Land deals intensify competition for scarce resources

Since the worldwide food price crisis of 2008, foreign investors have rushed to acquire large amounts of agricultural land in poorer countries. Some observers welcome this, claiming that outside investment in ostensibly underused land will jump-start local development. Others regard such investments as land grabs, stressing that the areas are rarely empty and that local people have little say. This brief identifies the types of land targeted by investors and reveals key socio-ecological patterns of such deals. The evidence indicates that foreign investments are intensifying competition for the best land. Ensuring that such deals instead contribute to sustainable, inclusive use of land requires strong public guidance and oversight.

The global picture
Large-scale land acquisitions by international investors have been reported across the developing world. Several big deals in very poor countries have attracted media attention, sparking wider public debate. The Land Matrix, a global database of international land acquisitions, currently has data on over 900 land deals concluded between 2000 and 2014, covering over 37 million hectares (ha) in 76 countries (Box 1).

Target countries
Many of the countries targeted for investment are among the world’s least developed. The top 10 target countries (by area covered by deals) include six in Africa (South Sudan, DR Congo, Mozambique, Liberia, Sierra Leone, and Sudan) and two in Southeast Asia (Papua New Guinea and Indonesia). Many of these have large, sparsely populated land reserves, but investors seldom focus on such areas.

KEY MESSAGES
• Many large-scale land deals in the global South do not target unused or “marginal” land; rather, they involve accessible, productive areas where many people live.
• Some 35% of deals target cropland, 34% remote forests, and 26% grasslands. Distinct socio-ecological impacts emerge in each.
• Deals intensify competition for the best land. Oversight is needed to maximize their pro-poor potential and minimize harm.
• Deals should result only from inclusive, transparent negotiations between governments, investors, and communities. The informed, equitable participation of weaker stakeholders (e.g. poor land users) is essential.
• Guidelines and principles for more responsible land investment already exist. It’s time to test and evaluate them. In certain cases, halting a deal may be the best choice.
These countries also have weak formal systems of land tenure, suggesting that certain investors see opportunities where existing land users have little legal protection. Further, many target countries have high rates of hunger—a fact that is especially troubling given that only one-third of the land deals focus on food crops. 

Rounding out the top 10 target countries are Brazil (now a prime example of globally oriented agribusiness) and Ukraine (an ex-Soviet state with unfulfilled farming potential).

**Investor countries**

The top investor countries (again, by area covered by deals) include wealthy industrialized countries (e.g. the United States, United Kingdom), oil-rich Gulf states (United Arab Emirates, Saudi Arabia), and populous emerging economies (India, Malaysia). Small states with strong financial sectors (Singapore, Hong Kong) are also prominent. Collectively, the European Union is the source of a huge share of foreign investment, over 8 million ha (about the size of Austria) – even greater than that of the United States, whose investments cover roughly 6.5 million ha (as big as the Irish Republic). China’s significance has possibly been overestimated (it is number 11 on the investor list) – but it plays a major role in nearby Southeast Asia. Other countries investing heavily in their own backyards include South Africa, Vietnam, and Thailand. European investors are important players in Ukraine and other Eastern European countries.

**A detailed look at land deals**

We selected a sample of 139 deals from the Land Matrix for which detailed locations were known, and overlaid it with information on land cover, population density, accessibility, yield gaps, and agricultural land use (Figure 1). For each deal, we checked these indicators for a 10-km radius of the deal’s location. This buffer area recognizes that land deals affect more than just the area under contract, especially through competition for resources (Messerli et al. 2014). The rest of this brief draws on this analysis.

**Types of land**

Three main types of land are subject to deals: cropland, forests, and grassland/shrubland (Figure 2). Of most concern is the cropland (35% of deals): instead of targeting unculti-
vated areas, about one-third of the deals cover areas where people already farm. Case studies suggest that such deals do not always have the existing land users’ full knowledge and consent, respect the customary (or legal) land rights of individuals and communities, or adequately compensate farmers. 10,11,12

Forests (34% of deals) and grasslands (26%) are rarely, if ever, truly empty. People use forests for shifting agriculture, timber, firewood, wild food, and traditional medicines. 13 Grasslands are often traditional grazing areas. The best land in semi-arid areas is frequently subject to deals, but that is where herders bring their animals during the dry season and emergencies. They may be forced away to even more marginal land and deeper into poverty. 14 Further, the losses of forests, biodiversity, and carbon sequestration these deals imply also have consequences globally.

Finally, 24% of the deals we analysed had buffer areas that overlapped with protected areas. Conflicts between investors, conservation organizations, and local people may result.

People affected
Land deals are often touted as targeting sparsely populated areas. But this is often not so. Indeed, 52% of the 139 deals were in areas with more than 25 people/km², and 22% had over 100 people/km². The average population density in agricultural areas concerned was 81 people/km². Based on these figures, it appears that tens of millions of people are potentially affected by the roughly 900 deals recorded in the Land Matrix.

Accessibility
Land deals are also promoted as a way to open up remote areas for development. But this does not necessarily happen. Over 50% of our 139 deals were in relatively accessible areas—less than 6 hours’ travel from a city of 50,000 or more people. (In Africa, nearly 80% of the deals were within this range.) And about 30% were within 3–4 hours of the nearest city. Investors seem to favour easily accessible land with existing infrastructure, presumably because it lowers their production and marketing costs. They have probably built few roads or other infrastructure in remote areas.

Sustainable agricultural development?
Land deals are most likely to support sustainable agricultural development if they help to close the gap between actual and potential productivity in areas where ample cultivable land is available. 15,16 But our evidence suggests that many fail to do this, and instead exacerbate resource competition.

Indeed, 57% of the deals in our sample (and 43% of the total intended or contracted land area) involved areas with high yield gaps but where the remaining cultivable land is relatively scarce. Rather than opening up new areas, investors often prefer land in already cultivated areas. Local people or governments do not necessarily benefit: competition for scarce land rises, driving up prices and displacing residents.

It may be better to invest directly in existing land users, helping them to improve their yields and sell their surplus via improved value chains. Doing so would fight rural poverty while generating wealth. Indeed, there are other promising business models with advantages over large-scale land acquisitions 17—e.g. carefully devised contract-farming arrangements that involve no transfer of land rights. 18 Emerging codes of conduct provide a good basis for negotiations between investors, governments, and small farmers (Box 2).

Box 2. Codes of conduct on land investment
There is general agreement that agricultural investment is urgently needed throughout the global South. It is not a question of if, but rather of how. Some principles and guidelines point the way:

Principles for Responsible Investment in Agriculture and Food Systems
Developed in consultation with governments, UN agencies, donors, civil society and NGO representatives, private-sector associations, research institutions, etc. (Committee on World Food Security 2014)
http://tinyurl.com/6jqkvz4

Principles for Responsible Agricultural Investment
An earlier set of guidelines still backed by key bodies. (UNCTAD, FAO, IFAD, World Bank 2010)
http://tinyurl.com/pqxsy2o

Voluntary Guidelines on the Responsible Governance of Tenure
(FAO 2012)
http://tinyurl.com/67a7tz5

A Set of Minimum Principles and Measures to Address the Human Rights Challenge
Report by the UN Special Rapporteur on the Right to Food. (Olivier De Schutter 2009)
http://tinyurl.com/6jqkvz4

A local villager stands guard in front of a field of sugar cane. Photo: Patrick Bottazzi (2014)
Policy implications of research

Large-scale land deals do not target idle land

Even when foreign investors target countries with relatively large, sparsely populated land reserves, the deals often do not focus on areas where cultivable land is plentiful. Instead, investors typically seek land in accessible, populated areas where much of the land is already in use.

Many deals increase competition for good agricultural land, often harming local land users

A large proportion of deals are made in moderately to densely populated areas – possibly one-third in existing croplands. This intensifies resource competition with small farmers and pastoralists, who typically cannot defend their claims. Even in relatively unpopulated areas, land deals can bring environmental costs – loss of biodiversity or fresh water – that affect nearby communities.

Donors, NGOs, governments, and business leaders must steer investments in a responsible direction, or promote alternatives

Large-scale investments by foreign investors will not promote sustainable agriculture by default. Sustainability goals must be made explicit. Key stakeholders, including business leaders, must identify and adhere to models that partner investors with existing land users rather than pitting them against each other. In some contexts, this may mean ending large-scale land acquisitions altogether.

Clear guidelines for better land investments exist

Carefully considered principles and guidelines already exist. It’s time to test and evaluate them. They highlight the need for transparency, inclusiveness, respect for human rights, and consideration of environmental costs in all land-related negotiations, contracts, and resulting projects. Such guidelines can provide a starting point for binding agreements between land investors, governments, and local communities. Every effort must be made to explain them to weaker stakeholders (especially poor land users), strengthen these actors in negotiations, and ensure that projects proceed only with their informed consent.

Suggested further reading


References and notes


5. www.landmatrix.org (accessed 1 July 2014)


8. This dataset was exported from the Land Matrix on 7 April 2013. In: Messerli P, Giger M, Dwyer M, Breu T, and Eckert S. 2014. The geography of large-scale land acquisitions: Analysing socio-ecological patterns of target contexts in the global South. Applied Geography 53:449. DOI: 10.1016/j.apgeog.2014.07.005


