

POLICY BRIEF

Beyond Anecdotal Evidence of Large Scale Land Acquisitions

International agricultural land deals are now a global phenomenon. Within this spectrum, Southeast Asia in particular, has become a major hotspot. The transformative potential of such Large Scale Land Acquisitions (LSLA) cannot be overstated, whether gained directly via concessions and/or land purchases, or indirectly via contract farming. Land deals in Southeast Asia can only be understood by looking at the various national actors, policies, and the determination of the national Governments to achieve self and externally imposed economic targets. The key drivers of such phenomena in Laos and Cambodia were therefore assessed in light of the complex regional dynamics and bi-lateral relationships, as well as the perceptions of more powerful neighbouring countries, such as China, Vietnam and Thailand. The signing-off of thousands of hectares on paper must be assessed in the light of the complex bundles of which land deals form a part. These include promises regarding infrastructural development, employment, financial and non-financial assistance, as well as business involvement between the host and investor countries. However, Government aspirations and lip-service paid to the harnessing of “empty or under-utilized” land for economic development in order to provide infrastructure and job opportunities in marginal areas however seem to be outweighed by the investors’ demand for large accessible land plots and the price tag on it.

Findings

Research Objectives

International land deals in the agricultural and tree-plantation sector are now a global phenomenon with Southeast Asia as a major hotspot for such land acquisitions. While on one side, Foreign Direct Investment (FDI) in countries such as Laos and Cambodia has been pictured as an urgently needed input into neglected agricultural development, others have criticized it for maximizing economic benefits at the cost of the environment, local livelihoods, food security, access to resources, and human rights. So far, evidence cited in this debate has been mostly anecdotal and often inconsistent, focusing either on single case studies or macro-level observations. A current cross-discipline research endeavour within Laos and Cambodia has analysed not only several different land deals and their impacts on local communities, but has also investigated the correlation between patterns emerging on a national scale and the processes of concession granting and land allocation across all administrative level.

Setting the context – The national level

In Laos, 2,642 land deals encompass 1.1 million hectares, and in Cambodia, 486 deals encompass about 4.5 million hectares – constituting around 5% and 25% of the total national land areas respectively. Spatial analysis has shown that in Laos concessions have been granted to a large proportion within unstocked forest areas (45% of the total land granted), often consisting of upland and small scale agriculture. The total area granted is larger than that devoted to rice production, the most important food crop for the Lao population. In Cambodia, the land area granted consists mainly of forests (77%), but also includes farmers’ upland fields. In both countries, a rather large share of the total land under

investment has been allocated in some type of forest land which is often an important source for food and additional income for local populations.

Domestic investors account for a large proportion of land deals and among foreign investors, the fast growing neighbouring countries of China and Vietnam are predominant in terms of land area granted in both countries (see figure 1). The focus is on a select few export-oriented cash crops, such as rubber, acacia, eucalyptus and cassava. This heavy dependence on such a small range of products exposes the countries to a dangerous vulnerability to international markets and price fluctuations and is contrary to policies, within both countries, to become less dependent on food imports. Such patterns have to be understood in the light of different bi-lateral agreements and policies providing favourable investment conditions for certain crops and a complex mix of push-and-pull incentives for Vietnamese and Chinese companies in particular to invest in both countries.

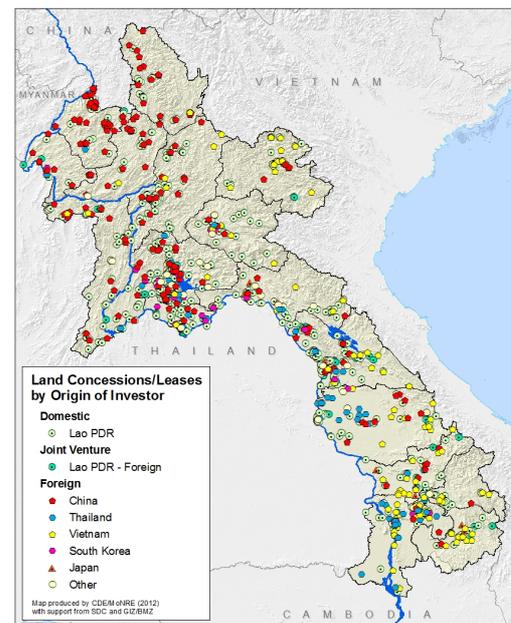


Figure 1: Investment project locations and investors' countries of origin for Laos and Cambodia

The Sub-national Level

Despite the existing legal frameworks and the often well-intentioned policies in both countries, the granting of land concessions and the land allocation process, in particular, are barely regulated and enforced. Whereas in Laos land granting is mainly done at the central or provincial level, and land allocation is led by the provincial or district authorities with a more or less direct involvement of the investor during the whole process, in Cambodia the process is dealt primarily at the central government level with only a limited involvement of sub-national authorities. In both countries community participation in such decision making processes is rare, however it seems to be more prominent in Laos than in Cambodia.

The analysis of decision making processes has shown, that nation-wide patterns of land deals and their locations cannot be explained by an intentional targeting by the Government of poor areas lacking infrastructure, but are based mainly on the commercial viability of certain areas for the investor, factoring in mainly land accessibility, suitability and distance to markets. In addition, the ability of an investor to receive – at least on paper - large connected land plots depends to a large extent on the amount of higher level back-up the company has. Whether, how much and how quick land will be allocated depends additionally on a much wider spectrum of factors, including the product invested in and the origin of the investor. While diplomatically facilitated deals, may lead to a very quick signing process at the central level, this does not necessarily guarantee a fast allocation. Often land deals lack the back-up at the provincial or even lower levels – or simply no empty land could be found.

The local Level

The overall land identification and allocation processes are facilitated by various policies and zoning activities, providing a rather shaky justification for claiming land as state or public private land, ergo/or that land has been illegally used by smallholders (e.g. for not having paid land tax, or not having land documents) and therefore “available” for LSLA. Lao local authorities under pressure to identify and allocate land signed-off at a higher level to investors, often simply lack the capacity, resources, adequate tools and data on hand in order to allocate suitable land. In Cambodia local

authorities have a very limited role in the granting and land allocation process at all. Therefore in both countries land is often allocated on the basis of vague pre-existing or ad-hoc zoning exercises rather than on actual on-the-ground truth surveys investigating current land use and future land use potential for the villagers. This has sometimes led to the situation that the same areas have been given out to different investors or overlap with protection areas. The lack of legal documentation of smallholders' land, as well as the "criminalization" of whole land use practices (such as swidden land) and the zoning of a large proportion of the country as "state land" or "public private land" provides a superficial legitimacy to grant land to investors. This does not change the fact that often the same land was used and was important for villagers' livelihoods.

The research has shown that the impact on a local community and its attitude towards a land deal is not necessarily negative, and depends not only on the compensation payments and job opportunities but also on the size and usage of the land area lost to a company and the land remaining usable within the host village. Often where and how large an area is finally allocated is the result of a complex relationship and power-play between the company, provincial and district authorities and the village authorities. The ability of the village authorities to negotiate effectively with the other players is particularly important. In many cases, the tipping point has been identified as the village head's knowledge of the legal framework and his/her courage to persistently lobby for the best of the village.

Land deals are not only triggered by large international companies, but increasingly by domestic urban elites and powerful individuals. This is particularly true in Cambodia. Different processes for land acquisition are followed. These often include the direct purchase of land from villagers, often with the help of local brokers. Such single plots are usually smaller than those plots of companies, but their total area is still difficult to estimate, however it is assumed to be significant. To add to the complexity in Cambodia, local elites, wealthier villagers, and immigrants are becoming players in areas, which so far have been recognised as marginal, securing land for cash-crop production, further increasing the pressure on local smallholders and the remaining natural resources.

LSLAs, championed by both countries to capitalize the value of land and make better use of it as smallholders supposedly never could, have actually often failed to do so. Large areas of Vietnamese coffee plantations in the south of Laos, and Eucalyptus plantations have been abandoned, destroyed by floods or were never planted in the first place. Despite some cases where land concessions have been granted due to land speculative purposes, it seems that the sheer size of plantations raise significant challenges for some investors. Research has provided evidence that many investors simply lack the capacity and resources to manage such large areas. Governments therefore should ask harder questions about the capacity of investors to manage the land effectively. Priority should be given to the quality of investment, rather than the quantity.

Conclusion

Until now, a significant knowledge gap has existed between single anecdotes focusing mainly on the level of the impact, and on a quantitative analysis focusing on an accumulation of the numbers of hectares and deals. This research has been a first attempt to narrow this gap, by focusing also on a resolution lying somewhere in-between, through an analysis of both the driving forces influencing merely the high level bureaucratic processes of signing and delineating zones for investment, and the pragmatic approaches across all administrative levels in the actual allocation of land. Such research has provided valuable explanations for a complex phenomenon such as land concessions and will also be of use in understanding other future types of land investment approaches.

Policy Messages

People first: Incentives to map both the land and resource claims of local populations as well as those natural landscapes requiring protection from transformation into mono-cultures, must be higher than the incentives to map areas for concessions. Any project involving the granting or allocation of land must guarantee the holding of local consultations.

Solutions to a complex systemic problem, such as that presented by “land grabbing”, must start with **acknowledging the multitude of actors** within the various decision-making processes, and overcoming the simplistic dichotomy of host and investor governments facilitating multi-national corporations. Land grabbers are not only foreign companies but can also be domestic companies, urban elites, governmental agencies, or powerful individuals from the central level down to the village level.

Legal frameworks and policies are not the missing ingredients. These already exist in Laos and Cambodia and if they were applied and enforced could provide steering for LSLA and prevent negative environmental and social externalities. Due to the lack of clear procedural mechanisms, the lack of checks and balances, rent-seeking and the lack of enforcing the existing legal framework and contracts major costs are being still internalised by local people. Adopting international voluntary guidelines in such contexts may not do any harm, but also may not make any difference.

It is a matter of relative size: It is not the total area granted to an investor which matters, but rather its former usage and the size of the land allocation area in each village compared to the size of the land remaining and its ability to provide similar functions as to that lost. The diversity of land deals in terms of size, products and externalities means also that recommendations need to be tailored to their context.

Inclusiveness and empowering local village authorities are crucial: Informed, knowledgeable and strong local leaders are often crucial in making the difference if and under which terms a land deal will be implemented. The ability to negotiate with investors and government representatives, to be aware of and understand the legal framework, as well as to refuse to be on either pay roll are all crucial.

The end of the era of granting land concessions may have arrived. However, as a result of the long periods for which land has been conceded, the legacies and consequences will continue to be felt for several decades. Monitoring, evaluating and re-negotiating contractual arrangements will become crucial. **Contract farming and other investment arrangements are often just other methods to acquire land faster if concessions fail.** Inclusiveness and increased benefits for smallholders are not by any means granted.

The **lack of timely data collection and sharing** (cross-sectoral and across all administrative levels) remains one of the major bottlenecks for informed and therefore for better decision making on where and which type of investment provides the best option adapted to the specific local context.

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Further reading:

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De Schutter, O. (2011). How not to think of land-grabbing: three critiques of large-scale investments in farmland. *Journal of Peasant Studies*, 38(2), 249-279

Neef, A., Touch, S., Chiengthong, J. (2013). The Politics and Ethics of Land Concessions in Rural Cambodia. *Journal of Agricultural and Environmental Ethics*, March 2013, 1-19

Websites:

Global Land Matrix: <http://www.landmatrix.org/>

Land Observatory: <http://www.landobservatory.org/>

Lao DECIDE Info: <http://www.decide.la/>

Open Development Cambodia: <http://www.opendevdevelopmentcambodia.net/>

Licadho Cambodia: http://www.licadho-cambodia.org/concession_timelapse/