

Statement by

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On the occasion of the

HIGH LEVEL POLICY FORUM

LAND BASED FOREIGN DIRECT INVESTMENTS IN AFRICA

Making investments work for African Agricultural Development

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Statement for Day 2

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Mr. Chairman,
Your Excellency, President Mogae,
Excellencies, Honorable Ministers,
Excellencies, Chiefs and Traditional Rulers,
Ladies and Gentlemen,

It is indeed an honor and it is with great pleasure that I welcome this opportunity to address you all on a matter of increasing concern across the continent but also one of great promise. Land tenure, land reform and land administration are the cornerstone to successful agricultural transformation everywhere.

But let me start by thanking the Government of Kenya for agreeing to host this very important forum on such a short notice. We all know that Kenya has been grappling with this issue and has demonstrated great courage in tackling the problem head on. We salute this courage and hope this event will also provide examples from near and far that will help shape these reforms going forward.

This Forum is coming just over a week after the sad passing away of a great champion for Africa, a leader of the global environment movement, a true believer in sustainable development and an ardent advocate of good land husbandry and good transparent governance.

Please join me and stand in silence for a minute in memory of none other than Mrs. Wangari Maathai, former Member of Parliament in Kenya, Nobel Laureate, true academic and grassroots champion and co-chair of the Congo Basin Trust Fund.

Thank you.

We gather here today to debate a very sensitive issue that some regard as the spark for a new green revolution in Africa, while others perceive it as a menace and have dubbed it the “land grab”.

The main reasons for the recent interest in large scale land acquisitions by foreign investors in Africa are global food security, the rise in energy prices in investor countries, as well as the investment opportunities in the agriculture sector in Africa.

In relation to food security and energy prices, the cause can be seen as a cumulative effect of limited availability of water and land in investor countries, an expansion in biofuels production to curb expanding and expensive fossil based fuel bills. In addition, we are witnessing increasing urbanization in investor countries and changing diets with increasing demand for grains and animal protein.

Foreign investments in land are not only aimed at securing land rights for higher food demand in the future, but also at the production of specific commodities for which the demand is expected to rise such as biofuels and organic foods.

Mr. Chairman,

To date, very little is known on the real impacts of foreign land acquisitions and therefore there is an urgent need for us to work together for better understanding in order to design policies and safeguard measures as well as engage in a discussion of the terms and conditions which would ensure that large-scale land deals benefit Africa.

The issue of land policy in general and land rights in particular, has always been given a high priority in the African Development Bank (AfDB). And this is why, in 2006, we joined forces

with the African Union and the UN Economic Commission for Africa, to launch the Land Policy in Africa Initiative”.

This led to the adoption by the African Union Summit of Heads of State and Government of a Declaration on Land Issues and Challenges in Africa in Sirte, Libya, in July 2009.

The AU Declaration on land invites Regional Economic Communities to convene regional platforms to facilitate experience sharing, lessons learnt and dissemination of best practices in land policy formulation, implementation and monitoring based on member states experiences.

Mr. Chairman, Excellencies, Ladies and Gentlemen,

Advocates for increased foreign direct investments in land argue that heavy injections of capital will enhance agricultural technology, boost local employment, increase the incomes of the rural population, improve agricultural yields and ultimately contribute to a transformation of small holder subsistence agriculture to a more commercial business oriented agriculture sector. Such investments are also expected to contribute to the development of rural infrastructure and improve market efficiencies.

Opponents, on the other hand, argue that the negotiations are often “lopsided” resulting in unfair deals at the expense of rural populations.

Large-scale land acquisitions can result in local people losing access to not just land but also water, forest products and even easier transport routes to markets. Land deals can also result in mass rural displacements and possible land degradation.

Then there are the environmental concerns over possible loss of biodiversity, weak environmental safeguards and possible introduction of alien species.

To my mind, all these legitimate concerns point to the need to strengthen the ability of our regional member countries to increase their capacities to benefit from the gains while avoiding the pitfalls that may arise from non-transparent deals.

We are nonetheless aware that our governments are struggling to allocate sufficient resources to the agriculture sector and, in a time of global financial crisis, mobilizing donor funding is becoming an even bigger challenge.

In this context, foreign private investments in agriculture can be seen as a valuable opportunity to introduce more modern agricultural practices and to increase productivity levels.

In short, the challenge for our countries is to find ways to get benefits from foreign investments in land while reducing the associated risks. Therefore, the highest attention must be given to the governance of such deals to ensure that the contracting countries truly benefit from them.

We therefore fully support the voluntary guidelines that are being developed by the FAO as a good starting point for both parties – investors and governments - to adhere to.

Mr. Chairman,

While we focus on foreign investment in acquiring land on the continent, we should also not lose sight of the needed reforms in our land administration. One such effort is the need to promote legal titles for our small holder farmers.

Excellencies,

The Bank stands ready to work with our member countries and let me give some specific examples of where we think the Bank can make a difference:

1. The African Legal Support Facility hosted in the AfDB can help African countries in reviewing current and planned land deal proposals; in negotiating and drawing up contracts and assisting in their administration;
2. The AfDB can assist its regional member countries to conduct cadastral studies and feasibility studies on land use;
3. As most of the available and targeted lands are around major river basins, the AfDB's water experts and the African Water Facility in particular can support the design of bankable development projects; and ,
4. With our track record on environmental safeguards, we stand ready to support the design and implementation of environmental best practices in any land deals.

Ladies and Gentlemen,

We would like to take the opportunity of this event to propose to strengthen the Land Policy Initiative Secretariat in order to provide a better support to Regional Member Countries willing to engage in land reform.

In particular, the Secretariat could host a regional land registry and it could also provide some overall institutional support and training on land reform and administration for African countries.

We are also ready to work with you on innovative approaches such as “land boards” in charge of administration of unused agricultural land and ensuring large tracts of land are not allotted for competing projects. Land boards can also constitute an efficient instrument to make assessments of the social and environmental implications of long-term investments.

Mr. Chairman, Excellencies, Ladies and Gentlemen,

The very productive discussions and debates of yesterday have improved our mutual understanding of foreign direct investments in land in Africa, and we have now a clearer vision of the way forward and what needs to be done, in line with the Nairobi Action Plan.

Let us work together to ensure that these land reforms contribute effectively to the sustainable development of Agriculture in Africa, for the benefit of its people.

I thank you for your attention.