World Bank Policies "enabling" African Land Grab

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New research accuses the World Bank Group's policies of facilitating land grabs in Africa and favouring the interests of financial markets over food security and environmental protection.

Agriculture and the food crisis are a high-profile agenda topic at the upcoming World Bank annual meetings, and critical voices are growing on the Bank's approach to food price volatility (see Update 77, 76). Recent in-depth research by the US-based Oakland Institute raises further difficult questions on agriculture policy for Bank officials. The report implicates the World Bank Group (WBG) in the increasing acquisition of farmland in the developing world by private investors and wealthy nations, which critics are calling a global 'land grab' (see Update 76, 72, 71, 68). The investigative research, published between March and June, analyses a series of land deals in countries across Africa and finds that the purchases of land, often by large institutional investors, are mainly unregulated, produce few of the promised benefits to local people, and instead are forcing thousands of small farming communities off ancestral land, creating serious food insecurity and driving environmental destruction.

Writing in a blog for Reuters, Joan Baxter, a research fellow at the Oakland Institute, said that "more than any other institution or agency, the World Bank Group has been promoting direct foreign investment in Africa, and enabling the farmland rush." Their in-depth reports on Mali and Sierra Leone reveal how the WBG "has shaped the economic, fiscal, and legal environment … in a way that favours the acquisition of vast tracks of fertile lands by few private interests instead of bringing solutions to the widespread poverty and hunger."

The Oakland Institute finds that the WBG has, through an array of different policies, overseen a shift towards prioritising large-scale commercial agribusiness, achieved by attracting and promoting foreign agricultural investment. The Foreign Investment Advisory Service and the Remove Administrative Barriers to Investment program, both projects of the International Finance Corporation (IFC), the Bank's private sector arm, have "been working – often behind the scenes – to ensure that African countries reform their land laws and fiscal regimes to make them attractive to foreign investors" (see Update 68). The Bank has financed legal reform mechanisms that are promoting rapid changes in land tenure laws, "driven by a desire to facilitate large-scale agricultural investment".

The Bank has also been funding investment promotion agencies in African countries that place private sector advisors in key governmental ministries, including presidential offices. This was a key part of the Growth Support Project for Mali, financed by a loan from the International Development Association (IDA), the Bank's low-income country arm. The salaries of the directors of the Malian investment promotion agency are covered by the IDA loan. The agency also includes IFC consultants, and guarantees investments through the Multilateral Investment Guarantee Agency (MIGA), the Bank's risk insurance arm.

Baxter observes that these agencies "are developing and advertising a veritable smorgasbord of incentives not just to attract foreign investment in farmland but also to ensure maximum profits to investors. These include extremely generous tax holidays for 10 or even 30 years, zero per cent duty on imports, and easy access to very large tracts of land, sometimes over 100,000 hectares. Investors may pay just a couple of dollars per hectare per year for the land, and in Mali, sometimes no land rent at all."

RAI principles found wanting

The reports from both Sierra Leone and Mali also argue that the land deals facilitated by the Bank's investment promotion policies fail to comply with it's own large-scale responsible agricultural investment principles (RAI, see Update 76, 71). The report on Sierra Leone says the RAI principles are "vague and minimal", and are "based on the controversial assumption that industrial-style agriculture and land use can increase food production and fuel economic growth in host countries", and "do not consider the overall questions about the enormous risks and inherent injustices of the global rush by investors and nations for farmland". It argues that that land deals in Sierra Leone do not conform to the RAI principles, while the Mali report argues that the "Bank ignores its own principles by supporting institutions and policy reforms that disregard them."

The RAI's have also come under fire for legitimising corporate land grabs in a recent press statement by social movement Via Campesina. Released before the meeting of G20 agriculture ministers in June, it states that the "World Bank initiative to make land grabbing more socially acceptable is no solution at all. The Principles for Responsible Agricultural Investment (RAI) are set up to legitimise land grabbing from small holders."

Meanwhile, the IFC has dropped a controversial proposed investment in a company accused of land grabbing. It had planned to lend $30 million to Calyx Agro Ltd, an Argentinean subsidiary of a French owned commodities trading company. Calyx Agro holds farmland across South America. In June a group of NGOs and social movements, including Via

Campesina and Focus on the Global South, sent a letter to IFC head Lars Thunell opposing the investment. The letter states that "at a time when social movements in Latin America and around the world are calling for a stop to the 'farmland grab' and where many of the region's governments are pursuing measures to restrict foreign investment in their farmland, it is unacceptable for a multilateral institution like the World Bank to be offering direct support to some of the world's leading actors involved in land grabbing."

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