World Bank report on land grabbing: beyond the smoke and mirrors

Last week, on 7 September 2010, the World Bank finally decided to publish its much anticipated report on the global farmland grab. After years of work, several months of political negotiation and who knows how much money spent, the report was casually released on the Bank's website -- in English only.¹

The report is both a disappointment and a failure. Everyone was expecting the Bank to provide new and solid on-the-ground data about these "large scale land acquisitions", to use their terminology, that have created so much controversy since 2008. After all, the Bank should have access to governments and corporations in a way that journalists and non government organisation (NGO) researchers never would. The Bank itself says this was its central ambition. But there is hardly anything new in the whole 160-plus page document. The Bank said it was going to look concretely at 30 countries, but it only looked at 14. As it turns out, companies refused to share information about their farmland investments, as did governments providing the lands. So the Bank turned instead to farmlandgrab.org, a website run by GRAIN, made a database of all the deals that the media reported on there, and then sent out teams of consultants to see if they were real or not.² Is this the best that the World Bank could do?

¹ World Bank, "Rising global interest in farmland: can it yield sustainable and equitable benefits?", Washington DC, September 2010, http://www.donorplatform.org/component opción.com_docman/task.doc_view/gid.1505 A week after its release, the Bank decided to issue translations of the executive summary into Spanish and French.
² Ibid. See pp 33-35 and p 38 for an explanation of this methodology.
**Ugly findings**

What its researchers and informants found corroborates what many have been saying for two years now. Yes, there is an "enormous" farmland grab going on around the world ever since the 2008 food and financial crises and it shows no signs of abating. The Bank says that the 463 projects it tallied from farmlandgrab.org between October 2008 and June 2009 cover at least 46.6 million hectares of land and that the majority of these are in sub-Saharan Africa. Field reports validated that 21% of these projects are "in operation", more than half are under "initial development" and nearly 70% have been "approved". The Bank downplays these numbers, presenting them as evidence that the land grab deals are more hype than reality. We think, on the contrary, that they demonstrate that a lot of projects are moving forward, all the more so since the Bank's figures are out of date, with new deals happening all the time.

The Bank's findings also corroborate what others have been saying about the impacts of these land grabs. Its general conclusion is that investors are taking advantage of "weak governance" and the "absence of legal protection" for local communities to push people off their lands. Additionally, it finds that the investments are giving almost zero back to affected communities in terms of jobs or compensation, to say nothing of food security. The message we get is that virtually nowhere, among the countries and cases the Bank examined, is there much to celebrate:

> Many investments (...) failed to live up to expectations and, instead of generating sustainable benefits, contributed to asset loss and left local people worse off than they would have been without the investment. In fact, even though an effort was made to cover a wide spectrum of situations, case studies confirm that in many cases benefits were lower than anticipated or did not materialize at all.  

The Bank provides a table with some very brief summaries of foreign investments in farmland in seven countries (see Box 1). It is one of the only instances where the Bank goes into detail about how these investments are actually playing out on the ground. The table paints a horrific picture. Whole communities are getting thrown off their lands, workers are being exploited, violent conflicts are erupting (one senior company representative was killed), investors are breaking laws and promises and so on. What does the Bank say about these "immense risks" and "real dangers", as it calls them? That we should not get alarmed, for there are "equally large opportunities".

**What the report doesn't say**

Most of the report is smoke and mirrors talk about potentials for agricultural production, not "the global land rush" as it was previously titled. It clouds the reader's mind with facts and figures about yield gaps and land usage, and how productivity can be increased with innovative research or technology. We are treated to a barrage of agroecological zoning maps and charts that do not say much except where the most potential to produce food is apparently located.

Anyone who looks beyond the smoke and mirrors effect can see that the report is more significant for what it doesn’t say than what it does. Had the Bank really wanted to shed light on this new investment trend it would have at least peeled back the curtain on the investors. Who are they? What are they after? How much of the investment flows are private and

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3 Ibid, p 36.  
how much are public? Without this kind of information, you cannot analyse much. For example, we have heard companies say on numerous occasions that their investments have nothing to do with "food security" -- that this is business, pure and simple. Weighing up exactly who is involved and for what purpose, without the fantasies attached, would have been most useful. In fact, at the beginning of this year, the Bank shared some data of this nature when it identified for the Global Donor Platform the top countries targeted by these land grab deals and the top countries of origin of the investors between 2008 and 2009 (see Table 1). But in its final report, the Bank chose not to name names, forcing everyone to speculate why.

Box 1: Scratching the surface

**DRC - maize project:** "Investment displaced local cultivators, pushing them into a national park where farmers now pay guards to let them cultivate within the reserve; other farmers forced to relocate 50 km away where they rent land from local people. Mineral poor soils highly susceptible to erosion following biomass clearance. No EIA required..."

**Liberia - rice project:** "Economic problems caused investor to encroach on fertile wetlands, in contravention of agreements reached with the community (which cannot be enforced), displacing 30 percent of the local population. Compensation is not offered to all who lost rights. 400 full-time jobs have been created for unskilled workers (mostly ex-combatants) but there is concern about hiring foreigners who are willing to work for lower wages. As a result of deforestation, more than 50 ha of swamp have been silted from the first year of operations."

**Liberia - timber concession (example of attaching a "social pact")**: "Social agreement clearly specifies rental payments and benefit sharing with government, but prohibition of investors' interference with good faith exercise of customary uses of timber and other forest products is not adhered to. Investment has thus restricted community access to forest products in context of increasing population and decreasing farmland."

**Mozambique - sugarcane**: "Only 35-40 [people] were employed full time plus some 30 on a seasonal basis [despite investor's promise of 2,650 jobs]. (...) Local people lost access to forest for fuel wood, game meat, fish. Investor uses local water supply and roads without compensation; thus negatively affecting women who gather the water. EIA noted potential negative impacts of agro-chemicals on soil, air, water and recommended mitigation measures. Also negative impact of forest clearance for sugarcane production."

**Tanzania - livestock + jatropha**: "Joint venture between Dutch and Tanzanian companies; land belongs to four villages, who still must approve transfers to the investor; only one village has so far granted land rights. Investor wants to lease land directly from the local villages, in violation of the Village Land Act. Potentially negative impacts on pastoralist communities' access to grazing land, fire wood and water. Expected employment benefits not quantified."

**Zambia - export crops**: "Local fears about potential displacement. Potential population displacement, loss of access to forest products, including edible caterpillars. Intact miombo woodlands on site would be negatively impacted by clearing for cultivation; current environmental impacts limited to land clearing for road and dam construction and related soil erosion."

*Source: World Bank, "Rising global interest in farmland", Appendix Table 2, pp 106-108*
This is not all that the Bank left out of the report. "The veil of secrecy that often surrounds these land deals must be lifted so poor people don't ultimately pay the heavy price of losing their land," World Bank Managing Director, Ngozi Okonjo-Iweala, declared upon releasing the study. It's true. And she could have started by making available to the public all of the contracts and investor-state agreements that the Bank's study team was able to access in the course of this research. Communities need to have access to the actual terms of these deals in order to judge them for themselves. Government and corporate propaganda will not do. Yet these documents are very difficult to get hold of. If the Bank really wanted to lift the veil of secrecy it would start by putting these legal documents in the public domain. We would be glad to host them at farmlandgrab.org and help ensure their translation into local languages.

Another matter that the report is silent about is the World Bank's own neck-deep involvement in these deals. For decades, the Bank has been actively promoting market-based approaches to land management through its lending practices and policy advocacy. This means privatisation of land rights, both through the conversion of customary rights into marketable titles as well as the disengagement of the state, and legal reforms necessary for Western style land markets to function. If the Bank now says that so many countries, especially in Africa, are "ill-equipped" to deal with the "sudden influx of interest" from farmland investors, then what good were the policy advisory services it performed over the last 30 years?6

Even more directly, the Bank's commercial investment arm, the International Finance Corporation, is a major investor in numerous private equity firms that are buying up rights to farmland while its Multilateral Investment Guarantee Agency (MIGA) is providing land grab projects with political risk insurance (Table 2). MIGA has put up US$50 million, for example, as cover for Chayton Capital's US$300 million business investments in Zambia and Botswana. For other firms, like British

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6 See World Bank, op cit, p 91

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Table 1: Useful data that disappeared on the path to publication

<table>
<thead>
<tr>
<th>Top 3 Destination countries by region</th>
<th>Origin</th>
</tr>
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<tbody>
<tr>
<td><strong>Africa</strong></td>
<td></td>
</tr>
<tr>
<td>Country</td>
<td>Total</td>
</tr>
<tr>
<td>Sudan</td>
<td>6.4</td>
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<tr>
<td>Ghana</td>
<td>4.1</td>
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<tr>
<td>Madagascar</td>
<td>4.1</td>
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Chayton CEO Neil Crowder and MIGA Executive VP Izumi Kobayashi signing the guarantee for Chayton's farmland investments in Zambia and Botswana, June 2010. Crowder, clearly proud of the deal, describes himself as "a well-educated US citizen who four years ago would not have been able to locate Zambia on a map".
hedge fund SilverStreet Capital, MIGA's role in protecting farmland investments is crucial. If problems arise, "you'll have the World Bank on your side," Gary Vaughan-Smith, SilverStreet's chief investment officer, puts it.⁷ MIGA, like IFC, is a for-profit agency, with a mission to promote profitable agribusiness investments in developing countries for its shareholders. Given these multiple levels of vested interest in farmland deals, it should come as no surprise that the Bank promotes them despite dismal realities on the ground.

Table 2: Examples of World Bank support to farmland investors via IFC and MIGA

<table>
<thead>
<tr>
<th>Farmland Investor/Region</th>
<th>Description</th>
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<tbody>
<tr>
<td>Altima One World Agriculture Fund (US)</td>
<td>The Altima One World Agriculture Fund, registered in the Cayman Islands, was created by the hedge fund Altima Partners to invest in farmland in South America, Eastern and Central Europe and sub-Saharan Africa. In 2009, the IFC made a US$75 million equity investment in the Fund. One senior Altima Executive says the Fund aims to create the &quot;first Exxon Mobile of the farming sector&quot;.</td>
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<tr>
<td>Chayton Atlas Agriculture Company (UK)</td>
<td>Chayton is a UK-based private equity firm investing in farmland in southern Africa. In 2010, MIGA signed a contract with Chayton to provide it with up to US$50 million in political risk insurance for its development of farm projects in Zambia and Botswana. It's CEO, formerly with Goldman Sachs, says its &quot;goal is to feed Africa.&quot;</td>
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<tr>
<td>Citadel Capital (Egypt)</td>
<td>In 2009, the IFC invested US$25 million in Citadel's Middle East North Africa fund, which is investing in agricultural projects. Citadel, one of Africa's largest private equity funds, is pursuing farmland investments in Egypt, Sudan, Tanzania, Kenya and Uganda.</td>
</tr>
<tr>
<td>Mriya Agro Holding (Ukraine)</td>
<td>Mriya, which is incorporated in Cyprus and listed on the Frankfurt Stock Exchange, is the 7th largest farmland operator in the Ukraine. In 2010, IFC provided US$75 million to Mriya in equity and loans for the company to increase its landholdings to 165,000 ha.</td>
</tr>
<tr>
<td>Sena Group (Mauritius) / Tereos (France)</td>
<td>In 2001, MIGA provided a consortium of investors from Mauritius, known as the Sena Group, with US$65 million in political risk insurance to support their acquisition of a sugar plantation in Mozambique. The company also announced that it intended to expand its cattle operations from 1,800 head to 8,000. The Sena operation has since been taken over by the French multinational sugar company Tereos.</td>
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<tr>
<td>SLC Agricola (Brazil)</td>
<td>SLC, a publicly traded company partly owned by foreign investors such as Deutsche Bank, is one of the largest landowners in Brazil, with a land bank of 117,000 ha in 2008. In 2008, IFC provided a US$40 million long-term loan to SLC, enabling it to increase its holdings to over 200,000 ha.</td>
</tr>
<tr>
<td>Vision Brazil (Brazil)</td>
<td>Vision is a Brazilian investment company with over 300,000 ha in cropland and another 400,000 ha in &quot;options&quot;. In 2008, IFC provided Vision with US$27 million in securities financing.</td>
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Against the grain – www.grain.org/atg/
**Bottom line**

The bottom line is that there is a huge disconnect between what the World Bank says, what is happening on the ground and what is truly needed. Right now, numerous governments and civil society organisations are calling to put a brake of one form or another on these deals. Australia, Argentina, Brazil, New Zealand and Uruguay are just some of the countries currently debating whether to introduce, at the highest policy levels, restrictions on foreigners getting farmland ownership. Egypt is one of those trying to get tougher to keeping new farmland investment programmes limited to domestic investors. Much of this, the non-xenophobic part, is or could be about establishing new forms or expressions of sovereignty over land, water and food at a time of tremendous pressure on all three. And many farmers’ organisations, academics, human rights groups, NGO networks and social movements are clamouring for all sorts of moratoria and bans and halts to this land grabbing. In the meantime, the hunger of private investors for farmland deals is proliferating. A group of former Cargill traders, for instance, have just launched a US$1 billion fund that aims to buy into farmland in Australia, Brazil and Uruguay. 8

The World Bank has shown it is not a trusted arbiter or wellspring of good ideas on how to move forward. Too bad if it took the agencies that commissioned this report a very long wait, and a pile of taxpayers' money, to see that.

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**GOING FURTHER**


- For a selection of reactions to the report, many of which provide summaries of its contents, see [http://farmlandgrab.org/cat/world-bank](http://farmlandgrab.org/cat/world-bank)


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GRAIN is a small international non-profit organisation that works to support small farmers and social movements in their struggles for community-controlled and biodiversity-based food systems. “Against the grain” is a series of short opinion pieces on recent trends and developments in the issues that GRAIN works on. Each one focuses on a specific and timely topic. All GRAIN's publications are available on our website: [www.grain.org](http://www.grain.org)

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8 Barani Krishnan, "Galtere says raising $1 bln agribusiness fund", Reuters, 1 September 2010, [http://uk.reuters.com/article/idUKN0113842720100901](http://uk.reuters.com/article/idUKN0113842720100901)