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LARGE-SCALE LAND ACQUISITIONS IN AFRICA EXPLORING PLAYERS, ROLES AND RESPONSIBILITIES

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a) Overview

In recent years, land is becoming an important commodity and the land sector in many developing countries has been object of growing foreign investment. The three main drivers of this phenomenon can be identified in rising biofuel production, growing demand to meet food security needs and financial speculation on food commodities and land markets. European Union's renewable energy targets in the transportation sector are particularly important in enhancing the role of biofuels in land acquisition in Africa.

Land investments are increasingly attracting interest from media, but the data on this phenomenon are few and fragmented. In particular, to date there is no paper giving a comprehensive picture of who is investing in land acquisitions in Africa, for what purpose, and what is the investors' behaviour in terms of sustainability. This work aims to fulfil the gap in evidence on the investors' status and responsibility in the phenomenon of land acquisition.

b) Methods and Results

Starting from the information provided by a new dataset recording international large-scale land deals since 2000 (The Land Matrix Global Observatory), the paper analyses the evidence on land investments in Africa. Adding additional sources and information on the concluded deals collected by the dataset, we first provide a detailed assessment of the large-scale land acquisitions in Africa, in terms of investors (private, financial, public sector, non-profit, etc.) and purpose of the deal. Evidence shows that biofuels are a main cause of land acquisition in this Region, while companies from the European Union are the main investors. The corporations acquiring land are mainly engaged in agribusiness, energy and investment, but there is a lot of variety in the actors involved. Foreign holdings, banks and funds are very important players, as well as foreign governments and public entities, which are often directly or indirectly involved in the acquisition. In some cases, it is also possible to track back the "investment chain" that underpins the land investment and find out who is financing it.

Moreover, the paper shows potential economic, environmental and social benefits and costs of large-scale land acquisitions. Evidence is showing that in Africa large-scale land acquisitions have often relevant negative effects on local and traditional land users, such as deprivation of income, food security and access to resources and commons, because of weak land governance and ill-defined land property rights.

The external environmental and social spillovers of land acquisition create space for responsible investment initiatives to internalize these costs in the corporate strategy. Adopting unsustainable strategies, investors encounter potential costs in terms of conflict with local communities and/or NGOs, reputational risk and financial losses. Hence, in many cases they have incentive to adopt sustainability criteria and responsible strategies.

We therefore review the corporate social responsibility's initiatives and standards that the actors involved in the acquisition declare to join and follow. We distinguish between the companies which claim some kind of sustainability or social responsibility referring in reality to charitable or philanthropic initiatives from those able to provide third-part certification or partnership. These range from global programmes or initiatives (Carbon Disclosure Project, Forest Stewardship Council, Global Reporting Initiative, etc.) to financial-sector related initiatives (Dow Jones Sustainability Indexes, Equator Principles, UN Global Compact, UN Principles for Responsible Investing.); from certifications (Fairtrade, International Sustainability & Carbon Certification, ISO, etc.) to various commodity-specific partnerships and roundtables (Common Code for the Coffee Community, Better Sugarcane Initiative, Ethical Tea Partnership, International Coffee Partners, Jatropha Alliance, Roundtable for Responsible Soy, Roundtable on Sustainable Biomaterials, Roundtable on Sustainable Palm Oil, etc). We examine the requirements and the role of these initiatives in dealing with land investment, and their effectiveness in monitoring the behaviour of the investors.

c) Conclusions

Our paper aims at fulfilling the lack of information on the role of different investors in land acquisitions in Africa. We show the importance of biofuels and European Union in this phenomenon, as well as a comprehensive picture of all the investors involved. Considering the economic, environmental and social impact of land acquisitions, we are able to evaluate what is needed to make the investments more sustainable. The analysis of requirements and criteria set by various initiatives helps to identify which role corporate social responsibility may play in making large-scale land acquisitions in Africa more beneficial, or at least less harmful, for sustainable development. The evidence provided on what the investors are currently doing to ensure just and fair acquisitions is showing that the goal of responsible land investments in Africa is still far to be reached, despite some steps in the right direction.

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