



PEGNet Policy Brief

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Land use competition in Sub-Saharan Africa's rural areas

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Key Points

- There has been an increased interest in agricultural land in Africa's rural areas. While foreign investments have taken center stage in the debate on large-scale agricultural investments, the role played by domestic investors – particularly medium-scale farmers – should not be neglected
- This interest in agricultural land further increases land pressure and land use competition between commercial interests, local livelihoods and ecosystem services
- Land poor smallholders and pastoralists are the most vulnerable in this transformation; both are challenged by a loss of access to land and increased competition on local markets. Policy needs to focus on raising smallholder agricultural productivity and on exploiting the potential for smallholders.

Sub-Saharan Africa has always been perceived as a land-abundant continent. Deininger & Byerlee (2011) estimate that the continent has the largest area of potentially available uncultivated land. Despite these abundant resources, the agricultural sector continues to be dominated by smallholder production that is characterized by high labor and low capital intensities – but still produces the majority of food in Africa (IFAD & UNEP, 2013). Recently, the agricultural sector in Sub-Saharan Africa has attracted attention from scholars, civil society and policy makers that are interested in understanding the recent increase in the demand for agricultural land, often referred to as the “rush for land.” This increased demand for agricultural land has raised expectations that the new wave of private investments could lead to growth and poverty reduction – and could thereby catalyze a long awaited transformation of the continent's rural areas.

This policy brief sheds new light on the increased interest in agricultural land. Much of the debate in civil society, policy circles and academia has focused on international investors and has by and large neglected domestic trends – which this brief puts to the fore. We show that this renewed interest in agriculture contributes to growing land pressure and commercialization of agriculture. While some perceive this as a necessary transformation of agricultural production in poor rural areas, others warn that such a transformation threatens biodiversity, local livelihoods and exacerbates rural-urban migration flows.

The large-scale ‘rush for land’

Data on large-scale agricultural acquisitions is often provided by the Land Matrix, the most comprehensive data base on the topic. According to the Land Matrix, transnational investors have acquired 459 individual projects that cover more than 10 million hectares of agricultural land in Africa since the year 2000. More than 60 per cent of these projects have started production. Thus contrary to early

reports on the phenomenon, the majority of agricultural land acquisitions are not driven by speculation but instead reflect real changes in land ownership and land use that typically imply socioeconomic and ecological consequences for surrounding communities (Nolte, Chamberlain, & Giger, 2016).

However, the Land Matrix data introduces important biases that lead to an underestimation of domestic deals: One is the over-reporting of foreign land acquisitions due to a reporting-bias by the media. Another is the fact that only land acquisitions that cover an area of 200 hectares or more are included. This further leads to an underreporting of domestic projects that are often smaller in size but outnumber foreign investors.

In fact, domestic investors strongly contribute to the growing demand for land which is – to a presumably underrepresented extent – also reflected in the Land Matrix data: Many of the projects in Africa involve domestic investors – about 20 per cent of all deals (94 out of 459) – or are exclusively led by (a) domestic investor(s). Considering solely domestic investments results in an additional 145 deals that cover an area of 2.3 million hectares to the 459 foreign projects (see Table 1).

For the case of Zambia, we know – based on a comprehensive large-scale farm census of agricultural holdings covering an area of 20 hectares or more – that domestic investors are a major force behind large-scale farm operations. They account for 84 per cent of all deals in the country and 64 per cent of the total area covered by land deals (see Table 2). The literature finds similar patterns in other African countries (Cotula, 2012).

Looking at the location of these land acquisitions, Figure 1 depicts the foreign and domestic deals reported by the Land Matrix for Africa in a heatmap with high concentrations of acquired area depicted in darker green tones.

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Table 1: Agricultural land acquisitions in Africa according to the Land Matrix Initiative (2017) (data as of May 11, 2017)

	Number of concluded projects	Size of concluded projects (in million hectares)
All foreign investments in Africa¹	459	10.5
Foreign investments in Africa (only foreign "secondary" investors)	365	7.8
Foreign investments in Africa (with at least one domestic "secondary" investor)	94	2.7
Domestic investments in Africa (no foreign "secondary" investor)	145	2.3

¹Note: These projects typically have a "primary" investor which is the business managing the project. Typically, this is a domestic private company. "Secondary" investors are those parent companies (or a single parent company) or partners of joint ventures that fund the primary investor.

The figure illustrates that while agricultural land has been acquired in most parts of Africa over the last decade, some regions stand out as hotspots. In particular, we find hotspots in West Africa (Ghana, Nigeria, Sierra Leone, Senegal), and in some parts of Eastern and Southern Africa (Ethiopia, Tanzania, Uganda, Zambia, Malawi and Mozambique).

An emerging medium-scale farm sector

While the "rush for land" receives a lot of attention, recent research shows that there are not only large-scale acquisitions of land but at the same time we witness a considerably growing medium-scale farm sector. In Ghana, Kenya and Zambia, land under the control of medium-scale farmers exceeds the land acquired by foreign and domestic investors (Jayne et al., 2016). Typically, relatively wealthy urban individuals acquire land in rural areas, attracted by the expectance of high returns to land and favorable policies. This has been shown for a number of countries including Malawi, Ghana, Kenya and Zambia (Anseeuw, Jayne, Kachule, & Kotsopoulos, 2016; Jayne et al., 2016).

In fact, medium-scale farmers cultivating areas between 20 and 100 hectares account for 35 percent of the 705 domestic investments in Zambia reported in Table 2. Medium-scale farms often tend to be located in similar regions as large-scale farms. Large-scale farms may even accelerate the emergence of a medium-scale farm sector: For instance, large-scale farms facilitate access to agricultural inputs and marketing of products which makes the setting up of a medium-scale farming operation easier. They may also provide employment and alternative livelihood opportunities thereby making it less attractive for low

productive smallholders to continue cultivating their plots. Less efficient smallholders may thus sell or lease land to urban elites.

Increased land use competition

What we witness in Zambia and other parts of Africa are thus two parallel trends that are driving the increased interest in agricultural land: large-scale commercial interest in land by foreign and domestic investors and a growing medium-scale farm sector driven by national urban elites.

While land has often been portrayed as abundant, many of Africa's rural areas are densely populated with rising population forecasts. Consequently, Jayne, Chamberlin, & Headey (2014) speak of "scarcity amidst abundance" and highlight the rising pressure on land in many parts of Africa spurred on by the current demographic trends. Moreover, potentially available cropland has been overestimated and the ecological and social functions that these areas fulfil have been neglected. For instance, tropical forests are found in areas identified as potentially available cropland. Hence, land conversions are accompanied by social and ecological constraints and tradeoffs (Lambin et al., 2013).

This is confirmed by research on large-scale land acquisitions that reveals that the land targeted by investors is not idle, but is typically fertile land that is close to infrastructure and markets. Most of the land targeted by investors was formerly used for cropland or forestland. This hints at fierce competition between commercial interests, local livelihoods and ecosystem services (Messerli, Giger, Dwyer, Breu, & Eckert, 2014; Nolte et al., 2016).

In sum, the increased demand for farmland experienced in Africa is not met by abundant land resources but instead raises competition between local land uses such as smallholder farming and pastoralism as well as ecosystem services and the commercial interests of large-scale and medium-scale commercial farms.

Consequences of land use competition

Increased land use competition has far-reaching consequences for rural areas. First, the demand by large- and medium-scale farms indicates a fundamental change in farm structures. Increased pressure on land constrains smallholder expansion and leads to land consolidation as more efficient farmers rent or buy land from less efficient ones (Jayne



Table 2: Countries of origin of large-scale farm investors.

Country	Number of investments	Hectares
Foreign (including the following)	136	190,327
Germany	3	32,572
Netherlands	7	10,467
South Africa	25	35,755
United Kingdom	26	39,808
Zimbabwe	38	31,287
Domestic (Zambia owned)	705	340,232
Total	841	530,559

Source: Authors own based on the 2013/2014 PHS on Large-Scale Agricultural Holding

et al., 2016). This process is underway in certain countries, while other countries still experience declining farm sizes as is expected in areas affected by population growth. In the case of Malawi, evidence suggests that since the year 2000, about 70 per cent of the new land acquisitions for medium-scale farming have taken place on land that was formerly used by others in the community and therewith indicates the dispossession of former owners (Anseeuw et al., 2016). Our own research in Zambia also shows a land consolidation trend: between the years 2002/2003 and 2012/2013 small-scale farms covering an area of 0-5 hectares declined by 2.6 per cent while farms that cover areas between 5-10 hectares and 10-15 hectares increased by 0.79 and 0.65 per cent for the same period respectively.

Second, the new entrants expose rural areas – to mechanized agriculture quite abruptly. This has immediate effects on rural areas, for instance on smallholder agricultural production, access to markets, employment and the environment. Medium- and large-scale farmers use capital intensive farming techniques and bring agricultural markets closer to rural areas. On the one hand, this provides an opportunity for smallholder farmers to benefit from agricultural infrastructure and to learn from commercial farmers' techniques. This is especially the case for outgrower arrangements where smallholders are typically provided with inputs and trainings on how to improve their agricultural output and thereby meet global standards. On the other hand, smallholder farmers are exposed to powerful competitors on the market – or remain tied to less lucrative local markets. Commercial farms may provide wage-employment. However, direct employment creation from large-scale farms remains limited and may even be negative if smallholder farms are crowded out (Nolte & Ostermeier, 2017). Case study insights from the literature on large-scale land acquisitions

caution against adverse effects for smallholder farmers (Oberlack, Tejada, Messerli, Rist, & Giger, 2016), while first quantitative assessments suggest rather that smallholders living in proximity with large-scale farms benefit from agricultural technologies (Ali, Deininger, & Harris, 2017; K. Deininger & Xia, 2016).

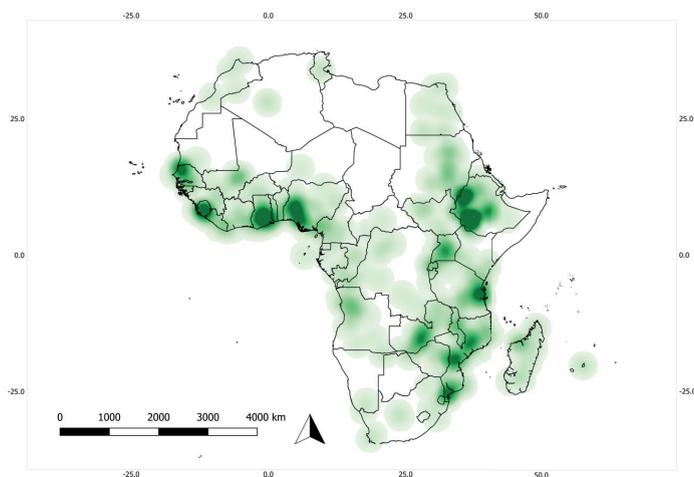
Policy recommendations

In the last decade, development practitioners and policy makers have shown a renewed interest in agriculture. Part of this interest has focused on promoting large-scale mechanized commercial agriculture, through for instance, facilitating easy access to land and agricultural credit and by providing favorable tax holidays and tax exemptions (Vermeulen and Cotula, 2010). A sole focus on investments in large-scale agriculture is problematic and neglects those that currently produce the majority of food.

Increased land use competition has serious implications for rural areas – among them land consolidation and the commercialization of agricultural production. Not only are land poor smallholder farmers' and pastoralists' access to land threatened by these new entrants, but also their input and output markets become more competitive and exclusive with the arrival of these strong and financially well-positioned competitors. While such transformation may be a necessary step to achieve sustained poverty reduction in the long term and certainly offers opportunities to smallholders and rural areas, it is key that measures are taken to cushion its adverse effects. Against the backdrop of the fundamental changes witnessed in land use in Africa, this policy brief recommends a stronger focus on land poor smallholder farmers and pastoralists who are vulnerable and most likely to be marginalized by these processes.

We argue that addressing the plight of smallholders is important since smallholders cultivating very small plots of land still continue to make up the bulk of agricultural producers in Africa even with the current transformations underway. Measures such as strengthening smallholders and pastoralists' land rights and including them in the negotiation processes when new investments or medium-scale farms materialize within their communities could prove to be beneficial for these vulnerable groups. Such inclusion could be catalyzed by meaningful consultations prior to the land acquisitions and could involve a plan for the participation of local populations in the development of the farming operation (i.e. through inclusive business models and

Figure 1: Heatmap of concluded agricultural land acquisitions by foreign and national investors in Africa reported by the Land Matrix Initiative (2017)



1Note: The heat map shows the densities of 604 foreign and domestic deals (weighed by their area) at different levels of geospatial accuracy. High densities are shown in dark green, transitioning into lighter tones of green. Created with QGIS 2.1.8.2.

smallholder certification). At the same time, farms must take environmental implications into account and ensure a sustainable mode of production that does not deplete the natural resource base. Moreover, ensuring that large-scale and medium-scale farms are established in a manner that complies with internationally recognized principles and guidelines for responsible agricultural investment such as the Voluntary Guidelines on the Responsible Governance of Tenure of Land, Fisheries and Forests is fundamental.

Placing a greater focus on the smallest smallholders and land poor pastoralists is also in line with achieving target 2.3 of the Sustainable development Goal 2 (SDG 2) that calls for doubling “agricultural productivity and the incomes of small-scale food producers, particularly women, indigenous peoples, family farmers, pastoralists and fishers” by 2030.

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provide information and key policy recommendations on the poverty-equity-growth nexus. The views presented are those of the authors and do not necessarily reflect the views of PEGNet. In case of questions or comments, please directly contact the authors.

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