Feeding the One Percent: Foreign Investors' Land Grabs in Africa and Asia, Tax avoidance and Obscene Payouts to Directors

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Since the global food crisis of 2008, there has been a massive wave of private sector investment in food production. The World Bank maintains that this money means innovation, jobs and more food for a hungry planet.

But examining the investments made by one of the most active private sector players in the global rush to acquire farmland – Chinnakannan Sivasankaran – GRAIN has uncovered a worrying picture of how foreign investors are grabbing the lands of rural communities in Africa and Asia and setting up complex corporate structures to facilitate tax avoidance, kickbacks and obscene payouts to their directors.

Since 2008, the Indian billionaire's Siva Group has acquired stakes in around a million hectares of land in the Americas, Africa and Asia, primarily for oil palm plantations. His investments are channeled through a web of shell companies based in offshore tax havens such as Singapore and the British Virgin Islands, and companies specialising in acquiring lands from poor rural communities, particularly in Africa.

- Liberia – Sivasankaran bought a controlling interest in UK-registered Equatorial Palm Oil, with claims to two concessions. One was a staggering 700,000 ha concession secured for around $3 million from two anonymous companies registered in the British Virgin Islands; the other, a controversial land deal involving people close to President Sirleaf that has degenerated into violent conflicts with the local community who say they were never consulted and who refuse to give up their lands.
- Sierra Leone – Several communities are outraged at a series of concessions secured by UK army veteran Kevin Godlington on behalf of British businessmen. These were eventually sold to Sivasankaran. Different companies, same address, and same pattern in each case – deals reached via pressure on chiefs, with members of local communities adamant that they have never agreed to part with their land.
- Côte d'Ivoire – Sivasankaran bought DekelOil, a company based in the tax haven of Cyprus and listed on London's AIM stock exchange, which raised money with an ambitious plan to lease lands for oil palm plantations and contract growing in the Guitry region. Admin expenses here have totaled ten times more than operating costs as Dekel's executives draw generous salaries and bonuses. Curiously, local community leaders say they never negotiated any leases for their land and deny the company's official claim

that a deal for the lands was signed.

- DR Congo – In 2009, a financial whiz kid from Toronto promised to revolutionise African agriculture with a bold new startup called Feronia. Ravi Sood bought up an old Unilever plantation, raised $20 million from Sivasankaran and several funds managed by Sood. But the company has declared escalating losses every year, its stock price has tanked and local communities say working conditions and services provided by the company to the community have deteriorated badly. This has not stopped Feronia from making handsome payouts to its directors, one of whom is a right-hand man to President Kabila. Nor did it stop the UK's CDC and other European development finance agencies from taking over the company and bailing out its shareholders last year.
- Papua New Guinea – Sivasankaran-owned Geoff Palm, based in the tax haven of Labuan, Malaysia, took control of a 110,000 hectare concession in East Sepik Province that belonged to 230 local clans before it was converted to a special lease behind their backs and snapped up by a local MP, who then leased it to a mysterious Australian company, SPV. A month later, SPV sold it to Geoff Palm. Locals say they were never consulted – they haven't even seen the papers that transferred their lands, and don't know who signed them.

> "The companies Sivasankaran has invested in are far better at funnelling generous payments into the pockets of their directors than they are at producing food," says Devlin Kuyek, a research with GRAIN. "Sivasankaran symbolises a new wave of investors that are stripping peasant farmers of the main assets they need for their livelihoods and for producing food for their communities – their lands."

Instead of protecting local people or holding investors to account, governments are providing these investors with generous incentives and support. The door is thus left wide open for financial players like Sivasankaran to grab lands and make quick profits, permanently undermining food systems and the livelihoods of farmers in the process.

There are much more effective methods to generate investment in agriculture, in ways that keep control and profits in the hands of local farmers. The peasant-owned and controlled palm oil cooperatives in Honduras are one example. Traditional oil palm cultivation and processing on mixed farms or semi-wild groves in West and Central Africa is an even stronger model for how local people – especially women – can reap economic and social benefits.

The global expansion of oil palm production by vertically-integrated corporations like the Siva Group is a clear threat to food sovereignty. Communities – who have cared for ecologically vital tropical forest for generations – cannot be an afterthought to quick profits. Their rights and access to land must be protected.

Read the report: grain.org/e/5048

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