

# **The global race for land and resources**

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## **The role of Dutch investors and companies in Sub-Saharan African land deals**

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## **Abstract**

Increasingly, transnational companies and investors are involved in land acquisitions in developing countries. Sub-Saharan African countries play the leading role in the total amount of land that is leased or sold to foreign investors. Although international land deals is a much reported phenomenon, many recent articles and researches report different (and often conflicting) estimations of the international extent of land deals and land acquisitions. Also the distinction between a productive investment or an undesired land grab is often not that evident. The aim of this research was to gain a more clear insight into this land acquisition phenomenon by specifically analyzing the transnational land deals made in one region (Sub-Saharan Africa) with companies and investor that originate from one specific country (the Netherlands). For the most part is unclear how and why Dutch companies and investors are involved in the rush for land in Sub-Saharan Africa. By using both quantitative and qualitative data collection methods as interviews, document analysis and consulting databanks, an attempt was made to address this issue by answering the following main research question: *How and why are Dutch companies and investors involved in land deals in Sub-Saharan African countries and what are, or can be the effects of these land deals for the communities within these countries?*

It was found that the Netherlands plays a minor direct role in these Sub-Saharan land deals in international context. The indirect role of the Dutch companies and investors in Sub-Saharan land deals is much more significant. Indirect involvement refers to if a Dutch company or investor is not the largest shareholder in a certain land deal and is not the primary actor that acquired the land. The most important drivers for direct land acquisitions or land deals by Dutch companies and investors in Sub-Saharan Africa are for the production of biofuels, wood and fibre and the cultivation for non-food agricultural commodities. The indirect involvement of Dutch investors in transnational land deals is mostly stimulated by current international investment trends and incentives like biofuel targets or policies provided by the Dutch government. The impacts of these Dutch transnational land deals on local Sub-Saharan African communities were illustrated by using four well reported previous conducted case studies. These cases illustrated that the Netherlands is involved in (severe) land grabbing practices in Sub-Saharan Africa or at least has been in the recent past.

**Keywords:** *transnational land deals, land grabs, land acquisitions, Sub-Saharan Africa, the Netherlands, community impacts*

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## List of Acronyms

ABP	Algemeen Burgerlijk Pensioenfonds
AOW	Algemene Ouderdomswet
BpfBouw	Bedrijfstak pensioenfonds Bouw
CBC	Commonwealth Business Council
CDM	Clean Development Mechanism
CFR	Council on Foreign Relations
DUAT	Direito de Uso e Aproveitamento dos Terras
DNTF	National Directorate of Lands and Forests
EU	European Union
FACE	Forests Absorbing Carbon-dioxide Emissions
FAO	Food and Agriculture Organization of the United Nations
FDI	Foreign Direct Investment
FIAN	Foodfirst Information and Action Network
FMO	Netherlands Development Finance Company
FoE	Friends of the Earth
FPIC	Free Prior and Informed Consent
GSFF	Global Solidarity Forest Fund
IFAD	International Fund for Agricultural Development
IFI	International Financial Institution
IIED	International Institute for Environment and Development
IMF	International Monetary Fund
IPCC	Intergovernmental Panel on Climate Change
JI	Joint Implementation
LANDac	Land Governance for Equitable and Sustainable Development academy
LEI	Landbouw Economisch Instituut
MINAG	Mozambican Ministry of Agriculture
NFA	Ugandan National Forestry Authority
NFC	New Forests Company
NGO	Non-governmental organization
OA	Office of Accountability
OECD	Organisation for Economic Co-operation and Development
OPIC	U.S. Overseas Private Investment Corporation
PPP	Public-Private Partnership
PFZW	Pensioenfonds Zorg en Welzijn
REDD	Reducing emissions from deforestation and forest degradation
SWF	Sovereign Wealth Fund
SWFI	Sovereign Wealth Fund Institute
TNC	Transnational Corporation
TNI	Transnational Institute
UN	United Nations
UNFCCC	United Nations Framework Convention on Climate Change
UNCTAD	United Nations Conference on Trade and Development
UWA	Uganda Wildlife Authority
WFP	World Food Programme
WTO	World Trade Organization

# Chapter 1 Introduction

## 1.1 General background

Although not a new phenomenon, land deals have become an increasingly important instrument to provide food security in developed countries since the world food price crisis of 2007-08. The global financial crisis of 2007-08 is associated with the (further) rise in food prices. Developed countries became more aware that in order to provide (future) domestic food security it could directly acquire land abroad for the production of agricultural commodities instead of importing it and being dependent on the uncertain and fluctuating world food prices (Deininger et al., 2011)<sup>1</sup>. Also shifts in international policies regarding the use of biofuels and the carbon market for example are causing an upsurge in transnational land acquisitions (Cotula et al., 2009). *"This global land rush is characterized by transnational and domestic corporate investors, governments, and local elites taking control of large quantities of land (and its resources like water) to produce food, feed, biofuel, and other industrial commodities for international or domestic markets"*(Margulis et al., 2013, p.2). Accelerating globalization, privatization of the agricultural sector and liberalization of the world economy has increasingly set the trend of buying or leasing land or watersheds in developing countries for the production of food, biofuels and other commodities by foreign companies or enterprises in order to overcome difficulties in the availability of resources of water and arable land in their own country. This is known as (large-scale) land acquisitions or land grabbing. The global land demand has increased as a result of these drivers (Deininger et al., 2011; Oxfam, 2011; UN, 2010; Yassin, 2010). Sub-Saharan African countries play the leading role in the total amount of land that is leased or sold to foreign investors. In 2009 alone foreign investors expressed interest in around 56 million hectare (ha) of land worldwide. Of this interest an estimated 29 million ha was in Sub-Saharan Africa. This an extreme number when compared with the annual average expansion of (agricultural) land of less than 4 million ha before 2008. Currently many Sub-Saharan African governments are selling or leasing land to foreign investors for economic benefits (known as Foreign Direct Investment or FDI) (Deininger et al., 2011). Vermeulen & Cotula (2010, p.2) note that *"Recognizing opportunities for development and attraction of investment capital at the national level, the governments of many African countries with high agricultural potential, like their peers in Asia and South America, are actively seeking to attract both foreign and domestic investors into large-scale land deals"*. African governments have created or are creating favorable conditions and markets to promote state investments or private sector investments and revenues in order to promote further (rural) development and reduce poverty. International investment can enhance and improve domestic

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<sup>1</sup> The definitions of developed and developing countries can vary. Within this thesis developed countries are understood as countries that have post-industrial economies. In developed countries the service sector mostly provides more wealth than the industrial sector. Developing countries on the contrary are in a pre-industrial stage or are still in the process of industrialization and to a large extent the economies depend on agrarian activities.

employment, services, livelihoods and infrastructure development when managed effectively and responsibly. International opportunities to acquire arable African land in order to provide certain resources has made Africa a competitive market for investors who are able to buy or lease land with the support of the African governments (FAO, 2010; GRAIN, 2008; Oxfam, 2011).

The term 'land grabbing' has become more popular than the term 'land deals' in the media to describe these land deals since several reports have raised the attention of the often negative consequences these land deals can have for the (local) communities affected by it. Land grab mostly refers to the (international) trade in land for agricultural use or forestry<sup>2</sup>. This trade can consist of buying or leasing of land in developing countries by foreign investors (Cotula & Vermeulen, 2009). Hereby one of the following negative impacts can occur (Oxfam, 2011, p.2):

- *Violation of human rights, and particularly the equal rights of women;*
- *Neglect the principle of free, prior, and informed consent of the affected land users, particularly indigenous peoples;*
- *Ignore the impacts on social, economic, and gender relations, and on the environment;*
- *Avoid transparent contracts with clear and binding commitments on employment and benefit sharing;*
- *Eschew democratic planning, independent oversight, and meaningful participation.*

In the recent decade, especially since the world food price crisis of 2007-08 there have been numerous investigations and publications on the involvement of foreign companies or investors in the African land grab phenomenon. There are however still many uncertainties to what extent certain countries are involved in foreign land acquisitions or land grabs. The involvement of Dutch companies and investors in the Sub-Saharan African land grabbing phenomenon has increasingly been reported in the recent years (Goverde, 2012; Nelson et al., 2012). The Netherlands is internationally known for its complex and extensive regulations on land use, land ownership and human rights. With the 'Land Policy Guidelines' from 2004 and its involvement in land governance projects, the 'International Land Coalition', the 'EU working group on Land issues', the Netherlands seems like a country that would have proper regulations in place to avoid the negative impacts of land deals or land grabbing mentioned previously. The Dutch government has claimed that Dutch companies and investors have not been involved in land grabbing practices (Goverde, 2012). Recent news and reports however claim otherwise. In reality the Dutch government mostly relies on voluntary guidelines and other forms of self-regulation on foreign land acquisitions that do not avoid land grabbing practices (Goverde, 2012; Hamelinck, 2013). For the most part it remains unclear how and why Dutch

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<sup>2</sup> Some authors use the term land grabbing for other activities as well, for example mining (Borras & Franco, 2010). The author of this thesis decided to solely focus on land deals concerning agrarian activities and forestry to keep this research clear and feasible.

companies and investors are involved in the African land grabbing phenomenon. Therefore this research investigated the role of Dutch companies and investors in Sub-Saharan African<sup>3</sup> land deals.

## 1.2 Research problem

According to Deininger et al., (2011); Oxfam (2011); Vermeulen & Cotula, (2010), many land deals are made behind closed doors and therefore it can be difficult to get a realistic view on the size and consequences of these land deals. It is often unclear how, why and to what extent<sup>4</sup> countries and companies are active in the international land market. Although international land deals is a much reported phenomenon many recent articles and researches report different (and often conflicting) estimations of the international extent of land deals and land acquisitions than those published in the previous years. Also the distinction between a productive investment or an undesired land grab is often not that evident and frequently depends on which stakeholders are involved in the analysis. On the one hand Sub-Saharan African governments claim that land deals can create development opportunities and on the other hand the argument is that these land deals negatively affect local communities in these developing countries.

This research aims at getting a better understanding on how and why transnational (Dutch) companies and investors are involved in the Sub-Saharan African land acquisition phenomenon. Furthermore this research considers the impacts of these foreign land acquisitions on the local communities. It is clear that foreign land acquisitions can be undesirable for local communities and therefore should be avoided by international companies and investors (Oxfam, 2011). In order to keep this research clear and feasible, the involvement of transnational companies and investors coming from one specific developed country is analyzed, namely the Netherlands. The Netherlands has a long history of acquiring and using foreign agricultural land (for example plantations in the former colonies and the floriculture in East Africa) and therefore the involvement of Dutch companies is analyzed within this thesis. Currently it is unclear exactly how Dutch companies and investors are active in the recent trend of increasing land grabs or land deals in Sub-Saharan Africa and how this can have an effect on the local communities there (Meijerink & Kamphuis, 2011; TNI et al., 2012).

The main question of this research is: *How and why are Dutch companies and investors involved in land deals in Sub-Saharan African countries and what are, or can be the effects of these land deals for the communities within these countries?*

To clarify, with the 'involvement' of the Dutch companies and investors the author refers to the general characteristics of a certain land deal. For example, how much ha of land did a certain Dutch company

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<sup>3</sup> See appendix 1 for a figure that illustrates which countries are considered to be part of Sub-Saharan Africa.

<sup>4</sup> The amount of land (hectares) that is actually acquired or sold.

acquire in a specific African country? For what purpose was this land acquired? Is the Dutch investor or company directly involved in this land acquisition or just a partner or financier of the project? With the 'effects' of the land deals, the author refers to the both positive and negative impacts these land deals can have on communities. For example, the violation of human rights, reduction of poverty, employment opportunities and knowledge transfer (Cotula et al., 2009; Oxfam, 2011).

In order to address the main research question it can be divided into four sub-questions, namely:

- 1. How much land is acquired directly and indirectly by Dutch investors and companies in Sub-Saharan African countries?*
- 2. Which Dutch companies and investors are involved in Sub-Saharan African land acquisitions?*
- 3. Why are these Dutch companies and investors involved in land deals in Sub-Saharan African countries?*
- 4. What are the effects these land deals have for the local communities within these African countries?*

Before addressing the research sub-questions however, it seems appropriate to ask more general questions related to the global land acquisition phenomenon first to get a better insight into the context of this trend. Therefore, before the actual research sub-questions are considered in chapter 3 and 4, the following questions will be addressed first in Chapter 2 by conducting a literature review:

- How can land deals, land grab or land acquisitions be defined?
- What are the main general theories and concepts related to land acquisition phenomenon?
- What are the drivers for selling, buying or leasing land?
- What are the benefits and risks associated with land deals?
- Which and how are institutions involved in land deals?
- How much land is actually acquired by foreign investors globally?

These general questions serve as the background that will be used to specifically address the research sub-questions.

### **1.3 Research objectives**

Considering the main research question the research objectives are as follows:

- To describe the process of land deals made by Dutch companies and investors in Sub-Saharan African countries and how African land is acquired (directly or indirectly);

- To identify the amount of Sub-Saharan African land acquired or that will be acquired by Dutch investors and companies;
- To identify the drivers of Dutch companies and investors for being involved in land deals in Sub-Saharan Africa;
- To assess how the land deals by Dutch companies and investors in African countries (can) affect the (local) communities.

#### **1.4 Research significance**

This research is expected to share and increase the knowledge to science, involved institutions and stakeholders in the field of study (land deals or land grabs) and society at large. As previously mentioned, it is often unclear how and to what extent countries, investors and companies are active in the international land market and what the consequences are for the (local) communities affected by (foreign) land deals. This thesis tries to achieve a better understanding of how certain companies and investors are involved in Sub-Saharan African land acquisitions and if these are desirable for the hosting countries and their communities. A better understanding hopefully helps avoid or decrease the negative effects and stimulate positive effects of land deals by international companies and investors in the future. This research explores the role of companies and investors from one country (the Netherlands) in order to get a complete overview of the impacts land deals can have in the competitive land market in Sub-Saharan African countries and its communities. It is clear that land grabs can have negative effects on communities and therefore should be avoided. Furthermore a better understanding of the possible negative and positive effects associated with land deals can be in the interest of the international companies and investors. For transnational companies and investors negative impacts of land deals can lead to image and reputational risks and therefore should be reduced or avoided. Furthermore stimulating positive effects in hosting countries not only enhances the reputation of a foreign company or investor, but also can be considered more sustainable (Cotula et al., 2009). In addition, this research can give an important insight to the Dutch citizens in what happens with certain investments they make. For example, every Dutch citizen is required to build a pension according to the general old-age law ('Algemene Ouderdomswet' or 'AOW' in Dutch). These pensions are managed by Dutch institutions, namely pension funds. Pension funds make numerous transnational investments in for example (land)projects or companies to gain a certain profit or yield and to be able to provide the pensions to Dutch clients (De Nederlandse Bank, 2015). This report can give Dutch citizens more insight into how their pensions are generated and where it comes from. This report provides more (critical) insight for the Dutch society into these investments made by the institutions they depend on.

## **1.5 Research strategy**

As mentioned in section 1.2, in the context of the stated research question and the research objectives it seemed appropriate to review the general theories and literature about the global land acquisition phenomenon before specifically considering the involvement of Dutch investors and companies in the land acquisition phenomenon in Sub-Saharan Africa. As 'land deals' and 'land grabs' are often used to describe a similar process, the use of these terms can be confusing. So, the first consideration is to clarify both terms and explore the general theories and concepts associated with land deals/land grabs. After the exploration of the general relevant theories and defining land grabs/land deals it is considered what in practice seems to be driving both the foreign investors and the host states to make transnational land deals. In addition, what are in practice the associated risks and benefits for host states and foreign investors on land deals? One of the main objectives of this research is to describe the process of land deals in Africa and to consider how and why land is acquired by Dutch investors and companies in Sub-Saharan African countries. Before going into detail about the role of Dutch investors and companies, the general drivers, risks and benefits of the host states and investors are explored. Furthermore one of the research aims is to investigate how land deals affect local communities, also the risks and benefits of land deals associated with local communities is considered in the literature review.

The last consideration in the literature review (chapter 2) is the extent of foreign land acquisitions in Africa. The main research question and one of the research objectives considers the extent Dutch companies and investors are involved in land deals in African countries. Before it is possible to position the Dutch investors and companies in this context, the total extent of land acquisitions and land investments in Africa was considered.

After the literature review, the methodology and methods used to gather the required data that was needed to specifically analyze the Dutch involvement in Sub-Saharan African land deals is elaborated. Following the methodology, the findings and an analysis of the collected data about the role of Dutch investors and companies in land acquisitions in Sub-Saharan African countries and the impacts on local communities are analyzed. Finally conclusions and reflections are made based on the data collection, findings and the literature review.

## **1.6 Structure of thesis**

The structure of this master thesis is related to the research strategy described in the previous section. Chapter 1 introduces the research problem, (sub-) questions, research goals and significance. Chapter 2 provides the literature review, concepts and theories related to the general questions that serve as a background to specifically address the research sub-questions later. The methodology used in this research is elaborated within Chapter 3. This chapter contains different sections that give description

about the methods used to address the research sub-questions. Also ethical considerations related to the methodology are made in Chapter 3. Chapter 4 presents the findings of the research. Finally based on the findings of Chapter 4 conclusions are drawn in Chapter 5. Furthermore Chapter 5 also provides a reflection of the author upon this research and findings.

## **Chapter 2 Literature review and theoretical background**

This chapter consists of a literature review and explores general relevant theories and concepts related to land deals and land acquisitions by (foreign) companies and investors.

### **2.1 The issue of reliable information**

Although the media has reported extensively on the general size and issues of (trans)national land acquisitions, it remains questionable on how reliable these reports are and if it illustrates the actual situation correctly. As previously mentioned, many recent articles and researches report different (and conflicting) estimations of the international extent of land deals and land acquisitions. According to Borras & Franco (2010) and Deininger et al. (2011) countries affected by land acquisitions have been providing data and information on this phenomenon to different extent. The issue with the data provided (even by official government agencies) is that it often is incomplete or conflicting with other reports and data. The incapacity of data-collection and registration of land deals by host countries can enhance the issue of obtaining reliable information. Cotula (2011) describes that investors, companies or enterprises often provide limited data because of the confidential character of this information. This makes the credibility and completeness of this information questionable. So, within this research it is important to remain critical to the source of the information used.

### **2.2 Defining land deals and land grabbing**

Borras et al. (2011) and Hall (2011) describe 'land deals' as the sale or the long-term lease of public land to domestic and international companies and governments for the production of food, oil or biofuels as well as for the use of mining, forestry and tourism.

The term 'land grab' was first introduced by translation of 'Das Kapital' written by Karl Marx in 1867 to describe the land deals the British government made with the local elites. Local farmers were driven of their land because the British government claimed that the land was state-owned (Fairlie, 2013). In the 20th century land grabbing was mostly used for referring to large-scale land acquisitions by transnational enterprises, especially by fruit sector enterprises in Central and South America. These transnational enterprises (for example the American United Fruit Company), acquired foreign land through government concessions. This eventually resulted in removing farmers from their land (Daniel & Mittal, 2009). In the recent context the terms 'land grabbing' or 'global land grab' have become expressions of a (partially) similar process as land deals. One of the definitions that is widely used by for land grabbing refers to the large-scale land acquisition for agricultural production through leasing or purchasing land by foreign investors (Cotula et al., 2009; Daniel & Mittal, 2009; GRAIN, 2008).

Graham et al. (2010, p.2) define land grabbing as: *'taking possession and/or controlling a scale of land which is disproportionate in size in comparison with average land holdings in the region'*. It remains unclear what the exact difference in definition is between land deals and land grabbing. Land deals and lands grabs both can be used as terms to describe a partially similar process of land acquisitions by foreign investors and transnational companies. When trying to get a general idea of how much land is acquired or grabbed, it is important to remain critical about how these terms are defined and who is doing the framing. According to Margulis et al. (2013, p. 15), who is doing the framing of land grabs or land acquisitions and how this is framed can be intertwined: *"Definitions are useful starting points because they permit for greater analytical precision to the extent it helps simplify for the purpose of research what are very complex processes. At the same time, competing definitions of land grabbing reveal and obscure aspects of the phenomenon, and serve different ends, whether these be academic ends in the sense of shaping a scientific field, or political in the sense of advancing certain political projects"*. As was clarified earlier in this section, many actors use large-scale land acquisitions when defining land deals or land grabs. However also 'land acquisitions' is not a neutral term. 'Acquisition' can be considered a technical, administrative term. This term can mostly be linked to the actor(s) acquiring the land and the actor(s) that offer the land for lease or sale. Current land users who do not formally own the land that is sold or leased are largely neglected in this administrative term. *"In a lot of ways, wittingly or unwittingly, it depoliticizes contemporary land grabbing. This term is especially popular among key policy and governmental actors"*( Margulis et al., 2013, p.16).

Obviously also 'land grab' is not a neutral term as well. Land grab can be a controversial term because it can imply unlawful acquisition (or stealing) of land. Land grab can refer to a (western) legacy of colonialism and imperialism. It can be argued that 'land grabbing' in the contrary to term land acquisitions politicizes and historicizes the recent phenomenon of increasing amount of transnational land deals that are made: *"We consciously use the terms 'land grabs' and 'land grabbing' in this collection to remind us that these actions often occur under conditions of highly asymmetric power relations, access to information, and distribution of benefits and costs, and are often linked back to historical legacies of exclusion and dispossession"* (Margulis et al., 2013, p.16).

It is clear that there is no unambiguous way to frame or define land deals and land grabs. It is important to remain critical towards who is doing the framing and what is framed. Considering the previous mentioned issues and for the sake of this thesis the author has chosen to refer to land grabbing when a land deal has a negative connotation and is associated with abusive practices or has negative impacts on the affected communities. These negative impacts on affected communities are further addressed in section 2.6. In the upcoming sections theories and concepts related to the land acquisition phenomenon are explored.

### 2.3 Globalization and the land acquisition phenomenon

One of the most appropriate ways to theorize transnational land acquisitions is through the perspective of globalization as it can refer to increasing transnational trade, transactions, and capital or investment movements (Achterhuis et al., 2010; IMF, 2002). Furthermore this global-scale phenomenon of land deals is occurring all over the world. So to a large extent, the recent land acquisitions in Sub-Saharan African countries can also be understood through this ongoing process of globalization (Huggins, 2011; Zoomers, 2010). The term 'globalization' however is one of the most important, but also one of the most debated and contested term of the 21st century as it can refer to many different (often intertwined) processes (Robinson, 2007). For example it can refer to the previous mentioned increasing international economic integration but also to migration (movement of people for labor for example), the exchange of information or knowledge across international borders, and also to broader cultural, political and environmental dimensions. Climate change for example is now a global issue that is mostly addressed through international parties and governance structures (IMF, 2002).

Land deals or land grabs and its governance are embedded within a larger global political economy context (Margulis et al., 2013). Therefore in the context of this thesis, globalization can be understood from an economic and a political perspective as it involves economic integration between countries that is mostly driven by capitalistic or neoliberal free-market ideologies (Dicken, 2011). For example, Immanuel Wallerstein defined globalization as the institutionalization of the global market in his theories about capitalism (Beck, 2000, p.33). 'Neoliberalism' is often used when describing globalization. According to Harvey (2005a, p.2) neoliberalism *"is in the first instance a theory of political economic practices that proposes that human well-being can best be advanced by liberating individual entrepreneurial freedoms and skills within an institutional framework characterized by strong private property rights, free markets and free trade"*. The role of the national governments is to maintain or create an institutional framework to facilitate these neoliberal free market models. Interventions of the state in the markets are kept to a minimum. Also major key institutions started to apply neoliberal models on global trade mechanisms and markets during the 1990s. Not only state institutions, like treasury departments and central banks, started to apply these models, but also international (financial or trade) institutions like the International Monetary Fund (IMF), the World Trade Organization (WTO) and the World Bank. These international institutions are very influential in global finance and trade. Therefore appliance of neoliberal models increasingly has become normative in global trade mechanisms and development (Harvey, 2005a).

During the 1990s there was a rise in developing countries that applied neoliberal models to gain better access to the international land market. The main motivation of developing countries to facilitate foreign land acquisitions was that it would open opportunities for development (Zoomers, 2010). According to Deininger (2003, p.18), *"in the course of development virtually everywhere, the need to*

*sustain larger populations or to make use of economic opportunities associated with trade will require investments in land that cultivators will be more likely to make if land rights are secure. Appropriate institutional innovations to provide such rights can lead to a virtuous cycle of increasing population and successively greater investment in land, economic growth, and increased welfare".*

By the application of neoliberal models and the support of international institutions (for example the World Bank), many governments in developing countries started to prioritize the creation of a dynamic, free and transparent land market by land reforms and readdressing domestic private property rights (Deininger, 2003; Zoomers, 2010). According to Zoomers (2010, p.431), *"Land reforms by the conversion of collective and customary land rights into formal, individual rights and the creation of free land markets were expected to lead to greater efficiency and more investment"*. In other words, enhancing legal protection of land rights would stimulate long-term investments while individual property rights would lead to greater efficiency (Deininger, 2003). Furthermore, applying neoliberal policies, especially the privatization of land rights could also lead to more clarity, efficiency, freedom, equality and a civilized process (Achterhuis et al., 2010). Private property rights are a central concept of neoliberal policies. *"They subsume all other rights, and all rights are defined in terms of private property. Not only are individual rights necessary to avoid market externalities, security of property is essential for equality and individual control perpetuates freedom"* (Achterhuis et al., 2010, p.46). In order for the land market to succeed, land ownership and rights have to be clearly defined. In the neoliberal way of thinking or ideology, this establishment of private property rights, makes land transferable and marketable. The land will be used most efficiently, producing the highest possible marginal returns (Achterhuis et al., 2010).

The liberalization of land markets became one of the major policy goals during the end of the twentieth century. This liberalization of land markets has caused an increase in the commoditization of land and other natural resources (Zoomers, 2010). In addition, this caused a major increase in FDI and an increase of free trade between an increasing number of countries for around the last two decades. The process of globalization included developed (or industrialized) countries to switch from Fordist models of organization towards networked transnational organizations. In Fordist models of organization, production is mostly situated in one specific place or region. In addition, Fordist models give priority to equitable salaries and appropriate labor standards for the workforce as they are the consumers of some of the produced commodities. Networked transnational organizations, locate the production to places that offer the most favorable conditions (taxation, resources, cheap labor etc.). Transnational corporations (TNCs) often shift certain aspects of production across national borders to profit from these favorable conditions. The rise of TNCs to a large extent can be linked to a greater diversity and inequality in labor standards and salaries of the workforce (Huggins, 2011). The introduction of neoliberal capitalist policies and the increasing involvement of TNCs in developing countries have been critiqued by scholars and researchers as a form of neocolonialism or imperialism

by using capitalism and business globalization to influence a country (Dicken, 2010, Harvey, 2005b). Harvey (2005b) describes the neoliberal capitalist policies in many developed countries as 'accumulation by dispossession', meaning that through centralization of wealth and power in the hands of a few is causing the dispossessing the public of their resources, wealth or land. Furthermore, Harvey states that neoliberalism actually creates uneven development of countries and contributes to power in favor of the 'elites' by suppressing the right of the commons and all non-capitalist forms of production and consumption, monetizing exchange and taxation, and initiating credit systems (Smith, 2012). It can be argued that neoliberalism actually contributes to more (social and economic) inequality between and within countries. Since the 1980s, the same time that neoliberalist ideas gained increasing popularity in western countries, this previously mentioned inequality started to increase as well. Some world leaders at the time like UK's Prime Minister Margaret Thatcher actually defended this neoliberalist ideology and the inequality it creates (Smith, 2012; Wade, 2004). For example Thatcher stated that *"It is our job to glory in inequality, and see that talents and abilities are given vent and expression for the benefit of us all"* (Lean & Cooper, 1996, p.52). By these kind of statements, it is clear that world leaders acknowledge(d) the connection between neoliberalism and inequality. They even legitimize it and see it as being both universal as normative (Wade, 2004).

Swyngedouw (2005) makes use of Harvey's concept of accumulation of dispossession. According to him the establishment of private property rights is a legally and institutionally, condoned form of theft: *"Of necessity the process of privatization equates a process of dispossession"* Swyngedouw (2005, p.81). This idea of dispossession challenges the previously described claims of neoliberalist ideas that privatization leads to an increased welfare, freedom, equality and a civilized process (Achterhuis et al., 2010). Studies by Zwarteveen (1997), Boelens and Zwarteveen (2005) and Bakker (2007) for example already concluded that land use security of smallholder farmers is worse under neoliberal policies. It seems that this concept of accumulation by dispossession is closely linked to the previously established definition of land grabbing as it can be argued that it is associated with abusive practices or has negative impacts on the affected communities.

So far it is clear that the acquisitions of land in Sub-Saharan Africa by foreign investors and companies are very much related to the process of globalization and neoliberal free-market practices. Developing countries aim to attract FDI for further development. Foreign investors and companies aim to maximize production, efficiency or profits by locating in developing countries that offer favorable conditions. A more detailed consideration of land acquisitions like drivers, benefits, risks, institutional context and global extent are given in the upcoming sections of this chapter.

## **2.4 Drivers for land deals**

As previously mentioned, land deals have become an increasingly important instrument to provide food security in developed countries since the world food price crisis of 2007-08. Generally this food price crisis is considered as the driving force for the rapid increase of the amount and the extent of the land deals made in the recent years. The world food price crisis caused a rise in the costs and prices associated with the importation of food. This made it more attractive for countries and companies to acquire foreign land in order to improve preserve or protect the ability of providing their own country with sufficient food. Furthermore it also became more attractive for companies and private investors to invest in the (foreign) agricultural sector since the prices of agricultural products rose fast and the possible financial benefits from buying up land increased. Also the increasing global demand in for example biofuels or other non-food commodities like timber can be associated with the rise of the amount and extent of foreign land acquisitions (Deininger et al., 2011; Delbecque, 2011; Oxfam, 2011; UN, 2010; Yassin, 2010). Currently the United States, the United Arab Emirates are the countries that have the largest share in the amount of land deals made worldwide. They all constitute around 12 percent of the land deals. India, Egypt, the United Kingdom, South Africa, Saudi Arabia, Singapore, Malaysia and South Korea also have a large share in the total amount of land deals that are made globally. They all constitute around 4 to 8 percent of the land deals. What institutions are involved in these land deals differ per country (Holden & Pagel, 2013). This will be further addressed in section 2.7. According to Cotula et al. (2009, p.52) six drivers can be distinguished for land deals, namely: food security, the increasing demand for biofuels, access to non-food agricultural commodities, expectations of returns by the private sector, the emerging carbon markets and host country incentives. These six drivers will now be further explored.

### *2.4.1 Food security*

In the decennia before the world food price crisis of 2007-08, the average world food prices were declining. This decline in food prices could be attributed to technological development and innovation in the agricultural food production, increasing international trade in agricultural food products and the expansion or the up-scaling of agricultural food production (Cotula et al., 2009; Von Braun, 2008). World food prices increased rapidly during the food price crisis. To a large extent the price peaks were caused by investor speculation that caused price bubbles. This speculation can be attributed to recent regulatory changes like deregulation of the commodity markets and for example policies promoting the conversion of corn to ethanol (Lagi et al., 2011). Figure 1 illustrates the fluctuations in the price of maize, wheat and rice. As can be observed, the price of rice was around five times higher in mid-2008 than in 2003 and the price of wheat and maize was about two to three times higher.

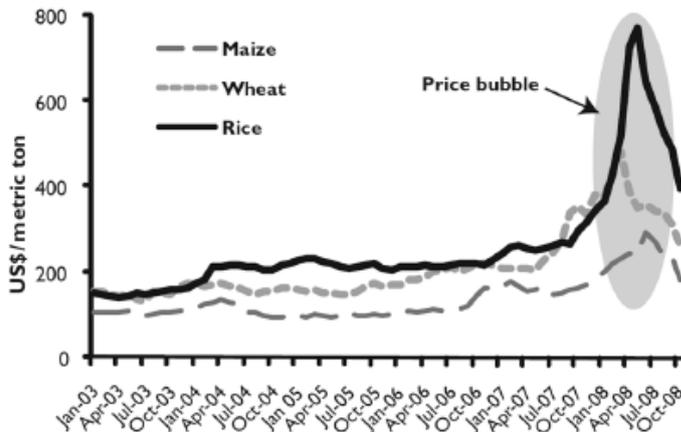


Figure 1. The prices of maize, wheat and rice from 2003-2008 (source: Von Braun, 2008)

Although the more recent food prices have not been as high as observed in July 2008, food prices (rice, maize and wheat) have been fluctuating and mostly are 20 to 50 percent higher than the averages observed in 2003 (IMF, 2013; The Economist, 2009). It remains uncertain to what extent the food prices will decline or increase in the future. According to Cotula et al. (2009, p.53) *“It is still unclear whether the world is now entering a new period of food price inflation. Some ongoing processes are fostering expectations that in the longer term food prices will continue to rise and create new incentives for investment in agriculture”*.

With an estimated global population of 9 billion people in 2050 it will be most likely that food prices will remain high and fluctuate strongly in the future (Robertson & Pinstруп-Andersen, 2010).

Due to the continuing global population growth, urbanization and changing consumption patterns (for example the increase in meat consumption by the middle classes in industrializing countries), the global demand for food has increased rapidly in the last decennium (Atkin et al., 2009; Cotula et al., 2009). Countries and their governments became more aware of their vulnerability in providing food security when the food price crisis of 2007-08 occurred. Following the crisis, food exporting countries increasingly decided to limit agricultural food products exported abroad in order to secure food provision domestically. This caused a further increase in international food prices, which in its turn made it more attractive or even necessary for countries and companies to acquire agricultural land and watersheds abroad to provide food security within their own country (Atkin et al., 2009; Cotula et al., 2009; Delbecque, 2011; Von Braun, 2008)

Cotula et al. (2009) further describe that particular trends or issues can enhance the limited ability of certain countries to provide food security. Environmental externalities, climate change, land degradation, growing scarcity of water supply, extreme weather events (droughts or floods), changes in oil prices (which can cause higher transport costs for example) can all contribute to the limited (future) possibilities of countries to provide food security domestically or the possibilities to export

agricultural food products abroad. For example some countries have increasingly been dependent on wheat and cereal imports to provide food security because of the depletion of non-renewable fossil fuels and the water used for the wheat production domestically. These countries were confronted with a rise in import prices for cereals and wheat, which caused higher food prices and inflation in the domestic markets. Inflation and high food prices can cause social unrest among the population. Therefore some countries increasingly focus on foreign land acquisition to provide food security, to avoid the high and fluctuating food prices or to by-pass the food traders (resellers) to cutback the costs of importing food (Cotula et al., 2009; Delbecque, 2011; Woertz, 2009).

#### *2.4.2 Demand for biofuels*

As the supply of non-renewable energy decreases, biofuels can be seen as a good alternative for the future (sustainable) energy provision. Internationally there has been much attention by governments to set consumption targets for the future. According to Cotula et al. (2009) these biofuel consumption targets set by governments have been the main factor that caused the rapid increase in the production of biofuels around the world. The governments created guaranteed markets for the coming decades and provided financial incentives (subsidies, tax benefits etc.) for the private sector. This made it more attractive for investors and companies to acquire land in Africa, Asia and Latin America for the production of biofuels (UNCTAD, 2009).

Next to the issue of decreasing non-renewable energy reserves, the European Union has set the goal of reducing emissions for mitigating climate change in the future. In 2010 the EU member countries implemented the Renewable Energy Directive of 2009. Within this policy it is expected that the EU biofuel consumption will be twice as high in 2020. One of the targets for 2020 is to have a 10 per cent use of biofuels for land transportation. The European Commission acknowledged that around 60 per cent of biofuels have to be imported from outside the EU and 20-30 million ha of agricultural land would be required to reach the set targets (Beurskens et al, 2011; Oxfam, 2011; UNCTAD, 2009).

There is concern that the transnational land acquisition for the production of biofuels will jeopardize the food security in certain countries because agricultural land will be increasingly used for biofuel production instead of food production. In the 2011 report '*Price Volatility in Food and Agricultural Markets*' ten international organizations including the FAO, World Bank and the OECD found that the demand for food and feed crops for the production of biofuels is a significant factor in rising food prices and food price volatility globally.

#### *2.4.3 Access to non-food agricultural commodities*

Many countries depend on the import of non-food agricultural commodities like sugar, tea, soybeans, tobacco, rubber, cotton, coffee and cocoa. The demand for these commodities can increase as a country is undergoing economic development. Economic development often goes hand in hand with

changing consumption patterns as the growing middle class has more money to spend on commodities. Transnational land acquisitions can be an option for countries for the national provision of these non-food agricultural commodities. In Zambia for example Chinese investors have increasingly acquired agricultural land in the recent years to provide their own country with cotton (Cotula et al., 2009).

#### *2.4.4 Expectations of returns by the private sector*

The previous described drivers are to a large extent agricultural investments that are supported by governments. Although the demand for non-food agricultural commodities can be an important driver, the private sector seems mostly stimulated by expectations of returns from (future and long-term) rising land values (Cotula et al., 2009; UNCTAD, 2009). The Global South, especially Africa, has increasingly become an important object of investment by the private sector. Investors consider (agricultural or forestry) land as a profitable and relatively safe investment. Land values are expected to increase in the future as part of the previous mentioned drivers (food security, commodities and the demand for biofuels). Low prices to buy or lease land can further stimulate investors to acquire land abroad (Milerová, 2012; UNCTAD, 2009).

According to Cotula et al. (2009) the rise of import prices of many agricultural commodities and non-agricultural commodities like timber made it more attractive for the private sector (like companies traditionally involved in processing or distribution) to acquire land abroad. This is to avoid the high and fluctuating food prices or to by-pass the traders (resellers) to cutback the costs of importing products and secure their supply. For example Lonrho Plc, a London based company that is actively engaged in multiple business sectors in Africa, has claimed that the acquired land in Mali, Malawi and Angola has the purpose to enter direct production. According to the Lonrho Plc (2009) by vertically integrating its operations it not only achieves the previous mentioned benefits, but the company can also work more closely with the host country government to promote agricultural sector reconstruction and development.

#### *2.4.5 Forestry and the emerging carbon markets*

According to the IPCC (2007) emissions from changes in land use contributes to 20 per cent of total anthropogenic greenhouse gas emissions. This change of land use can be mostly attributed to processes as tropical deforestation and forest degradation. In the recent years the international discussion on how to effectively mitigate climate change has been raised. Since a large share of this deforestation and forest degradation is situated in developing countries, reducing emissions coming from these countries seem to be a viable option for effective climate change mitigation. Until 2007 the

Kyoto Protocol has been the dominant treaty to reduce emissions of greenhouse gases (IPCC, 2007; Stern, 2006). Due to this treaty and its mechanisms like Clean Development Mechanism (CDM) and Joint Implementation (JI), forestry and land use have received limited attention as options to climate change mitigation until 2005. According to Bond et al. (2009, p.15) there are three reasons that land use and forestry have to a large extent been disregarded in the Kyoto Protocol as mitigation options. The first reason for this neglect was over the matter of the technical ability in measuring greenhouse gas emissions from deforestation, and the risk of leakage. Secondly, several countries already had set emission targets (without regarding the impacts of deforestation) before the CDM negotiations began in 2001 (UNFCCC, 2014). Thirdly there was a perceived risk in the effort of avoiding deforestation in developing countries. Developed countries mostly aimed at the adoption and development of cleaner technologies (Bond et al., 2009).

At the moment, reducing emissions from deforestation and forest degradation in developing countries (REDD) is increasingly perceived as a relevant strategy for a global climate policy framework to effectively mitigate to climate change in the future. There was concern by experts that the Kyoto Protocol could expire in 2012 without an alternative in place for a legally binding framework of regulations on limiting global emissions. REDD gained more international attention in the United Nations Framework Convention on Climate Change (UNFCCC) Conference of the Parties in Costa Rica and Papua New Guinea in 2005 and in the Conference of the Parties in Bali in 2007 (COP 13) where the concept REDD+ was introduced. The plus (+) in the concept of REDD+ stands for approaches to stimulate action namely sustainable management of forests, conservation of forest carbon stocks and enhancement of forest carbon stocks constituting (Bond et al., 2009; CFR, 2013; IPCC, 2007).

Cotula et al. (2009) argue that under the possible future implementation of the REDD+ policies, afforestation projects, biofuels production and the carbon markets will likely also witness increasing international attention and growth. Emerging carbon markets can generate a source of revenue that can make land acquisitions more attractive to investors or companies.

#### *2.4.6 Host country incentives*

Many African countries see FDI as a good source for generating revenues, agricultural sector development, employment, food security, diversification from dependence on a single commodity, reducing poverty, technological development, knowledge transfer and infrastructure development (further elaborated in section 2.5). To attract or capture foreign investments, African countries can reform or adjust policies and regulations to offer incentives, reduce investment risks and further improve conditions for foreign investors. Some known examples to attract foreign investments are: taxation benefits, removing restrictions on land acquisition by foreign companies or investors and

simplification of the linked administrative process (Cotula et al., 2009, p.59; Deininger et al., 2011). In the following sections (2.5 and 2.6) the benefits and risks of land deals are described.

## **2.5 Benefits of land deals in host countries**

A number of international organizations including the World Bank and the FAO argued that land deals can generate revenues and contribute to the reduction of poverty within developing countries when regulated properly (Deininger et al, 2011). Direct economic revenues of land deals however generally is not considered the main motivation of the host countries. Mostly other anticipated benefits as employment opportunities, infrastructure development and technological development serve as the main motivation for land deals in developing countries (Cotula et al., 2009). Section 2.4.6 has already briefly mentioned the possible benefits for African countries to attract FDI and why land deals are being made. This section further illustrates some of the benefits associated with land deals for the African host countries.

### *2.5.1 Growth and development of the agricultural sector*

Development of the agricultural sector is often the basic driver for growth in other sectors or industrialization. Agricultural development can enhance food security and the income distribution within a country (Mellor, 1995). In most African countries the majority of the workforce is employed in the agricultural sector. Often there is a lack in opportunities for further development or growth of this sector within these countries. This lack in opportunities can be assigned to the limited budget the African governments have, the low amount of investments (as a percentage of the total budget) in the agricultural sector made by the African government and the cutbacks in official development aid received (Fan & Rao, 2003; UNCTAD, 2009).

It seems that developing African countries are more or less dependent on further foreign investments if they want to achieve the growth and development of the agricultural sector. With further decreasing government budgets and less available official development aid, dependence of foreign investments seems to be increasing in some African countries. Land deals or land acquisitions by foreign companies can serve as an important tool by African governments to achieve growth and further development of the domestic agricultural sector (FAO, 2009a; FAO, 2009b).

### *2.5.2 Employment opportunities and poverty reduction*

According to the World Bank's report on '*Rising Global Interest in Farmland: Can it Yield Sustainable and Equitable Benefits?*', large-scale land acquisition can contribute to poverty reduction within developing countries (Deininger et al, 2011). First, land acquisition can generate income

through the lease or purchase of the land. Secondly it can generate new opportunities for local employment (wage workers and contract farmers). Deininger et al. (2011, p.38) state that *"in many developing economies the ability of the agricultural sector to absorb labor and provide gainful employment provides a key safety net"*. However, the extent the local population can be employed and thus benefit from land acquisition is heavily dependent on the type of production system and the type of crop grown. Deininger et al. (2011) and The World Bank (2009) for example describe that the (labor intensive) production of palm oil and sugarcane can generate 10 to 30 times the amount of jobs per ha than the large-scale, mechanized grain farming. This is further illustrated in figure 2.

<b>Key Factor Ratios in Case Studies of Large-Scale Investments</b>			
<b>Commodity</b>	<b>Jobs per 1,000 ha</b>	<b>Investment US\$/ha</b>	<b>Investment US\$/Job</b>
Grains	10	450	45,000
Jatropha	420	1,000	2,400
Oil palm	350	4,000	11,400
Forestry	20	7,000	360,000
Rubber	420	1,500	3,600
Sorghum	53	900	17,000
Soybean	18	3,600	200,000
Sugarcane-ethanol <sup>a</sup>	153	5,150	33,600
Sugarcane-ethanol <sup>b</sup>	150	15,500	105,000
Sugarcane-ethanol <sup>c</sup>	700	14,000	20,000
Wheat-soybean	16	6,000	375,000

a. Rainfed, one-third mechanized harvest (Brazil).  
b. Irrigated, mechanized harvest (Mozambique).  
c. Irrigated, manual harvest (Tanzania).

Figure 2. Employment opportunities for different crops cultivated (source: Deininger et al., 2011, p.39)

### 2.5.3 Infrastructure development

Often the land deals that governments of host countries make with foreign enterprises include the promise or obligation to develop the often lacking infrastructure in the host country by these enterprises. This can include infrastructural development unrelated to land acquisition itself. For example improving or developing roads, schools, irrigation, housing, access to electricity, internet accessibility and healthcare facilities can be part of the contractual obligation in land deals (CBC, 2013; Cotula et al., 2009; Makunike, 2009). Also national legislation can integrate infrastructural development as a possible demand for land deals. In Mali for example investors that lease land for the long-term are obligated by national laws to develop and maintain irrigation infrastructure (Cotula et al., 2009). In the last decade The People's Republic of China has become one of the most active

players in infrastructural developments across different African countries: "*China's involvement in Africa's construction and infrastructure sectors has proved most effective in building relations with African governments — increasing influence and expanding access to natural resources on the continent*" (Corkin & Burke, 2006, p.7)

#### *2.5.4 Technological development and knowledge transfer*

Investors that acquire land have a technological advantage and better developed human capital than the sellers in most cases. Especially in developing countries there is a shortage of knowledge and expertise for further development of the agricultural sector (Deininger et al., 2011). In developing countries it is often implied that a shortage of knowledge and technological underdevelopment is one of the main causes for the poor performance of the domestic agricultural sector. Developing countries can receive important technology and knowledge from the investors for further modernization of the agricultural sector. Technological transfer can lead to innovation and an increase in productivity. An influx of capital and technology can further stimulate and develop the rural economies in developing countries (Deininger et al., 2011; Hallam, 2009; Haralambous et al., 2009; Meinzen-Dick & Markelova, 2009).

## **2.6 Risks of land deals**

As described in the previous section land deals can generate important benefits for hosting countries. The anticipated benefits by hosting countries (technological development, infrastructure improvement, employment opportunities etc.) in most cases do not have this desired result (Oxfam, 2011). In this section the downside and risks of land deals, that is land grabbing, will be investigated. It will start with further investigating the risks concerning the previous described anticipated benefits, followed by other risks of land grabbing in hosting countries. The literature concerning land grab to a large extent mentions environmental issues, jeopardizing local livelihoods, decline in food security, unequal distribution of power and the speculative land- and resource market as risks for hosting countries (CHRGJ, 2010; Delbecque, 2011; Oxfam, 2011; von Braun & Meinzen-Dick, 2009). These risks are also further clarified.

### *2.6.1 Risks of the anticipated benefits*

Employment and poverty reduction: When analyzing employment generation and poverty reduction as a result of land acquisition, it is important to remain critical towards the actual benefits the local labor force receives in this process. Land acquisitions by foreign companies or investors can actually result in less beneficial employment opportunities for the local workforce. Firstly, as Li (2011) points out, the local laborers are in many cases not employed because they lack the expertise or are considered inefficient ('myth of the lazy native'). Labor is often imported or outsourced to migrant workers. Secondly, up-scaling or mechanization of the production process can result in less local employment

opportunities and revenues compared to the often previous land use for small scale local agricultural activities. Li (2011, p.283) for example describes that "*A mega-farm of soy or grain can be managed by a single tractor driver and a mechanic (...) the conditions under which there are few people needing access to the land to farm, now or in future, are characteristic of the global North but they are exceptional in the global South, so exceptional that one might argue the whole large scale land-acquisition for poverty reduction debate should die right there*". Thirdly, Li (2011) notes that employment estimations made by the World Bank (Figure 2) do not always seem to portray the actual realistic employment situation in hosting countries when conducting fieldwork. For example the estimations made by Deininger et al. (2011) on jobs needed for palm oil production are more than twice as high as field data collected by Friends of the Earth et al. (2008), Li (2011) and Milieudefensie et al. (2007) depending on the efficiency and the stage of production.

Another significant finding by Deininger et al. (2011) and Li (2011) is that of comparing returns received by laborers working in large-scale farms versus smallholder laborers working their own land. Although the productivity of large-scale farms in most cases is higher than smallholder farms, the income that laborers make can be much higher when working in their own smallholding farm. For example smallholding maize producers of Sub-Saharan Africa can make up three to ten times more income than when employed on a large-scale farm. A smallholding sugar cane producer in Zambia can have an income that is six times higher than when employed as a wage worker in a large-scale farm. Although large-scale land acquisition by foreign investors can create substantial employment opportunities, it remains questionable if the local workforce actually benefits from these opportunities. It seems that in some cases it is actually desirable to maintain the system of smallholder farms when comparing the income received with large-scale farms. De Schutter (2011) notes that that job generation does not imply an average higher income or a reduction of poverty within developing countries. An estimated 450 million people are employed as agricultural workers on plantations worldwide. Around 44 percent of this workforce struggles with food insecurity.

Infrastructure development: Oxfam (2011, p.2) lists the "*avoidance of transparent contracts with clear and binding commitments on employment and benefit sharing*" as one of the risks that is associated with land grabs. Infrastructure development or improvement is often a promise made by investors that acquire land or the government selling the land. According to Cotula et al. (2009) and Cotula & Vermeulen (2009) there are many reported problems concerning the legal commitment that investors have in providing the promised benefits, including infrastructure development. Contracts sometimes lack solid conditions or terms to legally bind investors that acquired the land to deliver the promised benefits.

Technological development and knowledge transfer: As previously described, technological transfer can lead to innovation and an increase in productivity. An influx of capital and technology can further

stimulate and develop the rural economies in developing countries (Deininger et al., 2011; Hallam, 2009; Haralambous et al., 2009; Meinzen-Dick & Markelova, 2009). Hallam (2009, p.4) however warns that: "*these benefits will not flow if investment results in the creation of an enclave of advanced agriculture in a dualistic system with traditional smallholder agriculture and which smallholders cannot emulate*". In some cases it is questionable if the desired influx of capital and technology is desirable for the local population, especially when considering that employment in traditional smallholdings are in some cases more benefiting for the local population than employment in modern large-scale farms (Li, 2011).

### *2.6.2 Environmental issues*

Foreign investors that acquire land are often interested in gaining short-term benefits and maximizing the production. It can be argued that for example foreign agricultural investments and modernization of the agricultural sector in developing countries are often less sustainable or ecological friendly in the long-term than traditional smallholdings and the low-input agricultural sector seen in a large share of these developing countries. First, intensification of the agricultural production system is often associated with the use of fertilizers, pesticides or other chemicals that can cause a wide range of environmental problems including pollution of the (local) environment, salinization of water bodies and soil, loss of biodiversity and greenhouse gas emissions. Secondly, the irrigation that is needed for intensive cultivation can result in water logging, soil erosion, disturbance of (ecological) water systems, degradation of the water quality and taking the water supply away from the previous dependent users and ecosystems<sup>5</sup>. Thirdly, changes in land use for agricultural production (for example removing forests for the cultivation of monocrops) can threaten carbon stocks and biodiversity. Also replacing native forests with exotic tree plantations can cause damage to the local biodiversity (Cotula et al., 2009; von Braun & Meinzen-Dick, 2009).

### *2.6.3 Jeopardizing local livelihoods & food security*

According to Oxfam (2011), ownership or secure access of land is important for reductions in poverty and hunger. According to the latest statistics from the FAO, there are 842 million people worldwide that suffer from hunger. Around 98 percent of these people live in developing countries, notably in Africa and Asia. Around 75 percent of the people that suffer from hunger live in rural areas and these people are mostly dependent on agriculture for subsistence or providing an income. Of all hungry people worldwide an estimated 50 percent is from smallholder farming communities that are mostly dependent on their own lands to provide enough food to survive. An estimated 20 percent belong to landless families that are also largely dependent on farming. Around 10 percent live in rural

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<sup>5</sup> Often referred to as 'water grab'.

communities that are dependent on fishing, herding or forest resources. The remaining 20 percent of the people that suffer from hunger, live in urban areas (FAO, 2013; WFP, 2014).

These statistics make it clear that especially rural communities in developing countries depend on secure access to land for their livelihoods. Firstly, losing land can result in also losing their food security and other opportunities for development. Furthermore land is not only serves as a production unit for the rural communities. It also serves as a safety net that can be used by the community when other economic activities fail. Secondly, access to land provides other uses and resources as well, for example rope, fruits, nuts, herbs, timber and fencing materials. Thirdly, access to land provides room for social, cultural, spiritual and ceremonial events that is important for communities to maintain their identity, traditional practices and well-being (Oxfam, 2011).

One of the key issues of the vulnerable rural communities in developing countries is that in a lot of cases the land is not sufficiently or legally registered and thus is considered property of the state. This differs per developing country, but In Africa an estimated 2 to 10 percent of the land is formally registered. The rest is mostly owned by the state. When land is acquired by (foreign) investors, the government by the hosting countries can actually (legally) force communities or farmers off their current land. Although some previous land users can receive compensation for the loss of land and livelihoods, these compensations are often considered insufficient (Cotula, 2011; Deininger, 2003; Oxfam, 2011). An example of land loss consequences for local communities can be illustrated by the case of the UK-based New Forests Company (NFC) plantations in Uganda. In 2005 the Ugandan National Forestry Authority (NFA) granted the NFC the legal rights to use an area of around 20.000 ha of land for the development of timber plantations. The NFA stated that people that living on the land were "illegal encroachers on forest land" (Grainger & Geary, 2011, p.2). As a result around 20.000 people were evicted from their lands and homes between 2006 and 2010. The majority of the evicted peoples became landless and were driven into (further) poverty as they received little to no compensation for their loss of their land and livelihoods. It was even reported that some of these people were violently evicted. Most of these people also lost their crops and livestock and were not compensated (Grainger & Geary, 2011; Oxfam, 2011).

Next to previous described issue of land eviction, there are other issues related to a further decline of food security in developing countries. As described in section 2.5.1, foreign investments can increase the agricultural production significantly in hosting countries and can contribute to further development of the agricultural sector and other sectors. However, foreign investments can actually also jeopardize local food security, because a large share of the (agricultural) resources exploited is exported.

Furthermore, with an increasing international demand for biofuels and carbon exchange, land that was previously used for the production of food is increasingly used for the production of biofuels and forestry. Exporting domestically produced food and converting land that was previously used for the production of food can be a major threat to the national food security of developing countries, especially if they are already struggling with local food deficiencies. Some countries who are to a large

extent dependent on receiving foreign food aid and importing food for the provision of food security (Ethiopia for example), increasingly sell or lease land to (foreign) investors that export the products from the lands out of the hosting country. When countries become increasingly dependent on importing food, they are also more vulnerable to fluctuations in the world food price markets. The world food price crisis of 2007-08 illustrated this vulnerability clearly (Daniel & Mittal, 2009; GRAIN, 2008; Oxfam, 2011; Robertson & Pinstrip-Andersen, 2010)

Another issue that can affect livelihoods and local food security is the up-scaling of the agricultural production process or the establishment of large mechanized (foreign) food production enterprises. Large food production units have an economy of scale. When entering the market these enterprises can provide food for lower prices than food produced by smallholder farmers. When smallholder farmers have to compete with large-scale enterprises, the small-scale farmers are often forced to either sell their land or lower their food prices. This can further endanger the food security and livelihoods of the smallholder farmers (Delbecque, 2011; De Schutter, 2010)

#### *2.6.4 Unequal distribution of power*

Another risk is the unequal distribution of power between hosting countries governments, local communities and the foreign investors or companies. The governments of the hosting developing countries that allow foreign land acquisitions are often poor and politically unstable (Spieldoch & Murphy, 2009). Also some countries like South Sudan are actively involved in wars. In addition it can be argued that a large share of the African countries lack a strong democracy. Not only do the previously mentioned issues pose a risk for (foreign) investors and companies, but it also it remains questionable if the governments of hosting developing countries are representing the interests of the communities that are affected by land acquisitions (Howden, 2013; Spieldoch & Murphy, 2009). Often the legislation of hosting countries on land deals lack the capacity or implementation to protect vulnerable communities. Power imbalances, corruption and the lack of will of hosting countries to protect affected communities can further contribute to the displacement or removal of people from their land. Foreign investors hold the financial power to bribe or influence authorities in making decisions that are in the favor of these investors, but less so in the favor of (vulnerable) affected communities (Macinnes, 2012). Frequently affected local communities are not consulted or involved in the decision making process of land acquisitions. Furthermore local communities often do not have the capacity or knowledge on how to fight the decisions made by governments (Oxfam, 2011). Firstly, vulnerable affected groups mostly do not have an understanding of their legal rights as they mostly lack a proper formal education. Secondly, many African farmers use land that is legally owned by the state. This restricts the possibilities to fight the decision when they are removed from their land or when foreign investors do not deliver the promised benefits or compensations (Biney, 2009; Oxfam, 2011; von Braun & Meinzen-Dick, 2009).

Among the host country stakeholders (governments and local communities) the distribution of power can also differ significantly. Within the host governments there are multiple levels of authority that often have contesting (political) interests and priorities. The unequal power distribution among authorities can exclude certain government stakeholders, like a local government in the land deal negotiation process. Within the local communities the distribution of power and the ability to protect their interests among its population can vary significantly. Some examples of unequal power distributions and differing interests can be between landless workers and those with land, between small and large landowners, or even within households (men and women). When considering the process of foreign land acquisitions the distribution of power among its stakeholders has to be taken into account (Spieldoch & Murphy, 2009).

### *2.6.5 The speculative land- and resource market*

Deininger et al. (2011, p.51-53) investigated the main goals of 405 projects worldwide that involved foreign land acquisitions between 2008 and 2009.<sup>6</sup> Of these projects, 37 percent focused on food crops, 21 percent on biofuels, 21 percent industrial or cash crops and 21 percent on conservation and game reserves, and plantation forestry. The investments that were investigated in Sub-Saharan Africa mostly consisted of food crops and biofuels. Although the projects aim at the production of the previously mentioned resources, most of the acquired land had not been taken into production (figure 3). Only 21 percent of the total amount of land that was acquired was actually in the stage of production. Around 30 percent was still in an exploratory stage; more than 30 percent was in the stage of initial development; and 18 percent of the land acquisitions had been approved but did not start yet. Furthermore it should be noted that a considerable amount of these investigated projects consisted of large-scale land acquisitions. The median project size was 40.000 ha. Only around 25 percent of the project sizes involved less than 10.000 ha.

Due to the small amount of projects that actually started production, it becomes clear that foreign land acquisitions are subjected to a speculative land- and resource market. Large parts of African land are considered cheap by foreign investors. However land is also increasingly perceived as scarce by investors and therefore the price or value of land is likely to increase in the future. The speculative nature of this land- and resource market can create higher expectations of returns. Investors expect that the future profit on certain resources will rise and that land values will increase (Cotula et al. 2009). The anticipated profits motivate investors to acquire (foreign) land. However due to the speculative nature of the land- and resource market a large share of the of the acquired land remains in a pre-production stage. This can be highly undesirable for the host countries as these projects hardly deliver anticipated benefits (section 2.4). When host countries sell their land cheap and barely demand

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<sup>6</sup> The data of the projects that Deininger et al. (2011) used for their investigation, was acquired on the website of GRAIN (<http://www.grain.org>) between October 1, 2008 and August, 31, 2009.

prerequisites on the development of the land, the likelihood of receiving benefits decreases (FAO et al., 2010).

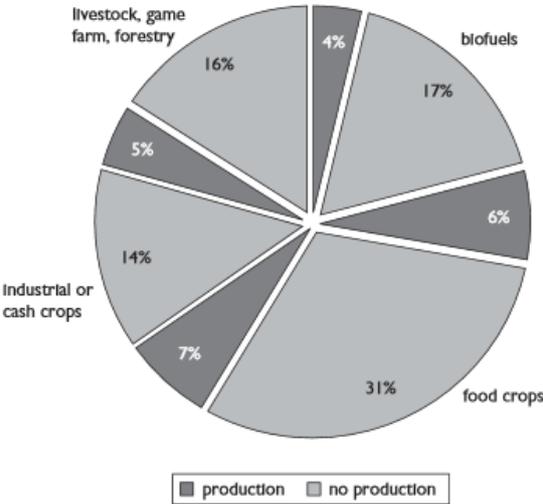


Figure 3. Share of projects by commodity and production status of capital (source: Deininger et al., 2011, p.53).

**2.7 The institutional context of land deals**

The following section considers the institutions involved in international land acquisitions, namely national governments, the European Union and international financial institutions (IFIs). Host country governments are actively involved in attracting FDI and making land deals with (foreign) investors and companies. In addition, governments can also have the role an investor that is acquiring land abroad. Also the role of IFIs is considered as these institutions play a significant role in the (African) land market.

*2.7.1 Role of the host country governments*

In the context of international land deals, national governments of hosting countries play a leading role. When a foreign investor wants to acquire land abroad, this has to be approved by the national government of the hosting country in most cases, especially in developing African countries where a large share of the land is often (legally) owned by the state. As mentioned in previous sections, the governments of many developing countries see FDI as a good source for generating revenues, agricultural development, employment, food security, diversification from dependence on a single commodity, reducing poverty, technological development, knowledge transfer and infrastructure development. The authorities of hosting countries can adjust or reform domestic policies or regulations to attract foreign investments (Cotula et al., 2009; Deininger et al., 2011).

Robertson & Pinstруп-Andersen (2010, p.272) further point out that, "*nations with the greatest dependency on food aid, and with the largest percentage of their population suffering from undernourishment, are increasingly net sellers of farmland (...) nations with the highest score on the global hunger index - those at the greatest risk of food insecurity - are also net-sellers of farmland to foreign interests*". Many Sub-Saharan Africa countries suffer from undernourishment among its population and underdevelopment. In 2012, Sub-Saharan Africa contained 15 of the global top 20 most undernourished nations (World Bank, 2014).<sup>7</sup> Most Sub-Saharan African countries that have a high number of undernourished people among its population and are dependent on development and food aid, are net-sellers of land (Figure 4).

Country	Undernourished population as a % of total population	Tons of aid	Net sellers of land
Congo, Democratic Republic	76%	112,323.80	Y
Eritrea	68%	17,233.30	X
Sierra Leone	47%	25,900.10	X
Angola	46%	n/a	Y
Ethiopia	46%	975,306.00	Y
Zambia	45%	31,563.10	Y
Central African Republic	43%	14,867.10	X
Rwanda	40%	24,820.40	X
Zimbabwe	40%	327,338.00	X
Mozambique	38%	125,698.30	Y
Madagascar	37%	29,446.60	X
Tanzania	35%	6198.70	Y

X = Land acquisition data aggregated from news articles, publishing universities and blogs etc

Y = Land acquisition data from IFPRI report

*Figure 4. Sub-Saharan African countries that are net-sellers of land (source: Robertson & Pinstруп-Andersen, 2010, p.272)*

According to IFAD (2009), developing countries have relied on foreign development aid to encourage development of the domestic agricultural sector and to counter undernourishment for several decades. Now increasingly less development aid is spent on agricultural development in developing countries. For example in 1979, an average of 18 percent of the total development aid spending in developing countries aimed at agricultural development, in 2007 this was 4.6 percent (IFAD, 2009). As a result, African governments are selling land to foreign private investors to overcome the deficits in the development budget, especially in the agricultural sector (UNCTAD, 2009). Governments of the hosting countries see land deals as an opportunity to counter under-development. The poorest African countries that contain the highest percentage of undernourished people within its population are also the countries that offer the largest areas of land to foreign investors (Robertson & Pinstруп-Andersen, 2010; Von Grebmer et al., 2009). Most of the hosting African countries have established special national agencies to promote and attract foreign investments. Some examples of these agencies are the Tanzania Investment Centre, the Ethiopian Investment Agency, the Agence Nationale Chargée de la

<sup>7</sup> Prevalence of undernourishment as a percentage of the total population per country.

Promotion de l'Investissement (Senegal) and the Sierra Leone Investment and Export Promotion Agency (Delbecque, 2011).

As mentioned in section 2.4.6, host country governments or national agencies can have numerous strategies to attract foreign investments and to compete with other developing countries in the international land market. Some strategies that can be used are: offering taxation benefits, reduce export tariffs, eliminate land use fees and simplification of the linked administrative process (Cotula et al., 2009; Deininger et al., 2011). According to Robertson & Pinstrup-Andersen (2010) opponents to this free trade in land use the argument of 'the race to the bottom', that is that governments of the host countries will hardly reduce domestic poverty by offering a wide range of (economic) benefits to foreign investors and they hardly receive benefits from these investments. In addition, Deininger et al. (2011) note that host countries governments or agencies often lack the capability to receive the anticipated benefits of land deals as they are unable to properly guide foreign investments.

Furthermore the host country government institutions often lack the capacity to effectively monitor the land acquisition process and if the foreign investors actually deliver the agreed benefits. Land deals are often made according to arbitrary and non-transparent procedures. The negative effects of foreign land acquisitions, that is land grab, can to a large extent be attributed to the poor performance of the host countries governments or agencies.

### *2.7.2 Governments as investors and facilitators of land deals*

Overall, land deals involve (foreign) private investors that acquire land abroad. Private sector deals make up around 90 percent of land investments (Graham et al., 2010). To a lesser extent also foreign governments are involved as direct investors in the land market (Cotula et al., 2009). Government owned pension funds and Sovereign Wealth Funds (SWFs) are two major players in land-based investments. A pension fund is used to pay for the (future) benefits of retired workers. Pension Funds can be owned by governments or the private sector. Pension funds invest the savings from workers and their employers in a wide range of assets like stocks, productive assets and natural resources. Pension funds make up the largest investment category worldwide (SOMO, 2009). A SWF is a state-owned investment fund that, like pension funds, globally invests in a wide range of assets. Since the financial crisis of 2007-08 until the end of 2012 the SWF assets grew by 59,1 percent by the rising commodity prices (SWFI, 2014).

The distinguishing line between a public or private investment can be fuzzy however (Cotula et al. 2009). The public sector can commission the private sector to acquire land abroad and facilitate the process of land-based investments by offering subsidies, soft loans, guarantees and insurance to private investors. Furthermore government agencies can back up the private sector by offering diplomatic, bureaucratic, technical and informational aid. Agreements between governments can also enhance opportunities for private sector investments (Cotula & Vermeulen, 2009, p.1238). The public

sector often outsources certain tasks within the land deal process to external service providers like advisors, contract lawyers or negotiators (Cotula, 2009). Cotula & Blackmore (in: IIED, 2014), further consider this vague borderline between private and public sector involvement in land deals as follows: *"Rather than a simple transaction between a provider and an acquirer of land, each deal may in fact involve a complex web of multiple parties. The players involved in large land deals include 'end investors' (banks, pension funds, sovereign wealth funds and individuals), asset management firms and lenders from which both equity and debt finance flow to companies that lease land. These companies then interact with governments and (sometimes) communities, often through intermediary brokers – and once the deal is done, they interact with other private sector players such as the contractors and suppliers of goods and services, and the buyers of whatever the land produces"*.

### *2.7.3 The role of the European Union*

The Netherlands is a member state of the European Union (EU). In the context of this thesis it is therefore relevant to briefly consider the role of the EU in the African land market. The world food price crisis of 2007-08 has driven individual EU member states to acquire land abroad to secure domestic food security. The role of the EU as a whole in African land acquisitions seems mostly driven by the desire to expand the use of biofuels within its member states. First of all, according to Graham et al. (2010) EU energy policies and biofuels consumption targets are raising the demand for EU member states and investors to acquire productive land in African countries (See section 2.4.2). The 2009 EU Directive on the promotion of the use of energy from renewable sources<sup>8</sup>, has set binding targets on the use of renewable energies for member states. Member states are obligated to have a 10 percent share of renewable energies in the total domestic consumption of fuel for transport by 2020 (EUR-Lex, 2009). Secondly, the European development cooperation is stimulating the introduction of biofuels production and policies in African (host) countries. For example, the government of Mozambique adopted the 'Policy and Strategy for Biofuels' in 2009. This policy was to a large extent based on a preceding study on Mozambique's potential to produce biofuels, financed by the Italian embassy and the World Bank. In South-Africa, a 500.000 ha project to specifically produce biofuels for the EU took off in 2009<sup>9</sup> (Graham et al., 2010).

### *2.7.4 The role of international financial institutions*

Although the private sector and governments are the main direct players in the African land market, IFIs can also play an important role. The role of IFIs in the international land market is often indirect or hidden. IFIs mostly declare that the reduction of poverty and the promotion of sustainable development as their main goals in developing countries (Zimmerle, 2012). IFIs, like the World Bank

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<sup>8</sup> Directive 2009/28/EC of the European Parliament and of the Council of 23 April 2009 on the promotion of the use of energy from renewable sources.

<sup>9</sup> A project by the Eastern Cape Development Corporation (for more information: [www.ecdc.co.za/ecdc/index.asp](http://www.ecdc.co.za/ecdc/index.asp))

Group<sup>10</sup> and the IMF are financial institutions that have imposed neoliberal models of trade and markets. These major institutions have been pressuring the governments of developing countries to stimulate foreign investments to secure development for over three decades (Martinez & Garcia, 1996; Spieldoch & Murphy, 2009). Since the world food price crisis, the World Bank Group is increasingly focusing on improving the agricultural sector in developing African countries to reduce hunger and malnutrition and to improve the access to food and its supply. The World Bank Group uses a wide range of tools to achieve growth in the agricultural productivity in these countries. It finances or gives loans to the private sector that invests in African agriculture development, it offers technology and knowledge to improve the agricultural production, and it helps African host country governments in developing strategies and policies aimed at agricultural development (Daniel & Mittal, 2009; The World Bank Group, 2013).

According to Daniel & Mittal (2009) the increasing demand for land in Africa by (foreign) investors and governments is directly linked to how IFIs have responded to the world food price crisis. By improving the investment climate for private investors and governments, IFIs contribute to the African land deal phenomenon. According to Zimmerle (2012, p.4) The IFIs directly and indirectly contribute to land grabbing in Africa. For example, the NFC timber plantation project in Uganda (section 2.6.3) removed over 20.000 people of their land between 2006 and 2010. The displaced population received little to no compensation for the loss of their livelihoods and lands (Grainger & Geary, 2011; Oxfam, 2011). The NFC has attracted multiple international investments with the timber plantation project, including that of IFIs. The Agri-Vie Agribusiness Fund is a private investment fund that invested (US)\$6.7 million in the NFC project. The Agri-Vie Agribusiness Fund is in its turn backed by IFIs, including the International Finance Corporation (IFC). The IFC, which provides various forms of financing primarily to the private sector, is part of the World Bank Group. Also the European Investment Bank (EIB) is a publicly (EU) owned IFI that lent the NFC €5 million to expand one of its plantations in Uganda (Zimmerle, 2012).

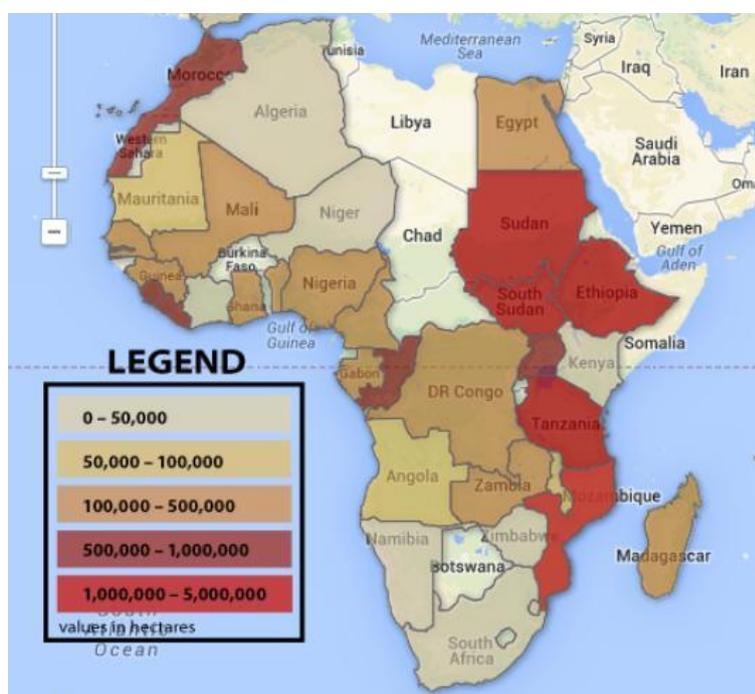
## **2.8 The total extent of land acquisitions in Africa**

As this thesis considers the extent Dutch companies and investors are involved in land deals with African states it is relevant to briefly consider how much land is actually acquired on the African continent and by whom. As described in section 2.1, estimations on the total amount of land deals or land acquisitions per country vary. Nevertheless it is clear that the amount of land acquisitions and land deals have expanded rapidly during this last decade. Increasingly there seems to be more attention given by NGOs (Non-Governmental Organizations) and researchers to get reliable data on the extent and the nature of land deals (Deininger et al., 2011).

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<sup>10</sup> The World Bank Group consists of five institutions, namely the International Bank for Reconstruction and Development (IBRD), the International Finance Corporation (IFC), the International Development Association (IDA), the International Centre for Settlement of Investment Disputes (ICSID) and the Multilateral Investment Guarantee Agency (MIGA).

In the period between 2000 and 2010 an estimated 200 million ha of land was sold or leased globally. This is around eight times the size of the United Kingdom. In addition, less than 30 percent of documented land deals are thought to be in production. The largest share of documented land deals globally are situated in Africa. A total of 754 land deals were documented in Africa between 2000 and 2012. The identified land deals cover 56.2 million ha of African land, which is about the size of Kenya. Since 2000 around 5 percent of the total agricultural land in Africa has been acquired by investors mostly originating from developed countries (Anseeuw et al., 2012; Provost, 2012). To the question on who is acquiring the land in African countries seem to differ per country. The provided map (map 1) gives estimations made by GRAIN as the total amount of land acquired per country by foreign investors since 2006<sup>11</sup> (Circle of blue, 2014).



Map 1. Total amount of land acquired by foreign investors in ha since 2006 (source: Circle of blue, 2014)

Sudan, South Sudan, Ethiopia, Tanzania and Mozambique are the countries that have leased or sold the largest amount of land to foreign investors. The variety in the investor's country of origin is clearly illustrated by considering some of these African countries (Circle of blue, 2014).

- In Mozambique, French investors have acquired the largest share of the land (66.4%) followed by investors from the United Kingdom (12.6%) and South Africa (6.4%).
- In Sudan, investors from the United Arab Emirates acquired the largest share of land (52.1%), followed by investors from South Korea (20.0%) and Egypt (15.9%).

<sup>11</sup> GRAIN (2012) made a data set documenting 416 recent, large-scale land acquisitions by foreign investors. The cases cover nearly 35 million hectares of land in 66 countries. For more information see: <http://www.grain.org/article/entries/4479-grain-releases-data-set-with-over-400-global-land-grabs>

- In Ethiopia, investors from India acquired the largest share of land (71,7%), followed by investors from Saudi Arabia (13,4%) and Germany (5.4%).

Although it remains questionable how accurate all the previous mentioned estimations are due to the oftentimes conflicting data and information, it is clear that the direct land investors originate from numerous countries. Next to the direct land investors there are indirect land investors like financiers or lenders. It seems that direct Dutch land acquisitions only play a minor direct role in African countries when considering the main land investors in the GRAIN data (Circle of blue, 2014). However, this does not mean that Dutch investors are not involved in African land investments. It is more likely that Dutch investors are indirectly involved in land acquisitions as project financiers and stakeholders. This will be further analyzed in chapter 4.

## **2.9 Conceptual Model**

In the previous sections of chapter 2 the general literature review was conducted and the general theories and concepts related to land deals and land acquisitions by foreign companies and investors were explored. Figure 5 is the conceptual model that describes which concepts, relations and theory were used in order to answer the research question. The research question mainly focuses on the role of Dutch investors and companies in the Sub-Saharan African land acquisition phenomenon. In section 2.3 it was established that globalization and neoliberalism are the overall underlying theories and mechanisms that caused the upsurge in transnational land deals in Sub-Saharan African countries. On the question how Dutch companies and investors are involved in African land deals can be addressed by looking if they are indirectly involved (project financiers, pension funds et cetera) or directly involved by acquiring land. In addition exploring the drivers and concerning land deals that apply to the Dutch investors and companies can further enhance the understanding on how and to what extent they are involved in the Sub-Saharan African land market. Within this research also the effects or impacts of land deals on the local communities of the host countries are considered in order to evaluate if the land deals are desirable or not. The conceptual model summarizes the distinguished risks and benefits land deals can have on the local communities.

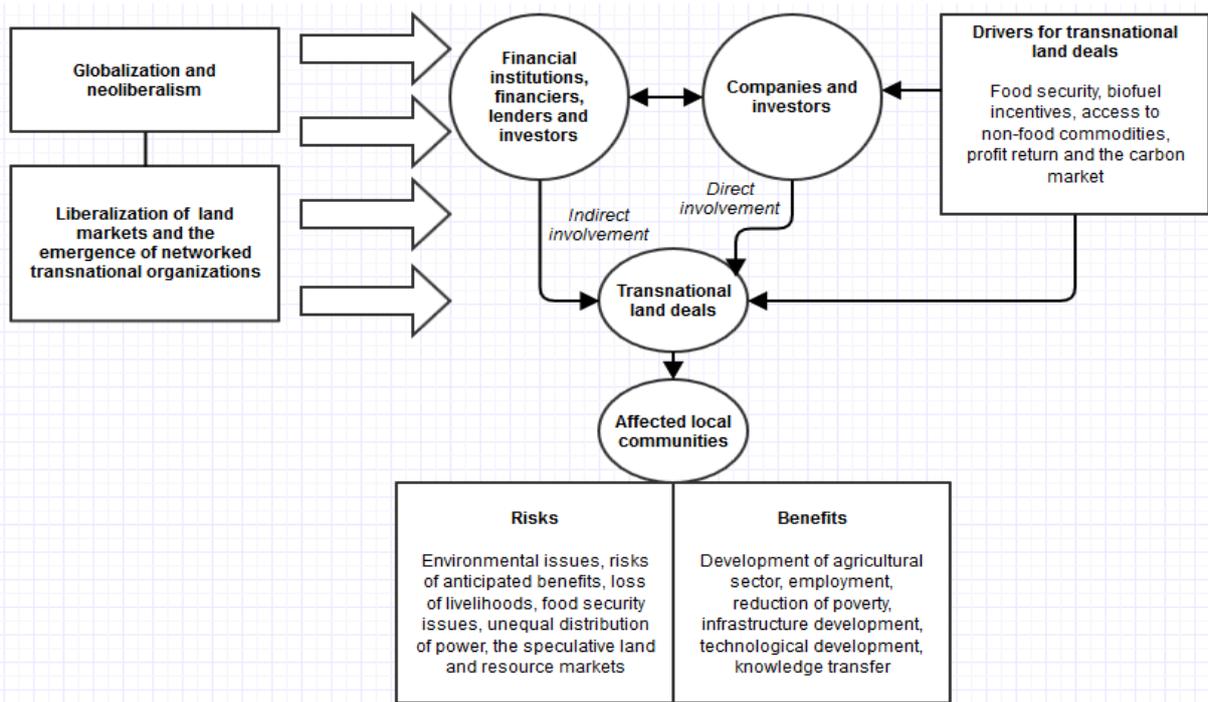


Figure 5. Conceptual model (made by author).

## Chapter 3 Methodological design

The previous chapter has highlighted the general theories, concepts and literature related to the research topic, that is transnational land deals. This chapter presents the methodology, methods and tools that are used to specifically study the role of Dutch investors and companies in Sub-Saharan African land deals and how these deals affect the local communities. This research follows a certain research methodology and research methods. According to O'Leary (2010, p.89), "*Methodology is the overarching, macro-level framework that offer principles of reasoning associated with particular paradigmatic assumptions that legitimate various schools of research. Methodologies provide both the strategies and grounding for the conduct of a study*". In addition, methods stand for the actual techniques that are used to collect and analyze data (O'Leary, 2010). In this chapter the chosen methodology and methods are explained.

### 3.1 Methodology

Many land deals are made behind closed doors and thus have a lack in the transparency of the process. In the literature review it became clear that it is oftentimes difficult to get a realistic view on the size and consequences of land deals. Furthermore there is the issue of determining why, how and to what extent companies and investors are active in the Sub-Saharan African land market, because of insufficient or incomplete data. Also researchers report different and conflicting data and estimations on the land acquisition phenomenon (Deininger et al., 2011; Oxfam, 2011; Vermeulen & Cotula, 2010). Keeping this issue in mind, it is clear that the eventual finding of this research can differ from sources that are not consulted or used. In order to gain the most reliable overview, different data collection methods that supplement each other will be used. Also, in this context, it did not seem appropriate to solely focus on either a quantitative or a qualitative tradition of conducting research. The research question and the research objectives called for different ways of collecting the data. For example, one sub-question is: "*How much land is acquired directly and indirectly by Dutch investors and companies in Sub-Saharan African countries?*". This could to a large extent be addressed by secondary (quantitative) data collection as this question mostly considers the amount of land that is acquired and/or the extent of land deals are financed by Dutch investors and companies in Sub-Saharan Africa. However, as estimations to the extent investors and companies are involved in the Sub-Saharan African land acquisitions often seems to be conflicting or lacking, also primary qualitative data collection from key informants is needed to verify the collected quantitative data. Thus, in order to get the data needed to answer the research question a mixed methodology was used. According to O'Leary (2010), a mixed approach can be useful to take advantage on the best aspects of both qualitative and quantitative traditions and to avoid many of their weak points. In addition "*mixed methods can add depth and insights to 'numbers' through inclusion of dialogues and narratives to facilitate capturing varied perspectives*" (O'Leary, 2010, p.128). When applying a mixed method to

gain the desired research data, the researcher has three choices. First, it can use a quantitative tradition with acceptance of qualitative data. Secondly, it can apply a qualitative tradition with acceptance of quantitative data. Thirdly, the traditions applied can be driven by the research questions or research objectives themselves (O'Leary, 2010). In the context of the research question and the research objectives, a question-driven data collection seemed the most appropriate. A question-driven perspective *"simply asks what strategies are most likely to get the credible data needed to answer the research question and sees you adopting whatever array of strategies can accomplish the task regardless of paradigm"*(O'Leary, 2010, p.129). In table 1 the type of data and the methods of data collection that were needed to address the research objectives are summarized. The methods that have been used to gather the relevant data to answer the main research question will be further considered in the upcoming section.

<b>Research objective</b>	<b>Type of data needed</b>	<b>Methods</b>
1. To describe the process of land deals made by Dutch companies and investors in Sub-Saharan African countries and how this land is acquired (directly or indirectly)	Qualitative data: observations and descriptive nature	Document analysis and interviewing key informants.
2. To identify the amount of Sub-Saharan land acquired or that will be acquired by Dutch investors and companies	Quantitative data: estimations on land acquired (ha)  Qualitative data: to clarify and to confirm the quantitative data	Consulting databanks  Document analysis and interviewing key informants
3. To identify the drivers of Dutch companies and investors for being involved in land deals in Sub-Saharan Africa	Qualitative data: observations and descriptive nature	Document analysis and interviewing key informants
4. To assess how the land deals by Dutch companies and investors in African countries (can) affect (local) communities	Qualitative data: observations and descriptive nature	Document analysis and interviewing key informants

*Table 1. The application of the question-driven perspective by focusing on the research objectives.*

### **3.2 Methods**

The methods that are outlined in table 1 made it clear that the data for this research was collected through multiple ways. By using multiple ways of data collection, each with its own strengths and weaknesses, the aim was to get a more adequate perspective on the often complex nature of land deal processes. The different resources that were used for the data collection were highly complementary and therefore it was suitable to use as many sources as possible (Yin, 2013). In addition by the application of multiple research methods<sup>12</sup> offered the prospects of enhanced confidence on the quality

<sup>12</sup> Also known as 'methodological triangulation' in the research field of social sciences (Bryman, 2004).

and accuracy of the collected data and decreasing the likelihood of too drastic impacts of one source on the results (Bryman, 2011; Yin, 2013). In this research the following methods were applied to obtain the relevant data: document analysis, interviewing key informants and consulting databanks. These methods are outlined in the upcoming sections.

### *3.2.1 Document analysis*

According to O'Leary (2010, p.223), "*document analysis is the collection, review, interrogation, and analysis of various forms of written text as research data*". The document analysis provided important background information related to all of the previous stated research objectives and gave hints on to where it seemed appropriate to apply other forms of research methods. Using document analysis however can jeopardize the integrity of the produced results. Most documents are to some extent subjective. This can be caused by both the author of the document and the interpreter of the document (O'Leary, 2010). Therefore, important findings or uncertainties from the document analysis were clarified via the interviews. One of the research goals was to assess how the land deals by Dutch companies and investors in Sub-Saharan African countries (can) affect (local) communities. To keep this research feasible, four previous conducted illustrative case-studies were analyzed to gain a better in-depth insight into the specific impacts land deals have on local communities or at least had in the past. These specific illustrative case-studies were selected because some of the key respondents have been involved in researching them and thus could provide additional information next to the relevant reports and other documents. The first case study that is analyzed is that of the Dutch pension fund ABP in Chikweti Forests of Niassa project in Mozambique. The second case is the role of the Dutch FACE foundation in a carbon credit tree plantation project in Mount Elgon National Park, Uganda. As a third case, it is analyzed how a project by the Dutch company Buchanan Renewables in Liberia affected the local communities. The fourth case is that of FMO, a Dutch Public-private partnership (PPP), in Sierra Leone. All these selected cases have received quite some attention by researchers, the media and NGOs.

### *3.2.2 Databanks*

As previously mentioned, it is often difficult to get reliable or accurate information and data land acquisitions for several reasons (See section 2.1). To address the second research objective, that is "to identify the amount of Sub-Saharan land acquired or that will be acquired by Dutch investors and companies", mostly (secondary) quantitative data was collected from databanks. This quantitative data was to a large extent converted into maps to give a clear oversight on the amount of land deals/land acquisitions per country.

Several databanks were consulted during the data collection, namely the Land Matrix database, the GRAIN database and to a lesser extent the World Bank database and the FAO database. In addition,

Meijerink & Kamphuis, (2011)<sup>13</sup> gathered relevant data on the extent Dutch companies and investors were involved in land acquisitions in Africa. This data was provided by the Dutch research company Profundo. Most of this data is displayed in maps. Also these estimations were considered in this research.

GRAIN, a NGO, has been collecting data and providing reports on land deals extensively. The information offered by GRAIN has been reported as a realistic and reliable source of information on land deals by a study from the World Bank. The GRAIN-databank can be seen as a source to get a good overview on the size and trends in land deals and land grabs. Also other renowned international agencies (FAO and World Bank) and NGOs have recently started or finished studies of the effect and extent of (inter)national land acquisition practices (Deininger et al., 2011).

Although far from perfect, the online 'Land Matrix database', that was launched in 2012, is the most comprehensive public data sources on the extent and nature land deals<sup>14</sup> (Provost, 2012). Land Matrix database is an open tool that is constantly evolving for collecting and visualizing land acquisitions. The database provides data on more than 1600 land deals covering more than 70 million ha of land worldwide (Land Matrix, 2015).

### 3.2.3 Interviews

The primary data collection consisted of key informant in-depth interviews. According to O'Leary (2010, p.194), *"interviewing is a method of data collection that involves researchers seeking open-ended answers related to a number of questions, topic areas, or themes"*. Interviews aim at capturing specific and insightful information and explanations related to the research objectives (Yin, 2013). In total 11 in-depth interviews were conducted with several key informants. In addition conducting interviews was a useful source to check the findings of the document analysis. The conducted interviews were semi-structured. Semi-structured interviews are considered appropriate if the researcher wants to use a questioning plan that is finished beforehand but is open to deviations in the original structure of the plan. Semi-structured interviews follow the 'natural flow' of the conversation with the respondent (O'Leary, 2010). The advantage of this type of interview is that the researcher *"is able to come away with all the data he intended to collect with additional interesting and unexpected data that emerged during the interview"* (O'Leary, 2010, p.195). In appendix 2, an interview design for one specific respondent can be found in order to illustrate its structure. In appendix 3 more general information on the key informants that were interviewed are given. Almost interviews were conducted

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<sup>13</sup> Meijerink, G. & Kamphuis, B. (2011). *Betrokkenheid van Nederlandse bedrijven bij transnationale grondverwerving en pacht*. Wageningen: LEI.

<sup>14</sup> The Land Matrix project is an international partnership involving five major European research centres and 40 civil society and research groups from around the world. For more information see: <http://www.landmatrix.org/en/>

face-to-face between September 2014 and January 2015. Two respondents had difficulties in setting up a meeting. These interviews were conducted by phone. All interviews were recorded and eventually literally transcribed using the online software 'transcribe'<sup>15</sup>.

#### *3.2.4 Reflection on the interviews*

Considering the main research question, it is appropriate to interview different type of Dutch institutions and actors involved in the land acquisitions phenomenon in Sub-Saharan Africa. Keeping the previous mentioned difficulties with conflicting or incomplete data availability in mind, this would not only make the findings more reliable, but would also provide a more in-depth insight in different perspectives on this phenomenon. The assumption was that for example Dutch companies, investors and the Dutch government had a different view on land deals than civil society groups and NGOs because they have a different agenda and goals. Unfortunately there were however difficulties in arranging interviews with Dutch companies who are involved in Sub-Saharan African land deals. Several Dutch companies were asked to participate in this research. But due to issues to set up a meeting, the confidential nature of land contracts and suspicion of reputational damage, no Dutch company wanted to be interviewed about their involvement in Sub-Saharan African land deals. Only the Dutch pension fund Zorg en Welzijn (PFZW) was willing to be interviewed on this topic. PFZW can be considered an investor or an IFI. Also the Dutch government was not able or unwilling to be interviewed on this subject. At the end mostly NGOs, research institutions and other organizations were interviewed for this research. There are however no reasons to really suspect that findings from these interviews are biased or give an unreliable view on the involvement of Dutch companies and investors in Sub-Saharan African land deals. Although NGOs for example are often critical towards large-scale land investments in developing countries, their findings are almost always supported by empirical evidence to support certain statements or accusations in the media or scientific articles. The possible weakness of the conducted interviews is that it does not really give insight into the perspective and drivers of Dutch companies that are involved in Sub-Saharan African land deals. This issue was mitigated by using the document analysis and consulting the databanks (see previous sections of this chapter). The databanks and the document analysis did provide sufficient clues and information on why Dutch companies are involved in Sub-Saharan African land deals. Furthermore also the key respondents provided additional information like articles and reports that clarifies the involvement of Dutch companies in these land deals.

#### *3.2.5 Ethical aspects*

When doing research, so also when conducting interviews, ethical aspects play an important role. According to Dowling (2010), three ethical aspects should be considered when interviewing, namely:

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<sup>15</sup> <https://transcribe.wreally.com/>

privacy and confidentiality, how information is gained and respectfully treat the (wishes of) respondent.

Before the key respondents were interviewed they were asked if they granted permission to be recorded and if they wished to remain an anonymous source in this master thesis. All key respondents expressed that they had no problems with being recorded. No key respondent wanted to remain an anonymous source and all agreed that their names and quotes could be used within this thesis. It was clarified beforehand that the respondent did not have to answer certain questions if they did not want to for any reason. Eventually no respondent refused to answer any particular question. All respondents were interviewed in an environment that was familiar to them, namely at the location where they work.

## Chapter 4 Results

This chapter provides the findings from the data collection phase of the research. In section 4.1 an introduction is given on the amount of Dutch land acquisitions in Sub-Saharan Africa. In sections 4.2 and 4.3 the direct role of Dutch companies and investors in Sub-Saharan African land deals was considered. In sections 4.4 and 4.5 the indirect role of Dutch companies and investors in Sub-Saharan African land deals was considered. Lastly in section 4.6 the impacts of the land deals on local communities are analyzed, mostly by using four specific (controversial) cases.

### 4.1 The amount of Dutch land acquisitions in Sub-Saharan Africa.

When using data provided from the databases it remains the question if the numbers actually portray a realistic overview of the true amount of land deals and the total amount of land acquired in Africa by foreign enterprises. Oxfam Novib mostly uses estimations made of the Land Matrix. They see the GRAIN database as limited since its estimations are mostly based on media reports. Most of the key informants stated that they see the Land Matrix as the most trustworthy database since the data can be cross-checked with external sources. But the strength of this database is also its weakness. The Land Matrix database to a large extent provides estimations on land deals that can actually be confirmed with other sources. The assumption is that an huge amount of land deals are not actually recorded and integrated in the database because there is a huge lack in transparency and confirmation. This does not mean however that the GRAIN database cannot be useful as most of its estimates can be found back in the Land Matrix database:

*"The GRAIN database has been revised downwards. The Land Matrix uses data that we feel can be checked by using external sources. Our assumption is that so much is not recorded the true number must be much higher. The GRAIN database is mostly based on media reports. In the Land Matrix they cross checked it with other sources. But a lot of data that can be found in the Land Matrix is based on data from the GRAIN database. They are borrowing data from each other anyway. The Land matrix is as much as a discussion as it is data" (Duncan Pruett, Oxfam Novib).*

From interviewing key respondents it also became clear that there is another major issue associated with providing a realistic overview of land acquisitions in Africa. A lot of foreign land acquisitions in Africa involve long-term land leases and not actually buying the land. The land that is leased by foreign enterprises mostly remains in the possession of the domestic government or a government related company. One of the challenges is that this data is not made publically available by most governments in Sub-Saharan Africa. According to Schoneveld (2013) this data is to a large extent not made available to the public because of the political sensitivity that is associated with these land acquisitions. Another issue is that most Sub-Saharan African governments do not maintain a solid land

registry as for example the 'Kadaster' in the Netherlands. A large share of these countries does not store the data in one central location. This raises the question if the central government is even aware of the characteristics (scope, location and scale) of the land deals they make with foreign enterprises. Some African governments keep a non-computerized system for their land registry which makes it even harder to track or get information on individual land deals. In some countries like Ghana, Nigeria and the Democratic Republic of the Congo the land registry function and administration is decentralized, causing further issues of getting insight into basic investor details like nationality and the nature of investments (Schoneveld, 2013).

Considering the previous mentioned arguments and difficulties with getting a comprehensive overview of the total amount of land that is purchased or leased by Dutch investors and companies, the author decided to mainly use the Land Matrix database to get an overview of the minimum amount of land that is acquired by Dutch companies and investors. When consulting databanks the Netherlands seems to only play a minor role when it comes to the total amount of Sub-Saharan African land acquired directly by Dutch investors and companies. Arguably this total amount is higher when considering that (Dutch) investors often establish or get a share in a domestic African company or another enterprise in order to be able to purchase or lease land in certain African countries. The primary (direct) investor in the Land Matrix is then considered 'domestic' or non-Dutch, and the secondary (indirect) investor is considered to be foreign (Dutch). In order to this distinction clear between direct Dutch land acquisitions in Sub-Saharan Africa and indirect (investments in) land acquisitions the author decided to consider direct land acquisitions if the land was either actually directly purchased or leased by a Dutch investor or company (primary investor) or when it is the largest shareholder in a certain land acquisition (secondary investor). This topic is outlined in the following sections 4.2 and 4.3. Indirect involvement of Dutch investors in land deals (for example loaners, financiers etc.) are addressed in section 4.4 and 4.5.

## **4.2 Direct Dutch land acquisitions in Sub-Saharan Africa**

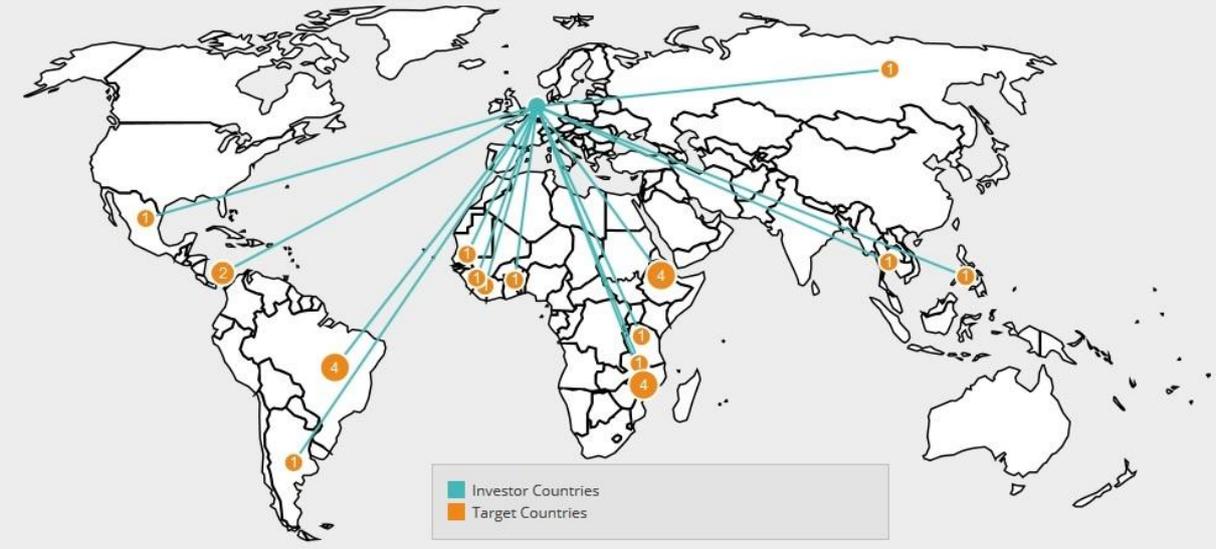
### *4.2.1 Estimations according to the Land Matrix*

According to the Land Matrix database the Netherlands is or has been involved in 31 transnational land deals in total as either a primary or secondary investor. Of these land deals 25 are considered to be concluded<sup>16</sup>. A concluded land deal refers to that the land contract is signed. The land that is sold or leased does not have to be taken into the planned use yet. This differs per land deal. Of the previous described 25 concluded land deals, 14 were made in Sub-Saharan Africa. Map 2 shows exactly which target countries the Netherlands has made transnational land deals with or are planned in the near future. When further analyzing the nature of the concluded transnational land contracts it becomes

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<sup>16</sup> Including or excluding estimations based on media reports (like in the GRAIN database) does not make a difference to the amount of transnational land deals made by the Netherlands in this case.

clear that there is a significant difference between how much land in the contracts is actually invested in and what the eventual intended amount will be in the future. In Sub-Saharan Africa, Dutch investors have signed contracts which in total encompass 572.434 ha. However, in the majority of these signed land contracts the intention is to eventually expand these investments in terms of scale and production. This can increase the total amount of land that is invested in to 802.584 ha in Sub-Saharan Africa by Dutch investors.



Map 2. Overview of transnational land deals by the Netherlands (source: Land Matrix, 2015).

When further analyzing each separate contract however it becomes clear that three (major) projects financed by Dutch investors already have been abandoned. First, in Senegal a contract was signed with Bioking in 2006 which involved 3000 ha. Bioking was a Dutch company that produced machinery that used biofuels. Not surprisingly Bioking thus invested in biofuels production in Senegal. The eventual intended amount of land Bioking wanted to invest in was 60.000 ha in Senegal. Bioking went bankrupt in 2008 and also the biofuel project in Senegal was abandoned. What the current status of this project in Senegal is unclear (Land Matrix, 2015; PZC, 2008).

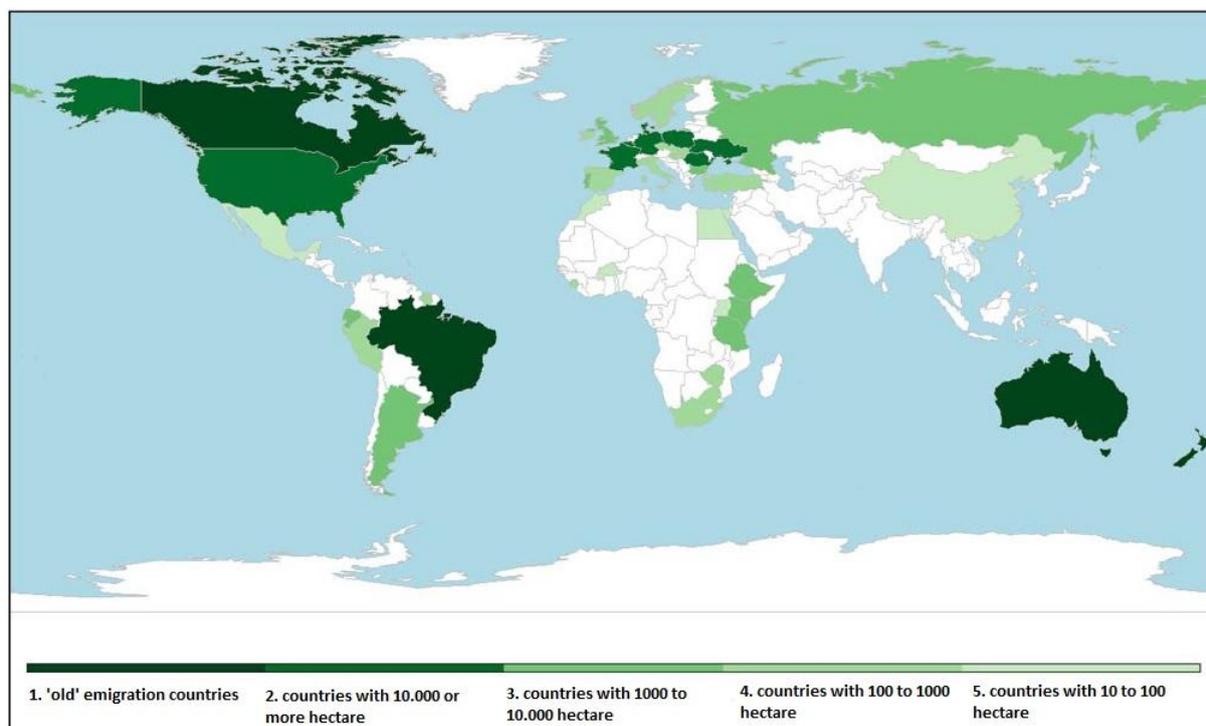
Secondly, in Liberia the company Buchanan Renewables invested in a sustainable biomass project. Buchanan Renewables is a foreign company that is officially registered in the Netherlands and thus is considered to be Dutch. The land contract which concerned 250.000 ha was signed in 2008. Buchanan Renewables became associated with land grabbing practices in Liberia and was heavily criticized in the media. Eventually some major (foreign) shareholders retreated from the project and Buchanan Renewables was dissolved in 2013 (Climategate, 2012; Land Matrix, 2015; SOMO, 2014). Lastly, in Tanzania the Dutch company Bioshape Holding signed a land contract in 2005 which involved 34.000 ha of land that was used for the production of biofuels. Bioshape planned an additional expansion of this land lease to a total of 81.000 ha but this amount was never taken into production (Land Matrix,

2015). In the years following the conclusion of the land deal the project received a lot of international critique for violating the rights of local communities and land grabbing practices (Valentino, 2011). In 2010 the project was abandoned by Bioshape. By 2011 Bioshape Tanzania filed for bankruptcy and its assets were advertised for sale (Nelson et al., 2012).

#### *4.2.2 Other estimations of direct Dutch land acquisitions*

The interviewed Ms. Meijerink from LEI together with her colleague Mr. Ben Kamphuis provided an overview of the amount of land that is directly acquired by Dutch entrepreneurs for agricultural purposes in a 2011 report (section 3.2.2). This data was provided by Dutch Agricultural Councils ('Landbouwraden') in each country to Profundo which in its turn delivered the data to LEI. Profundo is a Dutch company that specializes in researching resource chains, financial institutions and CSR themes. Some of the Dutch Agricultural Councils already had this data at its disposal. Other councils made estimations that were based on their observational evidence. To a large extent this data is based on Dutch land acquisitions since the early 1990s. According to Ms. van Ojik who was a former economic researcher employed by Profundo, the estimations this company made was also to a large extent based on data from the Land Matrix. These direct foreign land acquisitions of Dutch agricultural companies are outlined in map 3. This overview included Dutch entrepreneurs that have received the citizenship status within these foreign countries (Meijerink & Kamphuis, 2011). Although this data only provides information of the amount of land that is directly acquired by the Netherlands until 2012, it became clear from the interviews that there is no reason to suspect this amount has significantly changed until now (early 2015). Table 2 provides some additional information on what countries can be associated with the data that is provided in map 3.

We observe that in the past two decades the Dutch have acquired around half of one million ha foreign arable land directly of which only around ten thousand ha is located in Africa. These estimations become much higher when including land that is acquired by Dutch companies for forestry purposes. This will be further addressed in section 4.2.3. The estimated ten thousand ha of direct Dutch land acquisitions in Africa is used for agriculture and horticulture. The international reputation of the Netherlands in the world trade of horticultural products is well known. In 2013 the Netherlands had a 24 percent share in the world trade in horticultural products and 50 percent in floricultural products. The Netherlands is internationally also well known for its leading role in the floral industry. The Netherlands can be considered the international market leader in flowers, plants and bulbs and a major supplier to other continents (Holland Trade, 2013). Of the previous mentioned ten thousand ha that is acquired in Africa around five thousand ha is currently being used for floriculture by Dutch companies. This seems like an insignificant amount but for the cultivation of flowers not much land is needed for an high production. The amount of investments needed and production value is very high per ha (Meijerink & Kamphuis, 2011).



Map 3. Direct Dutch land acquisitions for agricultural purposes in foreign countries (source: Meijerink & Kamphuis, 2011)

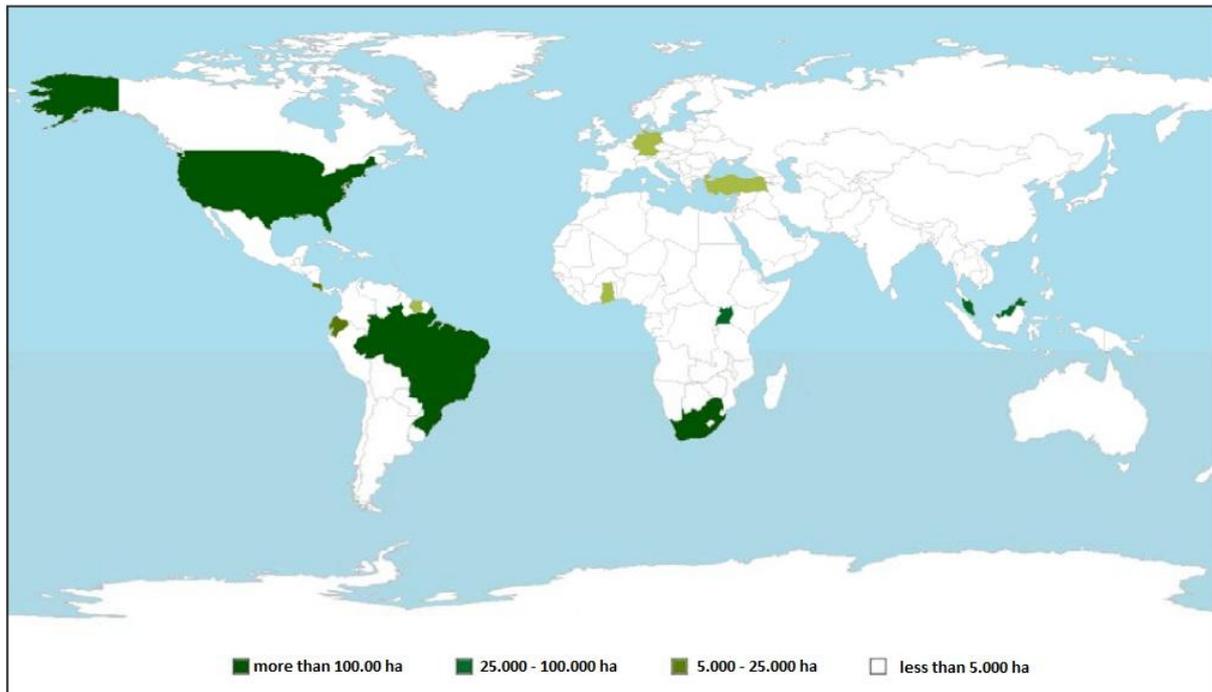
Category	Continent	Countries
1. 'Old' emigration countries	North America, South America, Oceania	Brazil, Canada, New Zealand, Australia
2. Countries with 10.000 or more ha acquired by Dutch entrepreneurs	Western Europe, North America, Middle and Eastern Europe	Belgium, Germany, Denmark, France, Poland, Romania, Ukraine, United States,
3. Countries with 1000 to 10.000 ha acquired by Dutch entrepreneurs	Western Europe, Middle and Eastern Europe, Africa, South America	United Kingdom, Portugal, Russian Federation, Bulgaria, Kenya, Tanzania, Ethiopia, Argentina, Ecuador
4. Countries with 1000-10.000 ha acquired by Dutch entrepreneurs	Western Europe, Middle and Eastern Europe, Africa, South America	Ireland, Sweden, Norway, Hungary, Turkey, Italy, Spain, Slovakia, Peru, Zimbabwe, Suriname, Sierra Leone, South Africa
5. Countries with 10-100 ha acquired by Dutch entrepreneurs	Africa, South America, Asia	Egypt, Uganda, Mexico, Morocco, Burkina Faso

Table 2. Categories of map 3 linked to concerned continent and countries

The Netherlands has had a long tradition of being active in the floriculture industry in East Africa (TNI et al., 2012). From the mid-90s until now there has been an increasing interest of Dutch horticulturalists for the production of flowers (mostly roses), especially in Kenya and Ethiopia. The other half of the ten thousand ha acquired in African countries is mostly situated in Tanzania. These are mostly used by large Dutch companies for farming purposes (Meijerink & Kamphuis, 2011).

#### 4.2.3 Dutch direct land acquisition for forestry and cultivating *jatropha*

Dutch companies own around 400.000 - 1.8 million ha of forests in foreign countries<sup>17</sup> according to Meijerink & Kamphuis, (2011). These forests are mainly used for the production of timber and biofuels and to a lesser extent for the carbon market. In Sub-Saharan Africa the acquired land for the production of timber is located in South Africa, Uganda and to a lesser extent in Ghana (see map 4). Also the Netherlands is involved as a secondary investor in forestry projects in Mozambique (Land Matrix (2015)).



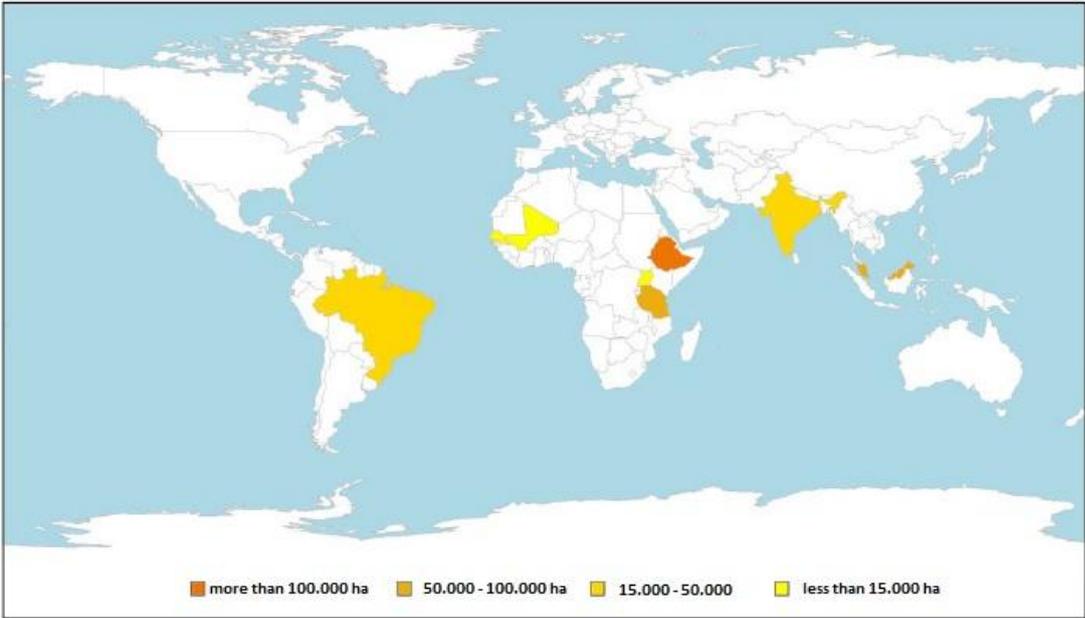
Map 4. Direct foreign land acquisitions from Dutch companies for timber production (source: Meijerink & Kamphuis, 2011)

As was explained in chapter 2 it has increasingly become attractive for the private sector to invest in or acquire land for the production of biofuels. A large share of governments in the western countries has set biofuel consumption targets for the future. This guaranteed market and the financial incentives offered for the private sector has caused an upsurge in land that is being acquired by foreign companies and investors globally (Cotula et al., 2009; UNCTAD, 2009). Also the Dutch government has implemented the EU biofuel policies and targets. Therefore it is not surprising that Dutch enterprises increasingly focus on acquiring land for the production of biofuels (Netherlands Enterprise Agency, 2015). Dutch companies mostly focus on cultivating *jatropha* for the production of biofuels. According to estimations made by Meijerink and Kamphuis (2011), around 120.000 ha of foreign land is currently being used by Dutch companies for cultivating *jatropha*. There are however many big projects for cultivating *jatropha* currently being negotiated by Dutch companies and foreign

<sup>17</sup> In the United States, Dutch companies own around 1.4 million hectare of forests, but it is unclear if these companies are actually Dutch from origin or foreign enterprises that are registered in the Netherlands (Meijerink & Kamphuis, 2011).

governments, especially in Africa and Asia. These planned projects will likely increase the total amount of foreign land that is currently being used by Dutch companies with 430.000 ha in the coming years (map 5). According to Ms. van Zijl of Oxfam Novib also Dutch companies and investors will most likely in the near future turn their interest to the production of palm oil in Africa:

*"Palm oil is like the big land crop they are eating up so to say. Until recently that mostly has been in Indonesia and Malaysia. There has been a lot of controversy on this. Our assumption is that next step for palm oil production will be Africa."*



Map 5. Dutch land acquisitions for (planned) jatropha cultivation (source: Meijerink & Kamphuis, 2011).

4.2.4 The direct role of the Netherlands in a global context

By interviewing the key informants it already became clear that the Netherlands only plays a minor international role when it comes to the total amount of Sub-Saharan African land acquired directly by Dutch investors and companies. This can be confirmed by consulting the relevant databases that were used in the analysis of this research. Overall the previous stated different amount of land (for agriculture, horticulture and forestry) that directly is acquired or will be acquired in the near future by Dutch companies in Africa is very little. For example the Land Matrix database provides information on 954 concluded transnational land deals concerning 36.5 million ha land in possession of foreign enterprises globally in January 2015 (Land Matrix, 2015). Other estimations are even higher. Friis & Reenberg (2012) for example found that approximately 51 to 63 million ha in land deals were assigned or under negotiation in African host countries in 2012. According to the estimations made in the previous sections, Dutch companies and investors directly acquired around half a million ha land in

Sub-Saharan Africa. This amount will likely increase in the upcoming years to around a million ha if all intended investment expansions are realized and no more projects are abandoned. As a country like the Netherlands, this is a lot of land considering it has a domestic total land area of 3, 4 million ha. However when taking the previous mentioned global or African amount of land that is owned or leased by foreign investors or companies this amount is marginal to say the least. However this does not mean that these land acquisition cannot have severe impact on the local communities. This will be further explained in section 4.6. In the following section (4.3) the drivers for direct transnational land deals in Sub-Saharan Africa by Dutch companies and investors will be explained first. After that an analysis will be given (in sections 4.4 and 4.5) on the extent and role of indirect land acquisitions of Dutch investors and companies in Sub-Saharan Africa.

**4.3 Drivers for (direct) land deals in Sub-Saharan Africa**

Based on the Land Matrix database, 14 land deals were concluded by Dutch companies and investors in Sub-Saharan Africa. These concluded land deals in total signed of 572.434 ha land to Dutch owners. When looking at the detailed description of these land deals it becomes clear that the Netherlands has various motivations to make (direct) land deals in Sub-Saharan African countries. In figure 6 these drivers are outlined.

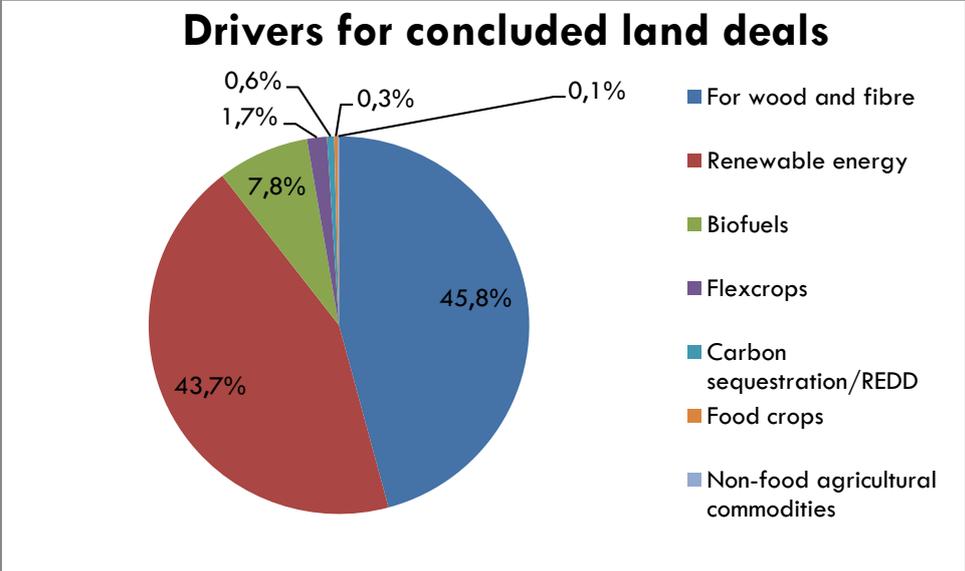


Figure 6. Drivers for concluded land deals in Sub-Saharan Africa (source data: Land Matrix, 2015).

Mostly Dutch companies and investors directly acquired land in Africa for forestry purposes, renewable energy projects and biofuel production. As was noted in the previous section the total amount of land that is invested in by Dutch owners can increase to 802.584 ha if all intended expansions of the production will proceed or would have proceeded. In figure 7 the drivers for all concluded land deals plus the intended expansions are outlined.

Within this analysis for drivers also the failed projects from Senegal, Liberia and Tanzania were included as they do give information on why the Netherlands is directly involved or at least has been in the recent past in African land acquisitions. In chapter 2, six drivers could be distinguished for land deals, namely: food security, the increasing demand for biofuels, access to non-food agricultural commodities, expectations of returns by the private sector, the emerging carbon markets and host country incentives. Each of these individual drivers will now be considered except for the expectations of returns and host country incentives as these are often underlying motivations for the other drivers.

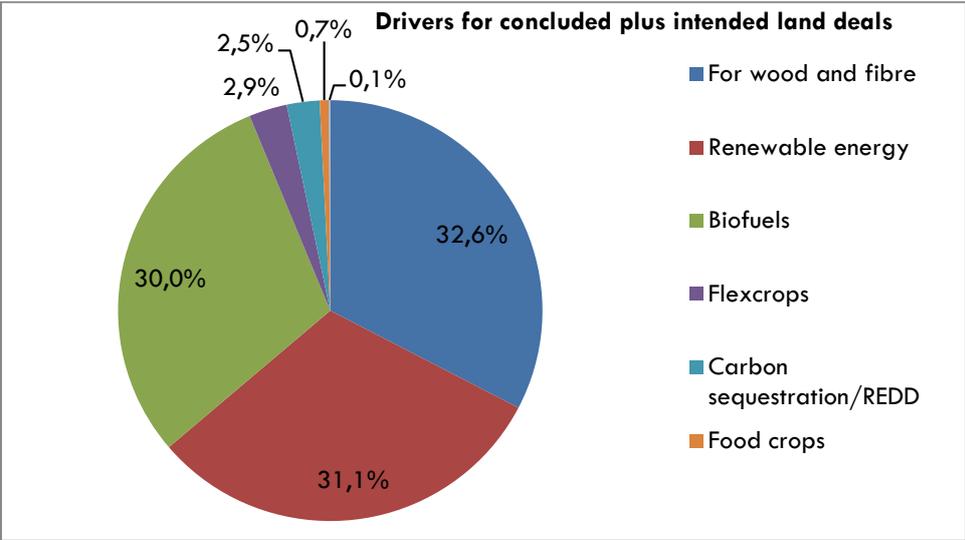


Figure 7. Drivers for concluded plus intended land deals in Sub-Saharan Africa (source data: Land Matrix, 2015).

According to Ms. van Paassen (ActionAid) in addition to the previous mentioned drivers, the perception of companies and investors about the amount of land that is available in Africa is a very important underlying driver for most land acquisitions in Africa:

*"Often land deals are stimulated to a combination of current trends, like biofuel policies, and the perception that there is more than enough land available in Africa. The land is very cheap and there is over-optimism about the benefits that you can get from investments. The risks are often neglected. When the perception is that there is so much land available, it also contributes to the idea of investors and companies that land grabbing is not really an issue. But the land in most cases is used or inhabited by local communities. The perception is wrong"*

Next to the previous mentioned drivers also forestry and renewable energy projects seem to be significant motivations for direct transnational land deals in Sub-Saharan Africa. Therefore also these drivers are added to the analysis.

4.3.1 Investors in food security

From the data provided by the Land Matrix (2015) and interviewing key respondents, it became clear that production of food only plays a very marginal driver for direct Dutch land deals. Even when including the estimations made by the LEI and flex crops<sup>18</sup> as a motivation in the analysis of the concluded plus intended land deals, the total share of food production as a motivation is less than five percent. Most of the land that is used for food crops in Africa is in Ethiopia, Tanzania, Malawi and Mozambique. Almost all the land deals concerning food crops in these cases concern the production for vegetables and fruit and to a lesser extent for the production of rice, sorghum and sesame. These are mostly small enterprises that do not use large stretches of land. The type of Dutch registered owners or leasers of the land mostly consist of beverage companies (for example the Global Agri-Development Company and AfricaJUICE), private investment groups (BRX group for example) and individual migrated farmers or horticulturists. As was outlined in chapter 2, following the food price crisis of 2007-08, food exporting countries increasingly decided to limit agricultural food products exported abroad in order to secure food provision domestically. This caused a further increase in international food prices, which in its turn made it more attractive or even necessary for countries and companies to acquire agricultural land and watersheds abroad to provide food security within their own country. Also some countries increasingly focus on foreign land acquisition to avoid the high and fluctuating food prices or to by-pass the food traders (resellers) to cutback the costs of importing food. This does not seem to be the case for Dutch companies and investors in Sub-Saharan Africa for direct land deals. The Netherlands has a stable supply of food. This was clarified by the interviewed Ms. Meijerink from LEI:

*"Food production is not really an important driver for Dutch companies in Africa. Mostly countries like for example China and South Korea acquire land in Africa for food production since they have to cope with a deficit domestically. The Netherlands is a very small country and food production is not really a goal of the Dutch government. We do not have to cope with these kinds of deficits".*

Furthermore Ms. Meijerink also mentioned that there is a big yield-gap between the amount of food that can potentially be gained per ha and what is actually currently harvested from the land. Decreasing this yield-gap for large-scale farmlands costs a lot of investments in mechanization and the training labourers. This can potentially decrease the motivation of Dutch investors and companies to acquire land for farming purposes. Acquiring farmland in other countries (like in Eastern Europe) is often considered to be less investment intensive and easier because of the lower yield-gaps.

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<sup>18</sup> Flex crops are crops that can be used for food, feed, fuel or industrial material (Borras et al., 2014).

#### 4.3.2 Biofuels

Biofuel production is an important direct driver for Dutch companies and investors or at least will be in the future. To a large extent this driver for land deals was already explained in section 4.2.3. Mostly Dutch investors and companies are driven by the EU biofuel policies and targets that were implemented by the government. Although currently biofuel production drivers make up less than ten percent of the concluded land deals, this will significantly be higher in the near future when considering the data from the Land Matrix and from the data provided by Meijerink and Kamphuis (2011). More than 90 percent of the past and current production of biofuel production in Sub-Saharan Africa by Dutch companies is from jatropha<sup>19</sup>. The total land that is used by Dutch companies for the production of biofuels will increase in the future. Jatropha will persist to be the largest main source for this biofuel production. As was explained by Ms. van Zijl of Oxfam Novib also the palm oil production will likely increase in the future in Africa. Some Dutch companies that currently produce biofuels in Sub-Saharan Africa are for example the Dutch Jatropha Consortium and Kooy Bioflow B.V (Land Matrix, 2015).

#### 4.3.3 Non-food agricultural commodities

Many countries depend on the import of non-food agricultural commodities like sugar, tea, soybeans, tobacco, rubber, cotton, coffee and cocoa. This does not seem to be the case for the Netherlands in Sub-Saharan Africa. The only non-food agricultural commodity that the Netherlands seems to be involved in is in the cultivation of flowers (apart from the previous mentioned biofuel production). Non-food agricultural commodities seem to be negligible as a direct driver for Dutch entrepreneurs considering as it only accounts for 0,1 percent (a total of 500 - 1000 ha) of the driving force behind land acquisitions in the Land Matrix database. This percentage is most likely higher in reality when taking the estimations of LEI in consideration (an additional 5000 ha for floriculture). Still even after that, non-food agricultural commodities play a very small role when it comes to drivers for direct land acquisitions in Sub-Saharan Africa by Dutch entrepreneurs. There are implications however that due to high and often increasing costs many Dutch floriculturist (family) enterprises face for the cultivation of flowers in the Netherlands they are forced to either declare it bankrupt or move it to Africa or other developing countries. Increasingly Dutch floriculturists are moving their companies to Ethiopia and to a lesser extent to Kenya. According to the interviewed Ms. Betsema of LANDac, in Ethiopia and Kenya the Dutch companies are attracted by the low employment wages and fiscal advantages. For example in Ethiopia the employment wage per day is around € 1,00. These low wages can significantly lower the amount of money that is spent by the company on employment. In addition,

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<sup>19</sup> Less than 10 percent is produced of oil seeds from sunflowers. In the Land Matrix database this is considered to be flex crops.

the Netherlands has had a long tradition of flower cultivation in East Africa. This can further influence the motivation for Dutch companies to move their company there.

Kenya is now considered to be less attractive than Ethiopia for floriculture by Dutch entrepreneurs as they have to pay a high sum for protection purposes to Kenya's government (Haaij, 2014).

Furthermore it should be noted that for the cultivation of flowers only small stretches of land are required for a high production value per ha. Also floriculture is very investment-intensive per ha. Therefore a majority of the key respondents claimed that although floriculture seems to play a minor role in Sub-Saharan Africa, the impacts of these projects can be quite severe. This will be further considered when analyzing the impacts on local communities. Some Dutch companies that currently cultivate flowers in Sub-Saharan Africa are for example Afriflora and Lafto Roses Plc.

#### *4.3.4 Forestry*

From the estimations made by Meijerink and Kamphuis (2011) it already became clear that forestry projects are one of the biggest motivations of Dutch companies and investors to make land deals with Sub-Saharan African governments. These estimations did not consider secondary investments as direct land acquisitions. So when considering the role of Dutch entrepreneurs as secondary investors (with the previous mentioned criteria to be the largest shareholder) in forestry projects<sup>20</sup> these estimations are much higher. Forestry is the sector the Netherlands has acquired the most land for directly (around one third of the total amount) in Sub-Saharan Africa currently. Also in the upcoming years forestry will likely maintain this status. Dutch forestry projects can be found in Mozambique, South Africa, Uganda and Ghana. These projects mostly have the aim to produce wood and fiber from commercial tree plantations<sup>21</sup> and to a lesser extent for a combination of tourism purposes, landscape supervision and for carbon dioxide retainment. Probably the most reported, controversial and also the largest forestry projects the Netherlands currently is involved in is in Mozambique. The Dutch pension fund ABP is the largest shareholder in these projects (54.5%) that were initiated by the Global Solidarity Forest Fund (GSFF). GSFF is a Sweden-based investment fund that specifically focuses on forestry projects. The projects ABP has invested heavily in are in the Tectona Forests of Zambezia and the Chikweti Forests of Niassa (Land Matrix, 2015; TNI et al., 2012). Even though estimations differ, according to the Land Matrix (2015) for the Tectona Forests of Zambezia alone 262.000 ha was acquired by the GSFF in 2009. For the Chikweti Forests of Niassa project, a total of 140.000 ha was acquired (TNI et al., 2012). The Chikweti Forests of Niassa project has received a lot of critique for land grabbing practices and causing environmental damage. This case will be further considered when assessing the impacts on local communities. Forestry projects that aim at carbon dioxide retainment will now be addressed.

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<sup>20</sup> The Land Matrix database only gave information on land deals made by Dutch secondary investors in forestry projects in Africa.

<sup>21</sup> Mostly from teak, eucalyptus and pine trees.

#### 4.3.5 The carbon market

Only two projects can be found in where Dutch investors and companies have been investing in specifically for carbon dioxide retention namely in Uganda and in Ghana (Land Matrix, 2015; Meijerink and Kamphuis, 2011). In Mount Elgon which is located in Eastern Uganda the Dutch organization called Forests Absorbing Carbon-dioxide Emissions (FACE) Foundation assists with the planting of trees to absorb carbon dioxide and hereby offset emissions from a 600MW coal fired power station in the Netherlands. The FACE foundation then sells these offsets to GreanSeat which is a Dutch carbon-offset business with mostly clients from airline companies. However before the project took off in 1994, the Ugandan government declared the region of Mount Elgon a national park. Since then the project has received a lot of critique and resistance from local indigenous communities that have been deprived of their rights, livelihoods and are harassed by park rangers (Michael, 2009). This case will be further considered when assessing the impacts on local communities.

The Land Matrix (2015) described one case that aimed at the carbon market, namely that of Form International Ltd which is a Dutch forestry consulting firm that was established in 1992. Form International Ltd mostly gives advice on forest management, certification and provides technical assistance to sustainable plantation establishment (Form international, 2015). In 2007 Form International established an affiliate forest plantation company in Ghana called Form Ghana LTD. The aim of this affiliate company is to contribute to large scale reforestation of degraded forest areas in Ghana and to offer investment opportunities to other companies that want to contribute to this. Additionally Form Ghana LTD signed a land contract with the domestic government for lease of 3500 ha of land for reforestation. Eventually there are intentions for expansion of the project to a total of 15.000 - 20.000 ha that absorbs more than 80.000 metric tons of carbon dioxide from the atmosphere annually (Land Matrix, 2015; SCS Global Services, 2013). The carbon market currently is not (yet) a very important driver for Dutch companies and investors in direct land acquisitions in Sub-Saharan Africa. According to the key respondents there are no implications that would suggest this will change in the near future. Only if the Dutch government would make new incentives (like increasing subsidies for private companies) for the carbon market this will likely change. For cases where the Netherlands is the largest shareholder (secondary investor) in forestry projects there are implications however that REDD/REDD+ mechanisms and payment schemes will be exploited in the future. For example the GSFF stated that "*The potential of accessing voluntary carbon markets will be explored for each investment*" (TNI et al., 2012, p.6).

#### *4.3.6 Renewable energy projects*

The Land Matrix database provided information on one land deal in Sub-Saharan Africa that concerned a Dutch energy project<sup>22</sup>. This project concerned the sustainable biomass project in Liberia by Buchanan Renewables that was already mentioned in section 4.2.1. In 2013 this project that covered 250.000 ha was abandoned by Buchanan Renewables as the company was dissolved. Since then this project has been sold to another investment group. To what investment group these assets were sold is unclear (Bestman, 2013). Since Buchanan Renewables has retreated from the project in Liberia there has been increasing investigation of the negative effects on local communities in the aftermath. This will be further considered in the section where the impacts on local communities are analysed. Although Renewable energy projects seems to be a very important driver for Dutch companies and investors in Sub-Saharan Africa when looking at the total amount of land that was acquired for this purpose, this is not the case. It was just one large-scale land deal that has already been abandoned.

As an in between conclusion on what drives Dutch companies and investors to be directly involved in land deals or land acquisitions in Sub-Saharan Africa it is safe to say that this is mostly for the production of biofuels, wood and fibre and the cultivation for non-food agricultural commodities (especially flowers). Providing food security, the carbon market and renewable energy projects currently are not important drivers and there are little implications this will change in the near future. The drivers for Dutch companies and investors to be directly involved (or as the largest shareholder in a project) in land deals is very much related to the perceptions they have about the investment climate in Sub-Saharan Africa and current trends like for example biofuel policies. Many African host countries offer certain incentives to foreign investors that make it increasingly attractive to make a land deal for the production of certain products. Furthermore expectations of financial returns are of course the main motivation for companies and investors as they have to make a profit out of these projects. Reducing labour costs for example is a very important driver for Dutch floriculturists in Ethiopia. There is also the perception that there is enough 'unused' land in Africa available which can further motivate companies and investors to acquire land without having an adequate awareness on the risks that are associated with this. The main drives for direct land acquisitions and land deals are summarized in figure 8. In the upcoming sections the amount of land that is acquired indirectly and the drivers for indirect involvement in land deals by Dutch investors are analysed.

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<sup>22</sup> By the time the analysis of this research was conducted an additional renewable energy project was added to the Land Matrix database where a Dutch secondary investor had the largest share. This project was not considered in this report. For more information on this project see: <http://ltwp.co.ke/home>.

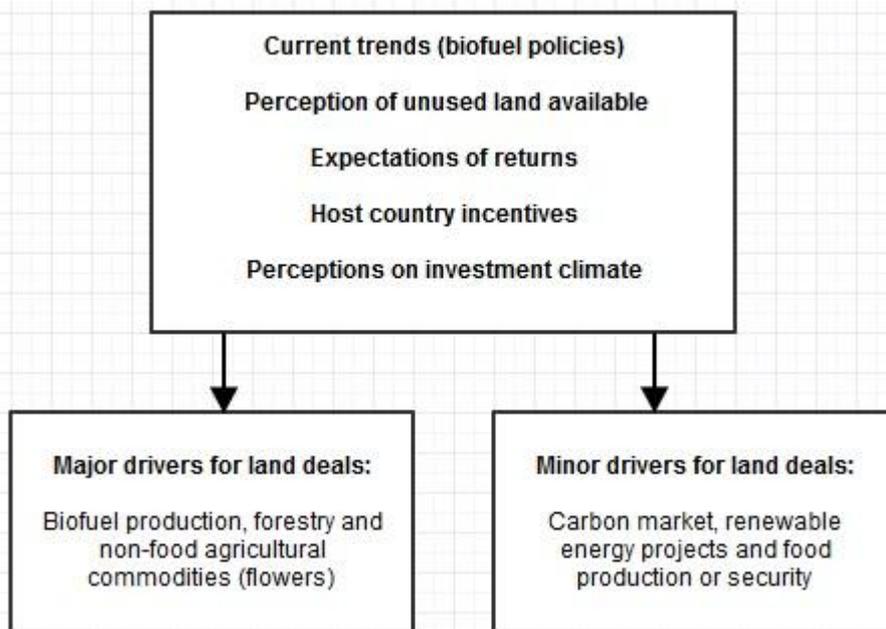


Figure 8. Drivers for Dutch companies and investors for direct involvement in land deals in Sub-Saharan Africa (source: author).

#### 4.4 Indirect Dutch involvement in Sub-Saharan African land deals

Next to direct involvement of Dutch companies and investors in land deals as was described in the previous sections, the Netherlands is a major indirect player in agricultural and forestry projects globally. The most prominent Dutch players in this phenomenon are Dutch banks (including their established investment funds) and pension funds. For example according to TNI et al. (2012, p.3) Dutch pension funds have invested around €20,5 billion in commodity derivate markets. This is 5% of global total. Of these investments in commodity derivate markets an estimated quarter is used for agricultural derivatives.

Providing information and data on where these indirect investments eventually are used for and where it is located is often problematic. In most cases banks and pension funds can provide information on in what company or project they have invested in but not how much land is acquired indirectly. Furthermore in a lot of cases there is a long chain from an investment is made to where this investment is actually used for on the ground level. The interviewed Mr. van der Linden is the Head of Investment Management at PGGM, one of the most heavily involved institutional investors in commodity futures and agricultural derivatives worldwide. According to him it is very hard to get an actual overview on the chain from investor to producer as in a lot of cases this involves numerous institutions, companies, investors etc.:

*"We do provide information on where we invest in. Still you are not able to tell how much land is actually acquired eventually for this investment. We do not know this either. (...) For stocks we buy what is available on the market and we often do not exactly know where we invest in. We have more*

*than 4000 stocks globally. We do not know what the details are for every company we have a share in. This is certainly a wish, but not the reality at the moment. (...) We for example invest in ABN. In its turn ABN has invested in Wilmar. Wilmar has invested in another company that in its turn invested in another company that acquired land in the Republic of Côte d'Ivoire for the production of cacao. You will not be able to get an exact insight in these kinds of investment chains. How longer the chain the less transparent it becomes. I can tell you we do not have direct investments in African land. We probably have indirect investments in African land, but for how much we have no clue".*

The Land Matrix database mostly provides data on land deals where Dutch companies and investors are directly involved in or can be considered the largest shareholder in certain land deals (secondary investor). There is little to no information given about the extent where investors like banks and pension fund are indirectly involved in these land deals. Keeping the previous mentioned difficulties with getting an insight into indirect involvement of Dutch investors in land deals in mind and this research feasible, this report looked the involvement of the tree largest Dutch banks and pension funds in Sub-Saharan African land deals. The estimations used for this analysis is mostly based on the data that was provided by Profundo for the 2011 LEI report<sup>23</sup>.

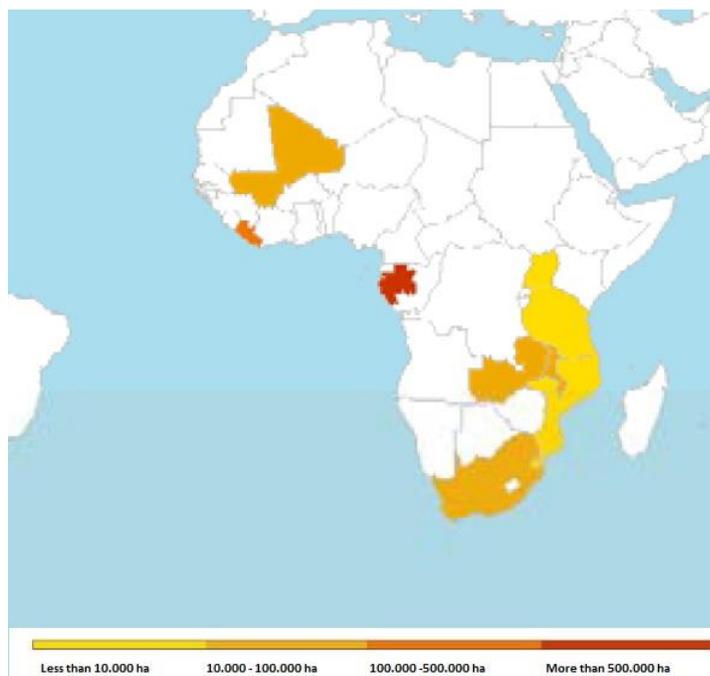
#### *4.4.1 Involvement of Dutch banks*

The tree largest Dutch banks are ABN AMRO, ING and Rabobank. In total these banks have loaned €1.3 billion to agricultural and forestry companies in a tree year period (2009-2012) in Asia and Africa. On the ground level these investments are mostly used for the extraction of agricultural and forest resources. Almost all the loans (92 percent) that were given to companies are registered in Asian countries (Indonesia, Singapore, China, Hong Kong and India). These companies have acquired a total of 628.286 ha land in Gabon, Mali, and Uganda. Mostly this acquired land is used for forestry. In addition Dutch banks have several affiliate investment funds that invest in land<sup>24</sup>. In 2009 these investment funds had invested more than €800 million in companies that have acquired land in Africa and Asia. Most of these companies are also registered in Asian countries. The most prominent investment fund is Robeco Agribusiness Equities who had a share of 97 percent of the total investments made. Robeco Agribusiness Equities is a fund of Robeco Asset Management, the asset manager of the Rabobank Group. Altogether the companies where the investments funds have invested in have acquired 941.825 ha of land in different Sub-Saharan countries by 2011 (Meijerink & Kamphuis, 2011). Map 6 gives an overview of these countries.

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<sup>23</sup> Meijerink, G. & Kamphuis, B. (2011). *Betrokkenheid van Nederlandse bedrijven bij transnationale grondverwerving en pacht*. Wageningen: LEI.

<sup>24</sup> The investment funds are: ING Invest Food & Beverages, ING Consumer Staples Basis Fonds, Robeco Agribusiness Equities, AgriSar, Rabo FARM Europe and the SNS Pan-African Agricultural Fund.



Map 6. Countries where investment funds have indirectly acquired land (source: Meijerink & Kamphuis, 2011).

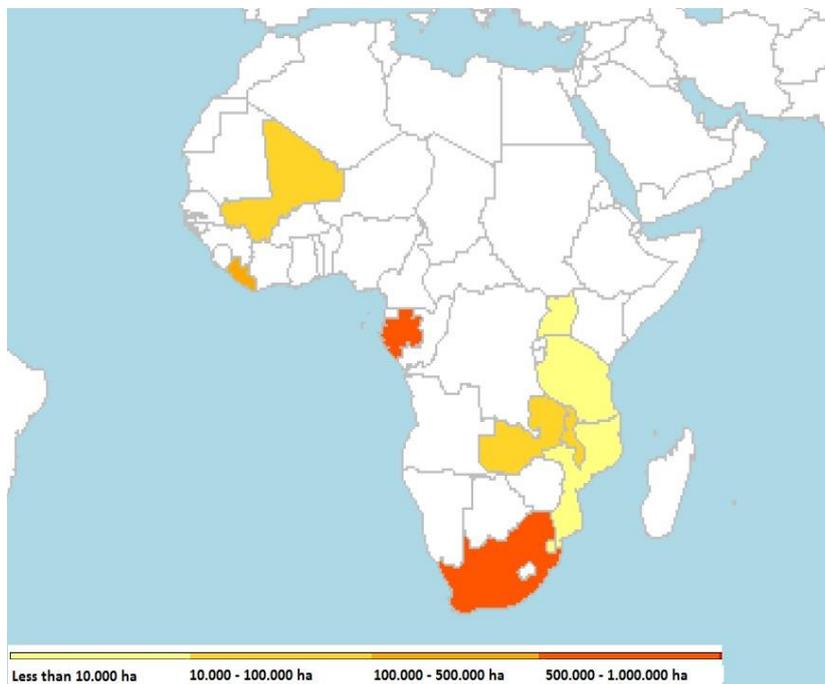
#### 4.4.2 Involvement of Dutch pension funds

The main three pension funds from the Netherlands are ABP, Bedrijfstak pensioenfondsen Bouw (BpfBouw) and PFZW. These three pension funds invest in companies all over the world. The companies that have received investments by pension funds and that have acquired land in Sub-Saharan Africa again are mostly registered in Asian countries (India, Malaysia, Singapore, Japan, Hong Kong, China, Taiwan and Thailand) and to a lesser extent in other countries (United States, Cayman Islands, Finland, South Africa, Canada and Mauritius). By early 2010 these companies had acquired 2.1 million ha land in Sub-Saharan Africa (Meijerink & Kamphuis, 2011). Map 7 gives an overview of these Sub-Saharan countries. The acquired land is used for agriculture and for forestry.

#### 4.4.3 Indirect involvement of other Dutch institutions

Although estimations on this phenomenon are yet to be made, according to Ms. van Paassen (ActionAid) is clear that in the years following the world food price crisis the Dutch private sector has increasingly become interested in investing in companies that acquire land for agriculture and forestry (including biofuel production) in developing countries. According to TNI et al. (2012) this correlates with the shift in Dutch development cooperation policy in the recent years. This policy witnessed a re-orientation towards a more market-led approach to development. PPPs are one of the most important results of this shift in development policies. Dutch development aid for example is increasingly being

used to finance projects by PPPs. There have already been quite some reports by Dutch NGO's on controversial cases that involved a Dutch PPPs.



Map 7. Countries where the pension funds have indirectly acquired land (source: Meijerink & Kamphuis, 2011).

Probably the most well reported (controversial) case where a Dutch PPP has been part of in the recent years is located in Sierra Leone. In this case, the Netherlands Development Finance Company (FMO), which is a PPP, was involved in a project that was associated with land grabbing practices and the violation of human rights. Although FMO mostly denies that it is a PPP, it can be considered one because it is a partnership between the Dutch government and private sector investors. Ms. van Paassen has been involved in the research ActionAid has done on this case. According to her, the FMO will always deny that their investments are to a large extent done by the Dutch government. The FMO claims that it is a private organization in where the Dutch state is just a shareholder.

Nevertheless around 50 percent of the amount that is invested comes from the Dutch government:

*"FMO is very much connected to the Dutch government, but they will never see it that way. Maybe you can call the involvement semi-indirect. Still I think there is a major responsibility for the Dutch government in this collaboration. To a large extent it is their capital that is invested. FMO's capital would have never existed if the Dutch government had not invested in it that much"* (Barbara van Paassen, ActionAid).

FMO is financing and a partner of the Swiss company Addax Bioenergy. In 2008 Addax Bioenergy made a land deal with the government of Sierra Leone. In total 20.000 ha was acquired for sugarcane

cultivation. Eventually this sugarcane was used for ethanol production that was exported to Europe. In the years following the land acquisition Addax Bioenergy was associated with the violation of human rights and land grabbing (TNI et al., 2012). This case will be further considered when assessing the impacts on local communities. Also the Dutch government is the biggest investor in the pension fund ABP according to the interviewed Ms. Kay (TNI) and FIAN et al. (2012).

#### **4.5 Drivers for indirect involvement in land acquisitions in Sub-Saharan Africa**

According to Mr. van der Linden the Head of Investment Management at PGGM, the first and most important driver for indirect involvement of IFIs in land acquisitions is the anticipated positive return they get from certain investments. Pension funds have to generate revenue for example to pay for the pensions of their customers. Dutch financiers would rather also want their investments to be in sustainable projects causing little to no damage to the environment and the communities that depend on it. This is however the consideration financiers have to make. Often projects that cannot be considered sustainable generate more revenue than projects that are labelled 'green':

*"We for example have also invested in coal mines in Indonesia. We acknowledge this is not the most sustainable investment and our customers would rather want we are not involved in this. But the use of coals is reality. Half the world runs on it. (...) The consideration we make is not black or white. If you look at it that way you can hardly invest in anything. There is a certain form of subjectivity and greyness in our decision where to invest. Of course you can criticize this. Not all our investments deserve to win the beauty price. That is definitively not the case" (Mr. van der Linden, PGGM).*

Another driver that seems to be very important according to key respondents is the same motivation that has been mentioned in the part where drivers for direct land deals were considered, namely that of certain trends. The implementation of biofuel policies in the EU cranked up the amount of investments in Sub-Saharan African land that can be used for the production of these biofuels. In addition following the world food price crisis of 2007-08 it has become increasingly attractive for Dutch financiers to invest in agribusiness because of the high returns and safety of the investment:

*"It is a growth market. The demand for food will persistently increase and eventually there will be a shortage in available land and natural resources. It is a very stable in value investment which of course is very important to financiers"(Ms. van Paassen, ActionAid).*

It should be noted that there is hardly any evidence that would suggest that Dutch banks, pension funds or other financiers are significantly involved in the speculative land- and resource market or land banking<sup>25</sup>. Lastly another important driver is the incentives, financing and the more market-led

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<sup>25</sup> For more information see section 2.6.5.

policies of the Dutch government like for example the shift in Dutch development cooperation policy in the recent years. As was explained by Ms. van Paassen, the Dutch government has created several funds for private companies. The goals of these funds are to stimulate direct investments abroad including that in land deals. In addition the Dutch government internationally promotes the knowledge and expertise the Netherlands has on agriculture. So it is highly presumable that the Dutch government wants to stimulate the Dutch agricultural sector to expand its activities in Africa. This also relates to the above mentioned trends.

As an in between conclusion it is clear that the role of the Netherlands in indirect land acquisitions or indirect involvement in land deals in Sub-Saharan Africa is much more present than the direct role in these phenomena. The previous described biggest three Dutch banks and pension funds alone have invested heavily in foreign companies. These mostly Asian companies had acquired well over 3 million ha of land in Sub-Saharan Africa around 2011. Due to the continuing upsurge of transnational land acquisitions after the world food price crisis and that, this total amount has most likely persisted to increase in the following years and the actual number is much higher. The most important driver for IFIs to invest in companies that acquire land is the anticipated positive return they get from certain investments. These anticipated returns are to a large extent driven by current international investment trends. Another important driver seems to be Dutch government incentives that stimulate Dutch IFIs to directly invest in land deals.

#### **4.6 The impacts on local communities**

##### *4.6.1 The discussion on positive versus negative impacts*

Now that it seems clear why, how and to what extent the Netherlands is involved in land deals in Sub-Saharan Africa the impacts on the local communities in the host countries are considered. In chapter 2 the possible risks and benefits of land deals for local communities were discussed. According to the NGOs that were interviewed for this research it entirely depends on which cases you analyse. Cases for example differ in how much land is acquired or used, what the goal of the land acquisition is, what will be cultivated on the lands, the amount of water that is available and will be used, the total population that is affected, what agreements are made in the land contracts, the host country legal and governance system, and previous usage of the acquired land. Direct large-scale land acquisitions in Sub-Saharan Africa in almost all occurrences have negative impacts associated with them for the local communities. This does not mean that there can be no positive outcomes for local communities in direct large scale land acquisitions but this is unlikely for most cases:

*"I think it comes down to risk and probability. So there is a change that a land deal can lead to all these positive outcomes. The probability with the given experience though that is highly unlikely that it will work out this way" (Monique van Zijl, Oxfam Novib).*

Although the amount of land that is directly acquired by a foreign actor in a land deal is relevant, more importantly is what the land will be used for. Dutch floriculturists for example are increasingly turning to Ethiopia and Kenya to move or expand its production by direct land acquisitions. As was described previously, floriculture often does not need a lot of land for the cultivation of flowers or related products. Floriculture is very investment-intensive per ha and mostly requires thorough irrigation systems. For this irrigation a lot of water is needed. This can cause the depletion of (local) water bodies away from local communities (water grab). There are however hardly any implications that Dutch floriculturists are associated with these kinds of cases:

*"These issues are not really about land tenure and land holdings, it is about the water rights that come with it. Water can be pulled away from communities downstream. But I do not see that much evidence of direct Dutch land or water grabs in Africa for this industry"* (Duncan Pruett, Oxfam Novib).

Agriculture and forestry often require high-tech solutions and a certain mechanization for its production. This in its turn can both stimulate and reduce the amount of local community benefits like knowledge spillover to local economies or local employment opportunities (anticipated benefits<sup>26</sup>). It depends if local laborers are trained and employed by the Dutch entrepreneurs or if labor is outsourced to migrant workers. In the case of the Dutch flower industry it does create these benefits for local communities to some extent since one of the prime drivers of Dutch floriculturists are the low local employment rates. Another example where local laborers in the future can possibly benefit from are the plans of companies and investors to expand the cultivation of jatropha in Sub-Saharan Africa. According to Meijerink & Kamphuis (2011), tens of thousands local farmers will be employed by Dutch companies and investors as contract farmers or in outgrower schemes. Contract farming is based on an agreement of production and delivery between the (Dutch) buyers and the (domestic) farmers. These schemes can be considered beneficial for both the buyer and the producer. The producer can make certain demands like quality standards and guaranteed delivery. The producer has a guaranteed price for its products, income and maintains employment. It is very hard to provide current estimations on the amount of contract farmers currently employed by Dutch companies and investors, mostly because these schemes are often made for short periods of time (few years). According to Ms. Meijerink of the LEI, currently less than a thousand outgrowers are directly employed by Dutch companies or investors in Africa. This is a very marginal amount considering that for example the South African based company Illovo Sugar Limited has employed over 46.000 outgrowers across 6 African countries (Illovo, 2014).

In chapter 2 it was explained that the literature concerning land grabs to a large extent mentions environmental issues, jeopardizing local livelihoods, decline in food security, unequal distribution of

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<sup>26</sup> The risks of anticipated benefits were explained in section 2.6.1.

power and the speculative land- and resource market as risks of negative impacts for hosting countries and its communities. According to key respondents the most important negative impacts Dutch land grabs in Sub-Saharan Africa have or at least had in the recent past were the impacts that occurred due to the loss of local land and water bodies that were previously used by local communities. In addition land that specifically is acquired for forestry purposes can have negative environmental impact due to damage it can cause to ecosystems. The loss of local lands and water bodies pose risks for local communities if they are not adequately consulted and compensated. The most prominent risks associated with this loss of land are jeopardizing local community employment chances and livelihoods. In addition the land that is lost by local communities has an important identity value. Mr. van Rij (Agriterria) expressed that in a lot of cases agricultural land that is used by African farmers has been passed on for generations within the family. It not only is an important safety net for their livelihoods but also part of their identity. Often community or family members are buried on these lands after they passed away. Furthermore for indigenous peoples certain places often have sacred or some kind of religious meaning.

*"I think from an anthropological perspective you can argue that land is very much related to someone's identity. You live on the land; you often have your family and friends there. It defines you as a person"* (Willemijn de Jongh, Oxfam Novib).

To further analyze the actual and possible impacts Dutch land deals have on local communities in Sub-Saharan Africa several illustrative cases are highlighted in the upcoming sections. These cases were to some extent introduced in the previous sections of chapter 4.

#### *4.6.2 The case of the Chikweti Forests of Niassa project in Mozambique*

As was shortly addressed in section 4.3.4, the Dutch pension fund ABP is the largest shareholder in GSFF. In 2007 ABP decided to extend its investment to timberland, because this was 'a stable investment with potentially very high returns' (ABP, 2007). The oldest and probably the most controversial and critiqued project ABP has invested in is the Chikweti Forests of Niassa in Mozambique which is a commercial forestry plantation. The plantation mostly consists of pine trees and eucalyptus monocultures. The key respondent Ms. Kay (TNI) has investigated this case. She explained that the timber that was produced would first be used mostly for the regional market. The eventual goal of GSFF was to expand its activities and export this timber globally. In addition GSFF also saw future potential in the carbon markets and mechanisms as REDD(+). The Niassa forestry project according to the GSFF was a sustainable project that would provide environmental benefits and contribute to community based development (TNI et al., 2012). However the project has been controversial, even before the land contract was signed and the timber production started in the Niassa province. The first impact that can be distinguished are the power imbalances between the Mozambican authorities, the private investor (GSFF) and the local communities. According to

Mozambique's land legislation, private investors can acquire land. However before land is sold or leased to private investors, the Mozambican public (local) authorities have several obligations. They have to consult cadastre services, local authorities and local communities. All stakeholders have to sign the conduct of an appropriate investigation in order for the land deal to succeed. Furthermore if members of a local community have certain land titles (DUATs<sup>27</sup>) in the area, the investigation is required to also provide a detailed description on how a partnership between the private investor and the rights holder will be governed. Affected communities need to be consulted in order to establish if the area that is to be acquired is currently not used or has no occupants (Van den Brink, 2008). Prior to the land deal concerning the Chikweti project of GSFF, the consultations were primarily conducted by the company itself and not by the public (local) authorities. In addition although it is an obligation, not all affected communities were consulted separately. Weak enforcement mechanisms and a corrupted governance system has caused the provincial authorities to be in favour of the Chikweti project even when it violated Mozambican land laws that guarantees human rights of farmer families to have access to their lands. An investigation by Mozambican Ministry of Agriculture (MINAG) and the National Directorate of Lands and Forests (DNTF) found that in 2010 around 32.000 ha land was illegally acquired for the Chikweti project by GSFF without the required land titles or DUATs. Although GSFF denied most accusations, it remains unclear what was actually agreed upon in the land contract due to a severe lack in transparency. It also remains highly questionable if the Chikweti project contributed to promised community based development or compensated the loss of farmland and natural forests to the local communities where 80 percent of the population is dependent on these lands for agriculture. First of all, employment chances are high in the initial phases of establishing large forestry plantations, this decreases fast when it is taken into production because less workers are needed. In early 2011 the Chikweti Forest Plantations employed around 3000 local labourers. This amount was halved by 2012. Secondly, next to this uncertainty in employment opportunities for local communities, the project offered minimum wages to its employees. It remains questionable if this can compensate for the loss of land that the local farmers were previously dependent on for their livelihoods. As mentioned previously GSFF also claimed that the project would give environmental benefits. It would reforest degraded land and sustainably manage and protect native ecosystems (FIAN et al., 2012; TNI et al., 2012). According to Ms. Kay these claims are not seen in practice. The introduction of the non-indigenous plants and trees has actually caused the damage to native ecosystems as native forests were destroyed and biodiversity was lost. Also soil erosion and degradation of the land was a reported issue by the local communities. Another reported impact by the local communities was that the tree plantations limited their ability to grow food in the surrounding areas because of the shadow these trees created. In addition they had to walk a long way around the plantation in order to actually reach their farmlands as well. Although currently water grab is not a the most reported impact of the local

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<sup>27</sup> Also known as the DUAT title process (DUAT means 'Direito de Uso e Aproveitamento dos Terras', meaning the right of use and benefit of land in Portuguese).

communities, this will likely be so in the future if the activities of this project expand and the trees reach maturity. A mature eucalyptus tree for example needs 100-1000 litres of water a day (TNI et al., 2012). Lastly according to FIAN et al. (2012), GSFF did not meet its promises that were made to local communities to build schools, health facilities and store houses to dig water holes.

The pension fund ABP was the biggest (secondary) investor in the Chikweti project. In total ABP had invested €47 million in GSFF (Witteman, 2011). ABP admitted that that it failed to meet criteria (environmental, social and corporate governance) on responsible investments but refused to withdraw its major investment in GSFF and its projects. ABP stated that it could have more influence on the projects if it did not withdraw (FIAN et al., 2011; TNI et al., 2012; Witteman, 2011). According to Ms. Kay, some negative impacts are less severe than before 2012, but to what extent remains questionable. Also one impact on local communities that has often been overlooked seems to be important in this case:

*"APB argued that the previous manager that was associated with the negative consequences was replaced with new management and that since then things had been significantly improved. Within the community we did hear that some things had improved according to some members but according to other members this was not the case. This made it very difficult for us to assess to project. It does show however that a project like this divides communities. That is often an overlooked aspect of a land deal. Some receive benefits and some do not. That is why you have different voices. It definitively divides a community"* (Sylvia Kay, TNI).

The findings of this case are summarized in table 3. For this specific case the most important impacts for the local communities are: violation of human rights, power imbalances between governments, private investor and local communities, environmental damage, loss of farmlands and livelihoods, jeopardizing community cohesion and less access to (farm)lands and water.

<b>Primary investor</b>	<b>Secondary investor</b>	<b>Drivers for land deal</b>	<b>Impacts on local communities</b>
GSFF (Sweden)	ABP (The Netherlands)	Forestry High financial returns Carbon market	Violation of human rights, power imbalances, environmental damage, loss of farmlands and livelihoods, jeopardizing community cohesion, and less access to land and water

*Table 3. Investors, drivers and the impacts on local communities for the Chikweti Forests of Niassa project in Mozambique (source: author).*

#### *4.6.3 The case of the FACE foundation in Uganda.*

As was shortly addressed in section 4.3.5, the Dutch organization called the FACE foundation since the early 90s is working together with the Uganda Wildlife Authority (UWA) in a carbon credit tree plantation project in Mount Elgon National Park. This carbon credit scheme mostly aimed at absorbing European air pollution for 99 years. Before the project started, the area of Mount Elgon was

declared a national park in 1992 by the Ugandan government (Ingram & Reed, 1998). After the Mount Elgon area gained the status of National Park and in preparation of the project, local (indigenous) communities got evicted by the UWA because they had no customary land ownership certificates (FoE Uganda, 2012). These evictions continued in the years the project took off. The people that were evicted mostly were forced to move to neighboring villages, caves and mosques. Local often indigenous communities in the Mount Elgon National Park have reported to be continually harassed by armed park rangers (Michael, 2009). According to an Ugandan newspaper by 2004 a total population of 10.000 people was displaced and more than 50 people were shot by militarized park rangers (Musoke, 2004). Originally the project aimed to cover a total of 25.000 ha and promised good employment opportunities. By 2006 only 8500 ha was used and only a few seasonal jobs were created. One of the communities that felt severe impacts of the projects is the indigenous Benet people. The Benet people have used and lived in the Mount Elgon area for decades. They are now seen as illegal squatters by the UWA. A large share of Benet people have been displaced or barred from their traditional lands, harassed and livestock and other belongings have been confiscated or destroyed by the park rangers. Other reported impacts on these local communities are the loss of food security, income and livelihood (NRAN, 2013). In reaction to this project, local (displaced) communities started to deliberately destroy trees in the national park and planting corn to be able to reduce food insecurities. In 2005 the Ugandan Supreme Court decided in favor of the indigenous Benet people. They were allowed to live on their traditional lands maintain their traditional livelihood (Lang, 2006). The current status of this project is unclear. The FACE foundation has received quite some bad press due to this project. The FACE foundation has changed its organization name to 'Face the Future'. Furthermore the Mount Elgon National Park is currently not listed as an official project by Face the Future (2015).

The findings of this case are summarized in table 4. For this specific case the most important impacts for local communities are: violation of indigenous and human rights, community displacement, violence, loss of (traditional) lands, loss of livelihoods and food security, and power imbalances.

<b>Primary investor</b>	<b>Drivers for land deal</b>	<b>Impacts on local communities</b>
FACE foundation/Face the Future (The Netherlands)	Carbon market	Violation of indigenous and human rights, community displacement, violence, loss of lands, loss of livelihoods and food security, and power imbalances

*Table 4. Investor, drivers and the impacts on local communities for the Mount Elgon National Park carbon project in Uganda (source: author).*

#### *4.6.4 The case of Buchanan Renewables in Liberia*

As was shortly addressed in previous sections the Dutch registered company Buchanan Renewables until recently had a large-scale biomass project in Liberia. In 2008 Buchanan Renewables gained an

exploitation license for the project from the Liberian government (Land Matrix, 2015). At the time Liberia was recovering from the civil wars and conflicts that had lasted for well over a decade (BBC, 2015). Liberia's government was struggling to restore the energy sector that was to a large extent destroyed or neglected during the civil conflicts. Due to its limited capability to generate electricity Liberia was dependent on importing fossil fuels. In addition also the previous rubber production was destroyed or neglected during the conflict years. The project of Buchanan Renewables aimed to restore the rubber sector in Liberia and use the surplus resources as biofuel. This biofuel would be used in a local power plant to generate electricity for Liberia. Another possible future perspective was to export these biofuel resources to Europe. Buchanan Renewables would build the power plant and the infrastructure (roads and upgrading the electricity transmission line) needed to support it. In addition Buchanan Renewables would provide local educational scholarships and improvements to local facilities (library, hospital and an orphanage). The project would employ local landowners and laborers to harvest the resources that were needed for the biofuel production (Bestman, 2013; OA, 2014). Liberia is a very risky and difficult investment environment (weak governance structure and laws). It could be argued that Buchanan Renewables had good intentions to tackle some of Liberia's major development issues (OA, 2014). However, from the moment Buchanan Renewables started operating in Liberia, several controversies were reported by local communities and NGOs. Firstly there were a lot of irregularities regarding the regulatory framework for Buchanan Renewables' operations in Liberia. For example it lacked several certificates for environmental protection, it had little information on how the project was monitored and there were delays in the concession agreement between Buchanan Renewables and Liberia's government on the construction of the power plant (SOMO, 2011). This created the situation where Buchanan Renewables was already cutting and replanting trees without a formal permit that would allow them to construct the needed new power plant. Secondly the project became increasingly associated with severe impacts on local communities, especially on smallholder farmers. The local landowners in general had been very positive towards Buchanan Renewables' project initially. Buchanan Renewables offered them good prices for felled rubber trees; it would replace these trees and maintain their farms for seven years until the new trees started to produce rubber. Mostly the farmers were given verbal promises. These promises however were to some extent neglected by Buchanan Renewables. For example they received only limited compensations for the trees that were removed and the maintenance of the farms and replanting trees in some cases were neglected by Buchanan Renewables. Some of the farmers were worse off than before Buchanan Renewables began operating in Liberia. Some farmers already had relatively good producing farms prior to the project. They now struggle with loss of livelihoods and increasing poverty. Also Free Prior and Informed Consent (FPIC) was neglected in some cases. Buchanan Renewables began operating in some areas without a formal agreement with the land owners. As a response affected farmers created an union and reported their complaints and demands to Buchanan Renewables. Buchanan Renewables responded with organizing two meetings with smallholder

farmers (Steinweg et al., 2011). However in 2013 the Liberian government decided that it would not permit the construction of the new power plant due to disagreements on the payments and prices with Buchanan Renewables (Steinweg et al., 2013). This caused the entire business plan of Buchanan Renewables to collapse. As a response Buchanan Renewables decided to withdraw from the project entirely in 2013. As a result of the company's departure, several additional impacts have been reported. Rubber trees for example have died, the woodchips have poisoned local water supplies and local people have been entirely deprived of their livelihoods. Now the biggest shareholder and investor in the entire project, the U.S. Overseas Private Investment Corporation (OPIC) is increasingly being held responsible for the failure of this project as they did not implement safeguards to Buchanan Renewables for the biomass project. The official response of OPIC to these allegations was: *“While Liberia is a post-conflict country with a challenging social and economic operating environment, the Buchanan project was subject to these same protections. OPIC’s support of this project ended in January 2013 after its loan was repaid and the contract concluded”* (Biron, 2014).

The findings of this case are summarized in table 5. For this specific case the most important impacts for local communities are: violation of human rights (especially FPIC), increasing poverty, environmental damage, and the loss of livelihoods and food security.

<b>Primary investor</b>	<b>Secondary investor</b>	<b>Drivers for land deal</b>	<b>Impacts on local communities</b>
Buchanan Renewables (The Netherlands)	OPIC (United States)	- Biofuels - Renewable energy project	Violation of human rights, increasing poverty, environmental damage, and loss of livelihoods and food security

*Table 5. Investors, drivers and the impacts on local communities for the case of Buchanan Renewables in Liberia (source: author).*

#### *4.6.5 The case of Addax Bioenergy and FMO in Sierra Leone*

As was shortly addressed in section 4.4.3, the Dutch PPP named FMO is a partner of the Swiss Addax Bioenergy company. Addax Bioenergy acquired land in Sierra Leone for the cultivation of sugarcane that would be used to produce ethanol for the European market. Addax Bioenergy claimed that the project would be *"a benchmark for responsible investing. (...) We strictly comply with the investment standards of the World Bank and the African Development Bank, the European Union criteria and the principles of the Roundtable on Sustainable Biofuels of the Swiss Polytechnic Institute. (...) The Project will create over 2000 permanent jobs, and procure professional training, food security and infrastructure development in one of the poorest regions of Sierra Leone"* (EuropAfrica, 2012, pp. 69-70). Furthermore Addax Bioenergy and the government of Sierra Leone have claimed that the land that is acquired for the project is degraded and of poor soil quality (TNI et al., 2012). According to the interviewed Ms. van Paassen (ActionAid) the initial thought was that this large-scale land acquisition could serve as an example that had positive impacts on local communities. ActionAid therefore started

to investigate this case in Sierra Leone. Also the Dutch government and FMO were particularly proud of this 'responsible' project. However since the project took off in 2008 there have been severe impacts on local communities affected by this project. This was reported by ActionAid and other NGO's.

Firstly according to field work in Sierra Leone of the Oakland Institute (2011) was that the community consultation was performed inadequate. A lot of affected people were unaware of the project. They further did not find "*appropriate measures in place to ensure adequate compensation for affected individuals that had to be relocated*" (Oakland Institute, 2011, p.2).

*"Local affected people were hardly heard or were not informed on the possible effects of this project. They were very angry because they did not receive adequate information on the project"* (Barbara van Paassen, ActionAid).

Secondly, power imbalances between local government authorities and local communities caused that local farmers could hardly challenge their decisions within this project (TNI et al., 2012). Thirdly according to Ms. van Paassen there were these false assumptions of the government of Sierra Leone and of Addax Bioenergy and its partners that the land that was leased is mostly degraded and unused:

*"This was probably true to some extent. They did not deliver any evidence to support this claim however. In our investigation we did not really focus on the quality of the land but on what the impacts were on the local communities. We interviewed many community members to clarify their experiences in practice. Most of the members stated that they have lost land that they were using in the past for their livelihoods. So it is clear that not all land was unused or degraded. There were also a lot of trees that were cut down for the project like palm trees. They were never compensated for this. People were clearly dependent on the land. The assumption was wrong. (...) Through the acquired land runs a river. At least a part of the land is very fertile. There was a lot of potential for irrigation of crops for example. The farmers cannot exploit this benefit anymore "* (Barbara van Paassen, 2014).

Also according to the Oakland Institute (2011), local community members claimed that the land that they lost were the most productive lands for rice cultivation. It provided the wider area with food. Many farmers earned their livelihoods from the 'rich and fertile' land. Fourthly also promises of Addax Bioenergy like employment opportunities and establishing schools, health facilities, a community centre and water wells were not materialized. According to TNI et al. (2012), local employment opportunities are minimal, poorly paid and insecure. The Oakland Institute (2011) reported that only around 200 local people were employed in the Addax project and they were paid less than €2, - a day. Furthermore they did not receive food or food allowances during their workdays. Fifthly Sierra Leonean law prohibits women to own land in the project's region. Women are however the majority of agricultural labourers in the country. According to the Sierra Leonean law they have no right to formally own land. The land they lost to the project was not compensated by Addax as they had no legal ownership over the land. Also formal land owners (men) that lost their land were not

compensated enough for the loss of their land and livelihoods (Oakland Institute, 2011; TNI et al., 2012). Sixthly environmental damage and water grab (violating the Right to Water) was a reported issue. Irrigation of the sugarcane plantation uses 26 percent of the water flow in the driest months. Also ground water contamination can become a problem as there are insufficient guarantees in place to protect against this issue (TNI et al., 2012). Lastly and probably most striking is the fact of the unequal sharing of project's added value (Figure 9). Addax Bioenergy will receive between 93 and 98 percent of the total added value, which is around \$53 million a year, while domestic stakeholders only get a minimum share.

Further it can be questioned if it is beneficial for a country like Sierra Leone to even allow the production of biofuel for a foreign market. One third of the country's population struggles with malnutrition. The country itself is heavily dependent on importing food (EuropAfrica, 2012). It can be argued that switching from land that is used for food production to biofuel production further endangers food security in the region.

Group	Number of people affected	Benefits	Breakdown of added value
<b>Addax Bioenergy</b>	One company with one major shareholder	Return of USD 53 million per year.	<b>93%-98%</b>
<b>Workers</b>	2000 Sierra Leonean workers plus some expatriates	Yearly wages: between USD 1.1 million and USD 4 million (daily wages of USD 2.3)	<b>2%-7%</b>
<b>Land owners</b>	A few hundreds (out of a total of 14'000 project affected persons)	Land lease fees per year of USD 113'000. This corresponds to less than USD 1 per person per month.	<b>0.2%</b>
<b>District Councils and Chiefdom Administrators</b>	2 District Councils and 3 Chiefdom Administrators	Land lease fees per year of USD 50'900.	<b>0.1%</b>
<b>Government</b>	NA	Land lease fees per year of USD 12'700. No corporate income tax in the first 13 years. Water fees of USD 54'000 per year.	<b>0.2%</b>
<b>Local suppliers</b>	Unknown.	Unknown.	<b>NA</b>
<i>Total value added</i>		<i>USD 53.3-57.2 million</i>	<i>100%</i>

Figure 9. Stakeholders and breakdown of added value in the project (Source: EuropAfrica, 2012).

Addax Bioenergy strongly denies most allegations made by researchers and NGO's. As a response to some of the previous described findings they responded with: "We vigorously contest the allegations in the strongly biased reports which neither reflect the reality on the ground nor takes any notice of the unprecedented efforts deployed on the ground to engage with local communities and improve their daily lives" (Kennedy, 2013). Also FMO is still partner in the Addax Bioenergy project. According to Ms. van Paassen the situation has improved since the publication of several reports that critiqued the project:

*"There have been some improvements. Some issues regarding the water and the environment were addressed. I think the critique they received had an impact. Although they strongly disagreed with the allegations, the situation has improved. They are working on improving the farmer development programmes and some land has been given back to its previous owners. We now also have a dialogue with Addax Bioenergy. Due to the outbreak of Ebola the current status is unclear though".*

FMO has also received quite some critique from international NGO's to be involved in this project. They however do not want to be involved in the previous mentioned dialogue with Addax Bioenergy and ActionAid.

The findings of this case are summarized in table 6. For this specific case the most important impacts were: power imbalances, loss of land and livelihoods without adequate compensation, violation of human rights, environmental damage, water grab, increasing poverty and food insecurity.

<b>Primary investor</b>	<b>Secondary investor</b>	<b>Drivers for land deal</b>	<b>Impacts on local communities</b>
Addax Bioenergy (Switzerland)	FMO (The Netherlands)	Biofuels	Power imbalances, loss of land and livelihoods, violation of human rights, environmental damage, water grab, poverty and jeopardizing food security

*Table 6. Investors, drivers and the impacts on local communities for the case of Addax Bioenergy and FMO in Sierra Leone (source: author).*

#### *4.6.6 Perspective for the future*

From the previous described illustrative cases it becomes clear that the Netherlands has definitely been involved in land grabbing practices in Sub-Saharan Africa. These (extreme) example cases however hardly mention any benefits for local communities. Although it can be argued for some of the cases like Addax Bioenergy and FMO in Sierra Leone had good intentions on paper, it did not work out this way in practice. This also seems to be the problem according to most of the interviewed key respondents. It is easy to find cases that had negative impacts or risks for local communities, but hardly any that were really considered beneficial. Some renowned international organizations like the World Bank and the FAO have argued that land deals can generate revenues and can contribute to the reduction of poverty (Deininger et al., 2011). It can create direct economic revenues, employment opportunities, infrastructure development, knowledge transfer and technological development (Cotula et al., 2009). Most of the key respondents stated that this was the theoretical argumentation on why for example biofuel production investments in developing countries would be very beneficial in reducing poverty in developing countries, but there are hardly any cases in which these effects are clearly seen in practice:

*"This was the whole theoretical argumentation of the World Bank and the FAO. They probably changed this perspective by now. There is hardly any empirical evidence that would suggest these*

*beneficial impacts on local communities. It is not if an investment is good or bad per se, but it is about the land rights that are given to other actors. Local land owners are losing their land which they were previously dependent on, that is the issue. We have tried numerous times to find positive examples but could not find any. There are probably examples where an land deal is fully beneficial for local communities, but we are not able to find any. (...) We mostly see negative consequences. Sometimes for example employment opportunities are created by a transnational land deal, but this is not enough to compensate local land owners for losing their land. Jobs are often temporary. There is no balance. UNCTAD now for example has acknowledged that the negative consequences associated with land deals are much more prominent than positive. They see little potential for economic development for local communities in transnational land deals. (Barbara van Paassen, ActionAid).*

The issue seems to be that Sub-Saharan African countries often have weak governance structures. Although most countries have a certain kind of legislation that possibly would avoid land grab practices, the implementation of laws and legislation is lacking and often 'loopholes' can be found in the legal systems. So far the Netherlands hardly has any domestic hard laws for transnational land deals. Dutch companies and investors make transnational land deals that have to be legal according to host country laws and legitimate according to international standards. There are a lot of international standards that companies and investors have to live up to but real consequences when violated are often not addressed. Furthermore another issue is that local landowners are often not aware of their rights or have no clue how to fight certain decisions made by their government. It seems that currently the most effective method to mitigate or avoid land grabbing is bad press and the risks of international enterprises to get reputational damage.

Currently the Dutch government has acknowledged that land grabbing is a major issue for Dutch transnational investments. Especially the investments of Dutch financial institutions are too often associated with conflicts in about land ownership and land acquisitions (Government of the Netherlands, 2013). In 2012 the Committee on World Food Security (CFS<sup>28</sup>) has adopted the Voluntary Guidelines on the Responsible Governance of Tenure of Land, Fisheries and Forests in the context of National Food Security (CFS guidelines). These guidelines offer extended information on 'good' governance regarding landownership, land use rights en land lease rights (ActionAid et al., 2013). The next step would be to implement these guidelines properly in the Netherlands to possibly avoid Dutch transnational land grabbing practices in the future. The Dutch Minister of Foreign Trade and Development Cooperation Lilianne Ploumen has taken much interest in changing policies regarding Dutch involvement in transnational land grabbing acquisitions, especially after CSF had adopted the previous mentioned voluntary guidelines. In august 2014 a multi-stakeholder dialogue was initiated with the Dutch Ministry of Foreign Affairs, Dutch financial institutions (Rabobank, Actiam,

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<sup>28</sup> For more information about CSF see: <http://www.fao.org/cfs/cfs-home/en/>

PGGM and APG) and several Dutch NGOs (Oxfam Novib and Bothends). According to Ms. van Oijk (Oxfam Novib) who is involved in this multi-stakeholder dialogue, a goal is to also involve Dutch companies but this is not achieved yet. According to her this dialogue is still in the initial phase of discussing several cases among the participants and exchanging information:

*"There are several cases we discuss during the meetings. It is not per se about solving the issues of these cases but to get a common understanding of it. What are the problems? What can the Dutch government, NGOs and Financiers do about it? Eventually we want to make concrete recommendations to Dutch actors who are involved in transnational land deals and to the Dutch government. Eventually this should lead to new policies or changes in current policies"* (Anna van Oijk, Oxfam Novib).

With this multi-stakeholder dialogue the Netherlands is ahead of other countries when it comes to taking action against land grabbing practices. According to Ms. van Oijk there is a lot of commitment of Dutch financial institutions and the government to change current practices. They do not have to be involved in this dialogue as it is on voluntary basis. This multi-stakeholder dialogue can be a possible first step in avoiding or mitigating land grabbing practices of Dutch companies and investors in Sub-Saharan Africa.

## **Chapter 5 Conclusions**

In this master thesis an attempt was made to answer the following main research question: how and why are Dutch companies and investors involved in land deals in African countries and what are, or can be the effects of these land deals for the communities within these countries? This chapter provides the conclusions that can be drawn from the findings in the previous chapter. In addition, a reflection on this research is given in section 5.2.

### **5.1 Conclusions**

First it was analyzed how much land is directly and indirectly acquired by Dutch investors and companies in Sub-Saharan countries. The Netherlands plays a minor direct role in these Sub-Saharan land acquisitions in the context of the total amount of land that is acquired by foreign enterprises in these countries. Dutch entrepreneurs currently use around half a million ha land in Sub-Saharan Africa. This is a marginal total amount considering that some estimations go as far as 63 million ha that is currently assigned or under negotiation in African host countries. There are implications that Dutch enterprises will expand their current projects in Sub-Saharan Africa. This could double the amount of land that is directly acquired by Dutch companies and investors in the near future.

However, considering some major Dutch projects in Sub-Saharan Africa have already been abandoned, the role of Dutch companies and investors in direct land acquisitions will most likely remain marginal in the upcoming years. The role of the Netherlands in indirect land acquisitions is much more significant. Providing estimations on the amount of land that is indirectly acquired by Dutch investors (including financiers, loaners etc.) is problematic due to the often long chain from investments to projects on the ground and lack of transparency in land deals. The Land Matrix database mostly provides data on land deals where Dutch companies and investors are directly involved in or can be considered the largest shareholder in certain land deals (secondary investor). There is little to no information given about the extent where investors like banks and pension fund are indirectly involved in these land deals. Often major Dutch investors like banks and pension funds that are indirectly involved in land deals do have an oversight in which companies or projects they invest in but not how much land is acquired indirectly. It was clear from analyzing the involvement of Dutch investment funds and the three biggest Dutch banks and pension funds however that the indirect role of the Netherlands is much higher than the direct role in land acquisitions in Sub-Saharan Africa. Around 2011 alone these Dutch actors had invested in foreign companies and projects that owned or leased more than 3.6 million ha in Sub-Saharan Africa.

Secondly it was analyzed which Dutch companies and investors are involved in land deals in Sub-Saharan Africa and why. Underlying concepts that drive (Dutch) international companies and investors to acquire foreign land are globalization and the appliance of neoliberal (market) models since around the 1990s. The appliance of neoliberalist ideas and mechanisms have become normative

in developed countries due to the influence of key state institutions like central banks and national governments, and IFIs like the World Bank and the IMF. This phenomenon is also closely related to switching from the Fordist models of production to the emergence of networked transnational organizations and the liberalization of the global land market. Networked transnational organizations, locate the production to countries that offer the most favorable conditions (taxation, resources, cheap labor etc.). TNCs often shift certain aspects of production across national borders to profit from these favorable conditions. Developing country governments, including those of Sub-Saharan Africa, often create these favorable conditions by providing incentives and creating an attractive investment climate to foreign investors. The developing country governments in return hope these foreign investments will provide benefits for further domestic development or addressing underdevelopment or unemployment for example. Of course transnational land deals are mostly made because the companies and investors have certain expectations of returns. In the case of the Netherlands, most direct land deals were made for forestry projects and/or biofuel production projects in Sub-Saharan Africa. As the supply of non-renewable energy decreases, biofuels can be seen as a good alternative for the future energy provision. Internationally there has been much attention given by governments to set consumption targets for the future, especially in the EU. The governments created guaranteed markets for the coming decades and provided financial incentives (subsidies, tax benefits etc.) for the private sector. This made it more attractive for investors and companies to acquire (cheap) land in developing countries. Also the Dutch government has implemented the EU biofuel policies and targets. Therefore it is not surprising that Dutch enterprises increasingly focus on acquiring land for the production of biofuels in Sub-Saharan Africa. Another important goal for direct land acquisitions by Dutch investors and companies in Sub-Saharan Africa is that of the production of non-food agricultural commodities, especially floriculture. Although the current amount of land that is used in these countries for the cultivation of flowers is marginal, for floriculture the amount of land needed for an high production value is very small compared to other crops. There are implications that Dutch floriculturists are increasingly moving their activities to Eastern Africa in order to avoid the high domestic costs for the cultivation of flowers. Furthermore the Netherlands has had a long tradition of floriculture in Kenya and Ethiopia; this can most likely be an additional motivation for Dutch floriculturists to move their activities to these countries. Currently Dutch direct land acquisitions in Sub-Saharan Africa specifically for food production, renewable energy projects and the carbon market can be considered minor motivations. The indirect involvement of Dutch investors in transnational land deals is mostly stimulated by current international investment trends and incentives like biofuel targets or policies provided by the Dutch government. The Dutch development cooperation policies for example have shifted towards more market-led approaches and following the world food price crisis of 2007-08 investments in agribusiness have become more attractive for transnational investors as it is mostly a stable and increasingly profitable investment. The biggest Dutch actors involved in indirect land acquisitions in Sub-Saharan Africa are pension funds, banks and their affiliate investment

funds. Most of the companies they invest in originate from Southeast Asia. Depending on the nature of supply chain these companies in their turn have either directly acquired land in Sub-Saharan Africa or have invested in other enterprises that do. Furthermore the Dutch government also plays a role when it comes to stimulating and financing certain transnational land deals, especially through PPPs.

Lastly it was considered what the impacts of Dutch transnational land deals are on local communities in Sub-Saharan Africa. From the findings it became clear that large-scale land acquisitions in Sub-Saharan Africa in almost all occurrences have negative impacts associated with them for the local communities. In theory transnational land acquisitions can be beneficial to local communities as it can create local employment opportunities, knowledge transfer, infrastructure development, reduce poverty, and further development of the agricultural sector and technology. This is however hardly seen in practice. From the controversial cases analysed in this research it becomes clear that large-scale land deals where Dutch actors are directly or indirectly involved have quite severe negative impacts on local communities and thus can be considered land grabs. For the cases analysed in this thesis the most important impacts are power imbalances between governments, companies and investors and the local communities, loss of (traditional) land and livelihoods, violation of human (and indigenous) rights, increasing poverty, environmental damage, water grabs, increasing food insecurity, jeopardizing community cohesion and violence. By these cases it became clear that the Netherlands is or at least has been in the recent past been involved in land grabbing practices in Sub-Saharan Africa. International and host country's legislation or guidelines are often neglected or not implemented properly. It can be argued that these Dutch land grabbing practices are closely related to David Harvey's ideas that appliance of neoliberalism models in the world trade, markets and economies lead to accumulation by dispossession and greater (social and economic) inequalities between and in countries. Clearly appliance of neoliberalist policies in the land market does not lead to an increased welfare, freedom, equality and a civilized process. This was illustrated by the cases analysed in this thesis where parties that actually benefited from these land acquisitions can be considered the 'elites', namely the host country governments and the investors or companies that make the land deals. The Netherlands however is ahead of other countries in addressing these issues and avoiding (Dutch) land grabbing practices in the future through the recently initiated multi-stakeholder dialogue.

## **5.2 Reflection**

In this research an attempt was made to gain insight into why, how and to what extent Dutch companies and investors are involved in Sub-Saharan African land deals and what the impacts are on local communities. In this section the author reflects on the conducted research. In order to keep this research thesis feasible in the given time and certain restrictions in availability in data and resources the author had to make certain choices during the data-collection phase. These choices have to some extent influenced the outcomes of this research and are therefore worth addressing.

Firstly, in the early stages of writing this master thesis it already became clear that it would be very difficult to get accurate and reliable estimations on how much land actually was or will be acquired in the near future by Dutch companies and investors in Sub-Saharan Africa. Most databases consulted for this research are far from giving reliable estimations on this phenomenon. Only the Land Matrix database provides reliable estimations that can be cross-checked with other sources. The assumption is that a lot of land deals are not reported or mentioned in these databases because a lot of them are made behind closed doors and thus lack transparency. Although it was attempted to mitigate this issue by consulting (several) databases, analyzing documents and interviewing key respondent, this research provided an insight into the how much land was acquired by Dutch companies and investors that can be considered a reliable minimum. The actual amount of land Dutch companies and investors (directly or indirectly) acquired in Sub-Saharan Africa is probably (much) higher than these minimum estimations, especially considering that for indirect land acquisitions only the three largest Dutch pension funds and banks were analyzed. The Land Matrix database has only been around for 3 years and is constantly adding additional information and data on (transnational) land deals. For future research that is related to the data provided in this thesis it can be interesting to see if the (minimum) estimations have significantly changed in the Land Matrix database.

Secondly, it can be questioned how representative the findings are based on the interviews. As was already reflected upon in section 3.2.4, Dutch companies did not want to be interviewed for this research due to availability and time issues, the confidential nature of land contracts and suspicion of reputational damage. The risk was that the conducted interviews do not give an adequate insight into the perspective and drivers of Dutch companies that are involved in Sub-Saharan African land deals. This issue was mitigated by using the document analysis and consulting the databanks. In order to keep this research feasible in the given time, eleven interviews were conducted. This limited amount of interviews and the choice for these particular respondents might have consequences for this study's representativeness. However, these particular respondents were selected because they have much knowledge about the relevant topics for this research. The interviews were mostly meant as an addition to the document analysis and the consultation of databanks. The author does consider the chosen respondents to be very important in relation to the phenomenon that was analyzed in this thesis. These key respondents offered enough information to address the role and perspective of Dutch companies in Sub-Saharan land deals.

Lastly, four illustrative cases were selected to analyze what the (possible) impacts of these Dutch transnational land deals are on local communities. These cases were controversial and associated with land grabbing. It can be argued that by only using four controversial cases to analyze these impacts gives a biased or inaccurate (negative) view on this topic. Initially the author wanted also to include cases that were considered beneficial for local communities. However, as was clarified in chapter 4, such cases can be hardly found. Most large transnational land acquisitions have several negative

impacts on the local communities. None of the key respondents were able to provide clear examples of relevant cases that portray a different view. Most likely there are cases that can be considered beneficial for local communities, but during the data-collection phase the researcher was not able to distinguish any. Although four cases do not give a complete overview on all the impacts that these land deals have on local communities, it illustrates clearly that Dutch companies and investors are involved in land grabbing practices or at least have been in the recent past.

For a follow-up research it would be interesting to see if there are clear cases in Sub-Saharan Africa that give a different view on the impacts of Dutch transnational land deals on these local communities. Furthermore, this study only focused on the role of Dutch companies and investors in Sub-Saharan African land deals. For future research it would be interesting to see if this differs from Dutch involvement in other countries like for example in South America or Asia. This could possibly give a different view on this phenomenon. It would also be worth analyzing the often long chains from investors and financiers to an actual project. In cases where Dutch investors, lenders and financiers are indirectly involved in certain land deals it is often unclear to them where and for what their money is eventually used for. Finally, in future research it would be interesting to see if the multi-stakeholder dialogue actually changed Dutch land grabbing practices. If this dialogue proves to be effective, this could serve as an example for governments, companies and investors from other countries that want to avoid being associated with land grabbing.

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Appendix 1. A map of Sub-Saharan Africa.



Source: <https://globalization12.wordpress.com/fragile-states/sub-saharan-africa-fragile-states/>

## **Appendix 2. Interview design**

**Interview Gemma Betsema. 10 november, Utrecht.**

### **Algemeen**

#### **1. Introductie**

- *Toestemming om gesprek op te nemen.*
- *Eventueel uitleg waar mijn onderzoek over gaat en wat er met het resultaat van het interview gedaan wordt.*
- *Zijn er nog vragen vooraf?*

#### **2. Kunt u wat over uzelf vertellen en uw werkzaamheden?**

**3. U werkt voor LANDac, de Nederlandse Academie on Land Governance for Equitable and Sustainable Development, een samenwerking tussen Nederlandse organisaties die aan land governance en ontwikkeling werken. Kunt u wat meer vertellen over wat deze LANDac precies doet en hoe deze samenwerking tussen verschillende Nederlandse organisaties eruit ziet?**

### **Landgrab/Land Deals/Land acquisitions**

**4. In de literatuur en het nieuws worden veelal de begrippen (transnational) land deals, land acquisitions en land grabs gebruikt om hetzelfde fenomeen te beschrijven. Land grab heeft een natuurlijk een meer negatieve connotatie. Wanneer is er volgens jullie sprake van een 'land grab'?**

**5. Land deals of land grabs komen vaak aan het licht als dit een negatieve impact heeft op de lokale bevolking die benadeeld wordt. Uw expertise ligt vooral op het gebied van sociaal-economische impact van de investeringen op de landen zelf (communities, maar ook bredere economie). Wat zijn volgens u de belangrijkste sociaal-economische impacts van de investeringen/land deals op de landen zelf (communities, maar ook bredere economie)?**

**6. In mijn literatuuronderzoek argumenteren bijvoorbeeld de FAO en de World Bank dat transnationale land deals juist erg voordelig kunnen zijn voor de bevolking omdat dit kan bijdragen aan de vermindering van de armoede in ontwikkelingslanden, het kan banen creëren voor de lokale bevolking, het kan voor infrastructuur en technologische ontwikkeling zorgen, en voor kennisoverdracht bewerkstelligen. Is dit volgens u vaak het geval?**

**7. Uit onze correspondentie bleek dat u ook geïnteresseerd bent in hoe investeringen duurzamer en inclusiever gemaakt kunnen worden in de vorm van inclusive business models en responsible investment practices. Kunt u dit verder toelichten wat dit zijn en hoe dit werkt?**

*- Hoe kunnen volgens u de negatieve effecten omtrent land grabs/land deals het beste opgelost of gereduceerd worden?*

**8. Mijn eigen onderzoek richt zich op de betrokkenheid van Nederlandse investeerders en bedrijven in Afrikaanse land deals. Wat is volgens u het motief van Nederlandse bedrijven of investeerders om betrokken te zijn bij land deals in Afrikaanse landen? Zal dit in de toekomst nog veranderen denkt u?**

- voedselproductie
- biobrandstof
- bosbouw
- andere agrarische producten (suiker, thee, tabak, rubber, koffie etc.)
- land banking
- de 'carbon market'

**9. Een van de deelvragen van mijn onderzoek is hoe en op watvoor manier (direct /indirect), Nederlandse bedrijven betrokken zijn bij land deals in Afrika? Tot nu toe ben ik in de literatuur vaak tegengekomen dat Nederland vaak indirect betrokken (investeerder, pensioenfondsen, banken) lijkt te zijn bij land deals in Afrikaanse landen. Kunt u dit bevestigen?**

**10. Waarom investeren Nederlandse bedrijven/investeerders (indirect) in transnationale land acquisities?**

**11. Uit mijn literatuuronderzoek blijkt dat de transnationale grondmarkt verder wordt aangezwengeld door gunstige voorwaarden van landen die een relatief overschot aan (landbouw) grond hebben. Daarbij gaat het zowel om gunstige handelsvoorwaarden als om gunstige voorwaarden bij grondaankoop of pacht. Heeft de formele regelgeving van deze gastlanden naar uw mening ook invloed op de hoeveelheid investeringen of land deals die het land maakt met het buitenland?**

**12. Hoewel Afrikaanse landen veelal regelgeving en beleid hanteren (right to water/right to food etc.) die de negatieve gevolgen voor lokale gemeenschappen moeten beperken, dit veelal geschonden of niet nageleefd wordt door de nationale overheden en de buitenlandse investeerders. Hoe is het mogelijk dat deze schendingen veelal geen (internationale) maatregelen of ingrijpen oplevert?**

**13. Is er ook specifieke Nederlandse formele wetgeving met betrekking tot land acquisities in Afrika (ook voor ondernemers en investeerders), of berust dit enkel op vrijwillige richtlijnen?**

- eventueel door EU/UN regelgeving

**14. Uit een interview die ik met Friends of the Earth/Mileudefensie heb gehad bleek dat de Nederlandse overheid veelal opdracht geeft aan verschillende organisaties tot onderzoek om bijvoorbeeld de effecten van transnationale land acquisities te bestuderen. Ook kwam naar voren dat Nederland erg progressief is om het duurzaamheidsbeleid te verbeteren. Echter had Friends of The Earth hier zijn vraagtekens bij omdat dit beleid vooral gebaseerd is op vrijwillige deelname. Hoe staan jullie tegenover dit standpunt?**

**15. Sommige nationale overheden kopen land op in Afrika om bijvoorbeeld het tekort van voedselproductie in hun eigen land aan te vullen. Is de Nederlandse overheid ook direct betrokken (geweest) bij land deals in Afrikaanse landen? Eventueel in Europees verband?**

**16. De schattingen lopen uiteen van hoeveel land daadwerkelijk verhandeld wordt in Afrikaanse landen. Uit onze voorgaande correspondentie bleek het volgens u niet erg relevant is om teveel te focussen op de aantallen en nummers van land acquisitions. Allereerst zijn deze vaak niet beschikbaar – dus eenstemmige gegevens over aantallen ha/ aantallen bedrijven zijn er niet. Daarnaast is de grens tussen land grab/ land aankoop lastig eenduidig vast te stellen, wat ook bijdraagt aan onduidelijkheid rondom de investeringen. Daarom was het volgens u handiger te kijken naar de impact van het probleem dan de omvang. Echter is het voor mijn scriptie relevant om te kijken hoeveel land (direct/indirect) in handen is van Nederlandse**

**bedrijven/investeerders etc. Heeft u een idee waar ik eventueel de beste data zou kunnen krijgen over de hoeveelheid land dat door Nederlandse investeerders en bedrijven is verkregen in Afrikaanse landen (direct of indirect)?**

- *World bank*
- *Land Matrix*
- *Grain database*

**17. Een van de studies waar u zelf aan meegewerkt heeft is '*Corporate Social Responsibility in the agro-food sector*'. Deze studie richtte zich op de rol van Nederlandse investeerders in agribusiness in vijf Afrikaanse landen. Je hebt zelf onderzoek gedaan naar Kenya. Kan je misschien dit onderzoek toelichten. Wat je precies onderzocht hebt, wat de belangrijkste bevindingen waren en of de Nederlandse investeerders in Kenya voornamelijk positief of negatief bijdragen aan de lokale gemeenschappen?**

### **Afsluiting**

**18. Heeft u nog toevoegingen of tips voor mijn onderzoek (handige data, respondenten, literatuur etc.)?**

**19. Heeft u er behoefte aan dat ik dit interview of het eindresultaat van mijn onderzoek naar u opstuur?**

### **Appendix 3. Key informants**

1. Anna van Schaik currently works as a sustainable finance campaigner for Friends of the Earth Europe in Brussels and Amsterdam. Friends of the Earth is an international network of environmental organizations in 74 countries. Ms. van Schaik is campaigning to tackle food and commodity speculation and land grabbing. In the past she has also worked as a campaigner and advisor for Mileudefensie and Oxfam.

2. Monique van Zijl currently works for Oxfam Novib as a policy advisor and campaigner on land use in the Hague. Oxfam Novib is the Dutch affiliate of the international Oxfam organization. Oxfam is a NGO that has the main goal of establishing a fair world without poverty. In the past Ms. van Zijl has also worked internationally on land policies and campaigns for Oxfam.

3. Guillaume van der Linden has been the Head of Investment Management at PGGM (an asset manager owned by Dutch pension fund Pensioenfondsen Zorg en Welzijn or PFZW) Vermogensbeheer B.V. since 2007 and currently is also the director of Adecoagro. PGGM has been the implementing agency of the pension fund since 2008. Adecoagro is a company that owns farmland and industrial facilities across South America and produces agricultural products. Mr. van der Linden is the Head of PGGM's department that invests in emerging markets credits globally. In the past Mr. van der Linden worked has had several functions and roles including in ING's risk management and derivatives trading.

4. Sylvia Kay has a background in international relations and currently works for the Transnational Institute (TNI) in Amsterdam. TNI is a NGO and a research organization. The ethos of TNI is to bridge the academic and activist divide by strengthening social movements by equipping them with insights of the academic world. Ms. Kay works for TNI's Agrarian Justice Team and works as a researcher on a wide range of issues including land grabbing, water and agricultural investments.

5. Willemijn de Jongh is employed as a campaigner for Oxfam Novib in the Hague. Currently Ms. de Jongh is coordinating Oxfam's global campaign on "Behind the Brands". This is a projects looking at the supply chain of the world's biggest beverage companies and how that impacts the sustainability of smallholder farmer communities and livelihoods.

6. Cees van Rij has been employed by Agriterro since 2002 and has had several functions within the organization. Agriterro works with numerous farmers organizations globally and its main objective is to work together with and strengthen farmer organizations and cooperation in developing countries. Currently Mr. van Rij is both the team manager of Agriterro's Agribusiness team and the Grass-roots entrepreneurship team.

7. Gemma Betsema is a coordinator in Utrecht for LANDac which is the Dutch Academy on Land Governance for Equitable and Sustainable Development. LANDac is a cooperation between multiple

Dutch organizations that work on land governance and development. In the past Ms. Betsema has also worked for the Dutch Ministry of Foreign Affairs and as a researcher for the Utrecht University on Corporate Social Responsibility (CSR) in the agro-food sector in five African countries.

8. Duncan Pruett also works for Oxfam Novib as a policy advisor on international land rights. He focuses on linking Oxfam's activities in the field with the its international policy work. In the past Mr. Pruett was the leading policy advisor on land issues for Oxfam International. Furthermore Mr. Pruett has also worked on the Behind the Brands campaign as a policy advisor.

9. Barbara van Paassen works as a policy advisor for ActionAid which is an international human development organization that strives to achieve more inclusive sustainable development globally with a major focus on human rights. Ms. van Paassen is working to improve Dutch and EU policies and practices that impact developing countries, in particular in the field of land governance, investments and biofuels. She works with European and African partners in promoting the right to food, land rights and women's rights within polices and investments.

10. Gerdien Meijerink is the Head of Department of International Policy, Trade and Markets at the Landbouw Economisch Instituut (LEI) of Wageningen University. LEI is one of the leading institutes for social-economic research in the fields of agriculture, horticulture and fisheries, the management of rural areas, the agricultural sector and the production and consumption of food. Through this research, LEI provides support for the decisions that governments and businesses need to make in the fields of competitiveness, the management of production chains, spatial planning, environmental protection, natural resources, the European Common Agricultural Policy and global trading.

11. Anna van Ojik is employed as a policy advisor for Oxfam Novib. In the past Ms. van Ojik has also worked as an economic researcher for Profundo and for ActionAid where she focussed on land issues and biofuels. She currently specifically focuses on Dutch lobbying to address land issues in a multi-stakeholder dialogue with the Dutch government, Dutch investors and NGO's.