

From Investment funds and Asset Management Companies to questions about Africa's farmers

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Abstract:

Linked to agricultural liberalization and deregulation, the recent food price crisis resulted into macro-actors' development and direct engagement into agriculture and land, particularly commercial banks, investment funds, asset management companies. These institutions developed renewed models of agricultural production and land acquisition: pre-crop model, input finance model, equity and investment fund models, partnership and share equity scheme models. Often less visible than direct 'land grabbing', these new models of agricultural production and investment are vectors of profound agrarian restructurings, leading to questions regarding the concentration of land and of the agricultural sector in the hands of a few (international) (agri-) businesses, the status of (family) farmers and regarding the increasing inequalities that are arising. The paper describes and analyses the different agricultural production models being developed in the South African context and discusses their application and implications for the country's as well as the continent's agricultural development trajectories. These issues are essential considering that in the absence of alternative development models, this conception of agricultural development presently becomes the reference paradigm, in South Africa but also on the continent. It is indeed adopted by public development agencies (NEPAD, AfDB) and is exported by these "macro-actors" within the framework of their economic expansion on the African continent.

1. Beyond land: the renewed interest in agricultural production

The past few years have been characterized by a "rediscovery" of agriculture as a sector for strategic activity. As such, a multiplication of investment projects on the African continent have been observed mainly related to increased foreign direct investments (FDI) into agriculture. In 2008, FDI into the African continent reached US\$87,6 billion (i.e. 27 % higher than the previous year), of which a third (i.e. US\$27 billion) has been directed towards the mining and agricultural industries in Sub-Saharan African countries (UNCTAD, 2009). Regarding the nature of these investments, is characterized by investors, public or private, national or foreign, acquiring land for agricultural and ecosystemic purposes, with investors endeavoring to develop their activities along the production chain, in particular focusing on primary production activities. This phenomenon is presently the object of extensive scientific analyses (Cotula et al., 2009; Gørgen et al., 2009; FIAN, 2010;). According to Cotula and Vermeulen (2009), a reversal of the risk/profit relationship appears within the production chain: Whereas primary production constituted until

now the main risk factor, with profits returning to downstream and particularly upstream actors, the increase in agricultural prices now tends to invert this relationship.

These investments are often referred to as “large-scale land acquisitions” or even “land grabbing” (Anseeuw et al., 2012; etc.). However, it seems that “land grabs” only represent the tip of the iceberg in terms of wider land-related and agrarian dynamics. These aspects, which interests us more particularly in this paper, are characterized by certain actors controlling, partially or totally, directly or indirectly, the process of agricultural production and land-based activities (without necessarily acquiring the land, although – as will be detailed – direct land acquisition might still occur). The motivations of the actors, the sectoral origins of the investors, the scale of the phenomenon and the focus and significance of the geographical areas concerned, result in this being a peculiar trend characterized by the development of new production and investment models (Ducastel and Anseeuw, 2011). Although less visible than the direct large-scale land acquisitions, these new models are developing rapidly and are illustrative of far-reaching and profound agrarian transformations, with huge consequences for peasants and traditional land owners and users.

In order to better understand these restructurings, this article details several new production and investment models developed in South Africa. While this country distinguishes itself by specific land and rural structures, related to the previous era’s legacy, it seems to pioneer the previously mentioned dynamics. As such, South Africa, as laboratory of new agricultural and investment practices, constitutes a valuable case-study for illustrating the current international dynamics. Section two of this paper presents the vector through which the current agricultural production and financial restructurings are taking place and will detail and analyse these new production and investment models, specific - at the moment - to South Africa. Before concluding, the paper provides in section three several reflections on the structural changes affecting South Africa’s and Africa’s agricultural economies and societies.

2. New models of agricultural financing and production - Production integration by macro-actors and the finance value-chain

This increasing control over land-based productive cycles, primary agricultural production in particular, is established through a strengthened vertical integration. Downstream (including financing) and upstream activities (distribution and commercialization) are undergoing an ever-increasing concentration process to the advantage of some macro-actors. In addition to partnerships, but also – although in a looser way - contractualization etc., total integration of these activities allows dominant actors to widen their control over the productive cycle and the different value-chains in their entirety, in what is called the finance value-chain. The finance value-chain is the vector through which this capital inflow is channeled. "*The finance value-chain structures investments which are proposed throughout the value-chain. The Financial services are often combined with marketing activities and possibly technical support*" (Devèze, 2008) (Figure 1). Thanks to total control and to the circulation of capital and information flows, this approach also aims at limiting transaction costs and the risks inherent to the agricultural activity.

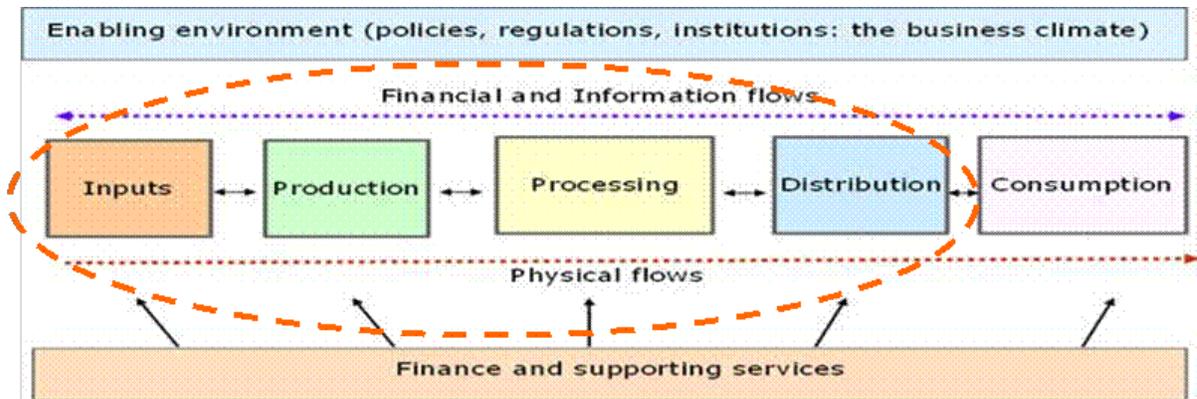


Figure 1: The finance value-chain and the advanced integration of value-chains. Source: Ducastel and Anseeuw (2011)

Several models do appear and are being developed. They vary according to their institutional set-up (internalization, contracts, production outsourcing, etc.) and to the actors involved (banks, intermediaries, investment funds, etc.). Without claiming to be exhaustive, three models are detailed in this article: bank integration, engineering companies' engagement and investment funds.

* **Bank integration within agricultural value-chains**

Banks are traditional partners within the agricultural and agro-industrial sectors, which they finance through a "classic" form characterized by a loan granted and secured through collateral, generally land. In the context of greater prospects for financial returns, banks presently tend to strengthen their control and their participation along the agricultural value-chains, including in primary agricultural production. This banking integration is essentially established through the integration and contractualization of the various parties, in particular the producers (Figure 2).

Concerning their relationships with the production, a new risk management strategy is occurring. Instead of using the land as collateral, it is the production which covers the granted loan. This evolution must be seen in the context of the increased cost of inputs relative to land values. In general, the latter is not sufficient as collateral to cover the farmers' expenses. As such, the bank supplies the necessary liquidities in exchange for the rights over their future harvest. This contract is negotiated between both parties at the beginning of the productive cycle, in other words, even before seeds are sown. The farmer has in effect lost ownership over his/her production.

The contract stipulates the type, the volume and the quality of the production, defined according to farm characteristics (size, soil quality, etc.) and previous production patterns of the farm, and the purchase price of the produce. This purchase price is calculated according to market projections. The producer has thus an income defined in advance, namely the amount of the production less the granted loan and the interest. In the event of a surplus or shortfall in the agreed upon volume and quality, the farmer is credited or debited to the corresponding amount. As such, the risk of production is transformed into performance risk, which is entirely born by the farmer.

At the same time, the bank covers itself against production and production risks. On one hand, a multi-risk insurance, facilitated by the bank, ensures the production against all natural risks inherent to the agricultural activity (flood, fire, etc.) but also against side-selling, theft, etc. In

addition, since the bank contracts several geographically dispersed farmers, it contributes to production risks limitations and it benefits from important economies of scale with insurance companies. On the other hand, the bank also limits the risks associated with price fluctuations. Indeed, it takes care of the commercialization management and price coverage through hedging on futures markets (i.e. mainly SAFEX's futures market in the case of South African). The latter can be done before the bank effectively decides to engage in the primary production cycle.

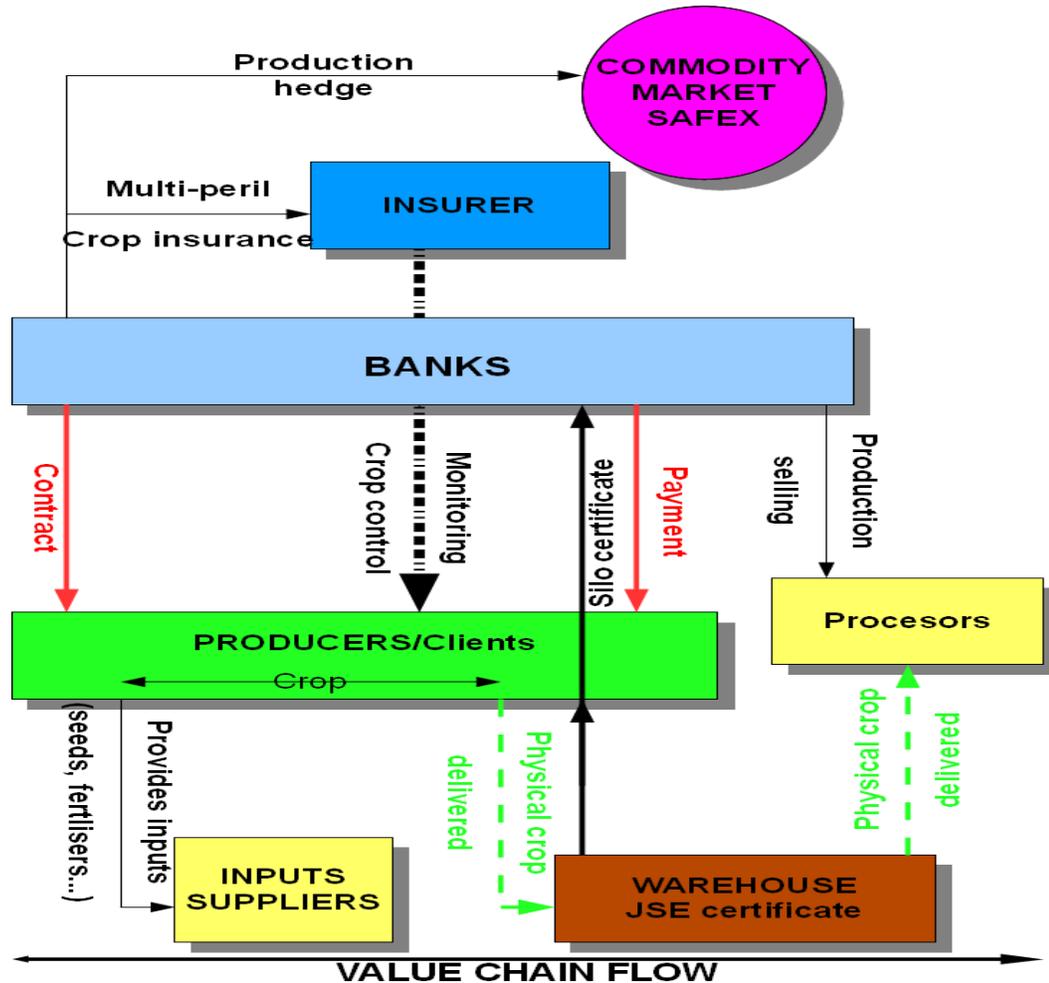


Figure 2: Direct bank integration into agricultural value-chains. Source Ducastel (2010)

During the productive cycle, the bank and the insurance company monitor the production (mainly through agricultural engineers employed by the banks, but also through the use of satellite imagery). At the end of the harvest, the farmer delivers the production to a SAFEX certified silo, which guarantees the ownership of a certain volume at a specific quality to the bank. Commercialization, which is undertaken by the bank, is organized mainly through the financial market, SAFEX.

Compared to contract farming models, this more integrated approach transfers all decision-making processes to the bank. The latter not only provides finance and insurance, it also hedges, it also controls the commercial aspects through hedging as well as input provision and technical

aspects via service delivery integration. In more extreme cases, certain banks have even acquired the land directly.

It is estimated that around 30% to 40% of South Africa's annual cereal production is controlled through the framework of these models. Indeed, the three main commercial banks engaged in such models (ABSA, Standard Chartered and RMB) each declare controlling approximately 13 % of the production (rarely more in order to limit risk). These banks presently diversify their agricultural activities towards horticulture, animal production and other agricultural sub-sectors.

**** Asset management and agricultural engineering companies' model***

Sector integration can also take place through intermediaries, mainly agricultural engineering companies. The aim of these companies is to centralize all the farmer-oriented services (input supply, technical support, commercialization, etc.) within the very same entity. It thus proposes to the land owners a contractual arrangement representing an all-in-one integrated solution.

In the majority of cases, there is no transfer or acquisition of land. The producer/land owner rents out his/her land to the management company. Production targets are agreed upon in a contract, as well as the production specifications and the producer's corresponding remuneration. The land owner often has no insight into decision-making regarding the operations. In exchange, the company supplies directly inputs to the land owner and guarantees the sale price through the acquisition of positions on the futures market. Many of the adjoining activities, such as input provision, technical expertise, marketing, etc., are provided by the company itself, as part of its vertically integrated structure. During the production cycle, the company monitors closely the operations. Engineers are sent out, operations are overseen through satellite systems and the production accounts are kept under close observation. After the harvest, the company is in charge of the marketing of the production over which it retains sole ownership. Once the production is sold, the management company reimburses the loan granted by a financial institution (Figure 3).

Within the framework of this model, the financial relationships are restructured or may even be non-existent for the producer/land owner. The relationship is between the bank and the associated company and is defined within the framework of a contract which stipulates that the intermediate company is both the guarantor of the seasonal loan and the party responsible for the production. The bank supplies thus the necessary liquidities and multi-peril insurances not to the farmer/land owner but to the intermediary.

The added-value of such a model compared to the previous model seems to be the agricultural specialization of the management company and the proximity in the relationship between the latter and the main actors of the sector. The company makes its profit through its technologically advanced contribution to the agricultural operations, the economies of scale related to input purchases, insurances, etc. and through advanced risk management. As such, the relevant delegates the risks, price as well as production risks, to the intermediate company. This company in turn employs several risk management instruments. Firstly, it uses agricultural futures markets (SAFEX as well as Chicago) to guarantee the sales price and covers production risks through natural risks insurances. Secondly, besides the selection of producers according to their experience, previous results and farm characteristics, the company - through its direct presence in the field - tends to reduce the risks related to the volume and to the quality of the production. Finally, these companies tend to follow a double strategy of diversification. On the one hand, as in the previous model, they contract with geographically dispersed farmers/land owners; on the

other hand, they develop their activities within several agricultural sub-sectors. If cereal production represents their primary target, they do not hesitate to commit to fresh produce production, biofuels or livestock. As with the bank integration model, asset management companies and agricultural engineering models can also directly acquire land.

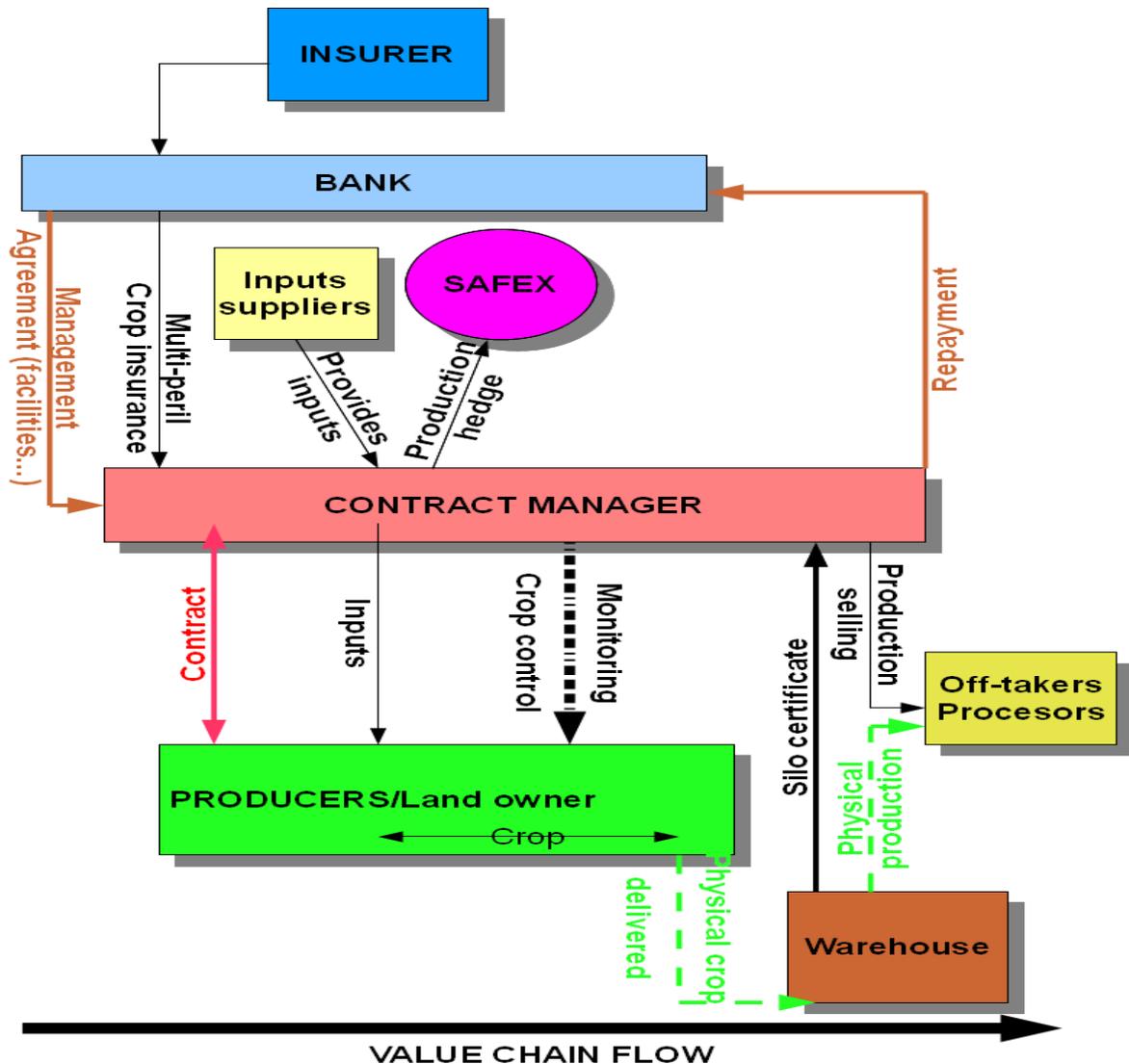


Figure 3: The asset management and agricultural engineering model. Source: Ducastel (2010)

It is at this stage difficult to estimate the extent of this model. The best established agricultural engineering company in South Africa is Farmsecure – a company without previous experience in the farming sector. Created in 2004 with the objective of engulfing small and medium-sized enterprises, it controls approximately 700 farming entities in South Africa, representing about 8 % of the nation’s annual cereal production. Other companies seem to structure and establish themselves rapidly.

*** *The investments funds***

The South African farming sector has since 2008 been characterized by the proliferation of investment funds specifically dedicated to agriculture. The profile of these funds and the investors who contribute to them vary: commercial banks, institutional investors (pension funds), public actors (development agencies), etc. For the greater part, it concerns actors external to the sector. The management of these funds is generally entrusted to agricultural companies which have local experience and networks.

According to the expectations of these investors (profitability, funds' cycle) and of their forecasts, these funds adopt various strategies. Not all target the same assets, nor adopt the same management of these assets. As such, certain funds specialize in land acquisition as, for example, Emvest and African/South African Agricultural Fund (Table 1). In this case, these structures aim at acquiring, under purchase or long term lease agreement, farmlands with agricultural potential. Within this category of investment funds focusing on land, one can distinguish those that undertake directly the production on these farms from those that are outsourcing it. The first category focuses on an increase in productivity, through the use of high technology in particular, and on a rise in food commodity prices. The second group that focuses on leasing out land to farmers who are in charge of its development and production, speculate on the rise in land prices, and thus on the rent they'll receive. Two types of speculation thus support this dynamic: the one directly related to land prices, the other one related to agricultural commodity prices.

Table 1 : Examples of investment funds specialized in agricultural initiatives in South Africa					
Investment fund (date of establishment)	Fond owner	Origin of capital	Capitalization amount	Investment capital	Activity area
Emvest (2008)	Emergent Asset Management (UK-based investment fund, specialized in emergent markets) & Russel Stone Group (SA agro-business)			-Land acquisition with direct engagement in production, transformation and commercialization -Several agricultural sub-sectors	Southern Africa
South African agricultural fund & African Agricultural Fund (2010)	Old mutual (SA financial institution)	European and SA life insurance companies and pension funds	R3 billion (Approx 300 million Euros)	Speculative land acquisition (no direct control over agricultural production)	Southern Africa
Zeder (2006)	PSG (SA group dedicated to financial services)			-Minority position (between 20 et 34%) with agri-businesses -No direct implications regarding production but with managerial inference -Downstream and upstream activities	South Africa
Agri-Vie (2008)	Sanlam (SA insurance company)	Pension funds, Private foundations (Kellogs), Public institutions (Industrial Development Corporation)	R700 million (70 million Euros)	-Majority position in agri-businesses (cereals, livestock, horticulture...) -Direct control over production Priority given primary production	Africa
African Agricultural fund (2009)	French development Agency (AFD) (?)	AFD, AfDB, AGRA, IFAD, West African Dev Bank	US\$150 million	-Intégralité de la chaîne de production agricole primary (production, transformation, infrastructures...) -Towards commercial agriculture (80% of capital) and family-based agriculture (20%)	Africa
TransFarm Africa (2011)	NEPAD business foundation	Private foundations (Hewlett)	US\$20 million	Strategy not developed yet	Africa
Fund of the Rand Merchant Bank (RMB – SA commercial bank)	RMB	Own funds		-Priority to transformation and commercialization agri-businesses - Shares of minimum 25% -Land acquisition (30 000ha in SA) -Management and direct implications for the company's activities -Cereal and sugar cane	Africa

Source: Ducastel (2010)

Table 1: Examples of investment funds specialized in agricultural initiatives in South Africa

Certain actors looking to invest in the agricultural sector consider the direct land acquisition strategy, with or without control over the production, as too risky. In that case, equity funds constitute an alternative. The objective of the latter is to acquire equity shares into an agricultural or agro-industrial company. The risk is less high as capital is not placed in rigid and socially sensitive assets such as land. The agricultural company receiving these funds enjoys significant capital inflows which enable it to develop its activities. Although this financing model is less costly for the receiving agricultural company, compared to the loan-based system, it cedes in turn part of its autonomy to the investor.

As is the case with the funds dedicated to land acquisitions, these investment funds lead to various strategies guided by the forecasts to which they adhere, and by the expectations of their investors in particular. For example, "fixed-term funds", i.e. those that have a life expectancy of between 10 to 15 years (although it may in some instances be shorter), guarantee high returns in the short-term to their customers. They favour initiatives and activities offering fast and high returns for a minimal investment. On the other hand, the funds with no closing date adopt strategies based on the longer (sometimes longest) term with guaranteed and regular returns.

It has been observed that on-going investment funds presently tend towards a preference for shares within already profitable and competitive companies. Such companies benefit from additional capital inflows to strengthen their position. As a result, the increased and massive interventions of investment funds are strengthening the positions of already dominant actors in the agricultural sector, to the detriment of others. According to the amount of shares acquired, which allow for a majority or minority position, the investment fund will have different rights regarding the management of the company's activities. Again, different strategies occur here certain investment funds, in order to reduce risk and as it does not want to get involved in the production strategy and management, aim only at minority positions (between 20 and 34 % of the shares). On the contrary, other – more aggressive investors - tend to control all the activities of its subsidiaries by imposing its own management model (Ducastel and Anseeuw, 2011).

The extent of these investments is unknown, especially since several funds were only recently established and have yet to develop their implementation strategy (as in the case of the TransFarm Africa fund).

3. Reflections on agriculture and the peasant

This description of the state of macro-actor engagement in South African agriculture, based on the investment and production models currently being established, highlights several trends and brings to the fore a number of questions:

**** Financiarization and corporization of agriculture***

First of all, the models show that new actors are appearing on the South African agricultural scene. Indeed, originating from industrial or financial sectors, engaging as entrepreneurs, investors or even as pure speculators, the suppliers of capital seem more and more exogenous to the agricultural sector. Besides financing, these actors bring along renewed business logics, modes of actions and regulations, stemming from other sectors. As such, a restructuring of the sector is taking place which is redefining the borders of the agricultural sector. The increased role of banks and investment funds, for example, seems to lead to a "financiarization" of the sector. Indeed, the last couple of years, has seen an unprecedented boom in agricultural speculation. Whereas speculation has in the past been limited to an internal and short-term phenomenon, it

has been evolving towards long-term strategies (IATP, 2008), led by actors external to the sector. As such, within the framework of the futures markets exchanges (SAFEX in South Africa), a decreasing number of contracts result in an effective delivery. This trend is similar to speculative mechanisms in other sectors, real estate in particular.

The South African agricultural sector is currently also characterized by an industrialization process, or rather a "corporization" process. This dynamic does not characterize mechanization *per se* but rather a transformation of the production structures and their interactions. Increasingly, the agricultural value-chain tends to be controlled by one dominant actor. The control over various segments along this chain is established either through direct acquisition or through contractualization of the actors. While in South Africa the dominant actors include banks and certain former cooperatives, elsewhere other models engaging different macro-actors are emerging (e.g. Uruguay (FAO, 2009)). The organization of agricultural production tends towards a strongly integrated structure, comparable to Taylorist industrial chains, in which the most risky segments are outsourced towards intermediaries who support the costs and the risks.

This dual process of – "financiarisation and corporisation" of the agricultural sector is leading to a new regime which is characterized by the dominion of a few large international food-business groups (Huggins, 2011) and could lead to the marginalization of the majority of African farmers due to biased power relations and confrontation with models of significantly higher productivity (Losch et al., 2010).

*** Concentration and dualisation within the sector**

These evolutions tend to strengthen the dualism within the South African agricultural sector. Whereas the macro-actors of the food-processing industry see their dominant positions strengthened, entire fractions of the (rural) South African society are excluded from these dynamics. Indeed, the selection process operated collectively by banks and insurance companies excludes the small farmers, as well as the emerging farmers (land reform beneficiaries). As the selection criteria include farm size (not less than 500ha under production at ABSA, for example), solvency and prior experience of/with the farmer, only well-established commercial producers are eligible. The entry barriers (capital, control over flows, compliance with standards, etc.) are increasingly strenuous, limiting the possibility to participate for the majority of the producers and leading to amplified concentration. The evolution of the primary production segment seems to follow downstream (fertilizers, seeds, inputs) as well as upstream (processing, marketing, etc.) activities, which are already characterized by a limited number of actors controlling these markets at national (Greenberg, 2010) or international (McIntyre, 2009) level.

Two groups of actors seem to benefit in particular from the agricultural restructuring. First of all, the financial actors (commercial banks, insurance companies, investment funds) which, by directly controlling an increasingly large portion of primary production and by imposing their selection criteria on producers, become the regulators of the sector. By integrating the entire value-chain and by centralizing the information flows, they anticipate the evolution of these markets, in particular the prices, act as arbitrators of these markets¹ and seem to be capable of influencing the prices in their favour by speculating on the increase or decline according to the applicable forecasts. The second group to benefit from the evolution of the production structures are the agricultural intermediaries and asset management companies. Indeed, the financial

¹ ABSA Bank is the « cleaning house » on SAFEX.

institutions which intend investing in the agricultural sector increasingly depend on the services of agricultural engineering companies. As managers of both the field operations as well as the financial transactions, these companies are capturing an increasingly large portion of the margins generated by the agricultural activity.

*** *Speculation and foreign powers***

The control of agricultural production by a small number of macro-actors, representing in many cases foreign capital, raises not only the problem of concentration and dualisation of the sector, it also draws attention to the need to analyse this phenomenon within the framework of the strategies of these actors. Indeed, the strong volatility of agricultural prices, strengthened by the removal of stabilization mechanisms in the context of market regulation facilitates economic agents' direct involvement and control over agricultural regulation mechanisms. On one hand, speculation strengthens profit-oriented strategies, to the detriment of food safety concerns in the countries where the effective production takes place. On the other hand, as foreign economic powers control an increasingly large part of the production, it also emphasizes food sovereignty issues within these countries in a context of amplified liberalization. Producing countries' food safety and sovereignty are thus at stake.

Indeed, as noted by the special *Rapporteur* on the right to food², a significant part of the volatility and the rise in prices can be explained by the emergence of speculation and an essential role is attributed to the participation of powerful institutional investors (investment funds, pension funds, commercial banks, etc.). These entities are often foreign owned with limited or no interest in the objectives of stabilization, food safety and food sovereignty. While the price volatility of agricultural commodities and the strategies of speculation raise problems related to the implementation of development programs, they also emphasize questions regarding the regulation of the agricultural and financial sectors and regulatory frameworks in a large number of domains including the functioning of the futures markets and foreign trade. It also leads to consideration related to national policies, the development of sector-based and financial strategies and regional integration.

*** *Proletarianisation and pauperization of the agricultural society***

While the emergence of these new production models generates numerous economic related uncertainties, it is the social impact which is most concerning. Indeed, one of the common characteristics of these innovations seems to be the increased marginalization of producers and farm workers.

The incorporation process of family-based producers by macro-actors detrimentally impacts the former. Both parties have diverse financial, social and cultural resources leading to biased relationships (Borras, 2003), which seem to extend beyond the traditional cleavages within the South African agricultural sector. Land owners find themselves incorporated into production chains in which they are isolated actors with no decision-making or orientation power. Generally, the technical capital used, characterized by ever-increasing costs, does not belong to them but is made available by the management company. This situation creates a dependency for the farmers, since they become unable to withdraw from these production relations, without losing their access to the necessary financing and inputs. The granted funds are short-term, often linked

² “Spéculation agricole et flambée des prix alimentaires. Réguler pour réduire les risques de volatilité”, note d’information du Rapporteur spécial sur le droit à l’alimentation, Septembre 2010.

to the production cycle and correspond with the amounts calculated according to the production of specific quantities. As such, allocated funds do not allow additional productive investments and seems to condemn the producer to renew his/her seasonal commitment year after year. Although they are land owners, their situation is increasingly similar to that of proletarian agricultural employees or of service providers.

These transformations not only impact the producer as economic agent, but in particular also as social actor. This "corporisation" perturbs social relationships and traditional features characterizing South Africa's agricultural and rural environments. The family unit constituted until now the basic structure around which agricultural production was organized, both in the former-homelands as well as on the white commercial farms. The incorporation of autonomous family enterprises into entrepreneurial structures necessarily modifies the relationships with the agricultural sector. Beyond the producers and landowners, farm workers are also negatively affected. The recourse to agricultural technologies that require low, often seasonal labour, tends to exacerbate the precariousness of the working conditions (Pons-vignon and Anseeuw, 2009).

*** *South Africa: An agricultural laboratory for the continent?***

Several elements indicate that these investment and production models are expanding throughout the continent. On one hand, South African agricultural and agro-industrial companies are conquering new markets. As such, Farmsecure is already present in eighteen African countries and aspires to pursue its expansion, particularly in Western Africa. South African banks are also expanding their presence on the Continent. Standard Bank has in this respect operations in fourteen countries with a particular emphasis on agriculture while RMB is acquiring shares in various African banks to re-orientate their activities South African entities active in African countries (eg. AgriSA in the Congo) have furthermore, in recent months announced several large-scale land acquisition projects. On the other hand, other international (RaboBank is already engaged in agriculture in about ten countries, prospection of Chinese banks through South African companies occur) and African companies/initiatives (a Kenyan investment fund is present in several East African countries) are developing their activities on similar models.

If investment conditions are not as opportune and well-structured as in South Africa, measures are developed to adapt them to the local conditions. For example, investments in the local production of inputs are being realized to facilitate the development of a financing model without transfer of assets, in order to limit the risks in production environments less conducive than South Africa. A further example includes the development of prototypes of easily transportable silos that are adapted to various climatic conditions in the countries where such infrastructure is lacking.

4. Conclusion

The South African farming sector is presently characterized by important restructurings, related to the recent agricultural and financial crises and characterized by the "financiarisation" and "corporisation" of agriculture. The agricultural exception, as debated upon the inclusion of the sector in the WTO negotiations, has been buried once and for all. New actors, carriers of references and outside experiences, have entered the sector. Their interactions and inputs have been altering the sector's "traditional" modes of action, investment and production. As such, a new agricultural development paradigm has been emerging (De Janvry, 2009) manifesting itself both at the national and international levels.

These changes are leading to the concentration of agricultural activities in the hands of a few traditionally non-agricultural macro-actors. This category of investors is foreign to the traditional farming sector: it concerns, between others, financial actors, commercial banks and investment funds, aiming to diversify their portfolios. As a result of the widely held predictions, they perceive the agricultural sector as an investment for the future and engage as such in "Malthusian oriented speculation". A directly related result is the "agricultural proletarianization" of smaller and emerging farmers, transforming the large bulk of family farmers into rent-seekers, service providers and/or agricultural workers on their own lands.

In the absence of alternative successful investment and production models, this conception of agricultural development centered around macro-actors has become the reigning paradigm. While this is currently the case for South Africa, the model is spreading across the continent. Being exported by these macro-actors within the framework of their economic expansion, as such strengthening their models and their vision of agricultural development; it has been adopted by public development agencies (NEPAD, AfDB, etc.). These transformations lie at the foundation of the present agricultural development tensions: the debate between small-scale agriculture and the large mechanized operations, the opposition between speculative investment and food security and the questions related to the promotion of foreign investment and food sovereignty. They particularly underline the lack of reflections and debates around the implications of these transformations regarding national and international development policies and trajectories, whether agricultural or not, for these developing countries in search of alternatives.

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