



European Development Days

Global Land Acquisition: trends and challenges

Round table organised by CTA, the European Commission, the ACP Group, FAO, IFAD, IIED, AGRA, Regional African Farmers Organisations

Stockholm, Sweden, Thursday 22nd October 2009, 17h00-19h00

1. Background

Land is an asset of enormous importance for billions of rural dwellers in the developing world. The nature of property rights and their degree of security vary greatly, depending on competition for land, the degree of market penetration and the broader institutional and political context. The picture is hugely diverse and complex within and between countries and regions. Although there are specificities according to countries and regions, some general trends and common challenges can be identified and the pressure on land is set to increase over future decades, given the impacts of continued population growth, urbanisation, globalisation of markets and activities, international investment flows, trade negotiations and climate change.¹

2. Emerging challenges: the effects of climate change, food and financial crisis on land

Other than the rapid demographic growth in many developing countries and increasing urbanization process, the recent food and economic crises are also increasing pressure on land for agricultural production. Over the past 3-4 years, private investors and governments have shown a growing interest in the acquisition or long-term lease of large portions of arable land in countries, mostly in the developing world². Although estimates are difficult to verify, recent evidence published by IFPRI and Grain suggests significant levels of activity and upward trends over the past five years in foreign investors acquiring large tracts of arable land in developing countries³. According to IFPRI in four sub-Saharan African countries alone (Ethiopia, Ghana, Madagascar, Mali), land allocations to foreign investors since 2004 amounted to over 1.4 million hectares of land; this excludes allocations below 1,000 hectares⁴. The land which has been highest in demand is the land which is close to water resources and therefore can be irrigated at a relatively low cost in infrastructures, and the land which is closest to markets and from which

¹ FAO, International Conference on Agrarian Reform and Rural Development (ICARRD), March 2006, Issue Paper 1 - Policies and practices for securing and improving access to land.
http://www.icarrd.org/icard_doc_down/Issue_Paper1sum.pdf

² De Schutter - Special Rapporteur of the UN on the right to food, Large-scale land acquisitions and leases: A set of core principles and measures to address the human rights challenge, 11 June 2009
<http://www.srfood.org/images/stories/pdf/otherdocuments/22-srftflarge-scalelandacquisitions-hrprinciples-9.6.09-2.pdf>

³ Joachim von Braun and Ruth Meinzen-Dick, "Land Grabbing" by Foreign Investors in Developing Countries ; Risks and Opportunities, IFPRI Policy Brief n. 13, April 2009, <http://www.ifpri.org/sites/default/files/publications/bp013all.pdf> and Grain, Seized! The 2008 land grab for food and financial security, Grain Briefing, October 2008, http://www.grain.org/briefings_files/landgrab-2008-en.pdf

⁴ Joachim von Braun and Ruth Meinzen-Dick, "Land Grabbing" by Foreign Investors in Developing Countries, cit., <http://www.ifpri.org/sites/default/files/publications/bp013all.pdf>

the produce can be exported easily⁵. This land is not intended to produce crops to sell on the world market or to feed the local population, but rather to meet domestic food and biofuel demand in the country that acquired the land. Many of these countries face significant freshwater shortages (for agricultural production) and have large populations relative to available arable land⁶.

Similarly, given the current global financial crisis, commodity traders, agri-food corporations and private investors increasingly see investment in developing farmland as an important new source of revenue.

The effects of the Global food crisis on net importers countries

While this phenomenon is not entirely new, it has accelerated since the global food crisis, because the markets for agricultural commodities were seen to be increasingly unstable and volatile, and therefore less reliable for net-food-importing countries, particularly following the decision by a number of large food exporting countries to ban exports or to raise export levies during the Spring of 2008. As a result, resource-poor but cash-rich countries have turned to large-scale acquisitions or rent of land in order to achieve food security. This has also led private investors, including large investment funds, to acquire land for merely speculative motives, because of the conviction that the price of arable land will continue to raise in the future⁷.

These pressures combined with increasing distrust in the functioning of regional and global markets due to the price crisis, have renewed attention to foreign direct investment in agriculture.

Most developing countries are net food importers, and the land concessions increasingly granted to foreign countries and/or investors may exacerbate food insecurity, create conflict, and undermine ongoing efforts at improved land governance through agrarian reform and the strengthening of indigenous land rights. Most developing countries remain agricultural economies with limited capacity to mobilize domestic resources or provide people with adequate means for their survival; more and more people are seeking work outside of agriculture, but employment opportunities are not being generated fast enough to meet the growing demand⁸.

For these low-income, food-deficit countries, the current challenges are of a very high order, given the fact that, in the face of increased demand for food, increased prices of food on international markets and reduced capacity to import, their domestic food needs have to be met by domestic food production – production that in most developing countries in Africa and Asia is carried out by smallholder farmers⁹.

Well negotiated agreements

There needs to be a careful examination of the terms of the agreements made between foreign investors and host countries, to help ensure that the promised technology transfers can be fulfilled, or that food production on local farms will also benefit¹⁰. Recipient countries need to negotiate contracts wisely, and an enforceable code of conduct should be envisaged in order to ensure the participation of local producers, respect for customary property rights, appropriate compensation,

⁵ De Schutter - Special Rapporteur of the UN on the right to food, Large-scale land acquisitions and leases: A set of core principles and measures to address the human rights challenge, 11 June 2009

<http://www.srfood.org/images/stories/pdf/otherdocuments/22-srftflarge-scalelandacquisitions-hrprinciples-9.6.09-2.pdf>

⁶ UNCTAD, The Least Developed Countries Report 2009, The State and Development Governance, http://www.unctad.org/en/docs/ldc2009_en.pdf

⁷ De Schutter - Special Rapporteur of the UN on the right to food, Large-scale land acquisitions and leases: A set of core principles and measures to address the human rights challenge, 11 June 2009

<http://www.srfood.org/images/stories/pdf/otherdocuments/22-srftflarge-scalelandacquisitions-hrprinciples-9.6.09-2.pdf>

⁸ UNCTAD, The Least Developed Countries Report 2009, cit., http://www.unctad.org/en/docs/ldc2009_en.pdf

⁹ IFAD, Improving access to land, cit., <http://www.ifad.org/pub/policy/land/e.pdf>

¹⁰ UNCTAD, The Least Developed countries Report 2009, cit. http://www.unctad.org/en/docs/ldc2009_en.pdf

sustainable management of natural resources, and non-impaired trade policy rules

¹¹.

3. Land policies and land governance back in the development agenda?

Secure land rights are now recognised by most governments as critical for peace, stability and economic growth. Governments from developing countries must take the lead in land policy and tenure reform, since political interests are at stake and donors should support this process¹². In many places, titling and registration of land may be much less important than working to strengthen local institutions with responsibility for managing land rights and related disputes. The recent shift towards decentralising government has been valuable in getting land rights management much closer to the field and taking into account the views of the poorest and marginalized groups¹³. A key issue to a good negotiation of land acquisition by governments or private companies is the strengthening of the land national management systems which, when functioning, should be able to provide, information, guidelines on tenure systems and property rights as to have a legal framework at the national level.

4. Towards a code of conduct on agricultural-based investments?

The idea of having an international code of conduct for land acquisition is discussed by various organizations such as IFPRI and the World Bank and the governments of Japan and Saudi Arabia. In June 2009, the United Nations also proposed a minimum set of principles and measures based on human rights in the elaboration of large-scale transnational land acquisitions and leases. These principles and measures are intended to assist both investors and host governments in the negotiation and implementation of large-scale land leases and acquisitions, in order to ensure that such investments work for the benefit of the population including the most vulnerable groups in the host country. The measures are grounded in principles of international human rights law, including the right to food, the right to self-determination of peoples and the right to development; as well as in international labour legislation¹⁴.

A multilateral approach could avoid beggar-thy-neighbour policies, with countries competing against each other for the arrival of foreign direct investment and thus lowering the requirements imposed on foreign investors. It could provide increased legal certainty for the investors and shield them from the risk of reputational losses if they comply with the principles. Moreover, focusing narrowly on large-scale foreign investments for offshore food or agrofuel production ignores the reality that in many cases investors are domestic.

Towards more transparency?

A key element in a code conduct for foreign land acquisition is transparency in negotiations. Existing local landholders must be informed and involved in negotiations over land deals. "Particular efforts are required to protect the rights of indigenous and other marginalized ethnic groups," the report noted.

¹¹ Joaquim Von Braun, Food and Financial Crises - Implications for Agriculture and the Poor, IFPRI Food Policy Report No. 20, December 2008, <http://www.ifpri.org/sites/default/files/publications/pr20.pdf>

¹² African Union - African Development Bank - UN Commission for Africa, Land policy on Africa: a framework of action to secure land rights, enhance productivity and secure livelihoods, 2006, <http://www.uneca.org/sdd/meetings/LandPolicy/IssuesPaper.pdf>

¹³ C. Toulmin, Securing land rights for the poor in Africa — Key to growth, peace and sustainable development, http://www.undp.org/Legalempowerment/pdf/Africa_land_2.pdf

¹⁴ De Schutter, Large-scale land acquisitions and leases, cit, <http://www.sfood.org/images/stories/pdf/otherdocuments/22-srrflarge-scalelandacquisitions-hrprinciples-9.6.09-2.pdf>

This lack of transparency limits the involvement of civil society in negotiating and implementing deals and the ability of local stakeholders to respond to new challenges and opportunities¹⁵.

The need for strengthened land rights

Another component of the code of conduct is respect for existing land rights, including customary and common property rights. Those who lose land should be compensated and helped to evolve and develop livelihood equivalent to the loss. Some organisations call for a careful environmental-impact assessment and monitoring of land acquisitions to ensure that sound and sustainable production practices are implemented in the leased areas. The land-lease deals, said IFPRI, should adhere to national trade policies. “When national food security is at risk, such as in cases of acute drought or severe storms, domestic supplies should have priority.”

This issue was discussed at the last G8 Summit. Little information is available as to how such a code might be developed, what its purpose may be, and what it may contain. It was also noted that a number of mechanisms already exist, particularly international human rights and environmental conventions, as well as investment treaties, which could be used to guide and even enforce good practice.

From their part development agencies can play a role in ensuring that existing guidelines on trade and investment are respected, including ensuring that investors undertake adequate impact assessments of proposed projects, covering the right to food, and social, cultural and environmental aspects of the investment. The application of the EU Land Policy can play a role in this. The same is true of investments funded by IFIs such as the World bank and IFAD.

¹⁵ Joachim von Braun and Ruth Meinzen-Dick, “Land Grabbing” by Foreign Investors in Developing Countries, cit., <http://www.ifpri.org/sites/default/files/publications/bp013all.pdf>



Programme

Global Land Acquisition: trends and challenges

Introduced by Isolina Boto, Head the Brussels Office, CTA

1. Agricultural land acquisitions: new challenges in a globalised world

How much do we know about land acquisitions? What is their scale and which are the main affected countries? What are drivers behind?

Recent global trends are prompting a massive increase in global commercial interest in land and natural resources. In many countries this is creating unprecedented pressures on land resources and placing new tensions on land tenure systems. Will this be an opportunity or a threat?

- *Dr Camilla Toulmin, Director, International Institute for Environment and Development (IIED), United Kingdom*
- *Dr. Akin Adesina, Vice President, Policy and Partnerships, Alliance for a Green Revolution in Africa*
- *Philip Kiriro, President of the Eastern African Farmer's Federation (EAFF), Kenya*
- *Henk Hobbelink, coordinator of GRAIN*

2. Promoting responsible international investments in agriculture: towards a code of conduct?

What should be the minimum set of principles and measures to coordinate the large-scale transnational land acquisitions and leases at international level? What measures could assist investors, host governments, farmers in the negotiation and implementation of global land acquisitions, in order to ensure that such investments work for the benefit of the population including the most vulnerable groups in the host country?

- *Annika Söder, FAO Assistant Director-General of the Office of UN Coordination and Millennium Development Goals Follow-up*
- *Juergen Voegelé, Director of Agriculture of the World Bank*
- *Shunichi Inoue, Deputy Director for Economic Security, Ministry of Foreign Affairs of Japan*
- *Otive Igbuzor, International Head of campaigns Action Aid International*
- *Hansjörg Neun, Director, CTA*

Moderator: Javier Blas, Financial Times

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