LARGE-SCALE LAND ACQUISITIONS IN KENYA
A COUNTRY PERSPECTIVE

JANUARY **2020**

WHAT IS THE LAND MATRIX?

The Land Matrix is an independent global land monitoring initiative that promotes transparency and accountability in evidence-based decisions over large-scale land acquisitions (LSLAs) in low- and middle-income countries across the world.

These country profiles present national-level data of LSLAs and transactions, including who the investors are, what the land will be used for, and what the potential benefits and impacts of the land deals are.

By making this information available, the Land Matrix aims to enhance broad engagement and data exchange, facilitating the continuous improvement of the data.

*Find out more at **www.landmatrix.org**.*

BACKGROUND

In Kenya, the total land area of the country is 58 million hectares (ha), of which only around 10% is classified as arable land. As of January 2020, the Land Matrix had recorded a total of 14 concluded deals in the country, totalling 269 411 ha (see "What is a land deal?"), or just 0.46% of the total land area. Although this is a relatively small land footprint, these deals may still have significant implications for local communities and indigenous people. The majority of deals were for lease or concession and were operational, with the intended use being mostly for sugar cane crops. While eight of the concluded deals are operational, the largest three have been abandoned. The top investor country was Canada by a substantial margin, although the deal was later abandoned, while private companies were the most prevalent investor type.

It is important to note that in this country profile, regional filters were used to sort and extract the data on the Land Matrix online platform. Deals initiated by transnational investors are included, while domestic investors are excluded. In terms of land use, deals for agricultural and forestry purposes are included, but mining operations are excluded. For this reason, when visiting the Kenya country page on the platform, applying different filters will generate a different data set.

WHAT IS A LAND DEAL?

The Land Matrix defines a land deal as any intended, concluded, or failed attempt to acquire land through purchase, lease, or concession in low- and middle-income countries.

To be included in the Land Matrix global database, deals must meet the following criteria:

- Entail a transfer of rights to use, control, or ownership of land through sale, lease or concession;
- Have been initiated since the year 2000;
- Cover an area of 200 ha or more;
- Involve the change of land use (often from extensive or ecosystem service provision to commercial use).

*In certain cases, deals meeting different criteria to the global database are captured at regional and country level. **Please note:** In this country profile, although there are 74 deals recorded for Kenya in total, only the 24 deals meeting the global criteria have been included.*

For more information about land deals and how data is captured, analysed, and used, browse our frequently asked questions at www.landmatrix.org/faq.
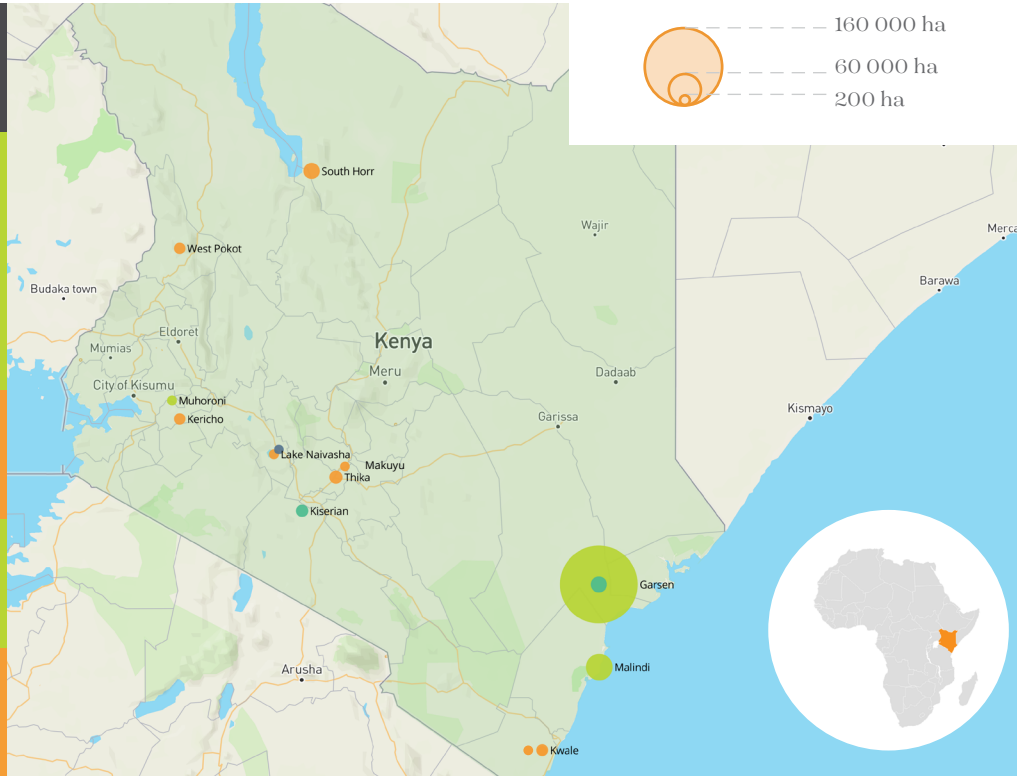
Concluded deals in Kenya

Size

160 000 ha
60 000 ha
200 ha

Top five projects:
Location, size, implementation status, intention of investment

1. Garsen, 160 000 ha
Project abandoned
Food crops

2. Malindi, 40 468 ha
Project abandoned - Biofuels, food crops, renewable energy

3. South Horr, 16 187 ha
In operation
Renewable energy

4. Garsen & Lamu, 16 000 ha
Project abandoned,
Food crops & livestock

5. Thika, 9000 ha
In operation
Biofuels, food crops & livestock

Project not started	Start-up phase	In operation	Project abandoned

Kenya investment profile

Total number of concluded deals

14

Total size of concluded deals

269,411 ha

Implementation status

Project abandoned

201,868 ha
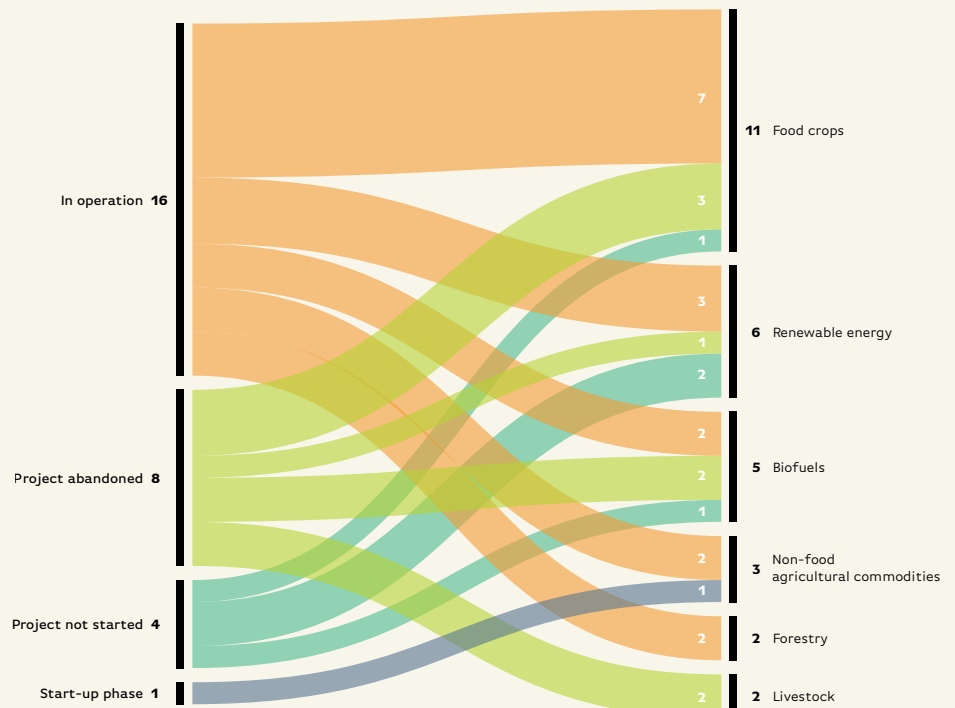
In operation (production)

44,343 ha

Project not started

23,000 ha

Start-up phase (no production)

200 ha

*Intention of investment
(according to number of concluded deals)**

In operation 16

Project abandoned 8

Project not started 4

Start-up phase 1

11 Food crops
6 Renewable energy
5 Biofuels
3 Non-food agricultural commodities
2 Forestry
2 Livestock

* This figure lists the intention of investments per negotiation status. Please note, a deal may have more than one intention.
9 deals have multiple intentions, resulting in a total of 29 intentions for 14 deals.

INTRODUCTION

To date, the Land Matrix database has recorded a total of 24 deals in Kenya at different stages of negotiation. Of these, 14 deals have been concluded, nine of which through lease or concessions. Negotiations failed in seven of the deals for a range of reasons, for example, one investor decided to focus on contract farming instead of its own plantations. In this case, the government initially approved the deal, but later retracted its approval in response to pressure from civil society. Another deal failed after the investor pulled out due to post-election violence, and subsequently the government cancelled the contract.

LSLAs by negotiation status

	Number of deals	Size under contract (hectares)
CONCLUDED		
Contract signed	14	269,411
Oral agreement	0	0
Total	14	269,411
INTENDED		
Expression of interest	2	0
Under negotiation	0	0
Total	2	0
FAILED		
Negotiations failed	7	10,000
Contract cancelled	1	10,000
Total	8	20,000

The total size of the deals under contract is 269 411 ha. While this is made up of a vast range of contract sizes, most fall in the 1 000 to 10 000 ha bracket. The largest deal was for Bedford Biofuels, at 160 000 ha, although, this deal was ultimately abandoned. Typically, larger-sized deals are intended for jatropha and sugar cane and smaller deals for fruit, flowers, and vegetables.

Looking at concluded deals over time from 2000 to 2019, there is a marked acceleration from 2007,

CASE STUDY BEDFORD BIOFUELS

In 2009, Bedford Biofuels, registered in Canada, signed a lease agreement for 160 000 ha for a duration of 45 years. The company intended to grow jatropha on the land as the main crop and intercrop it with food crops for the residents of the surrounding communities. The project was brought into production within the same year, and 10 000 ha was planted with the aim of shipping the biofuel to the European market.

However, following resistance from the local community, which refused to move off the land out of concern for its grazing rights, the project was abandoned. A large part of the reason for this opposition was because very limited consultation took place with the community, and ultimately the community members did not receive any of the compensation that was promised, nor were any of the other benefits delivered. There are also claims that the environmental licensing for the project was only partially carried out, and then only two years after the initial contract was signed. Bedford Biofuels subsequently declared bankruptcy in 2013.

For more information about this transaction please refer to deal #1363 in the Kenya database (landmatrix. org/deal/1363/).

with deals being signed for a six-year period until 2013. Although it is not known in which year six of the deals were concluded, available information reveals that the largest size under contract was signed in 2009 and 2010 for four deals, including Bedford Biofuels. However, whereas the deals with a smaller average size (below 5 000 ha) are generally in operation or start-up phase, the larger deals are not started or have already been abandoned. Of all concluded deals recorded, eight are already in operation, although they only account for 16.5% of the total concluded size, two larger deals accounting for 8% of the total contract size have not yet been started, and three projects, amounting to 201 686 ha, have been abandoned altogether, including the Bedford Biofuels deal.
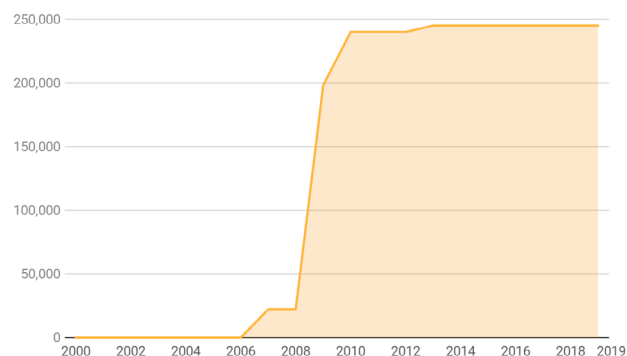
Concluded deals over time (2000 - 2019)

Cumulative number of deals
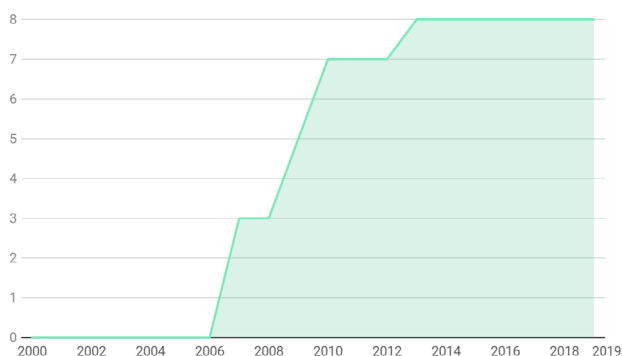
Note: There is no year information for six deals with a corresponding size of 24 156 ha.

Cumulative size under contract

Note: This graph shows changes in size under contract (increases/decreases). Therefore, the number of deals can remain the same even though the size may increase or decrease.

INVESTORS AND INVESTOR COUNTRIES

Although Canada is by far the largest foreign investor country in terms of the size under contract, at 160 000 ha, as mentioned, this was the only deal and it was ultimately abandoned. The United Kingdom is more prolific with regard to the number of concluded deals, at five (mostly for a variety of crops, including fruit, tea, flowers, vegetables, and tree crops), followed by India, with three, even though these are for much smaller areas compared to other investor countries.

Half of the deals signed by international investors also have domestic involvement, although the size under contract with involvement of domestic investors is only 28% of the total concluded size. These investor countries include the United Kingdom, Saudi Arabia, France, Cayman Islands, India, and Mauritius.

Deals by investor type (in hectares)

Investor type	Hectares
Private company	179,456
Individual entrepreneur	47,468
No information	31,187
Limited liability company	16,187
Stock exchange listed company	6,000
State-/government-(owned) company	5,200
Investment fund	300

Note: Two deals have multiple investor types. The full size of the deal is assigned to each investor type.

In terms of the types of investors, deals were vastly dominated by private companies. Individual entrepreneurs also played a significant role, while state-owned companies had little investment involvement, and investment funds involvement was even more negligible. This investor makeup is similar to elsewhere in the East African Community (EAC), in that investors from the United Kingdom and India are very visible, there are a minimal number of regional investors, and private investors dominate the deals. Where Kenya differs, however, is that, unlike in other EAC countries, there is no involvement from Chinese and American investors.

Foreign investor countries

Number of deals

1
2
3
4
5

Size of deals

160 000 ha
40 000 ha
9 000 ha
200 ha
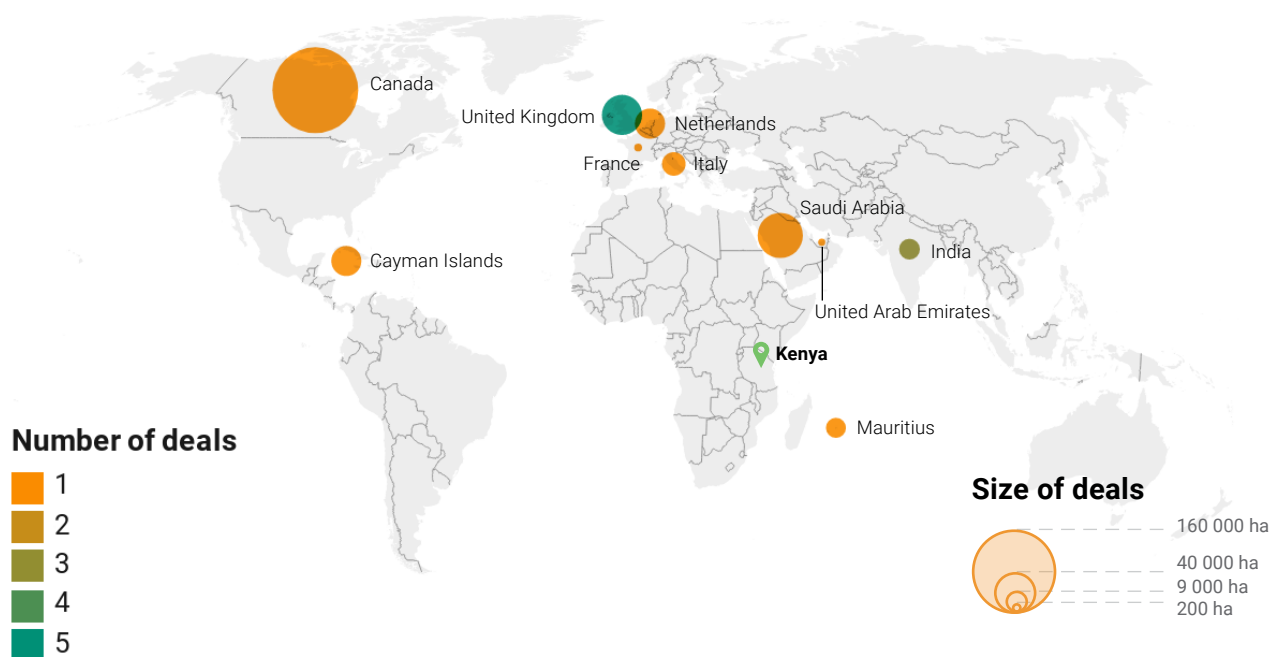
Note: Two deals have multiple investor countries. The full size of the deal is assigned to each investor country to get the total investment by each country.

DRIVERS AND AIMS OF PRODUCTION

Because aggregation of size is difficult when more than one intention is listed, the Land Matrix counts the number of times an intention is listed, and the contract size of a deal is then divided equally among them. In the case of Kenya, individual deals list up to three intentions and, therefore, for the 14 deals captured, 29 intentions are reported.

Unlike the Congo Basin, forestry deals make up a very small portion of the overall size under contract for the 14 concluded deals. Of note, the Land Matrix does not record any deals signed for oil palm, despite studies done which show that palm oil can be grown in Western Kenya due to suitable climate and conditions[1].
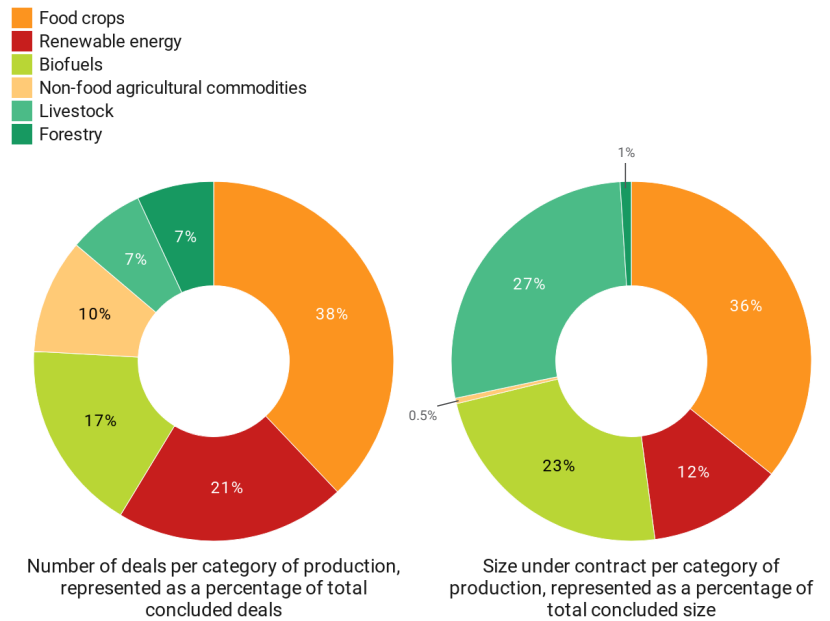
Most land was acquired to be used for food crops and livestock, but while the majority of the deals for food crops are in operation, both livestock deals and almost half of the deals signed for biofuels have already been abandoned.

1 http://www.kalro.org/fileadmin/publications/brochuresII/Oil_%20palm_growing_and_processing.pdf

The majority of the projects in operation produce sugarcane and tea, as well as engaging in tree cropping. Several investors also engage in contract farming in addition to their own plantations. Contract farmers mostly grow sugarcane. Three deals, for biofuels, food crops, and renewable energy respectively, are yet to start production, even though it has been at least five years since the contract was initially concluded.

From the information available, it can be determined that the destination of production from the concluded deals was an even split between export and domestic use.

Land acquisitions by category of production

Legend:
- Food crops
- Renewable energy
- Biofuels
- Non-food agricultural commodities
- Livestock
- Forestry

Left chart percentages: 38%, 21%, 17%, 10%, 7%, 7%

Number of deals per category of production, represented as a percentage of total concluded deals

Right chart percentages: 36%, 12%, 23%, 0.5%, 27%, 1%

Size under contract per category of production, represented as a percentage of total concluded size

FIND OUT MORE ABOUT LAND DEALS IN AFRICA

We are continuously updating our data about land investments in Africa. To find out more about which countries we cover, our data collection and verification process, and how you can add your contributions, please visit our Africa regional page at www.landmatrix.org/region/africa/ and browse our frequently asked questions at www.landmatrix.org/faq.

Suggested citation: Land Matrix Africa Regional Focal Point. 2020. *Large-scale land acquisitions in Kenya: A country perspective.* Available at www.landmatrix.org.
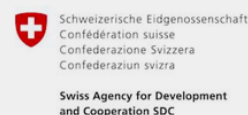
CONTRIBUTE!

Help us improve and enrich our data with your contribution! We welcome any information you can share with us, including any gaps you may have found in our data.

With the support of:

European Commission

Federal Ministry for Economic Cooperation and Development

Schweizerische Eidgenossenschaft
Confédération suisse
Confederazione Svizzera
Confederaziun svizra

Swiss Agency for Development and Cooperation SDC

landmatrix.org   africa@landmatrix.org   LM_Africa   Land Matrix

LAND MATRIX