Land Grabs or Large Scale Land Investments?

Protecting Farmers’ Rights to Land

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WHAT IS LAND GRABBING? WHAT ARE LARGE-SCALE LAND INVESTMENTS? ARE THEY THE SAME?

“Large scale land investments” and “land grabbing” are the terms most commonly used to describe the rising global trend where foreign and local agribusinesses, mining corporations, governments, and investment houses obtain long term rights over large areas of land. Perhaps the most famous of these is the attempt by the Daewoo Group of South Korea to lease 1.3 million hectares, or more than half of the productive agricultural lands of Madagascar, in Africa. The fact that the deal covered lands being cultivated by smallholder farmers as well as bio-diversity rich forests led to massive peasant protests which ultimately led to the overthrow of the regime which signed it. The succeeding government predictably cancelled the agreement.

While the two terms basically refer to the same phenomenon, the two vary in their connotation. “Land grabbing” is the more political term often used by activists and more militant groups to describe and oppose these land deals, while “large scale land investments” is obviously a more neutral term preferred by mainstream international development institutions like the World Bank (WB) and the Food and Agriculture Organization (FAO), governments and investors to describe and promote these land deals (Borras and Franco, 2012).

WHAT IS CAUSING THESE “LAND GRABS” OR “LARGE SCALE LAND INVESTMENTS”? WHO ARE INVOLVED IN THESE LAND DEALS?

In 2008, the world faced crises on many fronts. Although different, the food, finance, environmental and energy crises were nevertheless linked. Various reasons have been cited for the Food Crisis of 2008. In the main, these are (1) the rising demand for food, due to rising population and rising incomes in the emerging economies; (2) the conversion of food production areas to biofuel plantations to exploit the rising demand for alternative sources of cheaper and more “climate-friendly” fuel; (3) the increasing unreliability of supply due to the effects of climate change; and, (4) massive speculation in the commodity futures markets. FAO estimates that at least 1 billion people went hungry that year as a result of the food, finance and energy crises (SOFA, 2008).

On the other hand, the ILC Land Matrix study released January 2012, reports that the land rush is not only about food and agricultural land. Though 78% of the deals they have studied and validated are for agricultural production (three-quarters of which are for biofuels), mineral extraction, industry, tourism, and forest conversions are also significant contributors to the land rush making up for the remaining 22%. (Anseeuw et al, 2012)

Expectations of higher food prices and fears that food importing countries with less arable or productive agricultural lands and water would go hungry in the future prompted foreign governments (mostly in the Gulf States like United Arab Emirates, Kingdom of Saudi Arabia, etc.) to resort to buying or leasing farmland abroad in a bid to ensure their food security. In addition, countries with huge populations (China, India, South Korea) also became involved in large scale land investments to secure their country’s food needs through overseas production. The first wave of these commercial land transactions and land speculation, therefore, were principally for food and biofuels production, coming right after the food and energy crises in 2008.

Finance companies, investment funds, and other investors, noting that food and fuel prices never really went down, have started investing in agriculture. For these investors, agriculture not only produces food but is also the most tangible or concrete asset to invest in. Thus, the increasing interests of financial investors in securing land deals (LANDESA, 2010). An estimated US$ 317 billion was invested in commodities index funds as early as July 2008 by major traders of investments funds like banking group Goldman Sachs and the American Insurance Group (IATP, 2008). Land has also increasingly come to be seen as an attractive asset class. An estimated US$ 100 billion of pension funds are believed to be invested in commodities, with US$5 - 15 billion allegedly going to farmland acquisition (GRAIN, 2011).

In summary, the current wave of agricultural land investments are primarily aimed at securing food (especially after the 2008 food crisis that hiked the price of food); responding to the demand for alternative fuel sources (i.e. agro-fuels or biofuels in lieu of the energy crisis and climate change), or,

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1 The Land Matrix is a global research project launched by ILC to better understand the implications of the growing wave of international large-scale investments in land. The report is the culmination of a collaboration with 40 partners, ranging from NGOs in affected regions to international research institutes.
increasing demand for climate mitigation measures (i.e. relocation of high carbon emitting agriculture production in other countries and reduction of greenhouse gases through agro-fuels or biofuels); and the current revaluation of land as an attractive “asset portfolio” by these investing entities (Banzuela et al., 2012).

HOW MUCH LAND HAS BEEN SUBJECTED TO THESE “LAND GRABS” OR “LARGE SCALE LAND INVESTMENTS”?  

There is no definitive data on exactly how much land has been subjected to this recent global land rush. What is currently available are mere estimates based on news reports, actual researches conducted on the ground, and reports posted in a blogsite maintained by a non-governmental organization, GRAIN.

Perhaps GRAIN (www.grain.org) can be credited with releasing the first reports on the global trend of land grabbing or land investments in 2008, citing biofuels promotion and food-for-export initiatives as the main drivers or reasons for these investments (GRAIN 2008). Between 2005 and 2009, various estimates suggested 20 million hectares (GRAIN 2008, Cotula et al 2009, IFPRI 2009).

In 2009, the Washington DC-based International Food Policy Research Institute (IFPRI) reported that since 2006, 15 to 20 million hectares of farmland in developing countries have already been sold or leased, or were under negotiation for sale or lease to foreign investors, mostly in Africa.

The World Bank claimed that ‘45 million hectares worth of large scale farmland deals were announced even before the end of 2009’ (Voegle, 2010).

The World Committee on Food Security reports that “land grabs or large scale land investments” have now affected 50 to 80 million hectares of farmlands. (see table 1) These estimates were arrived at through a systematic inventory of news and web-based media reports, field visits, and actual researches conducted by different researchers and institutions (HLPE on Food Security and Nutrition, 2011).

The most recent estimate released by the International Land Coalition (ILC) through its Land Matrix project in 2012 paints a most alarming picture. According to the report, between years 2000 and 2010, 203 million hectares of lands have been reported as approved or under negotiation for investments. Of these, deals covering 71 million hectares have been checked and validated. But again the report again mentions that the estimate do not include those land deals that are unreported. (Anseeuw et al. 2012)

### Table 1. Estimated inventories involved in large-scale land investments.

<table>
<thead>
<tr>
<th>Amount of Land (ha)</th>
<th>Coverage</th>
<th>Time Period</th>
<th>Source</th>
</tr>
</thead>
<tbody>
<tr>
<td>51-63 million</td>
<td>27 countries in Africa</td>
<td>until April 2010</td>
<td>Friis and Reenberg, 2010</td>
</tr>
<tr>
<td>approximately 1.5 million</td>
<td>Mali, Lao, Cambodia</td>
<td>Until 2009</td>
<td>Gorgen et al. 2009</td>
</tr>
<tr>
<td>&gt;3.5 million</td>
<td>Kazakhstan, Ukraine, Russia</td>
<td>2006-2011</td>
<td>Vissar and Spoor, 2011</td>
</tr>
<tr>
<td>46.4 million</td>
<td>81 countries</td>
<td>2004-2009?</td>
<td>Deiniger et al. 2011</td>
</tr>
<tr>
<td>4.3 million</td>
<td>Brazil</td>
<td>until 2008</td>
<td>Wilkinson et al. 2010</td>
</tr>
<tr>
<td>545,000</td>
<td>Mali</td>
<td>By end 2010</td>
<td>Baxter, 2011</td>
</tr>
<tr>
<td>3.6 million</td>
<td>Ethiopia</td>
<td>2008-2011</td>
<td>Home, 2011</td>
</tr>
<tr>
<td>&gt;80 million</td>
<td>Global</td>
<td>since 2000</td>
<td>International Land Coalition</td>
</tr>
<tr>
<td>approximately 15-20 million</td>
<td>Global</td>
<td>since 2000</td>
<td>V. Braun and Meinzen-Dick, 2009</td>
</tr>
<tr>
<td>not identified</td>
<td>Global</td>
<td>2007-2008</td>
<td>GRAIN, 2008</td>
</tr>
</tbody>
</table>

Source: HLPE, 2011 (as cited in Banzuela et al., 2012)

WHERE ARE THESE “LAND GRABS” OR “LARGE SCALE LAND INVESTMENTS” HAPPENING GLOBALLY, REGIONALLY AND NATIONALLY?  

Resource-rich developing countries in Africa, Southeast Asia, the former USSR/Central Asia and South America are the primary targets of these “land grabs” or “land investments.” In Southeast Asia, countries like Indonesia, the Philippines, Cambodia, Malaysia, East Timor, and Laos are the major destinations for these investments (Cotula, 2009; World Bank, 2010; Borras and Franco, 2011).
A World Bank report in 2010 by Klaus Deiniger, which listed the top three (3) destination countries for large scale land investments per region (see table 2), confirms that in the East Asia and the Pacific (EAP) region, the Philippines is second only to Indonesia as a preferred destination for investments (Deiniger, 2010). This is validated by reports of the Philippine Agriculture Development Commercial Corporation (PADCC), the main government-owned corporation facilitating these investment deals, that at least 1,340,500 hectares (some already with MOUs and some of which may already be operational) including 597,000 hectares of bio-diesel accounts already with investors are already happening. (Flores-Obanil, 2009) However, these do not include deals negotiated outside of PADCC or land deals being perpetrated by local investing companies such as in the case in Caluya Islands in Antique and the APECO case in Aurora, Quezon.

In the Caluya case in Antique, Philippines, the livelihood of at least 2,500 full time seaweed planters and the many families who farm part time or who otherwise gain income from the seaweed industry (boat transport, labour, collecting and drying seaweed that breaks free, buying and trading) are being threatened by a tourism project by local realty development corporation, Fil-Estate (Arnold, 2008).

Table 2. Top 3 Destination Countries by Region for “Large Scale” Land Investments

<table>
<thead>
<tr>
<th>Africa</th>
<th>Latin America</th>
<th>East Asia &amp; Pacific</th>
</tr>
</thead>
<tbody>
<tr>
<td>COUNTRY</td>
<td>TOTAL (in million has)</td>
<td>COUNTRY</td>
</tr>
<tr>
<td>Sudan</td>
<td>6.4</td>
<td>Brazil</td>
</tr>
<tr>
<td>Ghana</td>
<td>4.1</td>
<td>Argentina</td>
</tr>
<tr>
<td>Madagascar</td>
<td>4.1</td>
<td>Paraguay</td>
</tr>
</tbody>
</table>


In Cambodia, Borras and Franco cites the World Bank in reporting that there were 61 large-scale land concessions covering 958,000 hectares. However, the report also mentions that the estimate does not include smaller and undocumented land acquisitions, raising the possibility that more lands have been subjected to these land deals (Borras and Franco, 2011). Guttal (2011), in a study of economic land concessions in Cambodia and Laos, reported that “between 10,000 to 300,000 hectares of farmlands, forests and common lands have been given away to domestic and foreign companies for tree and cash crop plantations, oil, gas and mineral explorations, tourism, luxury housing creating landlessness, homelessness and destitution among the local population on a massive scale.”

GRAIN estimates that in Indonesia at least 4.2 million hectares have been sold or leased to foreign investors for food production (GRAIN and WALHI, 2011). Daeng (2010) revealed that as early as 2003, 41.4% of Indonesia’s total land area is already covered by investments of large-scale businesses, excluding oil and gas. The current trend of land grabbing therefore further threatens the 41.31 million Indonesians or 44% of the total work force who are dependent on agriculture.

These land grabs or large scale land investments have led to conflicts, such as those that caused the death of farmers in Mesuji, Lampung and Bima, West Nusa Tenggara. The conflicts erupted in 2011 as peasants resisted the encroachment of plantation companies on their land.
The fact that the targeted lands for investment or acquisition are not really “idle” or “marginal” as often touted, when these land deals are being promoted, but good lands with irrigation and existing infrastructure facilities is the main reason why conflict often ensue with existing land users in the communities.

WHAT IS THE GENERAL OPINION OR VIEW ON THESE “LARGE SCALE LAND INVESTMENTS” OR “LAND GRABBING?”

Admittedly, there are opposing views with regard to the recent spate of land deals. While some sectors have welcomed this trend of “large scale land investments” as a bearer of new livelihood opportunities in lower-income countries, others have raised concerns about the negative impacts of these “land grabbing” deals citing possible loss of local rights to land, water and other natural resources; threats to local food security; and further marginalization of peasants, indigenous peoples and rural women as possible results of these land deals (Cotula, 2009).

In fact, a number of host governments have often encouraged and supported these investments through a mix of policies and incentives that encourage the entry of these investments in a bid to address their own limited public investments in agriculture and low agricultural incomes, and to develop “marginal or idle lands” (Bernabe, 2010). The mantra of these land investments supposedly is “for development, food and water security, agricultural investment, and energy security” (Manahan, 2011).

However, since most negotiations for these deals are done behind closed doors, very little is known about the exact terms of the deal. Consultations, if done at all, are often aimed only to inform the local farmers. Rarely are their opinions or views about the land deals genuinely sought. It is thus very difficult to assess off-hand the advantages and disadvantages of these large scale land investments on the agricultural sector and their impact on the host country’s food security.

There are increasing calls therefore to study these deals and to make information on these deals more transparent and accountable. There are also efforts, mostly from international institutions like the World Bank and FAO, to produce guidelines which provide a framework for these land investments in the hope of offsetting their negative effects and making them “win-win” propositions for everyone concerned.

WHAT ARE THESE GLOBAL GUIDELINES OR PROCESSES GOVERNING “LARGE SCALE LAND INVESTMENTS” OR “LAND GRABS”? ARE THESE ENOUGH TO SAFEGUARD THE INTERESTS OF FARMERS? WHY?

The increasing concern regarding the possible implications, both negative and positive, on global food security, poverty and the agricultural sector of large scale land investments have given rise to different calls from various sectors. The more militant groups have called for the outright banning of these land deals, based on studies showing their negative implications. However, some have called for their monitoring and regulation --possibly the setting of principles, guidelines and even codes of conduct to govern such investments (CFS, 2011).

In June 2009, the G8-summit in l’Aquila declared that “noting a growing trend of international agricultural investment, including land leasing and purchasing in developing countries, we will work with partner countries and international organizations to develop a joint proposal on principles and best practices for international agricultural investment.” The United Nations Special Rapporteur on the Right to Food Olivier De Schutter also proposed a set of 10 Minimum Principles and Measures to Address the Human Rights Challenge of Large-Scale Land Acquisitions and Leases.

This commitment was reiterated in the Declaration of the World Food Summit on Food Security in Rome held on November 2009 when countries participating in the summit committed “to continue studying principles and good practices to promote responsible agricultural investment.”

FAO for its part has initiated worldwide consultations since 2009 for the development of Voluntary Guidelines on the Responsible Governance of Tenure of Land and Other Natural Resources (VG). In the 36th session of the Committee on Food Security held on October 2010, the participants coming from various sectors and governments “encouraged the continuation of the inclusive process for the development of the VG, building on existing regional processes with a view to submitting the guidelines for the consideration of the 37th session slated on October 2011.” A High Level Panel of Experts on Food Security and Nutrition was also convened during this session to undertake studies “on the respective roles of large-scale plantations and of small-scale farming, including economic, social, gender and environmental impacts; review of the existing tools
allowing the mapping of available land; comparative analysis of tools to align large scale investments with country food security strategies. The results of the studies were to be presented during the 37th session of the CFS.

Aside from the voluntary guidelines, the FAO together with the IFAD, UNCTAD and the World Bank worked together to develop a set of draft principles for responsible agricultural investment (RAI) which was released in February 2010. The RAI principles include respecting land rights; not jeopardizing food security; transparency and good governance; consultation and participation; economic viability; social sustainability; and environmental sustainability.

The RAI principles were drawn up, ostensibly, to find a “win-win” solution to these large scale land investments based on the premises that they “can stimulate agro-enterprise development and that they can be done in a “responsible” way, i.e. if local people are consulted properly, projects are economically viable, and where investments respect the rule of law, reflect industry best practice, among others” (Manahan, 2010). Since then, these principles have been subjected to several consultations, such as the side-event at UN General Assembly in September 2009, FAO Regional Conferences for Africa, Asia-Pacific, Near East between May to December 2010 and various other conferences.

There are other initiatives as well to expand the discussions on both the FAO VG and the RAI. The International Land Coalition (ILC) in April 2010 formed a partnership with regional farmers’ organizations (ROPPA, AFA, COPROFAM) and NGOs (Action Aid and Oxfam) to initiate dialogues and consultations on large-scale land acquisitions and their alternatives. These have led to a number of regional civil society consultations and meetings in 2010 and 2011. These processes are expected to continue in 2012.

Meanwhile, in February 2011 at the World Social Forum, on the basis of several conferences and fora on large-scale land investments, civil society organizations and social movements adopted what came to be known as the “Dakar Appeal against Land Grab”. The Appeal called for the rejection of the Principles for Responsible Agricultural Investment (RAI) on the grounds that these are considered illegitimate and inadequate to address the phenomenon of land grabbing. Linked to this is the call for a moratorium on large-scale land acquisitions.

** GIVEN THESE DEVELOPMENTS, WHAT CAN FARMERS DO OR ADVOCATE FOR NATIONALLY, REGIONALLY AND GLOBALLY?**

There is a need at this point to weigh the possible advantages and disadvantages of these large scale land investments especially since the high demand for land globally would continue in the long term. (Anseeuw et al, 2012) The perceived economic opportunities should be weighed carefully against the possible social, political and ecological costs of these land grabs. Evidence of the risks posed to the land and resource rights and livelihoods of rural communities and the negative costs to small farmers, especially rural women, are mounting. For farmers, it is crucial to assert the primacy of their interests over lands as a productive resource over that of foreign interests in all possible fora that would be made available to them. This would mean participation in consultations and fora with the position that investments can only be acceptable if it ensure the continued access, control and decision-making of small farmers, indigenous peoples, and rural women and that these investments would not threaten their livelihood and food security. In the Philippines, farmers should demand government to immediately complete the agrarian reform program and to protect existing tenurial instruments of beneficiaries. A review of existing economic land concessions (ELCs) in Cambodia would also go a long way in helping out small farmers, indigenous peoples and rural women.

Key stakeholders have different interests and objectives in agricultural investments which are often complex, misunderstood and lead to mistrust. The unequal power relations among them make participation by smallholders meaningless and compliance by investors in multi-stakeholder agreements unenforceable. Weak land administration by governments, their lack of recognition of the contributions of CSOs/NGOs and international development agencies, as well as the irresponsible behavior by many in the private sector all contribute to the negative impacts of agricultural investments. Farmers should opt for good practices and innovative models of agricultural investments that do not involve land acquisition and operate within existing tenurial arrangements that protect smallholder agriculture. However, these models such as contract farming and public and private partnerships cannot in themselves be promoted as good alternatives. Farmers need to scrutinize them on a case by case basis, to ensure that they are not skewed in favor of big agribusiness companies, leaving little negotiating
They should demand active and stronger government regulation in the observance of land rights, forestry and labor laws for these land investments.

They should participate in efforts to document and validate these land investments at the ground level (Shepard and Mittal, 2010).

Finally, they should also be constantly vigilant and work towards organizing themselves to further empower themselves against disadvantageous land deals.

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“Pension Funds: Key Players in the Global Farmland Grab,” Against the Grain, June 2011.


room for farmers and resulting in land grabbing by other means. (Summary of Bangkok Consultation on Implementation Guide on Agricultural Investment and Access to Land, 2012)

Farmers should demand transparency from their respective government in all of these land transactions. Government should make the terms of these negotiations public. Accountability mechanisms and sanctions should be clear. Explicit redress mechanisms should be established.