
Introduction: Global Land Grabs: Investments, risks and dangerous legacies

LAND RESEARCH ACTION NETWORK

ABSTRACT *In their introduction to this journal issue, the Land Research Action Network warns that a new global wave of land grabbing is underway. The current trend of investments is triggered by the interrelated crises in food, finance, energy and climate that have been spurred by decades of corporate driven globalization, neo-liberal policy regimes and natural resource exploitation. They argue that one positive outcome of the multiple crises is a renewed interest among peoples, academics, entrepreneurs, scientists and policymakers in alternative models of production, consumption and using energy and resources. They look forward to measures that will redistribute, protect and nurture land and water resources paving the way for a new framework of governance of land and the natural commons, which puts local communities in control of their own territories and livelihoods.*

KEYWORDS *privatization; world bank; IAASTD; biodiversity; eco system; livelihoods*

Introduction

The issuing of land concessions and leases for tree plantations over large areas and for excessive periods has led to social and environmental problems and required both the resettlement of people and compulsory acquisition of the land which the people farm on. The people have lost their source of daily livelihood and lost their long-term rights to use the land. (Kham Ouane Bopha, Head of the National Land Management Authority, Lao PDR, February 2007)

This rare and frank public statement, by a senior representative of the Lao Government¹ in its review of decisions to reallocate Lao's fertile lands for agricultural investment, could apply equally to other countries of the South. In the last five years, media reports have started appearing of a new wave of investment in agricultural lands all over the world. These reports have also carried cries of protests from communities whose lands, without warning, had been summarily cleared and fenced. Deals often covering tens of thousand, even hundreds of thousands of hectares of farmland at a time, were signed over by national and provincial governments under astonishingly lenient conditions, enabling corporate control over significant areas of land for decades to come (GRAIN, 2008; IFPRI, 2009; Cotula *et al.*, 2009; World Bank, 2010).

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The vast scale and apparent speed with which the land is being taken warns that a new global wave of land grabbing is underway. While specific triggers may be different this time round, the underlying causes reflect similarities with the land grabs of the past (McMichael, 2010). Through the ages, productive lands, rich in water and natural resources, have always been the most valued assets of communities, societies and nations.

The current trend of investments is triggered by the interrelated crises in food, finance, energy and climate that have been spurred by decades of corporate-driven globalization, neo-liberal policy regimes and natural resource exploitation. The convergence of these crises has prompted governments to urgently try to secure their country's future food and energy needs. With limited stocks of productive land at home, the search has extended beyond national territories. South Korea, for example, plans to restructure its agriculture sector through investing in overseas production as a more 'cost-effective' measure than providing subsidies to its own farmers. South Korean companies are on the look out for arable land, the size of which is many times larger than the entire domestic area of arable land in South Korea. For example, the Daewoo corporation made a failed bid to secure over a million hectares of land in Madagascar (GRAIN, 2008). Many of these global land grabs are ostensibly negotiated under the name of development, food and water security, agricultural investment and energy security. Both host governments and investing parties use diplomatic and development assistance channels to open the way for teams of corporate representatives to scout for fertile lands, for example, the Philippines, Cambodia, Kuwait, Qatar, India, Vietnam and China.

Who takes the risk?

Large-scale investments in land are highly risk-prone, primarily to the environments, local economies and communities of the host countries. The lives of the investors are not on the line when ventures fail to yield projected financial returns, damage environments or capture precious natural resources. The highest risks are born

by local farmers, forest users, fisherfolk, traders and communities, whose livelihoods can be completely destroyed by these projects.

Cases that have been highlighted include the expropriation of land belonging to entire villages of people, with little or no monetary compensation and rarely any provision for alternative livelihoods – other than to take the penny of the company that threw them, unceremoniously, off their land. Actual opportunities for employment tend to end up being much smaller than originally promised. Often local people are passed over in favour of a migrant work force who flow in from a precarious circumstance elsewhere. Jobs on large-scale plantations favour the young, relegating older farmers to unemployment, depreciating their knowledge and skills. Where no alternative employment exists, they are forced into long-term dependency on their children. The terms and conditions offered for industrial farm labour are often unclear and unmonitored, leaving many workers with no job security, scant protection against health hazards, irregular wage payments and no legal redress. Wages, after deductions, are barely enough to bring home staple food, except where several workers are hired from one family. Even small price fluctuations have a direct impact on daily hunger. Field studies by the authors and other researchers show that such incomes cannot substitute for a lost productive farm, forest, wetland or rangeland on which a variety of foods and cash resources had been cultivated on a long-term basis (Schott, 2010).

Negative impacts of plantations are compounded where biodiverse rich lands – important food cupboards for poor families – are taken over, replaced with monocrops and treated with intensive, regular application of powerful pesticides and herbicides (Manahan, 2007; Mendonça, 2007). In many cases, families are forced to make a living by opening up new areas of forest and woodland for cultivation. Such moves can lead to conflicts with previously settled communities over access to limited resources. In other instances, families and communities are fractured as members move to urban centres to work in the construction or hospitality industries, or to other rural areas as seasonal agricultural labour.

At the national level, land taken from control of local people for generations, is a ticking time bomb that will result in food insecurity, deepening inequality and civil unrest in the next generation. The transformation of land use from nationally oriented production to export-oriented production exposes countries to the risk of food price volatility. Commodity trading and consumption patterns in distant markets over which national economies have no control and little advance warning encroach on the right of peoples to define their own food, agriculture, livestock and fisheries systems. Given existing land scarcity – most areas of productive land are already in use – land acquisition for large-scale investments is likely to result in landlessness. Studies so far indicate that macro-economic returns from large land concession projects are inadequate, given that accompanying conditions such as tax, rent, social infrastructure, workers' wages and welfare tend to favour investors over larger societal interests. Such projects also have large ecological footprints. In countries, whose forest expanses are seen by government authorities as spare land available for commercial exploitation, large tracts of resource rich forests have been shorn from the land, damaging the microenvironment and releasing carbon into the atmosphere.

Promoting land privatization

Dire outcomes are reported not only by community-based studies. Two years ago, the World Bank, confident that there were benefits from private/corporate agricultural investments to 'underperforming' economies, embarked on a multi-country survey of existing investment projects to analyze 'land grabbing' from its own perspective. The first draft of the report, published in September 2010, acknowledges the 'real dangers' of 'uncompensated land loss by existing land users and land being given away well below its true social value'. The study found that many investments failed to live up to expectations and 'instead of generating sustainable benefits, contributed to asset loss and left local people worse off than they would have been without the investment'. Case studies also

confirmed that, 'in many cases, benefits were lower than anticipated, or did not materialize at all' (World Bank, 2010: 51).

What is not covered in the Bank's Report, however, is the role the Bank itself has played in driving global land deals and 'resources restructuring'. Decades of neo-liberal economic policies have laid the groundwork for welcoming transnational corporate investors to acquire land in agricultural producing nations. Export-oriented policies promoted by the Bank, International Monetary Fund (IMF) and the World Trade Organization have systematically discouraged small-scale production and food self-sufficiency, and encouraged food importation. The Structural Adjustment Programmes dictated by the IMF and World Bank during the 1980s and 1990s helped to destroy African agriculture, especially, through the imposition of conditionalities that obliged the withdrawal of government controls and support mechanisms to provide farmers access to land, credit, insurance, inputs and cooperative organization. 'In other words', as Walden Bello (2008) leader of the Akbayan party in the Philippine Parliament, has put it, 'the World Bank and IMF resident proconsuls reached into the very innards of the state's involvement in the agricultural economy to rip it up'. Similar histories can be told in Southeast Asia and parts of Latin America.

The Bank has also played a strong role in promoting the development of land markets. Since the 1980s, it has offered loans for the overhaul of land tenure administration, transforming the nature of traditional, multi-layered, landholding relationships toward simplified individual private property regimes. Access to land through market mechanisms was pushed as a form of land reform – more easily palatable to entrenched national powers than the mandatory redistribution through agrarian reform sought by social movements (Rosset *et al.*, 2006). In disastrous cases, Bank titling programmes fuelled their own land grab, as wealthy and powerful individuals gained land titles and freely used land for financial and speculative gain – leading to waves of dispossession of the poor, in both rural and urban areas.

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More recently, the Bank's role has focused efforts to improve 'investment climates' and 'business enabling environments'. The International Financial Corporation and the Foreign Investment Advisory Services, both part of the World Bank Group are engaged in providing advisory services and technical assistance on investments in land. Countries in Africa, Asia and Latin America have been encouraged to create investment promotion agencies, 'one-stop shops' for inward investment, and rewrite national laws in favour of liberalization. A great many of the new investment agencies set up in the client countries have eagerly ushered in large-scale foreign investment in land involving the transfer of massive areas of land (Daniel and Mittal, 2010).

The cultural traditions that emphasize collective land/resource management for long-term survival of a community or group have also been undermined by this systematic bias towards privatization. Previously held under common property tenure regimes of one form or another, natural resources – of tremendous value to local communities for foraging, gathering, fishing, trapping, grazing and regenerating biodiversity and soil fertility – have been parcelled out. Under individual tenure, rangelands became unproductive, woodland resources were unevenly distributed, and preventing ecosystem damage was no longer a shared value and imperative. Plots were subsequently sold, frequently to buyers interested only in accumulation, with no long-term stake in the health of the resources or the community.

The 'commons' are still regularly neglected in policy decisions. Where they have not been individually appropriated, they are termed 'state property' by default. Of little direct value to remote public administrations – they may not contribute to GDP or government coffers – 'common lands' can be too easily labelled 'idle', 'marginal' and 'unproductive', regardless of the wealth of biodiversity and foodstuffs to be found there. This political revision serves to justify their transformation towards 'economically productive', industrial, chemical intensive, monoculture plantations, large-scale commercial aquaculture, extractive industries and exclusive tourism enclaves.

National governments have been criticized for failing to prioritize the welfare and human rights of their citizens and migrant communities in these land deals, which have been concluded without transparency to local community groups and the public, and sometimes hidden also from the eyes of donor 'partners' (World Bank, 2010). The murky nature of the investments have been remarked on by a number of observers (IFPRI, 2009; Liversage, 2010), raising the suspicion that corruption is at the core of such decisions.

International initiatives for land and resource governance

The lack of transparency and near absence of effective remedies to address the economic, social, environmental and political problems resulting from these recent deals have unleashed widespread national and international reactions against land acquisitions by state and corporate investors. In a bid to prevent the worst excesses of large-scale investments and pre-empt public backlash against foreign driven land grabs, international multilateral organizations have begun drafting international frameworks to set good governance standards for land and natural resource tenure, and for agricultural investments by private corporations.

The International Conference on Agrarian Reform and Rural Development organized by the Food and Agriculture Organization (FAO) in Porto Alegre, Brazil, in 2006, reaffirmed the fundamental importance of wider, secure and sustainable access to land, water and other natural resources, and of agrarian reform for the eradication of hunger and poverty. Economic, social and cultural rights, in particular of women, marginalized and vulnerable groups, were recognized to be essential considerations in dealing with land and natural resources issues.

This gave impetus to the FAO's Committee for World Food Security (CFS) to launch an initiative to draft *Voluntary Guidelines for Good Governance in Land and Natural Resource Tenure*, aimed at providing practical guidance on responsible resource governance as a means of responding to global challenges, particularly the new wave of global

land grabbing. A broad agreement is being sought among governments, civil society, constituency groups and international organizations, to be approved by FAO member nations and other interested parties. Specific content is currently being formulated in an international consultative process, which can be followed online². Regional and constituency-specific consultation meetings have been held, and further participation of civil society, particularly groups most affected by landlessness and tenure insecurity, is being engaged, adopting the FAO's principles of engagement³. The draft guidelines are scheduled to be submitted for approval at the next session of the CFS in 2011.

While it is still unclear what the outcome of this process will be, and how much progress it will represent, many social movements and civil society organizations (CSOs) see the preparation of these guidelines as an opportunity to establish a mandatory framework for public regulation of investments in land, forests, agriculture, coastal and marine zones. This framework is not expected to establish new legally binding obligations, but rather, to provide guidance on how to ground national and sub-national policies in existing international human rights obligations.

In the meantime, other institutions have called for 'codes of conduct' or principles to reign in the 'irresponsible' behaviour of agri-businesses engaged in the rapidly increasing investments in land. The World Bank, International Fund for Agricultural Development (IFAD), FAO and the United Nations Conference on Trade and Development (UNCTAD), have formulated and are promoting 'Principles for Responsible Agricultural Investment that Respects Rights, Livelihoods and Resources (RAI) so that developing economies can benefit from potential "win-win" opportunities that private agricultural investments supposedly offer (FAO, IFAD, UNCTAD and the World Bank Group, 2010). These include among others: recognising existing land rights, proper consultations with local peoples, ensuring economically viable projects, and urging investors to respect the rule of law and reflect industry best practices. The FAO emphasizes that 'investments could be good news if the objectives of land purchasers are reconciled

with the investment needs of developing countries' (FAO, 2009).

A set of seven principles were published in January 2010 by these institutions as a contribution to 'an ongoing international dialogue'. While the principles are written to be reasonable, rational and persuasive, they are problematic in a number of key issues. The guidelines are written on the premise that the transfer of land rights is desirable for stimulating agro-enterprise development, and that this transfer can be effected in a 'responsible' way. Social movements and CSOs, however, are concerned that the principles represent a move to legitimize the long-term corporate, both foreign and domestic, control of rural peoples' lands⁴, discounting future livelihood and environmental security in favour of present day monetary gains.

In advance of the CFS meeting in October 2010, an analysis was presented by the Global Campaign for Agrarian Reform (GCAR) – which includes La Via Campesina, FIAN International, Focus on the Global South and the Social Network for Justice and Human Rights (Rede Social) – which addressed each of the RAI principles (LRAN, 2010). GCAR points out that the RAI is not linked to the international human rights framework: the RAI does not recognize the rights of small scale, local food producers to secure productive resources, to produce and be food self-sufficient through their own means, to safe and healthy environments, and to the principle of Free Prior Informed Consent. Instead, the RAI is primarily concerned with facilitating enabling conditions for a 'stable and efficient investment climate' for corporations, regardless of the production model⁵.

Another proposal for halting the rampant expansion of investment into forested lands is also of relevance here. The REDD initiative (Reducing Emissions from Deforestation and Forest Degradation) initiated under the United Nations Framework Convention on Climate Change (UNFCCC) process was born of the idea that, in 'cash-strapped' economies, unless forests provide economic rents, it will be all but impossible to protect them in the face of lucrative large-scale proposals for extracting forest resources and monoculture crop development. The initiative aims to ostensibly halt the deforestation that contributes to emissions of

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Green-House Gases (GHGs) and global warming. However, peasant and indigenous people's networks and CSOs have raised alarms that loopholes in the methodologies and conceptual bases of REDD proposals will allow further commercial exploitation of so-called 'degraded' forests through schemes for plantation forestry, and are creating new motives for the exclusion of forest peoples from their territories. Several other concerns have been raised in relation to this initiative, not the least of which is the link with carbon trading markets that partially relinquish responsibilities to reduce GHG emissions elsewhere. REDD was endorsed by governments at the recently concluded Conference of the Parties to the Framework Convention on Climate Change (COP 16) in Cancun, without explicitly affirming the rights of indigenous and forest dwelling communities to forests, while leaving the door open for forests to be brought into global carbon markets.

Conclusion

While land grabbing is not entirely a new phenomenon, save for new actors involved, it has come full circle. The convergence of the global crises of climate, food, finance and energy has propelled governments, financiers and agribusiness developers towards a new, frenzied, search for land, water and productive resources that create wealth. In 2009, the numbers of the hungry swelled to one billion because of the food price crisis. The surge in land grabs will undoubtedly increase these numbers, even if, ironically, many of the grabbed lands are used to grow food crops for humans and animals in distant countries.

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Notes

1 Kham Ouane Boupha, Minister within the Prime Minister's Office, Head of the National Land Management Authority, Lao PDR, Keynote speech at the Meeting on Land Use for Commercial Tree Plantations, Vientiane, Lao PDR 14–15 February 2001, 4 February 2007.

2 See <http://www.cso4cfs.org/>.

3 'Principles of Engagement' with civil society constituency groups in global policy forums (para. 22 of CFS: 2008/6).

A positive outcome of the multiple crises, however, is a renewed interest among peoples' organizations, academics, entrepreneurs, scientists and policymakers in alternative models of production, consumption and using energy and resources. The national and local benefits of maintaining a vibrant and viable small-scale production sector have begun to be more clearly recognized at national and international levels. The high-profile International Assessment of Agricultural Knowledge, Science and Technology for Development (IAASTD, 2008), highlighted the importance of this sector and recognized the multifunctionality of traditional production practices, which confer value for society (by reducing vulnerability, improving access to food, livelihoods and health, increasing equity, etc.), the environment and the planet.

Defending their lives, lands, territories and collective rights to food and water are everyday struggles for many rural peoples. Community-led initiatives supported by networks and social movements are important means for affected peoples to gain and retain access and control over resources. In these processes, communities themselves can set the terms of resource governance, including the recognition of their rights to self-determination and to decide how to govern, manage and care for their ecosystems in democratic, equitable and sustainable ways. Measures to redistribute, protect and nurture land and water resources, including comprehensive agrarian reform programmes, can pave the way for a new framework of governance of the natural commons, which puts local communities in control of their own territories and livelihoods.

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- 4 See 'Stop Land Grabbing Now! Say NO to the principles of 'responsible' agro-enterprise investment promoted by the World Bank', Statement of La Via Campesina, LRAN, FIAN and GRAIN, 22 April 2010, www.landaction.org.
- 5 Why We Oppose the Principles for Responsible Agricultural Investment (RAI). <http://www.landaction.org/spip/spip.php?article570>.

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