

Surging land acquisitions could add tension to transboundary water relations

Stockholm, Sweden (14 March 2012) – Millions of hectares of farmland in Africa, Southeast Asia and Latin America have been leased to foreign countries, sovereign wealth funds, and private corporations over the past half-decade with little to no explicit legal agreement on how water can and will be used on the acquired properties.

A new report from the Stockholm International Water Institute (SIWI), *Land acquisitions: How will they impact transboundary waters?*, warns that political tensions over transboundary water resources could potentially follow the recent surge in large scale investments in foreign land.

According to the report, investments in land have spiked since the onset of the food crisis in 2008, but the actual number and size of investments in land are difficult to calculate as many of the deals are kept out of public record. The World Bank estimates 56 million hectares of African land were leased in 2009, and other research indicates that over 200 million hectares of land – roughly the size of Western Europe – has been leased in developing countries over the past decade.

With 70 percent of global water withdrawals used in agriculture, the rapid increase in cultivated farmland will require significant quantities of water to sustain production. The majority of land lease contracts, however, contain no legal arrangements for water use on the territories.

“Water has been neglected in the global rush for agricultural land”, commented report co-author Dr. Anders Jägerskog of SIWI. “All parties involved in land transactions routinely fail to establish agreed terms for the water that they will need for agricultural production.”

Water use for irrigation in land leased by foreign parties is also absent from regional discussions over transboundary waters in the majority of shared basins around world. “We know very little about the regional repercussions of land deals on water resources,” adds Dr. Jägerskog. “There is little data on the subject and actors with a mandate to work for the joint management of transboundary waters are rarely involved.”

Investors eye African land and water resources

According to the report, the majority of investors come from regions facing water shortages and increasing demand for food, such as China, India, and the Arab Gulf countries, who are investing in land in order to gain access to water resources. New investments from North American and European funds and corporations have also expanded quickly in recent years.

Low land lease prices, weak legislation, inexpensive labour and the relative abundance of land and water have attracted many investors to Africa, and in particular the sub-Saharan region. While land prices in Brazil or Argentina hover around 5,000 USD per hectare per year, the annual rent for one hectare of land in Ethiopia can cost as little as 2-5 USD. Liberia has been the most aggressive nation in the land market, and has already made 61 percent of total agricultural land, over 1.6 million hectares, available to investors. From 2004-2009, South Sudan leased out nearly 4 million hectares, roughly 3 percent of the new nation’s total agricultural land area and Mozambique leased over 5 percent of available agricultural land, some 2.67 million hectares during the same period.

The report suggests that water allocations in these newly leased agricultural lands may hinder delicate negotiations over the water resources in shared basins across Africa and around the world.

According to Dr. Ana Cascão of SIWI, the ultimate outcome of land acquisitions in Africa remains an open question. “Will the new land acquisitions in Africa spark a ‘green revolution’ and dramatically improve agricultural productivity? Or will it serve to continue business-as-usual and aggravate the already inequitable terms of trade in the global food market?”

The full report is available at www.siwi.org/publications.

Stockholm International Water Institute

The Stockholm International Water Institute (SIWI) is a policy institute that contributes to international efforts to combat the world's escalating water crisis.