

## WHOSE FOOD, WHOSE FARM?

Lecture Camilla Toulmin, October 4<sup>th</sup> 2011

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This lecture presents the report prepared for the High Level Panel of Experts (HLPE) of the UN Committee on Food Security (CFS), on Land Tenure and International Investments in Agriculture. I shall outline the principal findings and the recommendations made to the CFS which meets in two weeks time in Rome. The CFS was recently reformed with the aim of making it more substantive and effective as the structure at the summit of the global food system, with powers of governance as yet to be fully tested.

The multiple problems facing the planetary food system are typical of the broader problems of global governance we face due to multiple interests and jurisdictions. As with addressing climate change, or managing our oceans, we need to design ways of ensuring food systems work for the poor as well as the rich, and for long term sustainability too.

Alongside our report on investment in agriculture, a parallel report has been prepared for the HLPE on price volatility. I commend this report to you for its insightful analysis of the 2007-08 price crisis, the identification of short, medium and longer term drivers of price rises and volatility and the clearly formed recommendations which will also be taken forward to the CFS meeting in Rome mid-October. The recommendations include the need to address export bans, cut biofuel targets and subsidies, curb speculation, invest in agriculture and build both more resilient and low carbon food and farming systems. These two reports present a sober picture for food security for the years to come, given the likely continued pressure on resources, rising demand and squeeze on stocks. We reckon that prices will remain higher than the average over the last three decades, with significant volatility to come.

I was given responsibility for leading the study team on Land Tenure and International Investments in Agriculture, and I would like to acknowledge the hard work and many inputs from my colleagues Ju Borrás, Prem Bindraban, Esther Mwangi and Sergio Sauer. Our locations spanned a 12-hour time zone, and we had to work to an incredibly tight timeframe. Nevertheless, we were able finally to agree on a draft which has been accepted by the HLPE. I would also like to acknowledge the valuable help and support of Rudy Rabbinge, of the HLPE and chairman of the steering group for the preparation of this report. He and other colleagues from the HLPE provided much advice and help. I also acknowledge the inputs from my colleague at IIED, Lorenzo Cotula, whose work has generated multiple insights which have fed into this lecture.

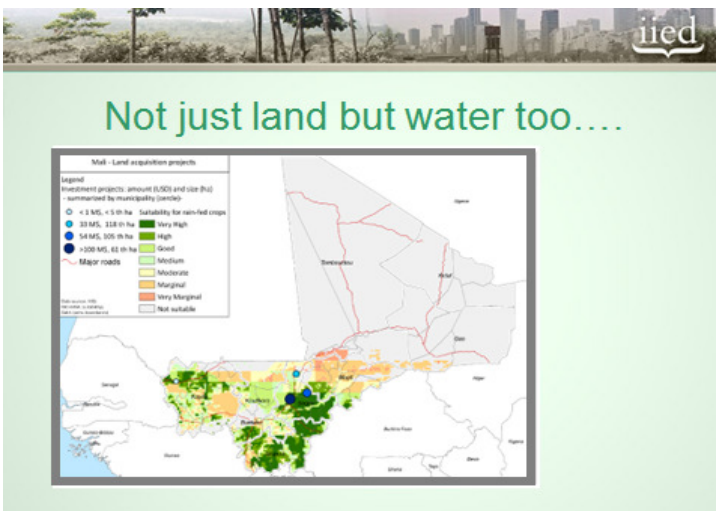
It's a challenge trying to write a report like this, when the evidence is patchy, and new information is surfacing all the time from press and other sources. There is a large and growing body of work in this field, led by researchers and NGOs, plus major international agencies like the World Bank, FAO and IFAD. GRAIN has rightly been acknowledged as leading the initiative to collect and publish information on the "land grab" with the announcement last week of their being awarded the Right Livelihoods Award for 2011. It's interesting for me, having been involved in the field of land rights and tenure for the last 20 years, to see the snowballing of interest and information on land issues, especially since the food price crisis of 2007-08. In the 1990s and early 2000s, the principal areas of concern on the land agenda were growing scarcity and competition for land and natural resources at a local, national and occasionally regional scale, and designing accessible means for farmers to register their rights to land and collective resources such as grazing and woodlands. Fifteen years ago, we did not pick up evidence for large scale international interest in farmland although, clearly, there have been major transformations in countries such as Indonesia and elsewhere in south-east Asia around palm oil plantations.

In the report, we try and pull together the various estimates made of areas involved in large scale international land investments, and come up with a broad figure of from 50-80m hectares of land. In their

report of late September, Oxfam note a considerably higher figure has been generated by the Land Matrix Partnership of 230m hectares (an area the size of Western Europe). Of this 230m hectares, half has been verified as constituting real investment deals, the other half being further investigated. But all of these figures suffer a major weakness due to the fact that many countries do not have an up-to-date land registry, many deals are carried out in secret, and there is often a big gap between what the media report and the subsequent reality. In addition, while the focus here is on international investment in agricultural land, it should be remembered that there is very considerable domestic investment in large scale farms which may be at least as big, if not greater than, the size of foreign holdings. For example, in Russia, Nigeria, Sudan and Cambodia domestic investors were found to be far greater than foreign interests. In some cases, joint ventures between domestic and foreign investors mean it is difficult to entangle the two sets of interest.

Amount of land (ha)	Coverage	Time period	Source	Method
2.5 million	Ethiopia, Ghana, Madagascar, Mali and Sudan	2004-2009	Cotula <i>et al.</i> 2009	Systematic inventories based on in-country research
51-63 million	27 countries in Africa	Until April 2010	Friis & Reenberg 2010	Systematic inventory of media reports
Approximately 1.5 million	Mali, Laos, Cambodia	Until 2009	Görge <i>et al.</i> 2009	Systematic inventories based on in-country research
>3.5 million	Kazakhstan, Ukraine, Russia	2006-2011	Visser & Spoor 2011	Media and web based
46.6 million	81 countries	2004-2009?	Deiniger <i>et al.</i> , 2011	Systematic inventory of media reports
4.3 million	Brazil	until 2008	Wilkinson <i>et al.</i> 2010	-
545,000	Mali	By end 2010	Baxtor, 2011	Field visits, govt documents
3.6 million	Ethiopia	2008-11	Horne, 2011	Field visits, govt documents
15-20 million	"poor countries"	2006-09	IFPRI 2009	-
> 80 million	Global	Since 2000	International Land Coalition	Systematic inventory of verified media reports
Approximately 15-20 million ha	Global	Since 2000	v. Braun and Meinzen-Dick (2009)	Estimate based on media reports
Not identified	Global	2007-2008	GRAIN 2008	Media and web based

According to the World Bank, only 20% of the land acquired through such large scale investment has actually been put to productive use, to date. There may be multiple reasons for this, such as the time it takes to undertake effective community consultation, and to construct the necessary infrastructure. However, it is also likely that some of these deals have been done for speculative purposes, with investors



hoping for a significant increase in the asset price of the land. Equally, it is probable that some companies are “banking” the land for use in a subsequent period.

While people have mainly spoken of “land grabs”, land by itself would be of little value if it did not also have water available, a point also made by Phil Woodhouse. So, for example, when my colleagues Lorenzo looked at large scale acquisitions in Mali, it was not up in the

empty dry northern corner that he found them. Rather it was in the central area along the River Niger and in the irrigable zone under the authority of the Office du Niger. Investors aim to get priority rights over water so that even in a dry year, they will be assured sufficient supply. This transfers risk of shortfalls to land users further down the canal system.

What can we say of impacts? Drawing on my colleague Lorenzo, he argues that to date given the huge diversity of contracts and contexts, it is hard to make hard and fast judgements. Nevertheless, there is clear evidence in a number of places of inadequate consultation with local land holders, and poor compensation, leading to growing resistance and conflict between inward investors and those displaced by the project. And in the six cases studies examined by the World Bank (2011), there are serious concerns raised about social and environmental impacts from these projects.



**Early impacts**

- Huge diversity of investments and context
- Growing research base, but no definitive answers
- Growing evidence of inadequate consultation and compensation, local conflict/resistance, land/resource loss – but few studies have considered investment project as a whole
- Risks exacerbated when wider pressures on land taken into account

So who is investing, why and how? Land has now become a scarcer and more valuable asset, of interest not only to domestic elites but also to regional and new global players. There is a wide array of actors involved, in some cases from neighbouring countries such as Vietnamese farmers moving into Cambodia and Laos, South Africans settling in Mozambique and further afield in Nigeria and Ghana, UK farmers investing in Hungary and the Czech Republic following the fall of the Berlin Wall, farmers from Argentina and Brazil moving to Paraguay and Uruguay, and Chinese farmers heading north into eastern Russia. Globally from colonial times onwards, Europeans and north Americans have been investing in land for production of rubber, palm oil, forestry, sugar and other crops. They are now being joined by new players from the Gulf, Libya, China, India, Brazil and elsewhere – an extension of interested actors which is only likely to grow in future. Its not just for food but also for animal feed, meat, flowers, biofuels, forestry and fibre. While much of the investment is carried out by commercial bodies, governments also have a big role to play, especially in countries hosting this investment through investment promotion agencies, one-stop shops for acquiring land, ministries, prime ministers and even presidents taking an interest. Governments of investing countries also often play an important role, such as through political and financial guarantees, as well as sovereign wealth funds.

There are multiple drivers pushing the acquisition of land - public policy, market forces and environmental pressures - which are strongly inter-twined. Taking public policy measures first, the biofuel targets we have set ourselves (within the EU a 10% contribution by 2020) while driven by the desire to reduce greenhouse gas emissions, have serious consequences for land use pressures both within and outside the EU's borders. It is reckoned, for example, that by 2020, we will be relying on 60% of this feedstock coming from outside the EU area, generating pressures on land for growing palm oil, sugar and jatropha, especially in tropical regions. The US biofuel policy and targets have led to nearly half of the maize harvest being converted to bioethanol, with big impacts on world maize prices and the tightening of global stocks. Another public policy measure concerns the search by a number of nations for greater food security. No government wants to find itself with a serious shortfall in basic food supplies. Countries such as Saudi Arabia and Libya who face tight constraints on domestic food production have for some years been investing in land elsewhere. This effort has been further accentuated by the food price crisis of 2007-08, when a number of

countries found that holding cash was not enough to buy grain, when export bans kicked in. Hence, they are seeking to assure themselves direct access to food, rather than needing to purchase food in the market. Saudi Arabia has moved from trying to be self-sufficient in cereals by subsidising domestic production, which has led to depletion of fossil water supplies, towards developing joint ventures in the Sudan. Equally, Libya has made deals with Ukraine and Mali to establish production of cereals for Libya's citizens. The third area of public policy has been the work of investment promotion agencies, in which countries have aimed to become "business friendly", competing with neighbours and seeking to draw in foreign investors through offers of preferential terms, tax free periods, access to cheap land and so on.



Market forces provide the incentive for corporations and other investors to seek access to land. The rapid increase in the price of food and other commodities has generated the perception that land is an increasingly scarce and valuable commodity. Companies are facing growing doubt that they can secure sufficient access to commodities through market mechanisms on which their business is based, and therefore seek to acquire direct control through production. This rising value of land has led it to become a global asset, in demand from a range of agricultural investment funds, pension funds, banks and other financial institutions. Land has an interest as an asset because it has long term value and is less prone to wild swings as are found with many other stocks and commodities. You can explain a lot of interest in farmland acquisition by a range of environmental pressures, such as water scarcity, drought, conservation initiatives, and forestry and carbon markets. Examples of water scarcity include very arid countries like Saudi Arabia and Libya which are concerned about scarce fossil water supplies. Drought has pushed millions of people from the West African Sahel to seek better watered farmlands in coastal areas. Conservation interests have acquired significant areas of land in Africa and South America, with the aim of protecting this from use. Forestry, carbon markets and REDD payments have led to land being acquired for forest conservation and tree planting activities.

Why are smallholder farmers vulnerable in the face of such pressures? Because many land tenure systems are weak in terms of coverage and administration. There is frequently a large gap between statutory land law and customary practice, leading to legal pluralism and institutional "shopping". Land tenure can be

**Land tenure systems**

- Gap between statutory and customary law and practice
- Legal pluralism + institutional shopping
- Bundle of rights – primary/secondary rights; individual/collective
- Very low coverage documented rights
- Slow, high cost, inaccessible processes

seen as a bundle of rights, ranging from full ownership to temporary access and use of a given resource, with many intermediate stages. There are both individual and collective rights, which may overlap on any given resource, while some groups can exert preferential and others secondary claims to land. In many parts of sub-Saharan Africa and also elsewhere, there is low coverage of documented rights, such that less than 10% of land in West Africa has any form of formal documentation. While there are processes in place for registering and titling land claims, they tend to be slow, high cost, and effectively

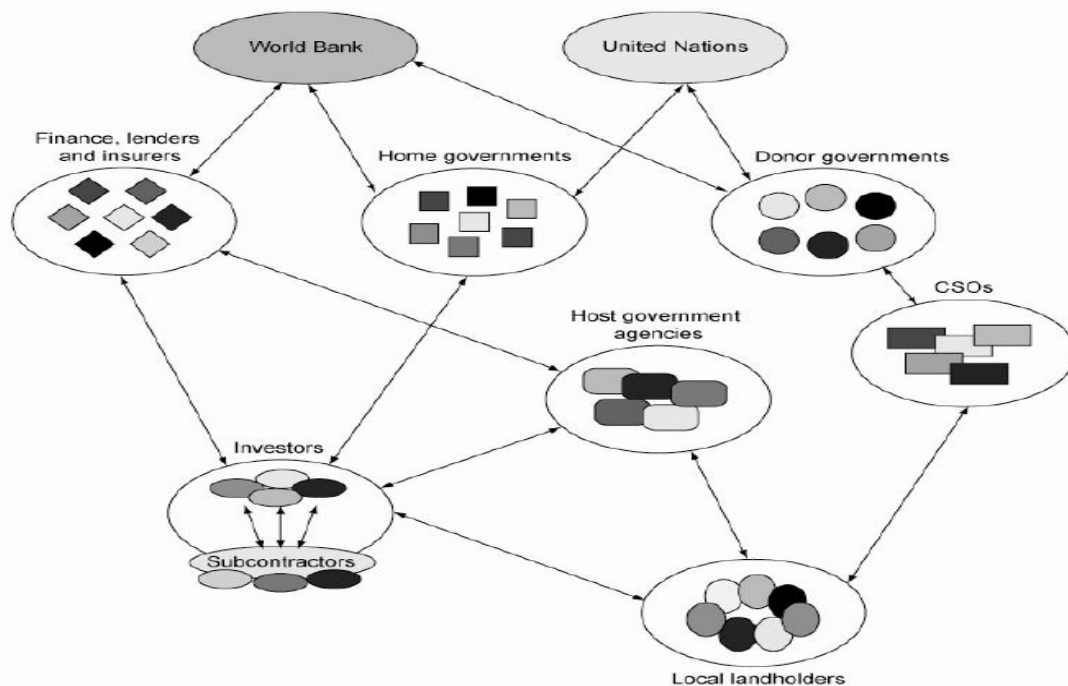
inaccessible to the poor majority, especially those in rural areas. This means that smallholders are very vulnerable to losing their land, because they cannot produce documentary evidence of their rights. On a satellite image, it may look as though there are large areas of uncultivated land, but when you go and listen and learn from local people, you find that's not the case at all. Most vulnerable are those with weak and secondary claims, typically women farmers, pastoral herders and in-coming migrant farmers – none of whom can make strong claims under either statutory or customary systems.



We were asked by the HLPE to review the evidence for small scale and larger scale farming to assess how far there are significant advantages in terms of economic, environmental gender and broader social impacts from one form of farming in comparison with others. This is a long standing debate which is intertwined with much political positioning and discourse. Many examples can be found which prove the benefits from small versus large scale farming and vice versa. Our review of the evidence showed that while there are few if any economies of scale in farm production, there are now substantial upstream and downstream benefits from larger scale commercial production which put smallholders at a disadvantage. But looking at jobs or income per hectare, smallholders score much better than large farms, and there was also widespread evidence of poor performance of large scale farms as regards environment – whether due to mechanised land preparation causing erosion, mono-cultures reducing biodiversity, or pollution from insecticide and fertiliser runoff. However, there was no system that scored best on all factors – context and policy frameworks matter a lot. The relative economics of small and large scale production need to be compared on an equal footing, but in many cases, large scale industrial agriculture does not pay the real costs of production, because of reliance on subsidies and cheap fossil fuels..

Rather than assess whether small or large scale farming is “better” in performance, it also needs to be asked – how can small and larger farming concerns integrate in ways which maximise their joint benefit? There are a variety of joint ventures, and other shared value models which bring smallholders and large scale commercial undertakings together in production, processing and supply. A range of different business models exist offering a mix of ownership, voice, risk and reward (Vermeulen and Cotula 2009). However, the imbalance in power to negotiate remains a serious difficulty limiting the extent of such positive models.

Aligning international agricultural investment with food security is complex, and there are no guarantees that inward investment in land will be beneficial to local food security. Recommendations need to be designed for each of the different actors operating at different levels if, collectively, improved alignment is to be achieved. Each group is themselves quite mixed in character and power – thus, for example investors vary considerably, and may themselves employ sub-contractors who carry out much of the work. Host governments operate through a range of ministries and agencies, with issues of coordination amongst them a significant problem. Local landholders are also very diverse, with some gaining from inward investment and others losing out.



At the international level, there are several UN bodies of which the CFS is now the highest level with responsibility for global food security and nutrition. A series of instruments based on human rights exist at this level, such as those related to the right to food, the rights of indigenous peoples, and business and human rights. There are also a set of voluntary guidelines for companies, offering certification for those able to demonstrate sustainability and social considerations have been incorporated in their supply chains. However, there are concerns at the lack of real “teeth” that such agreements can exert.

Stronger measures are potentially available at national level, including land reform, rights registration and administration; environmental and social impact assessments; and design of fiscal policy to curb speculation and encourage particular forms of land use and investment. But there are also frequently problems of policy implementation, due to limited administrative capacity and political will to impose policies which are unpopular with powerful interests.

The study team developed a series of recommendations for each of the actor groups, as follows.

**Recommendations from HLPE**

Measures to be undertaken by:

- Host country
- Corporate investors
- Donor governments
- Home governments of countries where investor is headquartered
- Civil society actors
- UN CFS

The host country government is the principal actor to consider since their capacity and willingness to seek better alignment between large scale agricultural investors and local food security needs is critical to making this happen. This includes generating inclusive debate on agricultural pathways and long term choices. While much debate has been happening at international level, those directly affected by investment choices need to get involved and have their voices heard. The size and timescale for many of the land deals underway have major long

term consequences for countries and their citizens. Governments need to strengthen and respect local rights over land and natural resources, and ensure that Free Prior and Informed Consent (FPIC) principles are followed, including proper compensation for those adversely impacted. Governments should promote

smallscale farming, and encourage more inclusive investment business models which share the value created by the business. This means understanding and demanding better deals from investors.

There may well be need for access to top class legal advice to ensure a level playing field for negotiations. Governments should consider opening-up investment contracts for wider scrutiny, to ensure a proper balancing of interests. Better investment relies on better contracts, so it is important to ask “Who participates, when and how?” Establishing greater transparency, monitoring, and accountability will improve the chances of investment contracts being adhered to.

Corporate investors are reminded of their legal responsibilities as regards protection of human rights. They should follow best practice in relation to consultation with local community groups, using well-tested methods linked to FPIC, and follow industry guidelines on environmental and social impacts.

Donor governments need to align bilateral and multilateral activities to ensure coherence. Many of the pledges made at G8 and G20 meetings have yet to be fulfilled. These commitments to increase funding for agriculture are key to building more resilient food and farming systems which work for poor people and the environment. Hence, donors are urged to increase research to sustainable intensification, and agro-ecological methods, bridging the yield gap and building a low carbon food and farming system.

Home governments of countries where an investing company is headquartered need to ensure their companies operate to the highest standards as regards human rights and environmental management. One means to do this is to establish a mechanism for redress for people in third countries to hold a company or investor to account.

Civil society actors have been central to flagging the processes of land acquisition at work, and implications for millions of people. But the voice of farmer organisations in-country also needs to be heard. These groups need to be centre stage in a national dialogue, that brings in farmers’ movements, parliament and press, who can also play a valuable function in monitoring adherence to the terms of investment contracts. Civil society groups should also continue to strengthen international information sharing on land acquisition and global campaign strategies, and help groups in those countries where political space for debate is limited.

UN Committee on Food Security should consider the following recommendations: Require that governments should report annually on progress made in aligning investment and food security. Advise governments to abolish biofuel targets and subsidies, since these are responsible for much of the pressure on land and food prices. Encourage governments to approve the Voluntary Guidelines on Responsible Governance of Tenure of Land, Fisheries and Forests, and establish an international observatory for collecting

information on changes to land tenure and the right to food. Further support to regional processes, such as that led by the African Union’s Land Policy Initiative, would help ground the global debate in key regional political arenas. The CFS should also propose the best means to ensure effective consultation on the Principles for Responsible Agricultural Investment (RAI), and ensure oversight of this process. So, there’s quite an agenda to be discussed in Rome in a fortnight’s time.

*Camilla Toulmin*



The graphic features a header image of a city skyline with the 'iied' logo in the top right corner. Below the image, the title 'UN-Committee on Food Security' is displayed in green. A list of five recommendations follows, each preceded by a green square bullet point.

- Govts should report annually on aligning investment and food security
- Govts to abolish biofuel targets and subsidies
- Approve VG, and establish observatory for tenure and right to food
- Support regional processes eg. AU-LPI
- Ensure effective consultation on PRAI