

# Costly not to consider local resistance

Advice on agricultural investments in Africa

By Atakilte Beyene

Failures in considering and properly addressing local resistance have become costly for both the local people and the investors. Land acquisition policies need to be accompanied by mechanisms that address local grievances and conflicts. These aspects are crucial not only to alleviate unjust practices, but also to enhance confidence of investors and performance of the investments.

*"I had four acres of land and four mango trees. Apart from this land I had access to 10 acres of customary land resources. Since the transfer of this land to the company I have not been able to earn that much money. The loss of the customary land also had an impact. We used to collect wild fruits during stressful seasons to complement our income and nutrition. This benefit was also gone",* said a farmer from Nyamwagwe village in Rufiji, Tanzania.

The land of this local farmer in Tanzania was transferred to an investor involved in commercial farming and the process was facilitated by the government. The story highlights a number of important issues such as whether current large-scale farms that displace farmers of their land are able to maintain or improve livelihoods for local people; whether compensation mechanisms for property losses due to land appropriation are reasonable and socially accepted; and whether commercial farms are more beneficial than existing land use.

## People do resist

The story seems to simply convey a message of victimhood and passivity. But, a close follow-up indicates that local people do resist when they re-



Photo: Johan Sävström, Afrikagrupperna

African economy is dominated by agrarian economy and the population is overwhelmingly rural.

alize they are disadvantaged. Consequences of the failures in considering and properly addressing local resistance have become costly for both the local people and the investors.

## Mechanisms to address conflicts

So, as the emerging large-scale commercial agriculture in Africa has started to generate complex social processes, current land acquisitions policies need to be accompanied by mechanisms that aim to address local grievances and conflicts. These aspects are crucial not only to alleviate unjust practices, but also to enhance confidence of investors and performance of the investments.

Many African countries are experiencing unprecedented large-scale

agricultural land acquisitions. Foreign Direct Investment (FDI) in the agricultural sector is also increasing. Both domestic and foreign investors are involved in the land acquisitions although the scale of land being acquired and size of capital invested is generally bigger among foreign investors.

The foreign investors are of different nature - some private owned firms, some multinational companies while others are supported by their respective governments through sovereign funds.

## Policy adjustment to attract FDI

Governments in investment-hosting countries are also engaged in mobilizing their domestic resources and in

adjusting their investment policies to attract FDI. Execution of land identification and demarcation; certification, allocation and transfer of land to investors; low land rate fees and long-term land lease contracts; setting up agricultural investment loans (often for domestic investors); and various incentives such as duty free import of machineries and export tax exemptions are some of the measures being adopted across many countries in Africa, such as Ethiopia and Tanzania.

All these conditions are generating a momentum where large-scale land acquisitions seem to be taking off in many parts of Africa. These processes are seen as potential sources of economic growth and transformation. However, there is a growing research raising uncertainties and questioning whether the potentials can be met.

#### Current land investments in Africa

Flow of direct investments, creation of rural and urban employment, modernization of the agricultural systems, creation of market and value chains are indicated as important dimensions of large-scale commercial agriculture. How each of these expected outcomes materialize need to be

situated within the broader agenda of change and transformation needs of the rural areas. This question is not yet fully embraced in the current land and water deals.

African economy is overwhelmingly dominated by agrarian economy and the population is overwhelmingly rural. The current land acquisitions need to be seen in the context of the existing agricultural system and in relation to the changes and dynamics of actors emerging from within it. In this regard, the following are some key conditions.

#### Governance of natural resources

Current land investments are often taking place in a situation where the roles of formal and customary rules are operating at the same time and the relationship between them is not 'settled'.

Roles, legitimacy and stakes played by different actors at different levels of the governance structures are often fields of social contests where multiple and conflicting claims take place. The on-going large-scale land acquisitions, in their wider sense, thus relate to changing access, control, use and ownership of African

land and water resources. Thus, governance of natural resources will have to address issues of land rights, distribution, conflicts and investors' ownership frameworks.

#### Commercial farms and rural economy

Will the rural economy be part in the production, marketing and consumption of the envisaged commercial production systems?

Current agricultural investment policies tend to emphasize the role of employment opportunities, rural development and hard currency earnings from export-based commercial farming as important goals. However, this needs to be carefully checked in relation to broader objectives of creating conditions for broad-based, decent rural employment conditions and viable rural economy.

Expansion of skills and capacities of rural people and promotion of relevant, small-scale and affordable agro-processing technologies are some critical conditions to promote localization and integration of production systems. These measures are also relevant to reduce risks of exploitation and extraction of resources which, historically speaking, characterize many commercial farms in Africa.

#### Questioning compensation schemes

Policies that promote large-scale land transfers must accommodate both short-term and long-term solutions at the same time. So far the practice, often required in national law, has been compensation. Meaning, farmers who get displaced and their land transferred to an investor are entitled to get compensation only for the property they have developed (such as buildings, crops, and cash trees) and not for the land itself.

This is because of the characteristic of land ownership in many African countries where land is owned by the State and 'no value' is put on the land itself. The fate of such farmers can be different depending on country, scale of the displacement, if they are compensated in money or kind, etc. In



Photo: Johan Sävström, Afrikagruppen

Large-scale land acquisitions are seen as potential source of economic growth. However, research questions whether the potentials can be met.



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some cases the displaced farmers can be put into resettlement programs. In other cases they are given 'new' land. In this later case, they are sometimes supposed to develop the 'new' land on their own and costs for such operations are not accounted.

By and large, the major challenge in the compensation schemes is that the valuations of local livelihoods often miss out on important values. For example, none-agricultural benefits and labor employment are not considered in the valuation schemes. If value of what is compensated is too low, it is difficult to even argue whether the new large-scale farms are economically and socially superior to the small farms.

#### **Social context after land-transfers**

A critical aspect of the current land deals is that expectations on the supposed benefits from the large farms often do not materialize. Reasons for this may include investors over-promise; failure to implement planned activities; poor negotiation process (lack of structure and detail of discussions; documentation of agreements

and clarity of benefits and obligations); or simply unrealistic expectations from local people.

Employment opportunities from the farms are also generally very low. Whether investors use such promises as a strategy to get land is unclear. It may just as well be that such duties and responsibilities are outside the objective of the private sector and unrealistic to accommodate. Whatever the reason, it does suggest that the current land deals in Africa are perpetuating conditions of mistrust, misunderstanding and conflicts between investors and the local people.

#### **Taken by surprise**

Given the current land acquisitions over the last few years, many rural people have been taken by surprise with little time to cope and learn about the process. There are even cases where government agencies themselves have not been able to fully implement important aspects of such developments. Policy development, impact assessments, land use planning, coordination of different

offices and follow up of investor activities, are some which can be mentioned.

A combined effect of such deficiencies and gaps in policies and neglect of rural needs and priorities is that vulnerable social groups may become marginalized in the process.

#### **Policies must ensure land rights**

Therefore, policies that promote large-scale land transfers in Africa should not focus only at getting land transferred from local users to investors. They should also deliver mechanisms to ensure that the land rights of the local communities are in place, and for guaranteeing protection of other properties and benefits for local communities, for enforcing legal and judiciary rules and resolutions, and for dispute resolution.

These aspects are equally relevant for both the rural people and the investors involved.

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## Policy recommendations:

- Land policies should secure local farmers' rights of land and water resources. This includes recognition of customary rights and strengthening existing individual and community rights of land and water.
- Appraisal of large-scale commercial farms should be aligned with locally relevant strategies that ensure rural people's benefit. The policies should include strategies on integration of local and commercial production, processing and marketing, and capacity and skill development of local people.
- Policies that promote large-scale land and water transfer should clearly incorporate principles and procedures on how to engage rural people affected by the land deals. Practices related to negotiation procedures, conflict resolution mechanisms, compensation mechanisms, and implementation and follow up of agreements and litigations need to be strengthened both institutionally and organizationally.

## Want to know more?

Contact the researcher!



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