

# **Corporate Land Grabs: Policy Implications on Water Management in the South**

**BACKGROUND RESEARCH PAPER**

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This paper reflects the views of the author and does not represent the views of the Panel.

It is provided as background research for the HLP Report, one of many inputs to the process.

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## **Preface**

The present study on “Corporate Land Grabs: Policy Implications on Water Management in the South” is a contribution to the Post-2015 UN MDG Development Agenda, specifically in terms of providing an input paper to the High-Level Panel Report to the Secretary-General.

The topic of the study is both relevant and timely due to the growing interest and concern about land grabs, which, for the purposes of this paper, will be defined as the increasing acquisition of land (specifically farmland) by new types of investors whose objectives are neither understood nor appreciated. Foreign governments and large scale financial institutions, hedge funds and real estate investment trusts as well as private and public companies are showing rising interest in farm ownership and management in several countries in Africa, South-east Asia, Central Europe and South America. Even though private investment in land acquisition in countries in the South is not new, the present ones have triggered the alarm of the local and international media first, and then that of the nongovernmental organisations, international institutions and academia and research communities due to the possible negative social, economic and environmental implications that could result from these activities. The myriad of concerns relate to the possible reach and extent of the activities on the livelihoods of local populations; land and natural resources ownership, access, use, over-exploitation and degradation; food security, etc., with many of the debates reaching the core of the development discourse.

There is a school of thought that considers these types of investments in developing countries as detrimental, a threat to development, qualifying them in many cases as “neo-colonisation” mostly in the case of countries in Africa. Equally, there is another school of thought that considers farmland investment to be positive when managed properly, as it has

the potential to provide opportunities that are much needed in the developing world. In both cases, there is the fear that foreign government and corporate investment may not be as socially, environmentally, technically or financially beneficial as it should be for the host countries and their populations.

An additional worry is that the developing countries may not have appropriate human, legal, regulatory, institutional, financial, administrative and/or technical capacities. In this case, there is the distinct possibility that the policy environment may not be conducive for the proper implementation of the projects, and that they may not contribute to the overall development of the host countries.

It is well known that access to information does not necessarily mean access to knowledge, and the topic of “corporate land grabs” is a clear example of this situation. There are numerous media reports, information on Internet sites, opinion pieces, reports and academic papers that are not necessarily reliable. While they create awareness, many of them do not represent the actual situation, are not documented rigorously or put forward best guesses as actual facts, misleading the readers on what could be the real situation. Surprisingly, not only an increasing number of media reports and on-line information are used in research papers on this topic as *de facto* events, but also Wikileaks reports are used as reliable sources of information. It seems to have been ignored that these notes and reports may have been prepared in a completely different context and with different purposes than the ones for which they are used. As mentioned by Borrás and Franco (2012b, p. 34), global land grab, like “all catch-all phrases intended to frame and motivate political action, this one too suffers from limits and weaknesses that partly make it vulnerable to capture.”

This study has the objective of contributing to filling the gaps in the literature and the general understanding of this particular thematic area. Discussions on land grabs (both by foreign governments and by national and international companies) and their policy

implications on water management in the South are important but their analyses are still in an early stage. This area can be considered to be a relatively new field of research and, as such, in-depth studies are still necessary to learn about the actual situation, its implications, its challenges and the options available, both generally and specifically.

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## **Introduction**

Large-scale international investments play a significant role in supporting economic growth both of developed and developing countries. They have the potential to increase the amount of capital in the host economy, raise labour productivity, income and employment, with mostly positive impacts in terms of economic development (OECD, 2002). Particularly transnational corporations from developed states are both in the upstream and downstream end of the business of agriculture value chain colloquially known as agribusiness, for farmland has been increasingly viewed as a critical strategic resource and thus, a target of institutional private investors interest. Indeed as an emerging asset class, investment in farmland and agricultural infrastructure is considered attractive for its long-term benefits as a secure physical asset, for capital preservation, inflation hedge, attractive investment performance, investment portfolio diversification and uncorrelated returns with equity markets (Agroecological Investment Management, <http://www.agro-ecological.com/index.htm>). As such, it is argued that land grabs have increased over the last few years, representing a potential danger to both the welfare of impacted governments, and populations. This article aims to become a necessarily step towards filling the current literature gaps on land grabs, resource management and role of corporations, thereby expanding public knowledge, improving academic incite and orienting discussions on appropriate solutions.

Foreign direct investment (FDI) in agricultural production in developing countries has the great potential to promote economic development, boost productivity and contribute to poverty alleviation. The extent of these benefits in host countries, however depends significantly on several factors: their domestic regulatory frameworks for regulating FDI in agricultural production; the support and advice governments provide to farmers when negotiating with the private sector companies; and, their prior consideration of potentially negative social and environmental concerns. For the purpose of this paper, land grabs, or the

large-scale acquisition of land in developing countries by foreign corporations, governments or other actors, should be distinguished from FDI. It is important to recall that while FDI can certainly be characterised through many forms, the purchasing of land is but one of them.

According to the 2009 World Investment Report on transnational corporations, agricultural production and development (UNCTAD, 2009), FDI totals have grown in this sector to almost \$3 billion annually between 1990 and 2007, driven by the foodstuff needs of emerging import markets, the rapid expansion of biofuel use, and growing potable, water and agricultural land shortages in current agribusiness centres. Combined with a commonly observed increase in food prices worldwide and subsequent shortages in essential commodities such as rice, business has been encouraged to pursue a number of new speculative direct investments in agriculture and land.

While it has been this trend of increasing FDI in land throughout developing countries, that has called the attention of the international community, investment in the Global South is not a new phenomenon (see UNCTAD's agreements in the Bibliography). Historically it has included real estate and industrial development, agricultural production, extraction of minerals and energy-related resources, and tourism and conservation purposes, examples of which are increasing in the world. The impacts some of these ventures have had on water resources, the environment and local community health and welfare has been extensively documented in other, external research and thus will not be discussed at length in this paper.

### **In Search of Good Information**

In the agricultural sector itself, increasing interest by foreign governments and large-scale financial institutions, hedge funds, real estate investment trusts and private-public companies,

in land acquisition in developing states, particularly on the African continent, Central Europe, South-east Asia and South America has triggered the interest of the international community.

Today, critics continue to be concerned about the potential negative impacts that the above actors could have on the livelihoods of local populations, including issues of land and natural resources ownership, access, use, over-exploitation and degradation, among others. However, the dialogue is found to be wanting: reflective of this paper's objective, the lack of credible insight and useful information, upon which action plans can be based, continues to flounder efforts at developing a sustained and knowledgeable discourse. Over the internet and in the popular press, a vast number of media reports and opinion pieces on land grabs have turned out to be inaccurately reporting the number of hectares of agricultural land that have been transferred in multilateral agreements (in this regard, see, for example, analysis by Cotula et al., 2009; Deininger et al., 2011; FAO, 2013; Kugelman and Levenstein, 2009; Smaller and Mann, 2009; von Braun and Meinzen-Dick, 2009). For instance, the supposedly 83.2 million ha transferred globally to foreign governments and corporations was clarified to be 32.6 million ha (Land Matrix, 2013). This is an overestimate of more than 50 million ha.

The types and numbers of foreign actors involved in land grabs, the extent or purpose of their activities and the scale of the potential social, economic and environmental impacts and benefits are still not entirely known. Exemplifying this information gap, the OECD's commissioned HighQuest Partners report (2010) has published the names of but a few actors, investing in both developed and developing countries. Hardman & Co (2012) also includes in its 2012 World Agriculture Report a small list of companies that invest mostly in Sub-Saharan countries (see Tables 1A and 2A in the Annex). As well, discussions on fundamental issues such as the negative impacts of increased value of good agricultural land and cases of biofuel production supplanting food production are still based primarily on anecdotal information (see, for example, GRAIN and LAND MATRIX websites). Reliable data, information and in-

depth analyses are still necessary to support or supplant arguments revolving around agribusiness and its relationship with FDI.

Continuing, in-depth research on the impacts that increasing land grabs may have on water resources (or water grabs as they are currently presented) is in its inception phase. Investigations have, however, begun to emerge, led by Keulertz (2013), and also by Baumgart, 2011; Bues (2013), Cotula, 2011; Gildmont and Antonelli (2013) Hoff et al. (2013), Kizito et al (2013), McDonald et al (2013), Mulligan (2013), Williams (2012).

The bibliography section of this paper expands further on addressing sources of available literature on land and water grabs from different parts of the world. The overarching policy, legal, regulatory and governance-related frameworks in the host countries to make the best out of the growing FDI. Indeed, literature references to water resources in agribusiness, reflective policies, uses, and related implications have maintained a relatively low profile in current research. This is in spite of the fact that agricultural production not only depends on water in adequate quantity and quality, but that it could also have profound implications in terms of water use and availability in the regions and countries concerned. Therefore, there remains numerous issues within the topic of corporate land grabs and water management in the Global South that deserve in-depth discussions through a lens of development, economic growth, poverty alleviation and environmental conservation, a challenge to be broached here.

After a detailed discussion on land grabs, this paper explores lessons from case study states in both the developed North and the developing South. The objective is to show that agricultural FDI may have implications everywhere, not just in developing countries, and that more efficient water policy and management choices are still needed in all countries irrespective of whether they are developed or developing. The paper then draws attention to several initiatives on water management, which are worth studying. When regarding agribusiness and its relationship with FDI, it is necessary to draw connecting bridges with

issues around water, for the two are intrinsically linked both biologically, socially, environmentally and politically.

In the context of the Development Agenda beyond 2015, it is important to note that there is an increasing number of emerging players whom are setting new agendas for the use of natural resources at the global level. In particular, the majority of countries in the North, and some of the emerging countries in the South, seem to be setting the rules of the game, prioritising economic gains in the form of increased, targeted FDI, in spite of advocating, in most cases, a sustainable course into the future. In contrast, it would appear that the Global South is unable to take advantage of the potential benefits FDI can bring to their societies potentially due to weak policy and governance frameworks.

FDI has been an important part of the development story of all countries. It contributes to a fast evolving global landscape, adding a layer of complexity to the management of water resources, as related decision-making depends increasingly on other sectors' policies, performance and prospects. Even when comprehensive and inter-sectoral approaches should be the norm in responding to the increasing local and global changes and challenges, inexplicably, it is narrowly defined politics, policies and management practices the ones that continue to prevail in the water sector. The changing world order and its associated impacts will require a more proactive attitude that removes itself from old schools of thought and conventional wisdom as it relates to the policy, management and governance of water resources.

### **Land Grabs**

Farmland is a relevant and well performed, but poorly understood, asset class for many new groups. Arguments for and against this type of investment focus primarily on food security,

rural livelihoods and environment and natural resource protection. They include: the need for investment to improve production and increase economic growth; potential for growth in this sector given the commodity price volatility, resource pressure and thus potential benefits from global economic and population growths and increasing needs in terms of food security globally; serious concerns that the activities of private groups with primarily financial interests in countries with weak governance structures may have long-term negative social, economic and environmental implications at the domestic, regional and global levels and that will further deteriorate the already poor living conditions of the rural populations in developing countries.

With the objective of better understanding the situation on the ground, academic institutions and international organisations are increasingly carrying out empirical studies and documenting and disseminating their findings. Overall, majority of the empirical studies present cases where implementation of projects by both government and the private sector in many cases face shortcomings and a failure of best practices, with serious social, economic and environmental implications. For a government, these could include lack of an overall development framework where local and foreign investment initiatives are able to make a positive contribution to the country; inability to evaluate the economic, technical or financial viability of projects; poor enforcement of laws and regulations; and lack of regulatory, financial, technical and/or human resources capacities to evaluate and monitor the performance of investors.

In opposition, shortcomings in best practices for the corporate sphere can include: limited contribution to economic growth; technology transfer; employment creation; income generation; and infrastructural development. It should be noted that while it is hoped that private enterprises will follow the tenets of corporate social responsibility, their limited contribution could also be derived not from a failure of best practices, but from their raison

d'être as an entity designed principally to increase the financial returns of shareholders. In either regard, this may result many times in limited –or probably negative- social, economic, environmental, technical and financial benefits for the countries and their people (for further analysis, see Baumgartner, 2013; Baumgartner et al., 2013; Bossio et al., 2012; Bues, 2011, 2012; Deininger et al., 2011; Duvail et al., 2012; FAO, 2009, 2012; Hertzog et al., 2012; Keulertz, 2013; Kugelman, M., and Levenstein, 2009; Riddell, 2013; Cotula 2011; Cotula et al, 2009; Sosa and Zwarteveen, 2012; Wagle et al., 2012; William et al, 2012).

In their study, HighQuest Partners (2010) interviewed a very small sample of 25 companies in an attempt to draw some preliminary conclusions regarding private agribusiness investment. These companies accounted, at that time, for roughly \$7.25 billion in agricultural assets under management but represented “an insignificant subset of total number of financial institutions committing capital on a global basis across all asset class” (p. 7). Investment activities in farmland by private institutions focused on United States, Canada, Australia and New Zealand, and South America and Africa more generally.

Brazil is mentioned as the largest emerging frontier for new farmland development in the world. A variety of factors, including increased global demand for crops as foodstuffs, animal feed and biofuel production, a domestic legal system, which is equipped to facilitate foreign investment, and ‘relatively clear’ regulatory environment have attracted foreign investment to in this country in particular. Brazil acts as a potential model case study for the continued expansion of agribusiness and international investment elsewhere, with production know-how and experience, as well as primacy given to good local community relations as an emerging business practice being considered as potentially useful for implementation in countries in Africa.

In contrast, the World Bank recently completed a study of land management and agriculture property sales where it evaluated data from sources in the following 14 countries:

Cambodia, Democratic Republic of Congo, Ethiopia, Indonesia, Lao People's Democratic Republic, Liberia, Mozambique, Nigeria, Pakistan, Paraguay, Peru, Sudan, Ukraine and Zambia (Deininger et al., 2011). The analysis was based primarily on press reports on demand for land; compiled country's inventories of large land transfers between 2004 and 2009 based on data available to their in-country consultants; policy, legal and institutional frameworks for large-scale land acquisition; historical land expansion processes and predicted rates of expansion of cultivated areas depending on different demand drivers, etc. It was determined that the proliferation of official and unofficial information continues to be limited, amounting to a knowledge problem of on-the-ground productivity rates, public sector institutional methods of land management, and the scale of current land transfers. It was also found that nature and location of land transferred, and the way transfers had been implemented, seemed to have been ad hoc, based more on investor demands than on strategic considerations. Finally, only in a few cases it was found that countries have started to develop an inventory of uncultivated land with potential for cultivation, actual use, suitability, and rights, thereby reemphasizing this paper's hypothesized gap in knowledge on agribusiness.

The study mentions that out of the 56 million ha worth of large-scale farmland deals announced before the end of 2009, many of them had not been implemented at the time of the publication of findings and that only in 21% of the agreements that had been reached, had actual farming begun. In general, institutional, legal and/or governance gaps in the above 14 countries were found to have resulted in a lack of rights protection of local communities and weak public-private consultation processes which had led to uncompensated loss of land rights; limited capacity to assess the viability of the projects; and limited capacity to assess or enforce social and environmental safeguards.

The study argues that the focus of the overall debates have been almost exclusively on the land demanded by investors, when discussion should focus on the ways in which

investments have had the potential to contribute to the development objectives of the different countries, the potential for expanding rain-fed cultivated areas and the increasing productivity on current cultivated areas. Interestingly in the countries studied, it was found that local investors rather than foreigners were dominant players, and that benefits to the local population in terms of job generation and net investments were very low. This brings about questions of focus: future research would do well to study further the benefits, or not, of transitioning from local proprietorship of land in communities to foreign ownership.

Cotula (2011) analyses 12 land agreements and their wider legal framework in several countries in Africa, with a sustainability focus. The analysis includes contracts in Cameroon, Ethiopia, Liberia, Madagascar, Mali, Senegal and Sudan and considers aspects such as participation in the contracting process, economic fairness between investor and host country, distribution of risks, costs and benefits within the host country, degree of integration of social and environmental concerns, and extent to which the balance between economic, social and environmental considerations could evolve over the duration of the contract (See Table 3A in the Annex). The findings indicate that not all the contracts may be positive for the countries as some of them “appear to be short, unspecific documents that grant long-term rights to extensive areas of land, and in some cases priority rights over water, in exchange for seemingly little public revenue and/or apparently vague promises of investment and/or jobs. Also, a number of the deals are being negotiated in legal contexts where safeguards for local interests are weak, and some contracts appear not to properly address social and environmental issues” (p. 1-2). The author acknowledges that limited access to contractual documentation makes this analysis preliminary and incomplete, but also useful as a starting point for discussion.

In view of the potential above alluded risks and drawbacks associated with large-scale acquisition of land, there have been calls for the promotion of alternative business models that

would involve the local communities more actively. FAO (2013) sponsored a series of studies into alternative business models with the objective of learning from their potential successes and failures. Analysis originating in Brazil, Tanzania, Thailand and Uganda focused on the type of national policies that encourage FDI in agriculture and the resultant impact on national economic development. In the cases of Cambodia, Ghana, Mali, Senegal and Zambia, in addition to the above, the FAO included as case examples some large-scale agricultural investment projects by domestic investors. While the results varied in each case, overall, the findings indicate that FDI has contributed positively at the national level to increase agricultural production and yields, diversification of crops, agricultural exports, higher export earnings and adoption of higher standards. Negative environmental impacts were found to be mostly due to production intensification, resource degradation and, often, to lack of proper environmental impact assessments (prior to the investment) and effective environmental management systems (during the implementation phases). At the local level, one of the main short-term benefits of FDI was generation of employment.

However, the extent of the benefits was found to be mixed and changing over time. This depended on whether business models involved smallholder farmers or not, whether jobs were taken by local people or not, whether local people had the necessary skills and the knowledge to partner with the investors or not, whether the companies introduced and disseminated new technology and know-how adapted to small-scale farmers, etc. In all cases, however, the degree of success of the projects up to the point of the assessment and the extent of their positive impact on the local economy were generally determined to depend on the local context, prevalent governance practices, profile of the investors, negotiation processes, terms and conditions of the investment contracts, support from third parties, actors involved and excluded, and the type of production system and crops.

For the private sector, it was determined that corporations were equally likely to positively influence and impact local communities as a result of adherence to tenets of corporate social responsibility and global sustainability efforts.

Even though international initiatives are voluntary in nature, many companies have adhered to them because they are aware of the increasing interest of the international community on the private sector's social and environmental performance globally and, in turn, in the impact this can have in their reputations and their long-term financial health. Equally, many times companies receive clear guidelines from their Boards and shareholders to carefully abide by stricter social and environmental guidelines. Nowadays, financial health of companies that operate internationally depend to a great extent on the type of activities on which they invest, partners with whom they work and markets to which they export.<sup>1</sup> In some cases, companies are also carrying out high-risk activities investing in farmland in host countries with weak governance as this also means risking their investment.

In order to provide a sustainable and workable framework for national regulations, international investment agreements, global corporate social responsibility initiatives, and individual investor contracts, UNCTAD, FAO, IFAD and the World Bank have jointly developed a set of "Principles for responsible agricultural investment that respects rights, livelihoods and resources (PRAI)." (see Table 1 below).

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<sup>1</sup> For further information on private sector companies that are part of international initiatives, see Roundtable on Sustainable Palm Oil <http://www.rspo.org/>, Sustainable Cotton Project <http://www.sustainablecotton.org/>; United Nations Global Compact, a UN-Business partnership <http://www.unglobalcompact.org/>; Principles for Responsible Investment <http://www.unpri.org/>, including in farmland; Finance Initiative <http://www.unepfi.org/>; and Sustainable Agriculture Initiative <http://www.saiplatform.org/>.

*Table 1. Principles for Responsible Agricultural Investment (PRAI)*

1. Respecting land and resource rights. Existing rights to land and associated natural resources are recognized and respected.
2. Ensuring food security. Investments do not jeopardize food security but strengthen it.
3. Ensuring transparency, good governance, and a proper enabling environment. Processes for acquiring land and other resources and then making associated investments are transparent and monitored, ensuring the accountability of all stakeholders within a proper legal, regulatory, and business environment.
4. Consultation and participation. All those materially affected are consulted, and the agreements from consultations are recorded and enforced.
5. Responsible agro-investing. Investors ensure that projects respect the rule of law, reflect industry best practice, are economically viable, and result in durable shared value.
6. Social sustainability. Investments generate desirable social and distributional impacts and do not increase vulnerability.
7. Environmental sustainability. Environmental impacts of a project are quantified and measures are taken to encourage sustainable resource use while minimizing and mitigating the risk and magnitude of negative impacts.

Sources: Deininger, K., Byerlee, D., Lindsay, J., Norton, A., Selod, H., and Stickler, M., Rising global interest. Farmland: Can it yield sustainable and equitable benefits?, The World Bank, Washington, D.C., 2010; UNCTAD website, <http://unctad.org/en/Pages/DIAE/G-20/PRAI.aspx>; FAO, IFAD, UNCTAD, World Bank, Principles for responsible agricultural investment that respects rights, livelihoods and resources (A discussion note), 2010. Available at: [http://siteresources.worldbank.org/INTARD/214574-1111138388661/22453321/Principles\\_Extended.pdf](http://siteresources.worldbank.org/INTARD/214574-1111138388661/22453321/Principles_Extended.pdf)

For the private sector to contribute to the social and economic development of the host countries, it is important for the international community to move from “blanket pronouncements praising or denouncing the deals” (Meinzer and Markelova, 2009, p.69) to the study of individual cases in order to share both experiences and lessons learnt. Considerations on land tenure arrangements, proposed land use change and short-, mid- and long-term impacts on the livelihoods of the local population and the environment, including water resources, rural development, poverty alleviation and food security should be put on the table for detailed discussion in each individual case (FAO, 2013).

Typically, but not necessarily, FDI has the potential to result in benefits for the host countries in terms of employment generation, industrial, rural and technological development, poverty alleviation, and better management skills or systems, if as mentioned previously, the host government retains a functional and effective regulatory apparatus and have a strong governance system. Therefore, priority must be on strengthening the policy, legal, institutional, regulatory, governance and human capacities in the host countries in order to make better use of FDI.

### **FDI, Agricultural Production and Water Resources Use, Misuse and Degradation: Lessons Learnt in the North and the South**

Even when it is regulated, improperly managed agriculture can have significant impacts on the environment, both on and off farms (OECD-FAO, 2012). For example, non-point sources of pollution from agricultural activities are the major and growing problem worldwide, especially from nutrients and pesticides. Regarding water resources, poor agricultural practices also contribute to significant water over use, exploitation and water quality deterioration.

Countries in the North such as Australia, New Zealand and United States have very important agricultural sectors where FDI has played a main role. Australia, one of the few examples today where FDI is governed by a broader regulatory framework, acts as an important test case when mandatory domestic regulations apply to agricultural investment (see Australia's Foreign Investment Policy [http://www.firb.gov.au/content/\\_downloads/AFIP\\_2013.pdf](http://www.firb.gov.au/content/_downloads/AFIP_2013.pdf)).

It is important to note that FDI sectoral diversity is representative of the current investment climate in many countries in the world.<sup>2</sup> While corporate agriculture has been typically a forerunner of methodological, organizational and practical change, other production sectors have equally followed suit:

“Since the deregulation of wheat export market arrangements in July 2008, there has been increased interest among foreign investors in Australian grain bulk handlers and exporters. For example, Viterro (Canada) acquired ABB Grain; and Agrium, a Canadian fertiliser and agrochemicals company, bought AWB Ltd and, while retaining the Landmark rural services business, subsequently sold its grain handling and exporting business to Cargill (US). Half of the 23 licensed wheat exporters operating in Australia today are foreign-owned. These exporters have invested in grain handling capacity and facilitated exports through their overseas contacts.

The dairy industry was deregulated in 2000, when all states repealed legislation governing sourcing and pricing of drinking milk. Around half the milk produced in Australia is now processed by foreign-owned firms. Fonterra (New Zealand) and Lion

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<sup>2</sup> For the case of Latin America, see IICA et al., 2013; Murmis and Murmis, 2012 Piñeiro, 2012; Wilkinson et al., 2012

(Kirin, Japan) together process around 45 per cent of Australian milk production, while Parmalat (Italy) accounts for a little over 5 per cent.<sup>3</sup>

Bundaberg Sugar Limited was acquired by Tate & Lyle (the UK) in 1991 and was subsequently sold to Finasucre of Belgium in 2000. CSR sold its sugar business, Sucrogen, to the Malaysian–Singaporean company Wilmar in 2010. In 2011, Tully Sugar was bought by Top Glory (Australia), a subsidiary of the Chinese state-owned COFCO Corporation. The three foreign-owned milling groups account for almost 60 per cent of Australia’s raw sugar production.

The largest player in meat processing in Australia is the Brazilian-owned company JBS Australia, a division of JBS, Brazil’s largest multinational in the food sector, and the world’s largest meat company. JBS first invested in Australia in 2007, a move that was seen as giving the group more diversified sources of supply as well as access to the Japanese and South Korean markets, while at the same time opening a wider range of markets to Australian producers.

Other foreign companies in the meat industry are Cargill, now in partnership with the Australian company Teys Australia, and Japan’s Nippon Meat Packers. Based on throughput, around 40 per cent of Australia’s red meat production is processed by foreign-owned firms” (ABARES, 2011, p. 3-4).

Unfortunately, even in Australia where there are strong good governance frameworks in place, the apparent increase in agribusiness investment by foreign countries has raised concerns among several communities due to perceived large land acquisitions by foreign companies. As a result, the government has committed to implement a national foreign

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<sup>3</sup> This has helped bolster access to foreign markets.

ownership register for agricultural land (for more information, see the website of the Treasury on this issue, <http://www.treasury.gov.au/ConsultationsandReviews/Submissions/2012/agricultural-land> and the Consultation Paper on “Establishing a national foreign ownership register for agricultural land, November 2012”, [www.treasury.gov.au/ConsultationsandReviews/Submissions/2012/agricultural-land](http://www.treasury.gov.au/ConsultationsandReviews/Submissions/2012/agricultural-land)).

While each state and territory in Australia currently has established a land registration systems and processes, there is no land and water register, nor title system at the national level. States and territories also have information on ownership to water access rights within register systems but they do not identify whether the owner is foreigner or not (ABS, 2011).

The Australian Bureau of Statistics conducted in 2010 a survey on land and water on foreign ownership, which concluded that, “foreign investment in Australian agribusiness appears to be higher than in farmland. Foreign buyers of agricultural land in Australia appear to fall into three main categories: (i) Agribusiness companies, private or government owned, seeking to extend their activities up the supply chain to secure sources of supply. Examples include Qatar state-owned Hassad Food and Singapore-based, publicly owned Olam International; (ii) Investment or pension funds looking for profits from owning and operating Australian agricultural land where those operations do not form part of any larger agricultural or food business. Examples include purchases by the Westchester Group (owned by the Teachers Insurance and Annuity Association of America) and by private equity investment company Terra Firma Capital (UK-based) as well as (iii) Mining companies” (ABARES, 2011, p. 2).

The survey also indicated that 1% of Australia's 135,648 agricultural businesses and 11.3% of all viable agriculture land were totally or partially owned by foreign entities (ABARES, 2011).

Regarding water, the Bureau's survey notes, "Reforms in all states—beginning in the late 1980s—have made it possible for water entitlements to be traded independently of land. This has increased the potential for foreign as well as local investors to participate in the market for irrigation water in Australia. Results of the ABS Agricultural Land and Water Ownership Survey show that 91 per cent of water entitlements were fully Australian owned at 31 December 2010. New South Wales accounts for 44 per cent of Australia's water entitlements, of which 10.6 per cent was wholly or partly foreign owned. The other major water-using states, Victoria, Queensland and South Australia, have lower foreign ownership of water entitlements" (ABARES, 2011, p.3).

So far, however, there is no evidence that foreign firms have purchased water for their own use to protect agricultural investment, and not as an agricultural input. In fact, the Government has purchased a significant volume of entitlements held by foreign interests who were moving from irrigated to dry land farming (Horne, personal communication).

Serious water quality concerns due to non-point sources of pollution also represent an acute problem in the United States (EPA, 2009; Schaible and Aillery, 2012) and Southern member states of the European Union where agricultural production has caused extensive pollution (EASAC, 2010). The issue is not simply FDI, but large-scale agribusiness, which, if not legislated and managed properly, are most likely having negative impacts.

For developing countries, the situation is much worse. Asia, a key region for agricultural production globally, countries show clear signs of growing scarcity and environmental degradation in large parts of important agricultural areas: agricultural return

flows with pesticides and fertilisers are increasingly polluting surface and groundwater bodies; and groundwater levels are falling in northern India, Pakistan and the northern plains of China due to over pumping of the aquifers, leaving less fertile area for crop growth (Tortajada, 2012). Some 50% of irrigated areas in Central Asia are affected by salinity, waterlogging or both (Stucki et al., 2012); rivers such as the Syr Darya, do not discharge into the sea due mostly to overuse and poorly developed irrigation drainage systems have resulted in acute deterioration of water quality and extensive land degradation in the area fed not only by the Syr Daria river but also the Amu Darya (Qadir et a., 2009). Saline soils due to irrigation are estimated to affect almost 20% of irrigated areas each in China and Pakistan (ADB, 2013). In most of Asia, large irrigation systems underperform in water services provided to farmers and infrastructure suffers of inadequate investment in operation and maintenance.

In South Africa, farmers are under increasing financial pressure, making farms vulnerable to land grabs. Part of the pressure is due to agricultural deregulation (Hall, 2011), making it more difficult for farmers to keep their land. However, regulations alone are not enough; the state must also be strong enough to implement them. Throughout parts of Africa, often regulations are manipulated or simply avoided by those with enough power (Hall, 2011). This will continue to be a growing problem, as those capable of land grabs likely have the money and influence to avoid attempted regulations by weak governments.

Scarcity of agricultural land is not just a danger for future food production, but it is one of the key reasons behind the growth in land grabs. The economics of supply and demand mean that scarcity is valuable not only in terms of agricultural land, but also water and natural resources.

For countries in the Global South that are expanding rain-fed and irrigated agriculture at present with FDI's support, agricultural production and water resources management

experiences in both developed and developing countries provide valuable insights into best practices and approaches. These can include policy choices, management practices (McIlwaine and Redwood, 2010; Scott, Faruqi and Raschid-Sally, 2004), incentives, technologies, education and awareness practices (Molden, 2007, 2012).

Part of what can be learned from the United States and Australia is the importance of an effective state with a strong regulatory framework. Though problems have certainly still occurred in these two countries, a strong and effective state is one of the surest ways to realise the economic benefits of agricultural land and also avoid environmental degradation. In fact, Molden (2007) recommends improving the effectiveness of the state as a way to better manage agricultural water.

### **Water Resources Dimension**

One of the most challenging global issues is the management of water resources for all uses not only in terms of quantity but also in terms of quality. It is widely known that the quality of the waters determines their uses and thus their benefits; the more degraded the resources are, the more limited their uses will be.

With the new wave of investment in farmland, the larger irrigated areas pose an added stress to the quantum of water available for other uses that are allocated for human, industrial, energy and environmental purposes. Thus, it is necessary to plan not only for present but also for future multiple uses and users. There is also the risk that crop water requirements, ecological functions of freshwater ecosystems and water rights of local smallholders may be underestimated or simply disregarded. Factors responsible for this oversight include fragmented institutional arrangements both for land and water resources that often overlap with each other; out-dated or inappropriate laws and regulations; poorly funded and

ineffective regulatory agencies; non-functional property right systems; and governance systems which lack transparent decision-making. Examples are many and increasing mostly in the developing world. In addition, as the leading source of non-point sources of pollution from both rain-fed and irrigated areas, poor agricultural practices have adverse impacts in human and ecosystem health, a fact that should be considered in any project in order to try to ameliorate the many potentially negative impacts.

Policies and instruments are thus needed for alternative institutional arrangements and decision-making processes that will allow water resources access, use, management and protection as well as social and environmental standards to be factored in when large-scale investments are to be explored and not after a land grab has taken place and projects have been developed (Williams et al., 2012). The cost of inaction can be seriously detrimental in water use, allocation, reallocation, and quality both currently and in the future.

Depending on the legislation of individual countries, water ownership is often part of land rights agreements. The resulting water allocation and reallocation through large-scale land purchases and leases makes it necessary for governments to manage and regulate water resource extraction with the aim to avoid misappropriation and deterioration.

Understanding the relationship between agriculture and water, use patterns and quality in specific places is needed to determine the best possible policy responses. To be effective, legislative approaches that address water quality concerns in agriculture need to be part of packages that create the correct policy environment including strong policies, institutions and governance practices, and consider diverse price and non-price instruments, institutional reforms, broader engagements by the users and improved agricultural practices (OECD-FAO, 2012). Economic instruments could take the form of incentives for the adoption of desirable objectives; taxes on inputs that generate pollution, and payments for achieving required water quality standards. These could include, for example, subsidies to implement soil conservation

practices to reduce erosion, face taxes per unit of fertiliser or pesticide use, or penalties for not exceeding the concentration standards within a given basin. The goal of such schemes would be to impose or engender financial responsibility on the farmers as an alternative to enforce techniques or measure individual contributions to pollutant loads which are unlikely to be effective in all cases (Balasubramanya and Wichelns, 2012)

Water policies and institutions often work the best if focused on public goods (such as maintaining aquatic ecosystems), market failure aspects of water resources (such as resource depletion and pollution), facilitate the involvement of the interested actors and develop reliable data management systems that allow public access to relevant information (Parris, 2011). In this regard, a main problem consistently encountered by policymakers is that reliable data for decision-making is generally found lacking. Even when data is available, this is not a guarantee of sensible policy outcomes or appropriate and sustainable agricultural practices (Horne, personal communication).

In conclusion, FDI has implications everywhere, both in developed and developing countries. While the developing South remains on the horizon as a future testing ground for potential good governance approaches, enforcement mechanisms, regulatory frameworks and agriculture land management strategies, the track record of the West offers itself as a relatively ineffective guide. The United States and Australia examples show that even developed countries require more effective policies that could and should be implemented in order to better manage their land and water. The first steps to solving this dilemma must be the fillings of literature and research gaps that remain pervasive within the thematic area of agricultural investment and land grabs. For without a true knowledge advantage, the recommendations set forth above are doomed to fail,

## **Further Thoughts - Development Agenda beyond 2015**

Findings suggest that large-scale expansion of cultivated areas as well as the increase of FDI in agribusiness poses both opportunities and challenges to all states. It is the role of the governments to make the best use of local and foreign direct investment to respond to their own development agendas. Well designed and implemented strategies equally have the potential to make companies, local or foreign, become part of national efforts to promote development, economic growth, generate employment, improve food security, protect the natural resource base and foster technology transfer. The understanding of the global drivers for land investments and subsequent agricultural production will also go a long way to understand how to benefit from them.

In the current rapidly changing global environment, policy-making, management, governance and development of key resources does not lie exclusively within one sector. On the contrary, it is influenced significantly by decisions taken in other sectors such as the energy, industry, and environment, as well as according to the political environment and societal expectations at both national and global levels. Overall drivers of change and associated challenges for development lie not in any one sector but in the interactions between the different sectors, interests and partnerships (Biswas and Tortajada, 2009; Hajkowicz, et al., 2012; Söderbaum and Tortajada, 2011; UNDP, 2006) a clear example of which is the new wave of FDI in agriculture. It is within these interactions that the potential for improvement, coordination and cooperation exists, policy options have to be discussed and trade-offs have to be analysed and decided. The 'Post-2015 Development Agenda' presents a new opportunity to put the above ideas forward. An ideal strategy for the Development Agenda would be to reassess the foundations of growth policies and reconsider the development paths to avoid the degradation of the natural resource base, particularly fertile agriculture land, on which their own advancement depends. As for water, this is clearly one of the great human

development challenges of the 21st century. Properly planned and managed, it can fulfil essential roles in promoting development and reducing poverty at the national and sub-national levels. Nonetheless, it is often scarce, polluted, mismanaged and poorly allocated and governed (Tortajada, 2013), not generally regarded as a key determinant for development and notably absent from most of the political agendas (Falkenmark, 2003; Tortajada, 2012).

The 'Post-2015 Development Agenda' provides the opportunity to put high at the top of the global political agendas the need for urgent investments in the agriculture, food and water sectors at the local, national, regional and international levels. A clear vision is urgently needed where public and private sector groups as well as those of the civil society work in partnership within the same development framework; where production is mostly increased in land already in use, public expending is higher, markets are made more accessible, better management practices prevail and a stronger framework of governance practices is the rule. An innovative agenda that focuses on agriculture-for-development can reach millions of rural poor all over the world, but also augment food production and enhance food security for the rest of the rural and urban billions at the global level. Agriculture needs to be given more prominence globally and it will be only a culture of long-term and visionary planning what will make this possible.

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ANNEX

Table A1. List of funds investing in farmland and agricultural infrastructure

<b>Firm</b>	<b>Home Office</b>	<b>Fund Structure</b>	<b>AUM</b>	<b>Website</b>	<b>Geographic Focus</b>	<b>Information</b>
Adecoagro	Brazil	Private Company	\$500	<a href="http://www.adecoagro.com">www.adecoagro.com</a>	South America	Involved in the production of food and renewable energy in South America. Present in Argentina, Brazil and Uruguay, activities include the production of grains, rice, oilseed, dairy products, sugar, ethanol, coffee.
Advance Terra Fund	Bulgaria	Specialized Fund	\$70	<a href="http://www.karoll.net/en/">www.karoll.net/en/</a>	Bulgaria	Largest landholder in Bulgaria other than the government.
Ag Capital	Canada	Specialized Fund	\$100		Canada	Canadian farmland fund part of a larger group of funds that allows investors to add farmland to their investment. Primary investment in Saskatchewan.
Agrifirma	UK	Incorporated Company	\$180	<a href="http://www.agrifirma-brazil.com">www.agrifirma-brazil.com</a>	Brazil	Agrifirma was established to focus on world food supply by investing in Brazil due to its soil, climate, highly trained people in the agriculture sector.
Agro-Ecological Farmland Fund	UK	Specialized Fund	\$160	<a href="http://www.agro-ecological.com">www.agro-ecological.com</a>	NZ, South Am, E Europe, Africa	Focus on organic farmland acquisition globally, starting with a focus in New Zealand.
AgroGeneration	France	Public	\$180	<a href="http://www.agrogeneration.com">www.agrogeneration.com</a>	Ukraine	Fund is focusing on putting fallow farmland that suffered from under

		Company				investment back into production.
ALOFMI	Bulgaria	REIT	\$270		Bulgaria	A subsidiary of Mel Invest, this fund targets grain land production in Bulgaria.
Alpcot Agro	Sweden	LLC	\$57	www.alpcotagro.com	Russia and CIS countries	Alpcot Agro is a limited liability company formed in 2006. Objective is to generate returns by acquiring and farming agricultural land in Russia and other CIS states.
Altima Partners	US	Hedge Fund	\$625	www.altimapartners.com	Latin America and Russia	Fund was created to focus on land investing in emerging markets.
AMERRA Capital	US	Credit Fund	\$250		North and South America	AMERRA targets agricultural and some mining companies in the Americas.
Aquila Capital	Germany	Investment firm	\$475	www.aquila-capital.de	Australia, Brazil, South America	Diversified fund with investments in cropland, proteins and infrastructure.
Assiniboia Farmland LP	Canada	Specialized Fund	\$50	www.assiniboiacapital.com	Canada	Manages the largest farmland fund in Canada
Aston-Lloyd Agricommodities Ltd.	UK	Specialized Fund		www.astonlloyd.co.uk	Ukraine	Fund focused on Crimean peninsula in the Ukraine, with a focus on row crops.
Beltone Private Equity	Egypt	Private equity firm	\$200	www.beltonefinancial.com	Sudan	Partnered with Kenana to acquire sugar and row crop operations in Africa and Egypt.
Bidwells	EU	Investment	\$45	www.bidwells.co.uk	EU	Launched the Pan European Farmland Fund in November 2009. Mostly

		firm				focused on row crops in EU countries, with 20% to be focused on timber and infrastructure.
Black Earth Farming, Ltd.	Sweden	Private	\$61	www.blackearthfarming.com	Black Earth Region of Russia	Operates crop farmland in Black Earth area of Russia, focuses on the area due to its high soil fertility and recent focus by government on land titles and solvency.
Black River Asset Management	US	Hedge Fund	\$250	www.black-river.com	Global	Subsidiary of Cargill that operates in 11 countries. Focuses on a variety of regions and crops.
BPT Farmland Fund	Luxemburg	Specialized Fund	\$203	www.bptam.com	EU and Eastern Europe	Focuses on row cropland acquisition in Russia, secondarily the Ukraine.
Bramdean Asset Management LLP	UK	Specialized Fund	\$150	http://bramdean.com/	Brazil	Capital being raised and set to close in second quarter of 2010. Will focus on Brazilian farmland.
BrasilAgro	Brazil	Investment Management	\$148	www.brasil-agro.com	Brazil	Subsidiary of Cresud (Argentinean agricultural production firm), and Tarpon, an asset management firm specializing in private equity in Brazil).
Brookfield Brazil	Brazil	Private Company	\$170		Brazil	Has been operating in Brazil for over 25 years, currently expanding to include structured funds for additional capital and land acquisition in Brazil.
Bulland Investments	Bulgaria	Investment Fund	\$9	www.bulland.org	Bulgaria	Bulland Investments is an investment firm that specializes in agricultural land investments.
Calyx Agro	Argentina	Specialized Fund	\$200	www.calyxagro.com	Latin America	Louis Dreyfus established Calyx Agro in 2007 as a fund for farmland acquisitions in southern Latin America. The fund focuses on identifying,

						acquiring, developing, converting and selling farmland in Brazil,
Casenave (CASA)	Argentina	Public	\$100	<a href="http://www.e-cazenave.com.ar">www.e-cazenave.com.ar</a>	Latin America	CASA was one of the first companies to offer public funds for investment in and operation of farmland in Argentina. It also selects and manages farmland for particular companies, including an operation for Glencore,
Ceres	Bulgaria	Specialized Fund	\$45	<a href="http://www.ceres.bg">www.ceres.bg</a>	Bulgaria	One of the largest three agricultural land holders in Bulgaria. Looking to expand land holdings into other Eastern European countries. Utilizes a lease model for production.
Citadel Capital	Egypt	Private Equity Fund	\$40	<a href="http://www.citadelcapital.com">www.citadelcapital.com</a>	Sudan, Africa	Ag fund is Sabina for agricultural farmland in the Sudan with focus on sugar cane. Also considering investments in Uganda, Kenya and Ethiopia.
Cresud	Argentina	Public Company	\$400	<a href="http://www.cresud.com.ar">www.cresud.com.ar</a>	South America	Cresud is a diversified fund that operates both cropland, beef farms and dairy farms in Argentina.
Dominion Farms Ltd.	US	Private Company		<a href="http://www.dominion-farms.com/">www.dominion-farms.com/</a>	Africa	Dominion Farms is a diversified farming operation in western Kenya producing long grain rice, fish, and other agricultural products under the Prime Harvest brand.
Duxton Asset Management	Singapore	Hedge Fund	\$440		Global	Focuses on investment in agricultural land, emerging markets private and public equities, physical wine and vineyards.
El Tejar	Argentina	Private Company	\$1,000	<a href="http://www.eltejar.com.ar/en/">www.eltejar.com.ar/en/</a>	Argentina, Ecuador	Acquire and manage grain and meat production farms in Argentina and Ecuador. Focuses on geographic diversity within these countries for risk
ELANA Agricultural	Bulgaria	REIT	\$32	<a href="http://braziliowafarms.com">braziliowafarms.com</a>	Bulgaria	Set up in 2005 as first Bulgarian real estate investment trust for

Land Opportunity Fund (ELARG)						investments in land.
Emergent Asset Management	Canada	Investment Management	\$600	<a href="http://www.eaml.net">www.eaml.net</a>	Sub-Saharan Africa	Partnered w/ Grainvest for a farm management team to manage the acquired farmland.
Full Harvest Agricultural Opportunities Fund	UK	REIT	\$65	<a href="http://www.chesscapitalpartners.com">www.chesscapitalpartners.com</a>	US	Established in 2006, it buys US farmland, taking cash and crops as rent. Its goal is to eventually go public as the first farmland-only real estate investment trust (REIT) in the US.
Galtere	US	Hedge Fund	\$100		US, Brazil	Formed in 2007 as a joint venture between Galtere Ltd. and Harvest Capital Group LLC. Galtere is purchasing farmland in the US and Brazil. In Brazil it owns two farms, producing rice and soybeans.
Greenfield Agribusiness	NZ	Investment management	\$43	<a href="http://www.greenfield.co.nz">www.greenfield.co.nz</a>	New Zealand	This fund is primarily focused on pastureland and protein in New Zealand, and directly operates the its farm and pasture land.
Grupo Iowa	US/Brazil	Private company	\$55	<a href="http://www.braziliowafarms.com">www.braziliowafarms.com</a>	Brazil	Started in 2004, Grupo Iowa focuses on row crop farming in the Bahia region. With emphasis on cotton and rotation crops, they have also been involved with cotton infrastructure in the local area.
Gulamerah Fund		Investment management	\$53	<a href="http://www.thegulamerahfund.com">www.thegulamerahfund.com</a>	Indonesia, Southeast Asia	The Gulamerah Fund was set up in 2008 with the aim of acquiring, through lease arrangements via a local partner, farmland in Indonesia to produce premium cacao for the global chocolate market, as well as palm sugar, vegetables and fruits.
Hancock Natural Resource Group	USA	Investment firm	\$1,200	<a href="http://haig.jhancock">http://haig.jhancock</a>	US, Australia	Hancock invests in both row and permanent cropland, acquiring properties typically valued at greater than \$1 million. They both lease and

						directly operate their farmland, depending on the region and individual acquisition
Insight Global Farmland Trust	Guernsey	Specialized Fund	\$300		Global	Insight invests directly in farmland holdings, with global diversification as risk mitigation strategy.
Land Commodities	Switzerland	Investment firm		www.landcommodities.com	EU, North America, Australia, NZ	Focuses on mid-term investments on existing farmland in developed nations.
Lumix Capital Management	Switzerland	Fund	\$20	www.lumixcapital.com	South America	Focuses on leasing farmland in South America with a wide range of countries and crops to diversify risk.
Macquarie	Australia	Investment Firm	\$1,100	www.macquarie.com.au	Australia	Macquarie Australia manages 6 agricultural funds, focusing on pastureland, proteins, row crops and viticulture.
NCH	US	Investment Firm	\$1,100	www.nchcapital.com	Eastern Europe, Ukraine	Launched in 2007, the NCH Agribusiness Partners focuses on row cropping in Eastern European countries and Russia.
Pergam Finance	France	Investment Firm	\$120	www.pergamfinance.com	South America	Pergam Finance is a US\$1 billion French private equity house, which has established a venture called Campos Orientales to invest in farmland in Argentina and Uruguay. Campos Orientales aims to purchase farms, modernize them and then sell them for a profit after 7 years or so.
Pharos Miro Agricultural Fund	EU	Hedge Fund	\$75	www.pharosfund.com	Africa and Eastern Europe	Pharos Miro's Agricultural Fund was launched in October 2009 , which will focus initially on rice farming in Africa and cereal cultivation in eastern Europe and former Soviet countries.
Prudential	US	Investment	\$100	www3.prudential.com	US	The Prudential Agricultural Investments serves institutional investors who

		Firm				seek portfolio diversification into the farmland asset class, with focus in North America.
Quifel Natural Resources	Portugal	Private Equity	\$67	www.quifelresources.com	Lusophone countries	Quifel is a private equity fund established mainly to invest in plantations for biofuels in Lusophone countries.
RABO Farm	Netherlands	Close ended Fund	\$200	www.rabobank.com	EU, Global	Rabo FARM intends to diversify its investment geographically and among crop and animal production. It will also focus on large-scale production.
Rural Funds Management	Australia	Investment Management	\$359	www.ruralfunds.co m.au	Australia	Largest institutional landholder in Australia with 6 operating funds in livestock, row crops and permanent crops.
SLC Agricola	Brazil	Public	\$645	www.slcagricola.co m.br	Brazil	Agricola focuses on farmland acquisition in Brazil, with emphasis on standardization of farming practices and improvements of yield and productivity.
Sollus Capital	Brazil	Fund	\$125	www.solluscapital. com	South America	Touradji Capital Management and Los Grobo Group, one of the largest companies in the South-American agribusiness industry, founded Sollus. Focuses on row crops with management by Sollus.
Terra Firma Capital Partners	UK	Investment Management	\$290	www.terrafirma.co m	Australia	In 2009, Terra Firma started cattle station acquisition in Australia.
UBS-Agrinvest	USA	Open end comingled fund	\$521	www.ubs.com	US	Diversified portfolio across the US in 25 row crops, vegetables and permanent crops. Utilizes leasing strategy for operational management.
Westchester/Cozad Asset Management	USA	Private Equity	\$500	www.cozad-westchester.com	US	US focused fund that focuses on row and permanent crops. Focus on highly experienced, qualified operators for leased farm operations.

Source: HighQuest Partners, United States (2010), “Private Financial Sector Investment in Farmland and Agricultural Infrastructure”, OECD Food, Agriculture and Fisheries Working Papers, No. 33, OECD Publishing. doi: 10.1787/5km7nzpjl8v-en

Table A2. Some companies investing in Sub-Saharan Africa\*

<b>Company</b>	<b>Stock Exchange</b>	<b>Ticker</b>	<b>Market Cap (US \$M)</b>	<b>Country of Operations</b>	<b>Significant Shareholders</b>
Illovo Sugar Ltd	Johannesburg	ILV	596.2	South Africa /Malawi/ Zambia /Swaziland/ Tanzania/ Mozambique	Associated British Foods Ltd 51.5%
Tongaat Hulett Sugar	Johannesburg	TON	536	South Africa /Swaziland /Mozambique /Zimbabwe	50.6% Anglo South Africa Capital
Crookes Brothers Ltd	Johannesburg	CKS	24.6	South Africa	
Mumias Sugar Company Ltd	Nairobi	MSCL	83.9	Kenya	Government 20%
Illovo Sugar Malawi Ltd	Malawi	ILLOVO	0.28	Malawi	
Star Africa Corp Ltd	Zimbabwe	ZSR	3.4	Zimbabwe	
Hippo alley Estates Ltd	Zimbabwe	HIPPO	212.1	Zimbabwe	Tongaat Hulett Sugar 50.3%, Tate & Lyle 10%
Zambia Sugar Plc	Zambia	ZMSG	328.2	Zambia	Illovo Sugar Ltd 81.6%
Dangote Sugar Refinery Plc	Lagos	DANG	297	Sugar refinery	Dangote Group

		SUGAR			
Omicane Limited	Mauritius	MTMD	161.5	Mauritius	Previous shareholders includes Lonrho, Illovo Sugar (1997 - 2001), & BBHM (2002- 2009)
ENL Land Ltd	Mauritius	SAVA: SEM	300.4	Mauritius	
Deep River-Beau Champ Limited	Mauritius	DRBC	150.7	Mauritius	GML
Flacq United Estates Limited	Mauritius	FUEL	121.0	Mauritius	GML
Constance la Gaiete Co Ltd	Mauritius	CSE	20.5	Mauritius	
Medine Ltd	Mauritius	MSE	240.4	Mauritius (West Coast)	
The Union Sugar Estates Co Ltd	Mauritius	UNSE	29.0	Mauritius	
Royal Swaziland Sugar Corporation	Swaziland	RSSC	163.1	Swaziland	Tibiyo Taka Ngwane 53.1%, Tsb Sugar International (Pty) Ltd 26.3%, Swaziland

					Government, Nigerian Government, Coca- Cola Export Corp Ltd, Booker Tate Ltd.
<b>Total</b>			<b>3268.2</b>		

Source: Hardman & Co, (2012) “World Agriculture Report. Sub-Saharan African Agriculture: A Guide to What There Is & Who Owns It”, London.

\* The Table in the original document does not have a title. This one has been added to indicate the content. This Table should thus not be quoted with the present title.

Table A3. List of contracts and key features

<b>Host country/ contract identification</b>	<b>Contract title/type</b>	<b>Year</b>	<b>Total land area (ha)</b>	<b>Activity and crop</b>	<b>Parties to the contract (land provider; land acquirer)</b>	<b>Other comments</b>
Cameroon-1	Land Lease Contract	2006	11,980	Sugarcane	Central government; national company controlled by private foreign investor (Europe)	Expands land area of existing plantation
Ethiopia-1	Land Lease Contract	2008	500	Agriculture	Regional government; individual national investor	Examined through unofficial translation undertaken by the study; the date on the contract is 2001 following the Ethiopian calendar
Liberia-1	Investment Agreement	2007	8,011  (19,795 acres); additional	Oil palm	Central government; company incorporated in host country but controlled by private foreign investor (Europe)	Renegotiation of earlier agreement

			land may be acquired			
Liberia-2	Concession Agreement	2008	15,000	Rice	Central government; company incorporated in host country and linked to local NGO and foreign sovereign wealth fund (North Africa)	
Liberia-3	Concession Agreement	2008	48,154 (118,990 acres); additional land may be acquired	Rubber	Central government; company incorporated in host country and controlled by private foreign investor (North America)	Renegotiation of earlier agreements
Madagascar-1	Contract Farming Agreement	2009	170,914.13	Rice, maize, wheat, pulses, fruit, vegetables or other	13 farmer associations; local subsidiary of a private foreign investor (South Asia)	Some signatures missing on publicly available contract; linked to reportedly cancelled contract with state for additional land (Ullenberg, 2009)

Mali-1	Convention of Establishment/ Investment Agreement	2008	100,000	Agricultural production, livestock, processing	Central government; foreign government (North Africa) but land allocated to company controlled by foreign government	
Mali-2	Convention of Establishment	2007	20,245 plus option to acquire additional 17,000	Sugarcane plantation and processing plant for sugar, ethanol and power	Central government; private foreign investors (Europe, North America) but land transferred to private companies controlled by the two contract parties; most of the land is acquired by a company controlled by the host government	Only the first part of the contract is publicly available
Mali-3	Convention on the Conditions for the Cession and Lease of Lands	2009	20,000	Sugarcane plantation and processing plant	Central government; foreign investor (East Asia); land acquired by a company in which the host government has a minority stake	Expansion of pre-existing project

Senegal-1	Contract for the Exclusive Utilisation of Land	2008	10,000	Jatropha and “other oleaginous plants”	Local government body; private foreign investor (Europe)	Publicly available contract signed by investor only
Sudan-1	Agricultural Investment Agreement	2002	12,600 (30,000 faddans)	Agricultural production, livestock, processing	Central government; foreign government (Middle East)	Original in Arabic, contract examined through unofficial translation undertaken by the study
Sudan-2 (Southern Sudan)	Land Lease Agreement	2008	179,999	Timber plantation and forest conservation for carbon credits	State-level government; company controlled by private foreign investor (Europe)	Signatures not in publicly available contract; CHR&GJ (2010) reports deal as still being finalised by government in 2010

Source: Cotula, L., Land deals in Africa: What is in the contracts? IIED, London, 2011. Available at <http://pubs.iied.org/12568IIED.html> (accessed 28 April 2013). The original Table includes the following notes and sources: “Sources and notes: table based on information contained in the contracts; information about origin of land acquirers integrated from internet-based data. The contracts reviewed are publicly available at

[http://farmlandgrab.org/home/post\\_special?filter=contracts](http://farmlandgrab.org/home/post_special?filter=contracts) (Cameroon, Mali, Madagascar and Senegal); [www.leiti.org.lr](http://www.leiti.org.lr) (Liberia); Ullenberg, 2009 (Madagascar-1); <http://faolex.fao.org/> (Sudan-1); CHR&GJ, 2010 (Sudan-2). Ethiopia-1 not publicly available, on file with author. It was impossible to verify implementation status; Andrianirina-Ratsialonana and Teyssier (2010) raise doubts as to whether Madagascar-1 going forward due to political changes. It is assumed that the documents available from these sources are the contracts in force between the parties. Unless explicitly stated otherwise in the contract itself, the document reviewed is assumed to be the main contract between the parties.” (p. 9).