



“The Farms Race: The rush for food security in Africa”

International investment in agriculture and the implications for Africa

Herbital Maluleke

Manager: International Trade Intelligence

ABC

Agricultural Business Chamber / Landboubesigheidskamer



Outline

- Introduction
- Motivations for investment in agriculture
- Issues and Concerns
- Impact of international investment
- Proposal
- Conclusion



Introduction



- Global economic and food crises are together spawning a new trend towards buying up/acquiring land for food production in other countries, esp. in Africa
- International investment in farms and agriculture is, however, not exactly new
- FAO persuades governments and investors around the world to invest in agriculture to halt downturn in food production
- Trend has been increasing perceptibly in recent years
- It is difficult to turn around and argue against it now





What are investing countries hoping to gain?

- **Food security**
 - Food production :1.5X by 2030, 2X by 2050
- **Deteriorating natural resource base – land and water (Saudi Arabia, China, Korea, etc.)**
- **Bio-fuel demand and production**
- **Financial gain**





What is Africa hoping to gain?

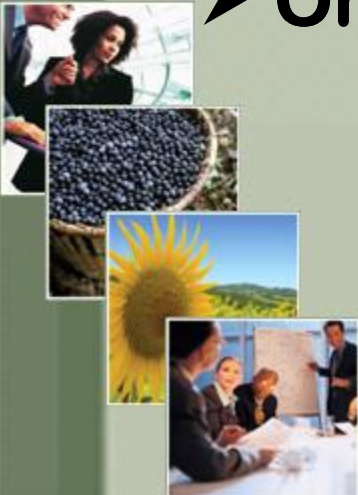
- Technology transfer, employment creation, infrastructure development, GDP growth
- Credit for markets
- Ideally, local food system support
- Foreign direct investment needed to supplement other sources of investment funds



Issues and Concerns



- **Potential gains from investment are sizeable, but we need to consider:**
 - **Displacement of landowners/land dwellers, and also land insecurity issue**
 - **Policy inconsistencies**
 - **Food security concerns, both nationally and household.**
 - **One-sided contracts**



Impacts of international investments



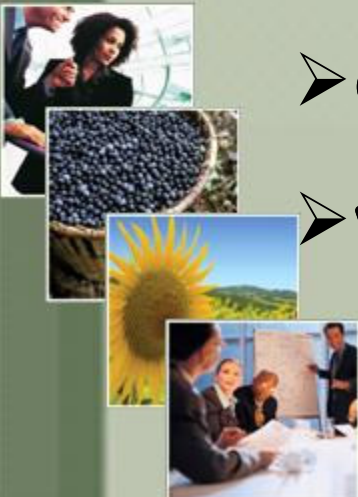
- **Positive developmental effects of foreign direct investment :**
 - **technology transfer and upgrading**
 - **employment creation and poverty reduction**
 - **food production and food security**
 - **commercialization and large-scale agriculture, including productivity gains**
 - **diversification and development of value-added production**
- **“win-win” or “neo-colonialism”?**





Impacts of international investments (Cont...)

- **Negative developmental effects**
 - **inappropriate economic models**
 - **social and human rights issues**
 - **Transparency and governance issues**
 - **environmental issues**
 - **worst case scenarios**



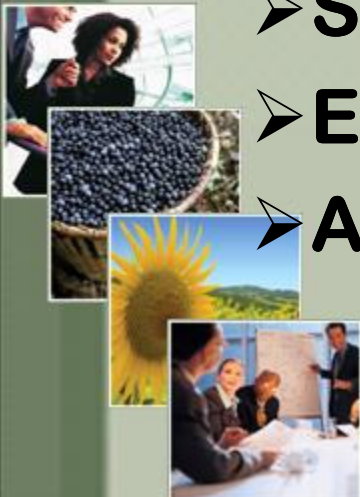


Our proposal

- **Elements of a Code of Conduct (e.g. BBBEE in S.A., or Equator Principles:**

A set of environmental and social benchmarks):

- **Transparency in negotiations**
- **Respect for existing land rights, including customary and common property rights**
- **Sharing of benefits**
- **Environmental sustainability**
- **Adherence to national trade policies**

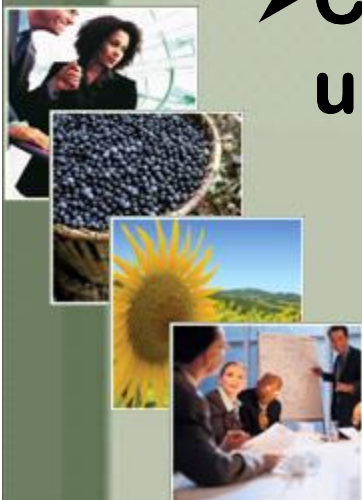


Our proposal (Cont...)



- **Institutional Requirements**

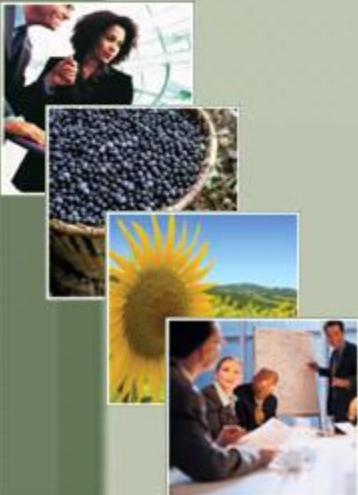
- **Governments to monitor, safeguard local people's rights**
- **Media to increase transparency**
- **Civil society to keep pressure against unjust expropriation**





Conclusions

- **International agricultural investments are not bad per se, but need to find win-win solutions.**
- **Require clear and consistent national policy framework as basis for land use and foreign investment policies and rules.**





Thank you for your attention!!!

