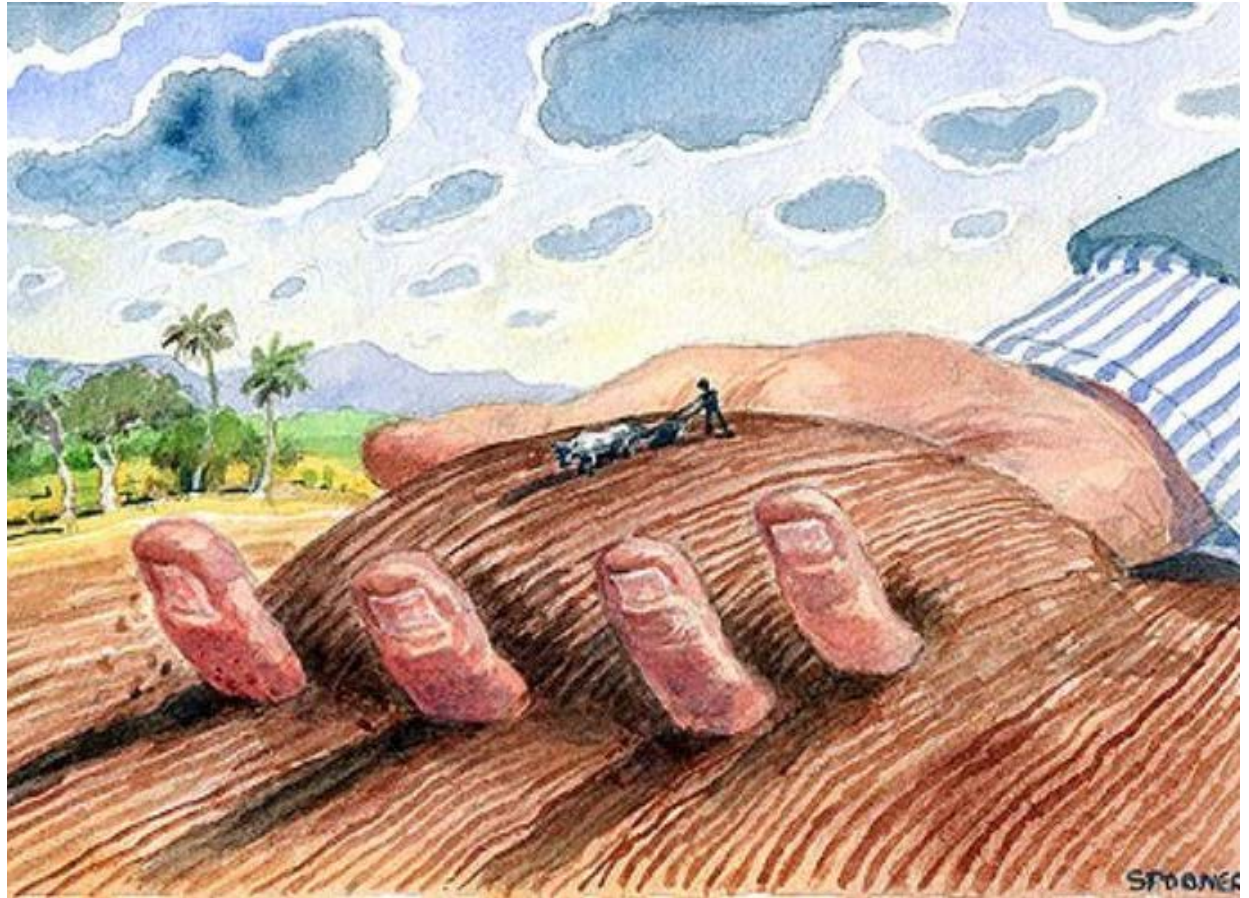


The Politics of “Win-Win” Narratives



Source: GRAIN

Land Grabs as Development Opportunity?

Impact of Land Grabbing (as reported by Development Institutions)



- **Increased land concentration, forced evictions, and land use changes to the detriment of food security, biodiversity, and the environment (IFAD 2009)**
- **Displacement of local communities, land encroachments, strong negative gender effects, environmental destruction, failure to create jobs, massive transfers of land for free (World Bank 2010)**

Despite all evidence...



Farmland Investments leading to Land Grabs

transformed

from Threat...

...to Opportunity

to achieve Economic Growth and
Broader Development Goals

Land grabs as development “tools”



- **Improve productivity of underutilized, “idle” lands**
 - ✦ portraying the expansion of large-scale, capitalized, industrial agriculture as the only viable strategy to achieve tangible development outcomes and address global food and energy security needs
- **Create conditions for new contractual agreements between smallholders and agribusiness**
 - ✦ contracts assumed to create employment and “enable” small producers to gain access to inputs, credit, technologies, and “secured” markets

Increase production....



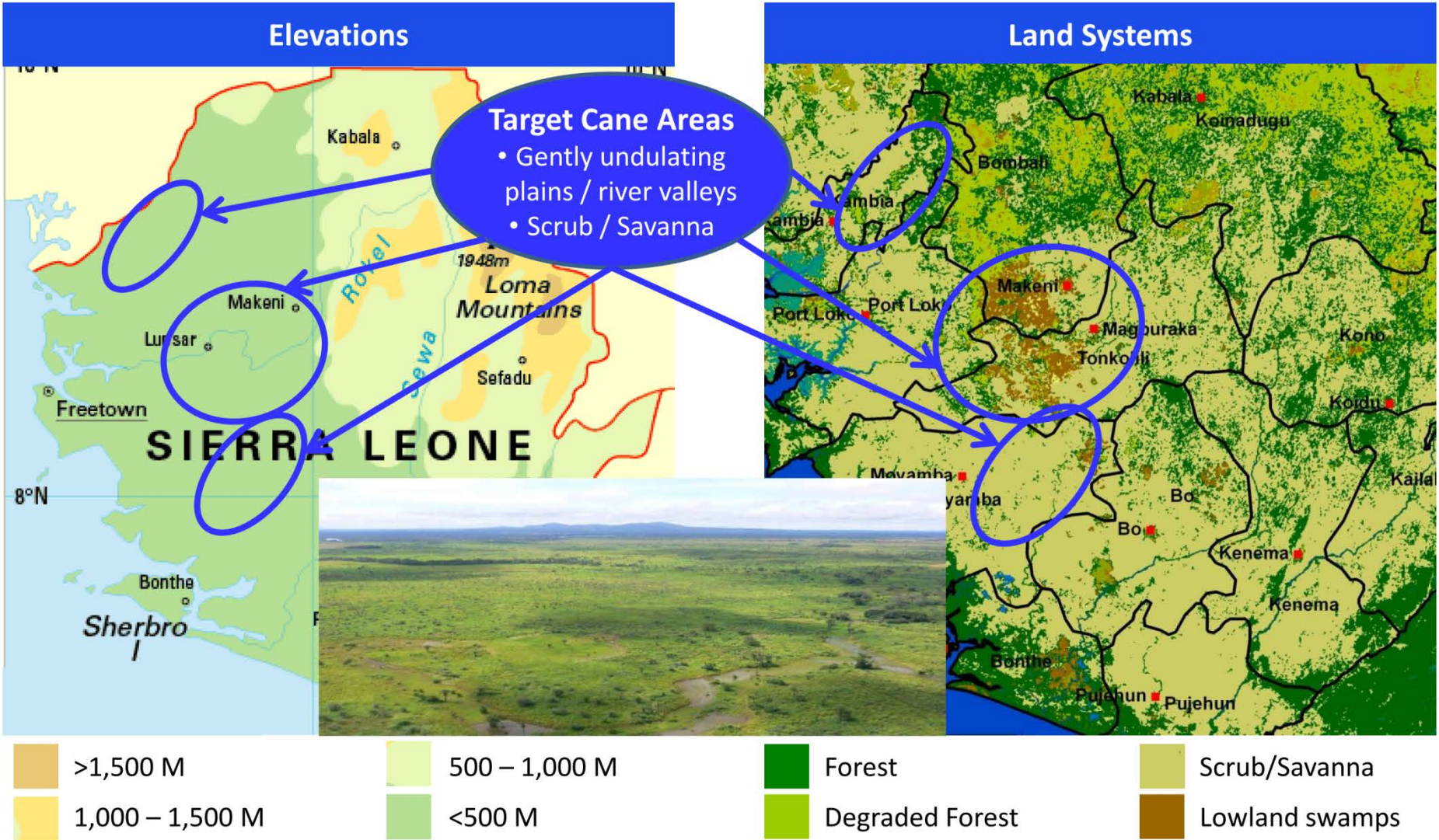
- **Who, how, for what market?**
- **Food crisis during record food harvests**
- **Ecological implications of industrial farming**
- **Drawing attention away from redistribution agendas**

Idle lands...



- Assessment based on satellite images, agro-ecological simulations, official census data
- Top-down calculations of productivity rather than on-the-ground understanding of actual land uses
- Inventories of available land based on “official” recognition of land rights/land uses—instrument of territorial rule

Target areas for cane have moderate elevations & open land systems



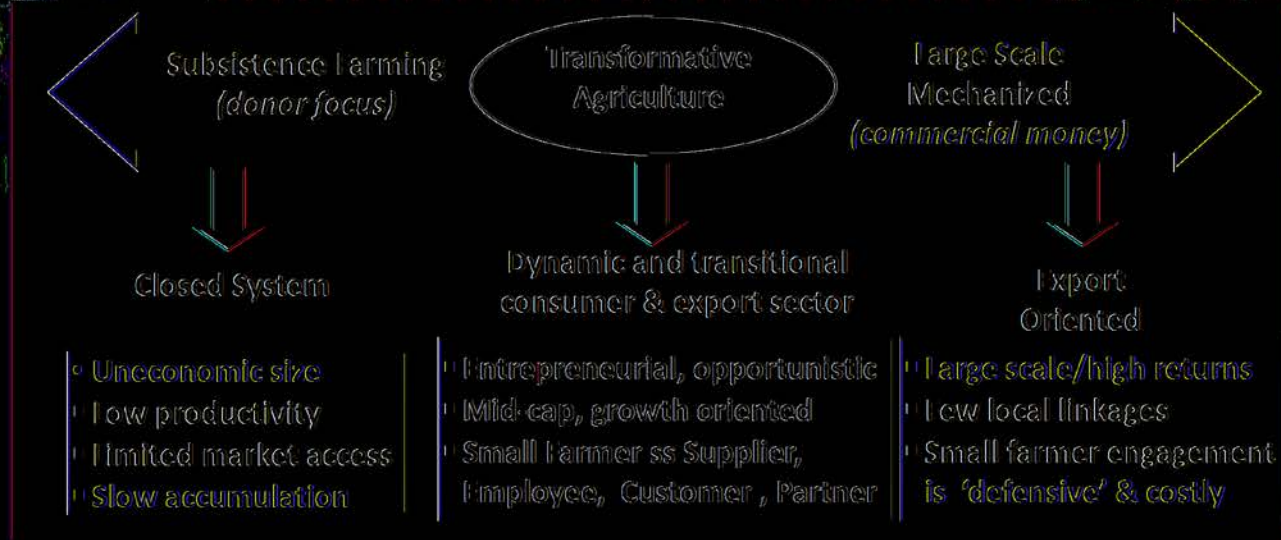
Land grabs → Development



Through “transformative” contract farming

Transformative agriculture emerging as dynamic segment of African agriculture

Evolving structure of African agriculture



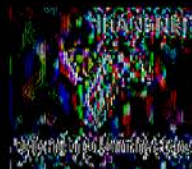
Transformative agriculture - just emerging, new and existing players, opportunities all along value chain, new business models, able to harness value add from small farmer segment.....

but limited funding, limited understanding, many barriers

Founding Partners



Lion's Head Global Partner



Platinum Sponsor

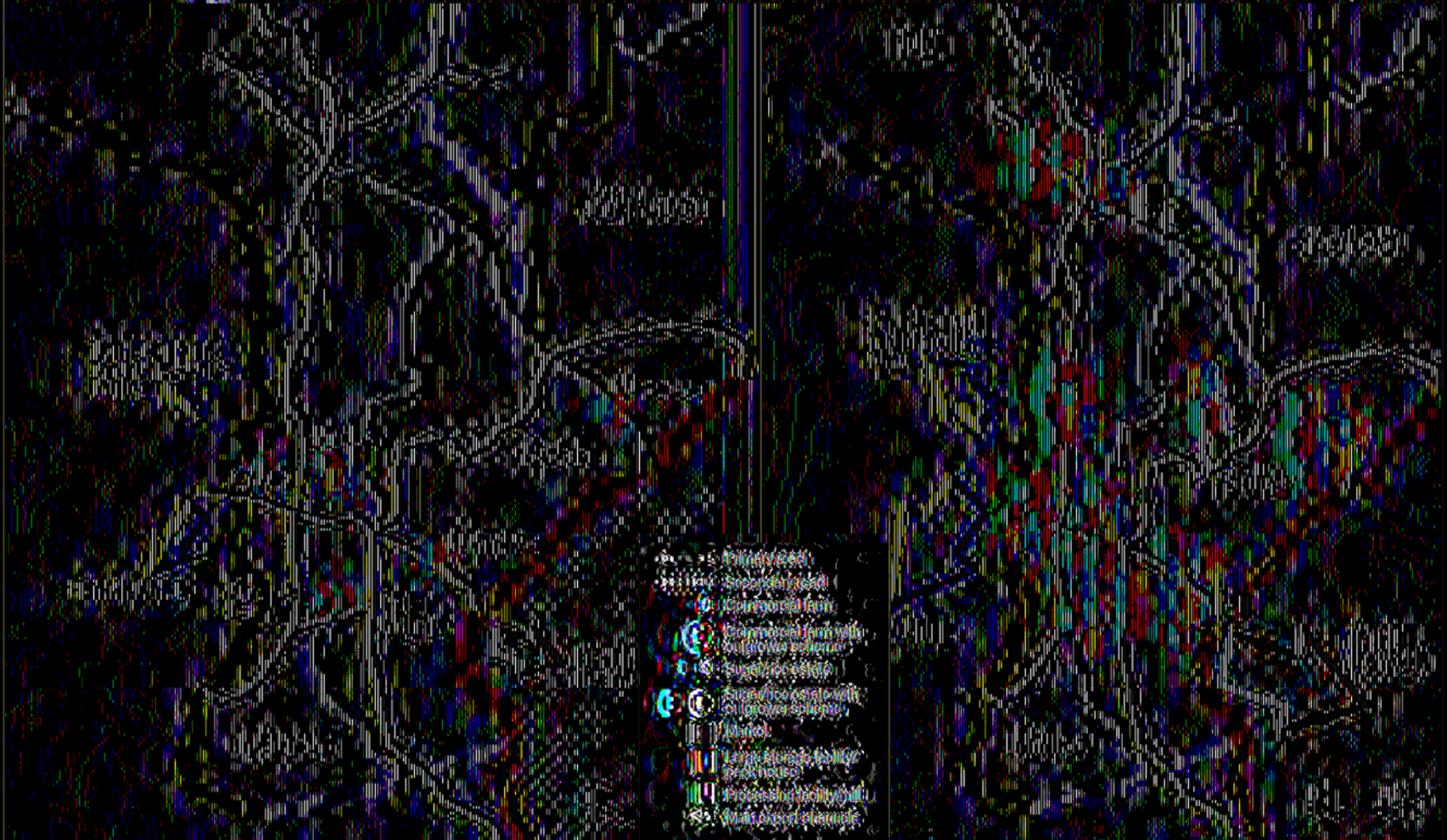


A transformation by 2030



Now

2030



Contract Farming



- Structure the operation of markets to the advantage of dominant agents
- Monopoly power over inputs + role of debt
- Monopsony control of processing facilities and market access
- Introduction of new technologies, farming practices, working routines
- Exploitation of unpaid rents and labor
- Adverse incorporation— “recomposition” of peasant producers through conditions of subordination (dispossession of peasant livelihoods)

**Beyond the formulation of
win-win narratives...**

Development Institutions' Involvement in Land Grabbing



- **Direct Involvement in International Investment Funds**

geared toward the promotion of farmland acquisitions and agribusiness development

- ✦ **Cornerstone or Anchor Investors**
- ✦ **Crucial role in attracting private capital**

	Investment Sector		Type of Investment	Development Institutions Involved
	Agri-business	Smallholders		
Actis Africa Agribusiness Fund	X		Private equity investments in agro-infrastructure, agro-processing, and the bio fuel sub sectors.	Commonwealth Development Company (CDC)/British Govt.
Africa Enterprise Challenge Fund	X		Special partnership initiative of AGRA to encourage private sector investment	Australian Government Aid Program, the UK Department for International Development (DFID), IFAD, and the Netherlands Ministry of Foreign Affairs (NMFA).
African Agriculture Fund	X		Private-sector companies with strategies to increase and diversify food production and distribution	IFAD, AfDB, the French, and Spanish Agencies for International Development Cooperation, AGRA—core funding from the UK’s Department for International Development (DFID)
Africa Seed Development Fund	X		Seed companies	AGRA
Emerging Capital Partners Africa Fund	X		Equity and quasi-equity investments such as convertible debt focusing on high-growth agribusinesses	AfDB, IFC, OPIC (US Government Development Finance Institution) and CDC
Africa Agribusiness Investment Fund (Agri-Vie)	X		Agri-business value-chain	AfDB, Industrial Development Corp (using money from EIB)
Fanisi Venture Capital Fund	X		Agribusiness, Retail, Financial Services	Proparco (DFI majority owned by the French government), Finnfund (Finnish government's development finance agency), IFC
Aventura Rural Enterprise Fund	X		Agribusiness value-chain and rural services	EIB, FMO (The Netherlands’ Entrepreneurial Development Bank), CDC, and Finn Fund
India Agribusiness Fund	X		Agri-business, agro-infrastructure	IFC, FMO, CDC, DEG (German Development Bank)
Atlantic Coast Capital Fund (ACRF)	X		Agribusiness, transportation and logistics, financial services, mining and manufacturing	AfDB, CDC, EIB, FinnFund, and IFC
AfricInvest Fund	X		Agribusiness companies	IFC, AfDB and EIB
Altima One World Agriculture Development Fund	X		Agri-business production	IFC

Technical Assistance and Advisory Services



- **Opening land markets—Rewriting Land Laws and Leasing Legislation**
- **Creating Investment Promotion Agencies**
- **Cutting down administrative barriers**

Investment Promotion Regime



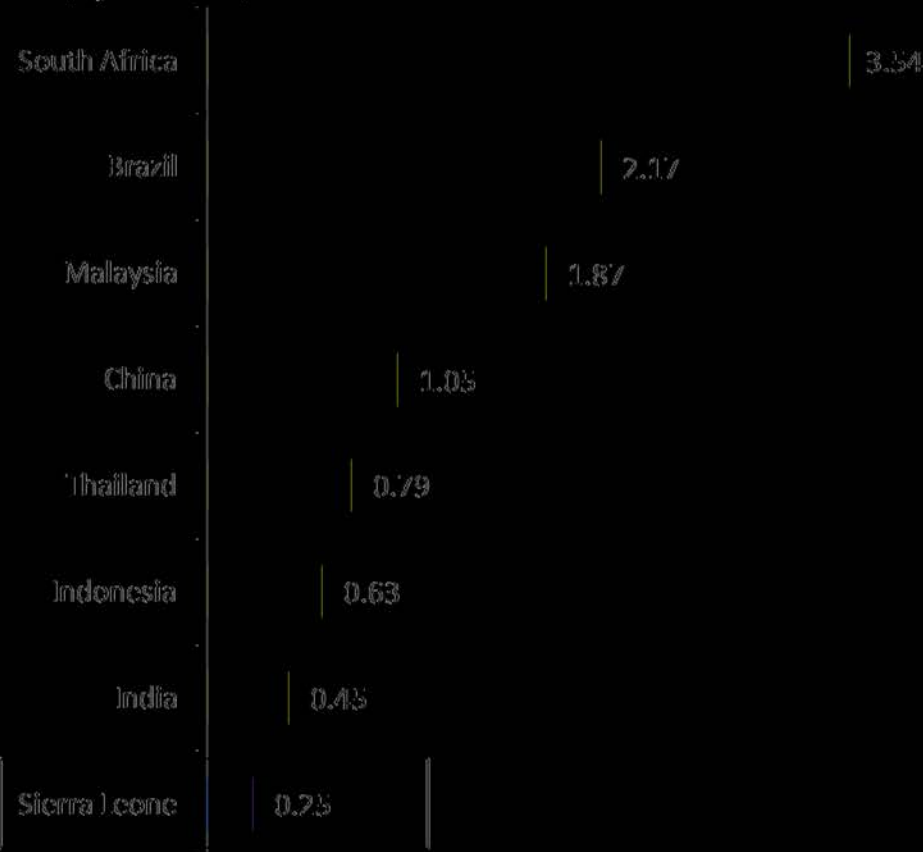
- Provide legal protection against “adverse host state action” such as expropriation and arbitrary treatment
- Provisions on “national treatment,” profit repatriation, and currency convertibility
- Direct access to international arbitration (investor-to-state claims within state-to-state agreements)

All agribusiness investors in Sierra Leone receive a wealth of benefits

- | | Sierra Leone Investment and Export Promotion Agency (SLIEPA), created in 2007 to facilitate investment and improve business climate, offers investors 24-hour response to all inquiries, relevant, updated sector information, tailored visits and aftercare services
- | | World Bank ranks Sierra Leone #2 in Africa and #27 worldwide for Investor Protection:
 - Investors are protected under MIGA and AII accords; bilateral investment protection agreements also in place with several countries
 - 100% foreign ownership permitted in all sectors; no restrictions on foreign exchange; no limits on expat employees; and full repatriation of profits, dividends and royalties
- | | Government has recently approved a special set of incentives for agribusiness investors:
 - Complete exemption from corporate income tax up to 2020; plus, 50% exemption from withholding taxes on dividends paid by agribusiness companies
 - Complete exemption from import duty on farm machinery, agro-processing equipment, agro-chemicals and other key inputs; 3 year exemption from import duty on any other plant and equipment; reduced rate of 3% import duty on any other raw materials
 - 100% loss carry forward can be used in any year
 - 125% tax deduction for expenses on R&D, training and export promotion
 - 3 year income tax exemption for skilled expatriate staff, where bilateral treaties permit

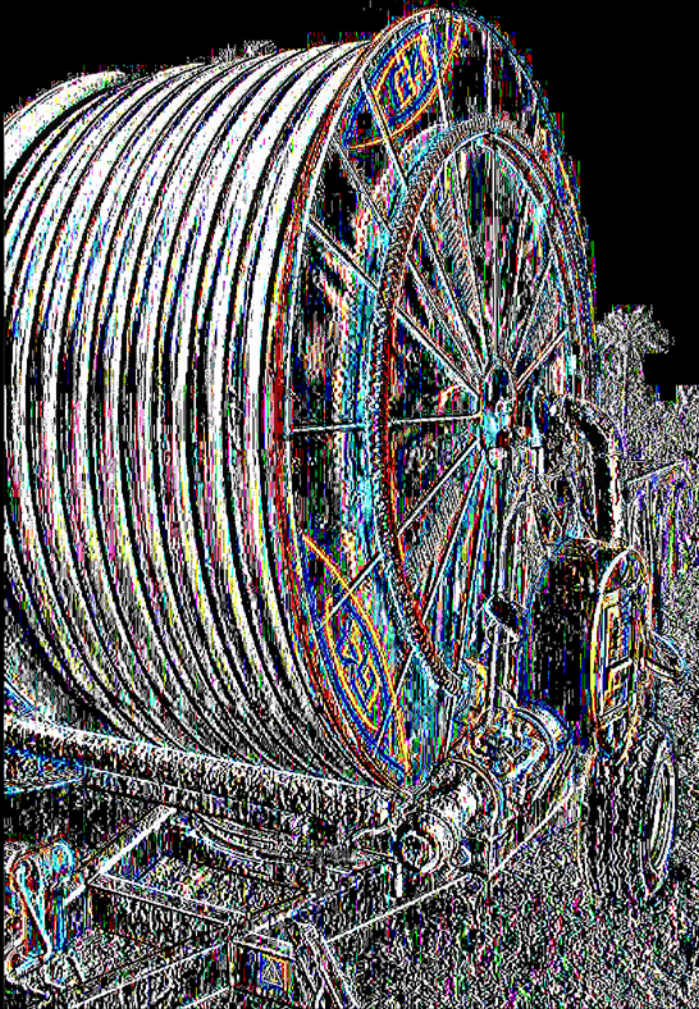
Key factor costs are highly competitive

Average Rural Labour Costs
US\$ per hour, 2008



- | | Agricultural labour costs range from \$2. to \$3 per day, on a par with other African countries, and considerably less than alternate locations in Asia or Latin America
- | | Leases on good agricultural land range from \$5 to \$20 per hectare per year (compared to \$100+ per hectare in Brazil, \$450-1,000 per hectare in Indonesia and \$3,000-11,000 per hectare in Malaysia)
- | | Currently, there is no charge for utilization of water resources
- | | Electricity rates are high, but it is expected that cane and palm producers will generate their own power and sell to the grid - so high rates are beneficial
- | | Tax rates are very attractive, with 0% corporate income tax and 0% duty on imported inputs for qualified investors

Procedures for importing seeds and other inputs are straightforward



- | | **Fertilizers and Agricultural Equipment:** All imports of fertilizer and agricultural equipment are exempt from import duty and VAI
- | | **Seeds:** At this time, unlike many countries, there is no requirement for a lengthy process of local testing and approval of seeds:
 - o Importation of seeds and other plant materials is governed by the Plant Phytosanitary Rules, which are part of The Agricultural Act. The rules state that a permit must be obtained no less than 14 days prior to the date of importation; and that a phytosanitary certificate issued by the competent authority of the exporting country may be required. Upon arrival, these materials are subject to examination and if necessary quarantine
 - o Existing investors report that the process works very smoothly
 - o A National Seed Policy was also adopted in December 2006, to guide all activities related to the production and supply of all seeds in Sierra Leone. Amongst other matters, the Policy provides for the establishment of a National Seed Board, a Variety Release Committee, a Seed Industry Development Unit and a Seed Quality Control Unit

Promoting enhanced rights and protections for private investors



“Broader Development Outcome”



increased land grabbing and rural dispossession on a global scale