

Commercial Pressures on Land

Rethinking Policies and Practice for development

How to enable secure and equitable access to land for the poor who are facing increased commercial demand for their land?

🌐 Commercial pressure on land

Due to a growing world population, changing consumption patterns and the development of new markets for agricultural products, the commercial value of land has been increasing. Moreover, carbon-trading mechanisms are placing a commercial value on standing forests and rangelands that were previously considered marginal to commercial production. These trends negatively affect small-scale farmers all over the world.

Fair land policies are needed to enable secure and equitable access to for the poor, who are increasingly prone to losing their land. Dispossession is particularly likely to occur in situations in which people's land tenure rights are weak and unrecognised. Smallholders typically do not have the necessary capital, expertise and connection to markets to take advantage of the opportunities posed by increasing demands for agricultural products. Being unable to capitalise on their land assets, they may have few viable alternatives but to sell land to commercial investors at a price which is below its potential value in today's global marketplace.



Increasing commercial pressures on land are provoking fundamental changes in the relationships between people and land (Source: <http://www.commercialpressuresonland.org>).

Process organisation

The 'Commercial pressures on land: Rethinking policies and practice for development' process was carried out within the framework of the Development Policy Review Network (DPRN) by:

- Oxfam Novib
- International Land Coalition (ILC)
- Centre for Development Studies–University of Groningen

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🌐 A coordinated response

With a view to generating the information needed to influence policies that tackle the mounting pressure on land, the Centre for Development Studies (University of Groningen), Oxfam Novib, and the International Land Coalition initiated a one-year DPRN process in February 2009. The process aimed to bring various partners together to let them rethink current policies and practice and look for opportunities for the poor under increasing commercial land pressure.

To that end, an expert seminar was organised on 8 July 2009 in Utrecht, with almost a hundred representatives of civil society, intergovernmental organisations, research institutes, governments and the private sector from all over the world. The seminar was articulated around three panels that combined a southern

stakeholder perspective, corporate and multi-stakeholder initiatives, and the international community perspective.

What became clear from the seminar is that commercial land pressures ask for a coordinated response from NGOs, governments and international organisations.

In a paper prepared for the seminar, the ILC presents several elements of such a coordinated response by the development community. The response should consist of:

- Continued research and monitoring of social and environmental impacts of land-based investments to enable an evidence-based response.
- A code of conduct for investors and host governments.
- Guidelines and tools for good decision making by investors, governments and local communities.
- Improving, documenting and promoting alternative models of agricultural investment that do not involve transfers of land ownership.
- Assisting in securing the land rights of the poor.
- Building the capacity for collective action and negotiation of local land users.

🌱 Community-private partnerships

The seminar also made clear that we should not forget that increasing pressure on land also creates opportunities. One such opportunity is the formation of community-private partnerships. Such partnerships provide a potentially valuable approach to reducing poverty and stimulating rural development.

Higher world market prices for agricultural products can translate into higher farm gate prices, increased flows of capital and greater government and donor interest in supporting and facilitating agricultural production. Realising this potential will depend on more secure

Myths

A paper published by the International Land Coalition entitled 'Increasing commercial pressure on land: Building a coordinated response' addresses several myths that are commonly associated with 'land grabbing'. Below is a selection.

- *Abundant 'unused' land is available for agricultural investment.* Virtually no large-scale land allocations can take place without displacing or affecting local populations.
- *Investors are involved in 'land grabbing'.* The term 'land grabbing' is misleading in characterising the wide variety of ways in which investors are acquiring land. Many of those investors do not explicitly violate land policies or laws.
- *Transnational investment in land is a new phenomenon.* Although the current phenomenon has particular characteristics, large-scale transnational investment in land is not new.
- *Agricultural land is the main focus of investment interest.* The 'rush for the world's farmland' is one component of a wider convergence of investment-related opportunities relating to land and natural resources that is attracting interest in agricultural, forest, mineral-rich, and tourism-related lands.
- *Foreign investors are the primary 'land grabbers'.* Land acquisitions by domestic investors appear to be a significant contributor to the alienation of land from local land users, while domestic partners are also often integral to 'foreign investment'.
- *Transnational investment in land was driven by the food price crisis and will decline with the financial crisis.* Long-term predictions of trends in demand for food, fuel, fibre and environmental services indicate that commercial pressures on land will continue to increase in the long term.

land rights for the poor, market access and capital to invest. The development of community–private partnerships may help poor farmers to benefit from increased pressure on land. Such partnerships can take various forms in which private sector organisations do not require ownership of land, but seek to secure a reliable supply and quality of agricultural products.

Importantly, undefined and insecure land tenure rights are likely to discourage investments by both community members and private sector organisations. In fact, community–private sector partnerships may be a way of achieving the delimitation and registration of the land rights of local people or communities.

However, there may also be downsides, especially when marketing chains are monopolised by single enterprises, or when the partnerships do not reflect the interests of the poor. Community–private sector partnership practices



need to be assessed to identify approaches that can maximise the benefits to the poor, while remaining attractive to investors. It is also necessary to explore how national governments, donors and development practitioners can best facilitate the establishment of mutually beneficial partnerships.

Partnership modalities

To analyse the effects of community–private partnerships, it is first of all necessary to differentiate between the different forms they can take:

- *Joint ventures* are agreements between the private investor and the community in which the community holds an equity stake and the proceeds are shared according to the value of each party's input. Land which belongs to the community is valued and forms part of their stake. In joint venture partnerships the roles and ambitions of both parties are usually negotiated and agreed upon. Most importantly, they are based on trust, transparency, equity and mutual benefits.
- *Contracts* are formal agreements under which the private company provides individual growers with loan advances for technical expertise and/or inputs in return for land and/or labour, subject to the condition that the community or individual farmers sell the matured product to the private company. Unlike joint venture partnerships, contracts often lack joint decision making by both parties.
- *Leases* are signed agreements with the community that allow investors to use communal land in return for a lease fee. Depending on the agreement, the community may or may not be involved in the running of the enterprise.
- *Co-management* involves the joint management of resources by a company and a community. In this case, the rights and obligations of each party are clearly spelt out.



🌐 Policy recommendations

This DPRN process came up with five important policy recommendations:

1. State interventions should not negatively affect existing land-based institutions, be they formal or informal (the 'do-no-harm' principle).
2. A flexible land governance system is needed. This can be achieved through a phased approach to recognising rights that help poor and socially vulnerable groups to gain access to land rather than ownership.
3. The institutional and legal framework should reflect the reality on the ground and be credible. The risk of extending the geographical extent of land governance beyond these principles is the creation of 'empty institutions', which are likely to lead to increased land disputes.
4. Land tenure systems should be well understood when designing targeted programmes and projects.
5. NGOs should work with government agencies that support poor people's access to land. Judicial and administrative reforms need support – for example through capacity building – to make bureaucracies more responsive and accountable to their rural poor constituencies.

🌐 Follow-up

Following up on the DPRN process, the International Land Coalition's blog on commercial land pressures (www.commercialpressuresonland.org) grew to the extent that it was receiving 10,000 hits per month, and being referenced in international press and research articles. Some 40 partners are collaborating in the project, with ILC and Oxfam-Novib being the core partners. As a result of the DPRN process, the two organisations started building a database of verified information on large-scale land acquisitions, and continued a research

project on international instruments that can protect the rights of land users. The Centre for Development Studies in cooperation with the Modern East Asia Research Centre (MEARC) of Leiden University, started a new research project on Chinese global land acquisitions: Rethinking 'land grabbing' and overseas investments.

Process output

The 'Commercial pressures on land: Rethinking policies and practice for development' process included the establishment of a forum and a blog to inform the public about press reports, research papers, case studies and other relevant information. Two meetings were organised: an international expert seminar, and a special session of the EU Task Force to support the revision of the EU Land Policy Guidelines.

This resulted in the following publications:

- Position paper: 'Increasing commercial pressure on land: Building a coordinated response'.
- Online library with policy documents and research papers, now included in the web portal of the Commercial Land pressures <http://www.commercialpressuresonland.org>
- DPRN process report.

All publications are available on the website:

<http://pressuresonland.global-connections.nl>

Development Policy  Review Network

This infosheet was made by DPRN. With a view to stimulating informed debate and discussion of issues related to the formulation and implementation of development policies, DPRN created opportunities to promote an open exchange and dialogue between scientists, policymakers, development practitioners and the business sector in the Netherlands and Flanders from 2003–2011.