



LAND DISPUTES IN AFRICAN AGRI-INVESTMENTS

**ASSESS THE RISKS WITH
QTR VERIFIED DATA**

Research shows that land disputes are increasingly common, exposing businesses to severe risks at the project level. The problem is endemic and growing – companies want evidence-based approaches to address this new reality and understand their exposure to risk. The Quantifying Tenure Risk (QTR) financial model blends verified company data with detailed case research to accurately assess tenure risk and provide tailored support to investors and businesses.

LAND DISPUTES

Land rights and record-keeping tend to be poorly managed across Africa. Purchasing clear land titles through official channels is no safeguard – satellite imagery reveals that 93% of government-approved land concessions are inhabited. Land is regularly transferred to investors without the knowledge or consent of the people living on it. Such communities have traditional or customary rights and may have legitimate claims to land. They may feel their rights have been violated or insufficiently compensated. In cases where lives and livelihoods are under threat, communities may take direct action to express their opposition.

THE GROWING RISKS FOR BUSINESSES

Many investors and operators underestimate tenure risk, despite evidence that land disputes can forestall projects and even threaten parent companies. Problems can drive up costs by up to 29 times – enough to reassess initial investment decisions. Disputes can escalate quickly and be drawn out. Delays can cause cash flow problems and result in increases in operating and legal costs, while expected returns come down. Conflicts can result in supply chain issues, damage to property, injury to employees, increased security costs, loss of insurance cover and operational licenses, and reputational harm. They may also impact credit ratings, restrict market access and nullify return on investments.

ASSESSING MULTI-FACTORED TENURE RISK

Companies tell us risks can be significant, but that better data is needed to understand the various aspects of tenure risk and make the case for action. In response, we are building a robust database to analyse the various costs associated with disputes to help businesses of all sizes understand their exposure to risk. We offer tailored risk management solutions to businesses engaged throughout agricultural value chains, from local and regional producers to multinational brands and investors. Our services are free of charge and include consultations on specific cases, staff training, and guidance on appropriate tools and resources. Our partners also enjoy advanced access to our industry data and financial models.

ODI AND TMP SYSTEMS

The Overseas Development Institute (ODI) is the UK's leading global development think tank. ODI has an extensive body of research on land rights and an in-house team dedicated to agricultural policy. TMP Systems is an asset management and investment consultancy specialised in global development. The firm has discussed tenure risk with over 70 companies and manages a database of over 440 cases of tenure disputes.

QTR FINANCIAL MODEL

Land disputes are complex and unpredictable, and existing data is patchy and unreliable. This can cause businesses to overlook tenure risk in their financial models. The QTR model is the first to use verified data over a large sample. It runs 10,000 simulations to assess the impact of different types and severity of disputes, and can be adapted to your needs. We conducted a desk review of 150 cases and consulted 12 companies involved to fine-tune the data. We plan to add a further 30 detailed cases of disputes involving agricultural land in Africa, checking a third of cases against company data. This large, robust and representative study offers the most reliable assessment of tenure risk to date.

DATA SHARING AND CONFIDENTIALITY

We are improving, expanding and refining our discounted cash flow model and invite businesses to take part. By sharing your company data, you can contribute to a better investment environment for the industry as a whole. All data shared with the QTR initiative is anonymised and confidential. We are happy to enter into Non-Disclosure Agreements and can provide the necessary paperwork on request.

THE QTR INITIATIVE

QTR is a joint research initiative from the ODI and TMP Systems, funded by the UK's Department for International Development Economic Growth team in 2017 and 2018. Our aim is to provide the data and analysis that businesses need to reduce land conflict and improve land governance through better informed investment decisions. QTR's initial focus is on Africa and agriculture, but plans are underway to expand to other sectors and regions.

Photo: Neil Palmer (CIAT)

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