

Land grabs:

Cheap deals for rich countries



Based in Oakland, California, the Oakland Institute is a policy think tank with a mission to increase public participation and promote open debate on important social, economic and environmental issues. It aims to stimulate public discussion and debate and to “reframe the basic terms on which public debate takes place”. Anuradha Mittal established the institute in 2004 and is now its executive director.

Interview: Mireille Vermeulen

As a native of India living in the United States, Anuradha Mittal finds that it is useful to be in “the belly of the beast”, building an international chamber for progressive ideas and helping influence policy. She stirred up a heated debate with “(Mis)Investment in agriculture”, published last April by her institute.

Why this publication on the role of the World Bank in global land grabs?

Access to natural resources such as water, land and seeds, is of utmost importance for small-scale farmers. The sharp rise in food prices in 2008 and the financial crisis gave rise to an unprecedented increase in hunger, resulting in renewed calls for investment in agriculture. But indiscriminate foreign investment in land has resulted in land grabbing – the purchase or lease of vast tracts of land in poor, developing, countries. In recent years food-insecure nations and private investors have acquired nearly 50 million hectares of farmland. The impact of this global phenomenon on small farmers is huge and negative, as they lose access to, and control over, natural resources. Our report provides evidence of the key role that the World Bank Group has played in land grabbing. The International Financial Corporation has actually increased the ability of foreign investors to acquire land in developing country markets by promoting profitable deals, creating “investment promotion agencies” and rewriting national laws. As a result, fertile land has been offered, or given away, to investors at ridiculously low prices, especially in Africa. In promoting land investments, the World Bank has overlooked the urgent problem of hunger that persists in client countries, and lost sight of its main mission, which is to alleviate poverty. We felt that it was extremely important to highlight the role of multilateral investment and financial agencies in facilitating this trend so they can be held accountable.

And what has been the reaction of the international audience?

We have been successful in getting our message

heard. While the media has helped highlight the trend and impact of land grabs, our report is unique in that it shows that it’s not just China or Saudi Arabia creating this trend, but international agencies are involved as well in promoting it as a development paradigm.

The report is now being used by campaigners who work on international financial institutions. Usually, civil society tends to focus on projects by the World Bank, but this time we’re looking at the broader provision of technical advice, which is a growing field in the World Bank’s portfolio. The performance standards of IFC are under review as well. So our report came out at a perfect time and is helping question the application of performance standards to the advisory services of the IFC. In the Philippines and Laos, for instance, groups are questioning what the performance standards imply when there is so much devastation in their countries caused by the so-called investment advisory services. They are demanding that the mandate to end poverty should be applied to all services of agencies such as the IFC.

Can you give me an idea of how important the problem of land grabbing is for small-scale farmers compared to water, climate change, global pricing and competition?

Seventy-five percent of the world’s poor are small-scale farmers. We have an agricultural system which is upside down and backwards, which has replaced diversity with monocultures and self-sufficiency with increased dependency on markets. It has created the myth of cheap food, without taking into account the destruction of the environment and the livelihoods of small scale farmers, for whom access to land is a matter of life and death. Some of the land deals involve the best agricultural land, not degraded soils. Land grabs also raise concerns in terms of climate change. These deals are about creating large monoculture farms, where the work is done by machines. Scientific assessments have already shown the large social and environmental footprint of agriculture, including its contribution to climate change and the degradation of natural resources: the loss of habitats and biodiversity, and increased water scarcity. Take the case of the Addax Bioenergy

“The voices of smallholder farmers are the most important when talking about feeding the world in 2050”

project in Sierra Leone, where cassava and sugarcane are grown, with an enormous amount of pesticides and chemicals, to produce ethanol for Europe. This does not meet the food needs of local people. The company does not employ many local people and when their lease expires, in 99 years, they will leave a barren land with loads of chemicals. Industrial farming is a recipe for disaster when it comes to climate change.

So is foreign investment a recipe for disaster too?

We are not against foreign investment, but you have to question who benefits. In the foreword to our report, Howard Buffett, the eldest son of billionaire Warren Buffett, tells of a deal that he was offered by a government prepared to provide 70 percent of the financing and all utilities, a 98 year lease requiring no payment in the first 4 years, and all this at the cost of US\$ 2.91 per acre per year. This is not investment; it's exploitation, depleting the resources of third world countries. If the World Bank is advising governments of poor nations to provide these schemes for the rich, why can't they be advised to support smallholder farmers to grow food on their fields for their families and communities?

Don't you believe in the good intentions and corporate responsibility of large companies?

The Oakland Institute is not in the business of judging big corporations, but we do believe it is important to question why foreign investors take precedence in land acquisition in poor countries where so many people lack land rights. If land can be found to provide ethanol for Europe, why can't measures be taken to deal with food insecurity among local communities? Is there any evidence that land deals are transparent or democratic? And, even with a brilliant code of conduct, what kind of measures will be taken to minimise environmental and social damage? None of these questions have been answered by any of those involved. And these same questions apply to contract farming. What is

grown? For whom? And how? For us, it is important that the benefits first accrue to the local population. Africa has been repeatedly colonised and exploited. This is not a new trend. There is 400 years of history!

The IFC plays an ambiguous role. What does this say about the World Bank as an institution?

Don't get me started. I think it shows that an agency which at the time of the food price spikes committed itself to putting in place policies to mitigate hunger and improve food security, is just doing the opposite. The policies promoted by the World Bank over the past 20-30 years have in fact undermined food insecurity in developing countries. Net food exporters have turned into net food importers. And now there is talk about the vast amounts of unused arable land in Africa: but what is this unused land? Is it the corridors that pastoralists need for moving? Is it the land left fallow for conservation? Or is it the 800,000 hectares of prime land in Ethiopia, where the government owns all the land and where they can decide to lease it? It's astonishing that promoting investment in developing countries is done by ranking countries on the basis of labour laws: if labour is paid well, the country gets a low ranking. But a country with a corrupt government, where workers' rights and environmental standards are not respected, gets a good business ranking, because business is conducted easily. That's not the world we want to live in!

Your report says that the IFC should be held accountable when its advice leads to land grabbing. How can this be realised?

There are several ways in which this could be done. One is through the Compliance Advisor Ombudsman of the IFC, an independent accountability mechanism. They have done a brilliant job in the past. For example, the Ombudsman investigated community complaints about palm-oil plantations in Indonesia funded by IFC, and this led to all funding for palm-oil plantations by the entire World Bank Group being suspended. So we are asking for an investigation into the advisory services of the IFC.

"Africa has been repeatedly exploited. This is not a new trend"

The World Bank Group states that its mission is to end poverty, so let's question their role in causing poverty. Our publication has mobilised a lot of civil society groups. We have put the agencies on alert, and the most beautiful thing is that grassroots communities around the world are questioning the IFC during the consultations about technical advisory services and performance standards. It's almost like dragging Dracula into the sunlight. People have always been focused on projects, and suddenly the entire portfolio of giving advice to developing countries is being questioned.

What can be done to stop land grabbing?

When the first reports came out, FAO and other UN and World Bank agencies expressed their outrage. But they soon changed their tone and started talking about concerns that can be turned into opportunities. I think we must question this whole jump into creating "win-win situations" and a code of conduct. We also need to question the role of private investors and other agencies. Non-agricultural actors and hedge funds are getting into the business, because they see that there is money to be made. We need to talk about these cases, in terms of what is really happening and the implications for local people, and not dress it up as a win-win situation. FAO should hold sessions in Ethiopia and Sierra Leone and ensure that the concerns of the local population are being heard, to make sure that all the projects provide detailed and accurate information to local communities and get their free and prior informed consent. And, of course, we should provide support to movements for land rights. Grassroots organisations are struggling for land, people are dying for it. But what is even more important, is that poor nations get the space to draw up and implement policies that benefit their own people. Governments have a role to play in this, although we cannot ignore the fact that African governments often lack the means to play that role. That's what the IMF's structural adjustment programmes have caused. Many corrupt regimes have been supported by western powers.

And how can smallholders be supported to play their role?

It's very important, whether we are civil society, donors or academics, to acknowledge that the voices of smallholder farmers are the most important when talking about feeding the world in 2050. It's incredible how the voices of poor farmers are left out. Instead of designing plans to feed the world in Geneva, Brussels, Washington DC or Seattle (in case of the Gates Foundation), the solutions have to come from farmers' groups themselves. The questions and solutions are there! Except that they do not have a



Is this really "unused" land? Photo: Jorge Chavez-Tafur

platform to stand on to be heard and they don't get any funding. You'll find that the big money goes to promoting technological solutions that put farmers on the track of chemical inputs and GMO seeds. But it should be about social reform and connecting farmers' organisations. It's also to our benefit to listen to small scale farmers. The social inequality that brings about land grabs is not going to bring long-term prosperity to anyone.

How can developing countries move towards food security?

There are several ways. We can start by looking at the recommendations of the IAASTD report from April 2008. This very clearly stated that business as usual is not an option and outlines the options for governments. We have just released a new report "The high food price challenge", which shows that countries that ignored the World Bank's advice at the height of the 2008 food price crisis did much better in combating and controlling hunger. So I think it is very important that countries have the policy space to define self-sufficiency as a policy goal. At the end of the Cold War, food self-sufficiency was not considered to be a priority. The free market and the free movement of commodities was to allow every country to meet its needs. Therefore, all services to support small farmers were dismantled: extension services, credit facilities, assuring markets for small farmers. Countries should be allowed space to draft policies which focus on food sovereignty. Another way would be to set food prices differently so that they include the costs of air, soil and water pollution. We need multi-stakeholder processes at local, national and regional levels to discuss this. It may be time-consuming, but I cannot think of better work for governments: it's what democracy looks like. ■