land Use Act of 1978 (which vests control of land in the state government) to appropriate 13,000 hectares of land from the local farmers in Shonga District. The land was then allocated 1,000 hectares to each of the 13 commercial farmers from Zimbabwe on a 25-year lease, in the first instance, and renewable thereafter, at no cost whatsoever to the farmers.

Unfortunately, thirty-three farming villages were found in the area ear-marked for the commercial farms. Here the local farmers were practising rotational ('bush') fallowing. They had their cultivated farmlands and their economic tress scattered amongst fallow lands. The large scale commercial farmers required contiguous farm sites and so some of the farm lands of the local inhabitants were appropriated by the state in order to create large contiguous tracts of land that were then shared out to the commercial farmers. To achieve this with minimum disruption of local livelihoods, a 'buffer zone' was created around each village. The buffer zones extend 500 metres from the edge of each village, and within them, the local farmers are allowed to continue farming.

It is interesting to note that no settlement has had to be relocated to make way for the commercial farms. Only those who desired more land than was available in the buffer zones have sought this additional land. About 120 persons have been provided with land in Farm 16. Such farmers do not move house, but commute to the new farm sites.

4.2.3 Positive impacts of New Nigerian farmers to local communities

i. Investments on the farms

The farmers invested heavily in land clearing, residential buildings and farm infrastructure such as on-farm roads, storage facilities, workshop, equipment, boreholes to supply water for household and farm uses, electricity generators and chicken and livestock pens (by the dairy and poultry farmers). Amenities such as boreholes have been helpful to the local communities.

ii. Employment

Commercial agricultural activities in this area have substantially increased the demand for labour that has generated a significant income multiplier effect on the local economy. The size of direct employment on the farms is close to 3000 at peak period. Not only general labour has been demanded, but also a number of artisans and technicians who provide services on the farms and in the homes of the farmers for a fee.

iii. Compensation

Unlike other land appropriations, financial incentives were used by the state to manage local resistance to land appropriation in Shonga District. By first quarter of 2011, total of US\$58,000² has been paid as cash compensation to 1,990 out of the 2,771 local people who were affected by land appropriation. They include those who gave up some of their lands under cultivation, or fallow lands, or both, to accommodate the commercial farms.

iv. Reduced imports

Following the commercialization of the farms, Nigeria's imports especially of powdered milk from Holland and China have declined as the new farmers have been producing and supplying the same products on the local market. Other crops such as rice, cassava and soybeans; and chicken which the commercial farmers produce are also in great demand by industries across the nation, thus reducing the need to import.

² The question of whether this amount was 'enough' or not is outside the scope of this study

v. *Impact on agricultural practices in Shonga District*

Presence of commercial farmers in the area resulted in local farmers adopting better crop management, especially with regards to keeping the right seed population and timely weeding. In the area of improving the local cattle breed, some commercial cattle farmers have been working with a pastoralist who has a large herd to develop better milk-producing cows through careful selection over several generations. Lastly, some commercial farmers have impacted positively on the local pastoralists by providing a steady market for their milk.

4.2.4 Negative impacts of New Nigerian to local communities

i. *Loss of farm land*

More than eight local farmers lost their farm land through appropriation to the new commercial farmers. These local farmers used to grow crops such as-rice, maize, sorghum, yams, cassava, melon and ground nuts before the coming of the commercial farmers. Whilst they were given some pieces of land, most of them claim these new fields are small and there are scattered.

ii. *Loss of grazing pastures*

The land appropriation in the area resulted in loss and/or restricted grazing pastures for pastoralists who used to previously graze their animals in the now new commercial farms.

iii. *Limited availability of natural resources*

Following the vast clearing of large tracks of land, access to natural resources such as wood, wild fruits, grasses and rangeland have been limited if not completely removed in some parts of the farming surroundings.

4.2.5 Conclusion

Overall, most local farmers considered the New Nigeria farms in Shonga District to have impacted positively on the area. These local farmers cited employment of local people on the farms, provision of infrastructure in the district such as electricity, mobile phones, water from boreholes, and upgrading of Shonga township road as some of the positive developments. The local farmers however

consider that the long term prospects for development in the District would be good, if and only if the State Government continues to invest in infrastructural development in the area.

4.3 Case studies from Zimbabwe

4.3.1 Land tenure system in Zimbabwe

The country's current land tenure types are categorized into three types, namely *freehold and leased* ownerships accounting for 36.5 percent of the total land; occupancy rights to land in *communal areas* (41 percent) and *state land* or leases of land granted by the government (approximately 21.5 percent) through various redistribution schemes. Leases are generally granted for periods of 99 years.

Resettlement land is classified as A1 or A2 land. Land classified as A1 is allocated in villages and in small, self-contained parcels up to 5 hectares. A1 land is allocated to small farmers and is inheritable, but cannot be sold. Land classified as A2 is intended for commercial farming. The government allocates A2 land in parcels of 2 to 2000 hectares to individuals who can demonstrate that they have the experience and access to resources necessary to farm successfully (Masiiwa 2004; Chimhowu and Woodhouse 2008).

4.3.2 Naunetsi Ranch Bio-diesel project - Zimbabwe

The Nuanetsi Ranch was owned by Imperial Cold Storage Company of South Africa until 1989 when it was purchased by the Development Trust of Zimbabwe (DTZ)³. During the height of the country's fast track land reform program (FTLRP) Nuanetsi ranch became one area which could possibly absorb a large number of farmers although it belonged to a locally based trust⁴. DTZ however decided to offer part of the ranch for resettlement. A number of small holder farmers began to engage in cattle keeping. In 2008 DTZ went into a partnership agreement with a consortium of private investors to form Zimbabwe Bio-Energy (ZBE) with a view of establishing a bio-diesel project and other agribusinesses on the ranch. The joint venture terms between ZBE and the DTZ have given the company land utilisation powers but the land remains the property of the trust. As a result of this partnership, the peasants who settled themselves at the height of the land occupations have been regarded as illegal occupants by various players within the government, even though there was never a common voice from the government on the status of the resettled peasants. To date, although the

³ The Development Trust of Zimbabwe is a local company that was formed by Zimbabwe African Peoples Union (ZAPU) political party to carryout investments on behalf of the party.

⁴ Zimbabwean law dictates that indigenous property is protected from redistribution in the framework of fast track land reform. Because of the indigenous ownership of the Nuanetsi Ranch as a property of the DTZ, the land has never been acquired by government for redistribution or earmarked as such. However, this did not stop it from being invaded by the land hungry peasants.

project has started operating, it is not yet fully operational as it continues to face controversies and contentions.

The main reason behind establishing the bio-diesel project is the simple fact that Zimbabwe imports all of its fuel requirements, and as such, any opportunity that affords the country to potentially produce its own fuel will be supported by the government. As such, although this project was an agreement between private companies, the government threw its support, as much as possible to ensure that the project becomes a success, and that support continues even today.

4.3.2.1 Positive impacts of Naunetsi bio-diesel project on local communities

i. Employment opportunities

The sub activities, done within the project area, besides bio fuels production includes crocodile farming, cattle ranching, and game keeping. These activities have provided employment opportunities for some members of the local communities. For instance, in 2010, it was reported that the crocodile department alone had already created more than 2,000 jobs⁵.

ii. Potential exports?

Preliminary estimates suggests that once fully operational, Nuanetsi ethanol plant will produce about 500 million litres per year, far more than what the Zimbabwean market is able to consume, making it another ideal export product for the country to benefit from.

4.3.2.2 Negative impacts of Naunetsi bio-diesel project on local communities

i. Eviction of farmers

Although the project's activities which include dam building, sugar mills and irrigation are being discussed, all involving significant displacement of people - including perhaps up to 6000 households from Nuanetsi, what is currently known is that soldiers and police were (back in February 2009) given authority to evict a large number of farmers on Naunetsi ranch so that the project could take off. Some farmers however continued resisting their evictions.

ii. Boundary conflicts

⁵ www.zimsituation.com Zimbabwe Bio Energy sets the record straight regarding Nuanetsi Ranch Jan 16 2010). Accessed 28 December 2010.

The project has also caused serious boundary conflicts between the traditional leaders of the areas involved. It is believed that Chief Chitanga who is also Chivi/Mwenezi senator who supports the project is campaigning for the removal of people under the jurisdiction of Chief Mpapa. This has caused serious resistance from Chief Mpapa and his people and this has caused a lot of violence as the farmers try to keep what they have.

iii. *Destruction of livelihoods*

The evictions of farmers surrounding the area have destroyed the livelihood of most local farmers who lost their fields from which they used to plant both cash crops and food crops for their income generating and subsistence consumption.

4.3.2.3 Conclusion

Whilst the project has been considered as one of the biggest agrarian project in the post 2000 period in Zimbabwe, the project's purported positive benefits are however arguably growing in the wake of the destruction of the livelihoods of many smallholder farmers and their families. In fact, there is a general sense among local communities of betrayal among the farmers as their political leaders, who hitherto had encouraged them to settle on the farms are now standing aside as they are threatened with eviction. In short, the Nuanetsi case clearly reveals the role played by the politicians in alienating the peasants from the sources of livelihoods.

4.3.3 Chisumbanje bio-diesel project – Zimbabwe

4.3.3.1 Brief background

Although the Chisumbanje bio-diesel project was mooted as far back as the 1960s, it only started operating in 2009 following a build, operate and transfer (BOT) agreement between the Agricultural and Rural Development Authority (ARDA) and a multi-national private company, Macdom Investments Pvt Ltd. This project was developed following the stalling of the Nuanetsi project which took time to take off due the controversies surrounding it (and even today it is not yet fully operational as these controversies continue). Despite the fact that the US\$600 million Chisumbanje ethanol plant is being carried out on government owned land, it has threatened the livelihoods and welfare of number villagers who live along the Sabi River. To make matters worse, local communities were not involved in the land deal, although a few selected political elites approved the project. If all projections go according to plan, the project is expected to produce 70% of the country's fuel needs⁶.

⁶ <http://biofuelsdigest.com/bdigest/2011/09/21/zimbabwe-cane-ethanol-project-ready-to-distribute/>.

4.3.2.2 Positive impacts on Chisumbanje communities

i. In-kind compensation

Whilst the local communities, especially farmers were not involved from the start, the company running the project at Chisumbanje have tried to involve and compensate the farmers meaningfully. For example, Macdom Investment Pvt Ltd did set aside portions of land for smallholder farmers to engage in horticulture projects to compensate for their losses. The company also provides the farmers with irrigation services and gives them logistical support. Furthermore, some farmers are also contracted by the company to grow sugar cane which they sell to the company.

4.3.2.3 Negative impacts on Chisumbanje communities

i. Loss of farming land

Some local farmers had been using the now taken land as fields for their annual cropping in which they planted a variety of crops including maize, millet, sorghum etc for their survival and livelihood. However, following the agreement between ARDA and the private company, the land was no longer available to these farmers. As such, they did lost their farming land.

ii. Displacement of households

A number of smaller holder farmers who had been using the land, especially on permanent basis had decided to settle permanently on some parts of the estate. Following the launch of the project, these local farmers were asked to leave to the pave way for the ethanol project.

iii. Increased poverty

As reported by one newspaper, “Thousands of families are wallowing in abject poverty after their displacement⁷ from their communal lands to pave way for a bio-fuel project by the Agricultural and Rural Development Authority (ARDA) and Macdom Pvt Ltd outside the knowledge of local leadership”. The displacement of local community households has pushed some of them into poverty as they lost their means of viable survival.

⁷ <http://www.zimeye.org/?p=30233>. (11 May 2011). Chisumbanje villagers in poverty after displacement by Rautenbach

4.3.4 Conclusion

Despite the fact that the owners of the project at Chisumbanje have tried to involve and compensate the farmers meaningfully, overall the local communities seems to have been affected negatively by the project.

4.4 Case study from Tanzania

4.4.1 Land tenure system in Tanzania

All land in Tanzania is considered public land, which the President holds as trustee for the people. The following tenure types are recognized:

- § **Village land:** The Village Land Act recognizes the rights of villages to land held collectively by village residents under customary law. Village land can include communal land and land that has been individualized. Villages have rights to the land that their residents have traditionally used and that are considered within the ambit of village land under customary principles, including grazing land, fallow land and unoccupied land. Villages can demarcate their land, register their rights and obtain certificates evidencing their rights. (GOT Village Land Act 1999b; World Bank 2010a; Dondeyne, et al. 2003; Lange 2008).
- § **Customary right of occupancy:** Villagers have a customary right of occupancy for village land that they hold under customary law or have received as an allocation from the village council. Customary rights of occupancy can be held individually or jointly, are perpetual and heritable, and may be transferred within the village or to outsiders with permission of the village council. Village land allocations can include rights to grazing land, which are generally shared. The village council may charge annual rent for village land (GOT Village Land Act 1999b; Sendalo 2009; Baha et al. 2008; Alden Wily 2003).
- § **Granted right of occupancy:** Granted rights of occupancy are available for general and reserved land, subject to any statutory restrictions and the terms of the grant. Grants are available for periods up to 99 years and can be made in periodic grants of fixed terms. Granted land must be surveyed and registered under the Land Registration Ordinance and is subject to annual rent. Squatters and others without granted rights may have customary rights to occupy general land, which may be formalized with a residential license or remain unformalized and insecure (GOT Land Act 1999a; Maoulidi 2006).

§ **Leasehold:** Leaseholds are derivative rights granted by holders of granted or customary rights of occupancy. Holders of registered granted rights of occupancy may lease that right of occupancy or part of it to any person for a definite or indefinite period, provided that the maximum term must be at least ten days less than the term of the granted right of occupancy. Leases shall be in writing and registered. Short-term leases are defined as leases for one year or less; they may be written or oral and need not be registered. Holders of customary rights of occupancy may lease and rent their land, subject to any restrictions imposed by the village council (GOT Land Act 1999a).

§ **Residential license:** A residential license is a derivative right granted by the state (or its agent) on general or reserved land. Residential licenses may be granted for urban and peri-urban non-hazardous land, including land reserved for public utilities and for development. Residents of urban and peri-urban areas who had occupied their land for at least three years at the time the Land Act was enacted had the right to receive a residential license for the relevant municipality, provided they applied within six years of the enactment of the Land Act (i.e., by 2005) (GOT Land Act 1999a).

4.4.2 New Forests Company (NFC) in Kilolo District

Kilolo is a hilly district is located in the Southern Highlands of Tanzania's Iringa region. It has a humid climate with favourable conditions for the cultivation of food crops such as maize, beans, potatoes, vegetables and fruits (Locher, 2011). Following a Danish project which encouraged the protection of natural forests and the establishment of community based tree nurseries in the 1990s, currently most households' plant timber on some of their plots. At the same time, high demand for timber in Tanzania and abroad has further attracted several investors from other Tanzanian regions, which lead to increasing plantations of pine, eucalyptus, cypress and other fast growing softwoods.

In 2006, the UK-based New Forests Company (NFC) was introduced to Kilolo district by the district's Member of Parliament. The company presented itself as sustainable forestry business driven by commercial timber economics (The New Forests Company 2011).

Since it started in operations, NFC has acquired land in six villages and is still in the process of acquiring more land in the same and few more villages in Kilolo district. Unfortunately, in most of the cases the acquired land involves holdings of individuals although some reserve village land is involved as well.

Overall, the way in which NFC acquired land in the Kilolo district has been marred with privacy and controversies as the local communities were not given full information at each and every stage, although they were sometimes invited to attend some of the meetings. The Kilolo local community claim that it is only a few politicians, including the local MP who knew what was really happening.

4.4.3 Positive impacts of NFC on Kilolo communities

i. Feeder road improvements

Since the company started its operational activities, it has significantly improved the feeder roads to the respective area. This is a positive development as the local communities can also use these roads to access other areas which previously used to be difficult to reach.

4.4.4 Negative impacts of NFC on Kilolo communities

i. Loss of land

A number of local farmers lost their land as it was taken away from them by government and given to NFC. This resulted in them losing their source of livelihood and survival.

ii. Loss of grazing areas

Local peasants lost several disperse plots of grazing areas due to land transfer and this has resulted in them having to find grazing pastures in other neighbouring, but far villages.

iii. Compensation?

Although some villagers were compensated, while other did not receive any compensation, those who received were not satisfied with the amount, and especially the lack of clarity about the size of the land.

4.4.5 Conclusion

The overall impacts as of now of the New Forests Company on the Kilolo local communities is that it has negatively affected many people, with little positive impacts on the local people.

4.5 Case study from Uganda

4.5.1 Land tenure system in Uganda

The Land Act of Uganda 1998 recognizes four major systems of land tenure, while the country's 1995 Constitution states that "[l]and in Uganda shall be owned in accordance with the following land tenure systems: *customary; freehold; mailo; and leasehold*" (Section 237[3]).

- § **Customary tenure** is the most common tenure system in Uganda, accounting for between 70% and 80% of the land and in this system access to land is "governed by the customs, rules, and regulations of the community." Although The Land Act recognizes that occupancy of customary land conveys legal rights without documentary evidence and provides for a "certificate of customary ownership", in reality holders of land under the customary system do not have a formal title to the land they use, but generally have secure tenure. Under Ugandan law, customary tenure is described as "a system of land tenure regulated by customary rules which are limited in their operation to a particular description or class of persons." One advantage of this tenurial system is that people have lived with it for a long time and therefore understand it. One disadvantage is that it does not encourage record keeping, often making it difficult to resolve land use conflicts.

- § **Mailo tenure** is a quasi-freehold tenure system established in 1900 by the British colonial government to reward colonial agents who advanced British interests in many regions of Uganda and remains a relatively secure and well-defined system of tenure, particularly in the Central region. An important feature of mailo systems is that much of the land is used by tenants who are restricted in their security of tenure on the land they farm. Under this system, land is held in perpetuity and a certificate of title is issued. The principal advantage of this system is that it provides security of tenure, thus allowing long-term investments including those related to conservation. To the extent that mailo land is private, resource management regulatory agencies have limited authority over what happens on it.

- § **Freehold tenure** is a system whereby owners of the land have a title to their land which allows them to hold the registered land indefinitely. The landowner is given complete rights to use, sell, lease, transfer, subdivide, mortgage and bequeath the land as they see fit, so long as it is done in a manner consistent with the laws of Uganda. In the freehold tenure system, ownership is also in perpetuity, and a certificate of title is issued.

Leasehold tenure is a system where the owner of the land grants the tenant exclusive use of the land, usually for a specific period of time. Land may also be leased from the state to individuals for typical lease periods of five, 45, or 99 years. In return, the tenant usually pays an annual rent or service under specified terms and conditions. Leaseholders may or may not hold formal contracts with the owner. The advantage of the leasehold system is that the lessor can attach conditions to the leases and has the right to revoke ownership in case of abuse. The main disadvantages are that leases are costly and cumbersome to obtain, and hitherto, the leases awarded have not addressed environmental concerns.

4.5.2 Neumann Kaffee Group in Mubende

Following government's leasing of land to a German coffee company, Neumann Kaffee Group, 401 families (approximately 2041 individuals) were forcibly evicted in August 2001. The evicted families were not adequately consulted during the land allocation process. Furthermore, during the eviction process the army demolished houses, destroyed property, and confiscated staple crops such as cassava and potatoes. With regards to compensation, the reality on the ground indicates that since the eviction, only 2% of the evictees have been compensated but not adequately.

4.5.3 Positive impacts of Neumann on Mubende communities

i. Employment?

As a result of eviction, some farmers/peasants were employed as casual labourers/day labourers by the coffee plantation. They receive 2000USH (about 1 USD) per day for a fixed amount of work. If the work has not been completed, they do not receive the money. Often therefore the labourers receive 1USD for two days work. Some workers reported waiting weeks before being paid. In other words, the Kaweri Plantation made the affected families dependent on wages by taking their land. Prior to the eviction they were able to work independently and earned significantly more than the wages they currently receive. Overall, and as indicated by Action Aid commissioned study which was conducted by Margaret and Nuwagaba (2002), there has been a significant reduction in most people's income following the evictions.

4.5.4 Negative impacts of Neumann on Mubende communities

i. Loss of farming plots

Most of those evicted are still living on the border of the plantation and it remains uncertain whether they will be allowed to stay there. After being chased away from their former land, now they just have small plots of land, some of them in un-fertile areas.

ii. Loss of means of livelihood

After losing their land, the affected families now have small plots of land for farming that are insufficient to provide their families with food for the whole year. As one of the evictees noted, 'having no land for us means to have no food'.

iii. Property destruction

Since the army was employed to effect the eviction of the affected households, rather than asking the victims to pack their property, the army rather demolished houses, destroyed property, and confiscated staple crops such as cassava and potatoes. Thus, many people, besides losing their land, also lost property and had to start again looking for new sets of property during these difficult times.

iv. Loss of access to water

Before the displacement, nearly two thirds of the people could get their water from boreholes. However after the evictions, currently only a fifth has access to the boreholes while half of them have to rely on unprotected wells. While the project has created a new water pump, the safety of the water has been questionable given that it was once found to be contaminated with potentially dangerous concentration of iron.

v. Loss of access to health care facilities

Prior to the eviction, the families could access relatively well-stocked private pharmacies, now most of them depend on the public dispensary which is 15 kms away. As a consequent of the hygiene situation, death rates have increased significantly

vi. Limited access to education

The eviction led to the closure of the high quality primary school in the area, which implied a disruption of educational services for the affected families. The new school constructed later does not have the same quality of infrastructure than the lost one. In addition to this immediate impact, school dropouts have increased. This is due to several factors that include the inability of the affected families to pay the fees and the distance to the new school.

4.5.5 Conclusion

In summary, the operations of Neumanna Kaffee Group in Mubende area have impacted negatively on the people of this community.

4.6 Overall findings

Whilst it may be too early to judge the potential impacts of most land deals on the African continent on the local communities in which they carry out their activities, as of now, it can be safely concluded that most of these land deals have impacted negatively to local communities. As has been shown, in most cases, local peasant farmers lost their farming lands due to these land deals, with other local farmers were forced to relocated (though with no compensation), other locals lost their animal grazing areas. Again, whilst most land deals promised compensation to the affected households, from the cases studies presented in this study, in general, most affected local families did not get any compensation despite the fact that their land was taken even more than five years ago. Table 1 provides a summarized version of the analyzed impacts in a compact form for each of the six investigated land deals.

INSERT TABLE 1 HERE

5 Lessons learned and policy recommendations

This section provides the lessons learnt from the various case studies presented in this paper and provide policy recommendations based on the learned lessons

1 Lack of consultations with local people

From the case studies, most, if not all land deals were mostly between government (whether local governments or national governments) and the foreign company, without serious involvement of local communities right from the start. As such, most of the analyzed land deals have not delivered meaningful benefits to the affected communities. This simply emanates from the fact that lack of involvement of local people from start means also that planning of such investments did not take localized or home-grown approaches for helping the local communities into consideration.

Policy recommendation – To ensure that land investment deals maximize the benefits they can offer to the affected communities, there is need to involve those communities right from the start. The communities should be asked to propose possible ways in which such investments can benefit them.

2 Purported benefits to be treated with care

Most land deals were presented for acceptance to the local communities as benefiting the local people by flashing some of the ‘potential’ benefits such as employment, and social infrastructure development (schools, clinics, etc), among others. However, for most investors, once they got those land deals signed, they ‘forgot’ to bring those promised benefits to the communities.

Policy recommendation – To ensure that such promised benefits are concretized and that the foreign investor companies are held accountable, the local communities should insist for at least two attributes: (i) that all promised benefits should be concretized by putting them on paper and signed and (ii) the promised benefits should be costed (in the case of employment, minimum number of people to be employed per annum should be indicated) so that local communities get an idea of the magnitude of the promised benefits,

3 Benefits should be tied to time periods

Most land deals projects are generally vague when it comes to the time period for which the promised benefits are supposed to start accruing to the affected local communities. Thus, most investors take advantage of that lack of clarity and continue to promise the same benefits even 10 years after the project has already started.

Policy recommendation: The promised benefits should have fixed time periods on which the affected local people should expect to start positively benefiting from such projects. For instance, if the project promises to employ say 200 people from the local community, it should be stated whether these people will be employed on permanent basis; or whether they will be employed six months after the project has commenced etc.

4 *Continuous project monitoring and evaluation*

Since most revealed case studies have impacted negatively on the local communities to date, as way forward, the following recommendation should be considered.

Policy recommendation: There should be a clause which forces the investor and local communities to (independently or jointly) review provision of promised benefits at agreed intervals, say after every 5 years. To ensure that the investors are held accountable, especially to the benefits which they promise the local community, the investor and the local communities should, a priori, agree to the targeted benefits, and the necessary measures which can be taken should the investor fail to bring the promised benefits to the affected communities. Unless, the investor is made to account and forced to deliver the benefits he/she promise to the local communities, the affected local people will continue to be negatively impacted, while the investor will be enjoying his/her profits from the 'new' land as long as the project lasts!!

6 Conclusion

The study investigated the impacts of foreign land deals on the local communities in which those projects are located in a number of African countries. Specifically, the study analyzed the extent to which those foreign land transfers impacted positively and/or negatively on the local communities. Overall, the presented case studies show that most of these land deals have impacted negatively on local communities. As has been shown, in most cases, local peasant farmers lost their farming lands to the new land deals, with other households forced to be relocated, while others lost their animal grazing areas. Over and above that, very few affected people were meaningfully compensated.

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LIST OF TABLES

Table 1: Summary of foreign land deals impacts on local communities

Name of Project	Kabuye Sugar Works (KSW)	Kwara State	Naunetsi	Chisumbanje	Kilolo District	Neumann Kaffee
Positive impacts						
Employment (job) creation	Yes	No	No	n/a	Yes	No
Increased exports	n/a	Yes	n/a	n/a	n/a	n/a
Infrastructure development	n/a	Yes	n/a	n/a	Yes	n/a
Negative Impacts						
Displacements of households	Yes		Yes	Yes		
Local farmers lost their farmlands	Yes	Yes	Yes	Yes	Yes	Yes
Lose of livelihood	Yes	Yes	Yes	Yes	Yes	Yes
Increased food insecurity	Yes		Yes			
Los of grazing areas		Yes		yes	yes	
Compensation	No	Yes	No	Yes	?	
Increased poverty	Yes	Yes	Yes	Yes	Yes	Yes
Destruction of property						Yes
Overall Conclusion	Negative	Positive	Negative	Negative	Negative	Negative

Source: Author compilation

Key: 'n/a' – means information not given on this issue