LAND MATRIX

Press release

LAND MATRIX: More than 10 years after the surge of large-scale land acquisitions (LSLAs) by international investors for agricultural production, the impacts in developing countries are sobering, in part alarming.

- By 2020, the Land Matrix had recorded 1 865 deals with a **staggering total targeted size of 33 million hectares** (of which 30 million hectares are concluded), comparable in size to Italy or the Philippines.

- The expanding production on the acquired land poses significant threats to rural livelihoods and natural habitats. Swift and decisive action is needed to protect both, especially since **between 9 million and 22 million hectares have yet to be put into agricultural production.**

- Scant consultation with affected communities is common, and compliance with principles of responsible business conduct rare. The **non-consensual and uncompensated loss of land** experienced by local communities often comes with **only little socio-economic benefits** – be they employment, newly introduced technologies, or infrastructure. Overall, less than 0.5% of the national workforce will be employed on the acquired land in the majority of countries.

- Besides economic woes, **LSLAs continue to destroy rainforests, natural habitats, and biodiversity** on the agricultural frontiers of the Amazon, Southeast Asia, and the Congo Basin – and more than just forest resources are under threat; 54% of the land deals recorded in the Land Matrix database are intended to produce crops with high water use, even in dryland zones.

- Although progress has been made in terms of land governance, a **lack of policy implementation in this area is evident.** This is particularly apparent from our assessment of the application of the Voluntary Guidelines on the Responsible Governance of Tenure (VGGTs) and the dismal transparency of most land acquisitions with little information being made available on investors, contracts, and production.

After a decade of gradually declining LSLAs, more favourable economic conditions – possibly due to a new "commodity super-cycle" driven by the post-COVID economic recovery – could once more accelerate global LSLAs. With another land rush on the horizon, taking stock of the socio-economic and environmental impacts of LSLAs is essential to improve the track record of the ongoing implementation of land deals and ensure measures are in place should demand for farmland gather speed again.

Our report highlights that LSLAs are still related to big global business, with investors originating from the North, South and tax havens. Developing countries with competitive agricultural sectors, such as Malaysia and Brazil, feature in the list of top investor countries, along with high-income countries, including the United States, the Netherlands, and Great Britain, that have made promises to improve sustainability in their value chains. Over the last few years, China has climbed up the ladder too, and is now ranked third among the largest investor countries. Most investors focus on international commodity markets, as seen with the oil palm-related LSLAs recorded in the Land Matrix database, which account for more than 20% of the area currently cultivated with this crop worldwide. Other cash crops, such as rubber, sugar beet, and sugar cane, are also significant commodities. Importantly, this focus on cash crops casts doubt on the expectation that LSLAs will substantially improve local food security and help to forestall the global increase in undernutrition. On the contrary, local food supply might actually take a downturn as local smallholder production shifts to cash crop production, or gets entirely replaced by export-oriented large-scale farms. Moreover, although it is true that higher incomes from LSLAs might improve food security and reduce poverty – evidence from Southeast Asia suggests relatively positive income impacts of LSLAs, for example – we expect that the effects on income will be very limited for most other countries.

Similar to this disquieting assessment of the limited potential of LSLAs for local development, employment data reveals that LSLAs will likewise create only little employment given the low labour-intensity of production on most large-scale farms compared to smallholder farming. Overall, even if all deals become fully productive, our estimates show that less than 0.5% of the national workforce will be employed on the acquired land in the majority of countries, while temporary and underpaid jobs will prevail. Aside from the lack of employment opportunities, local smallholders are likely to draw the short straw as well because of increasing competition for land in regions with LSLAs, but also because most of the innovations introduced by LSLAs will be out of their reach due to the inadaptability of capital intensive and scale-dependent new technologies to small-scale farming. Indeed, only a few crops significantly contribute to local labour markets, such as rubber and oil palm, which have high rates of smallholder participation and could create more than one million potential jobs worldwide. At the same time, however, these crops have also contributed significantly to deforestation in the tropics – although they are not alone.

There is overwhelming evidence that, in general, LSLA-related agricultural expansion is a major determinant of large-scale deforestation in the humid tropics, and 39% of agricultural LSLAs fall at least partially within biodiversity hotspot areas. In

the past 15 years, global land investments have also opened new deforestation frontiers worldwide, with the highest loss of forest cover found in East Asia, where, according to our estimates, about 1.3 million hectares were lost between 2000 and 2019 within the contract area of LSLAs that were registered by the Land Matrix. In Africa, the large share of yet-to-be implemented deals foreshadows a significant threat too, in particular to the Central African rainforests. Another (lesser known, but equally important) risk associated with this ongoing deforestation is the emergence of zoonotic diseases and pandemics, and yet this is seldom factored in when assessing the benefits and costs of agricultural investments against the cost of a pandemic. And more than just forests are under threat – 54% of the land deals recorded in the Land Matrix database are intended to produce crops with high water use, which drastically increases pressure on local water resources and is thus an important dimension of the environmental consequences of uncontrolled land acquisitions.

Overall, our report clearly shows the urgent need to rethink LSLAs and transform current practices into responsible and sustainable contributions to economic and social development.

Specifically, to effectively ensure that land rights are protected, social development in target regions is enhanced, and the environment is respected, we see five priority areas for policy change: 1) Land governance reforms and their effective implementation, based on the Voluntary Guidelines on the Responsible Governance of Tenure, should be pursued and fast-tracked by governments; 2) Local development should take centre stage, with a focus on spillovers to and the inclusion of smallholder farmers; 3) International investment treaties must integrate human rights and environmental provisions, and human rights due diligence should be mandatory; 4) LSLAs that lead to deforestation, the conversion of other valuable natural habitats, or damage important carbon stores such as peatlands need to be stopped; and 5) Binding commitments to increase transparency are needed, for all stakeholders.

Note to editors:

- The Land Matrix will hold a webinar at 13:00-14:00 CEST on 28 September to further discuss key data and trends in LSLAs.
 *Find out more and register on https://landmatrix.org*

Appendix

Figure 1: Top Investors
1. Malaysia
2. USA
3. China
4. Cyprus
5. Brazil

Figure 2: Cumulative number of deals globally

Legend:
- Number intended
- Failed (negotiations failed, contract cancelled)
- Concluded (incl. abandoned production)
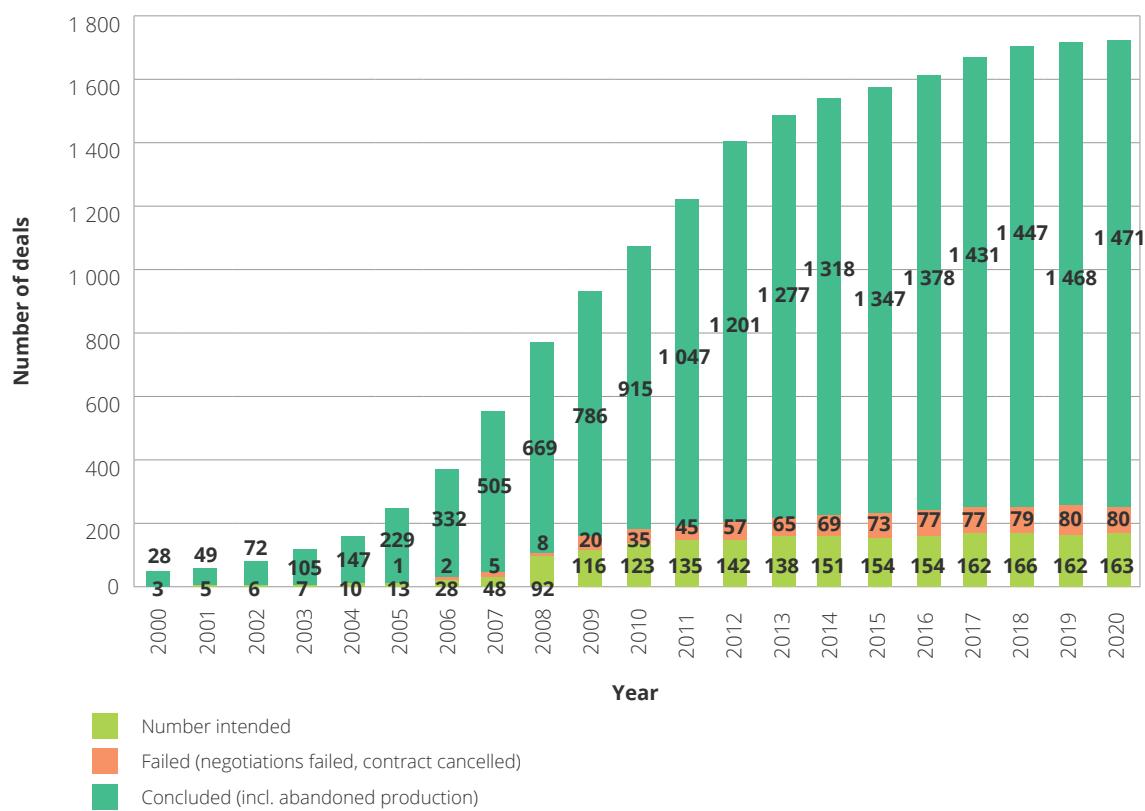
Notes: Calculations based on Land Matrix data. The number of concluded and failed deals are under-reported in this dynamic illustration (as compared to the static 'current' number of deals per negotiation status) because deals for which information on the specific year relating to the negotiation status is lacking are excluded. Conversely, the number of intended deals is slightly over-reported because the few deals which have been concluded in an unknown year are included here as 'intended'.

Figure 3: Water demand categories of crops cultivated in LSLAs and dryland zones
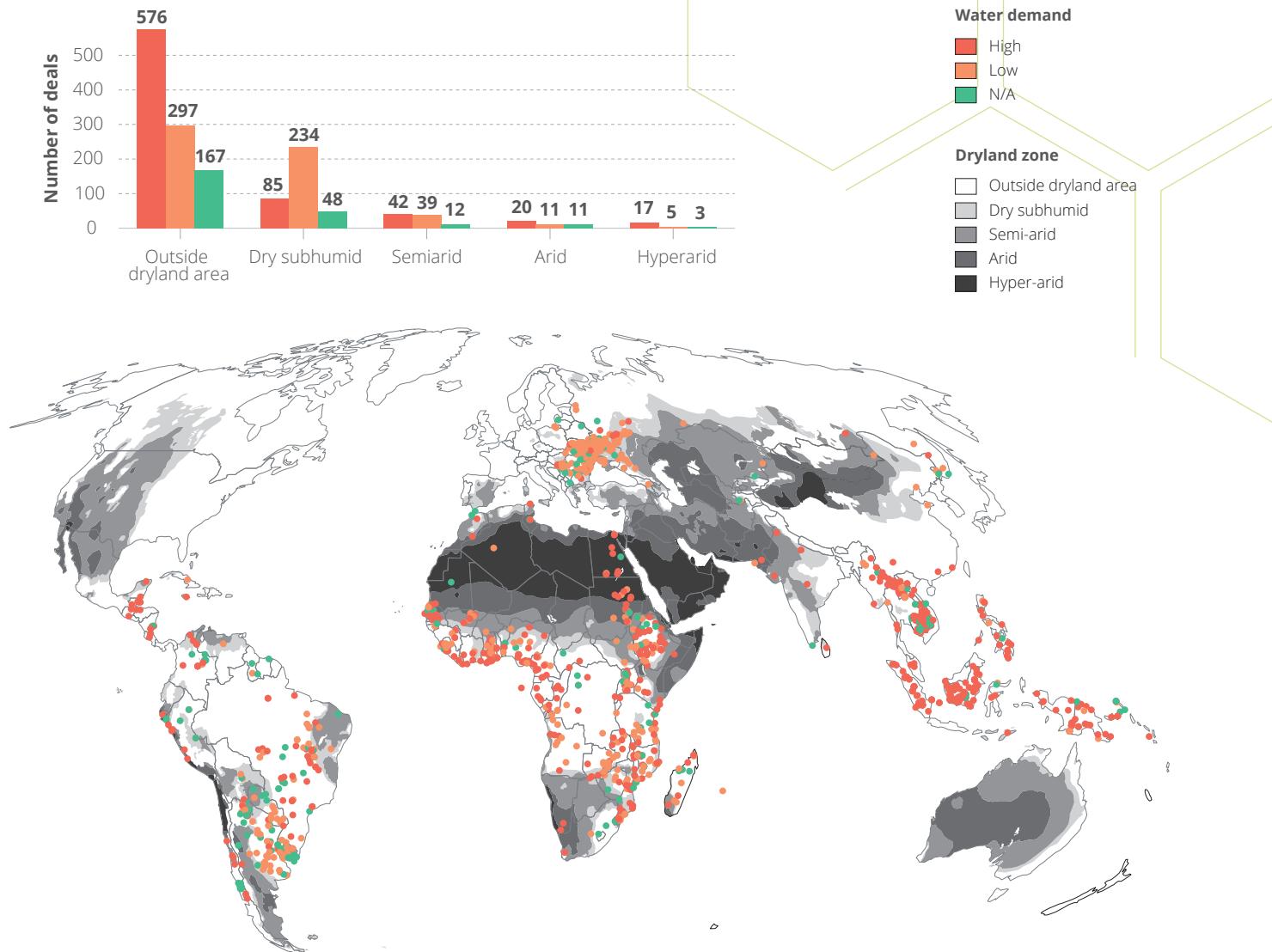
Notes: Water demand categories based on Johansson et al. (2016) (High: > 8 500 m3/ha; Low: <= 8 500 m3/ha; NA: Crop demand not classified). Map background showing different dryland zones (in grey). LSLAs: n=1 568.

About the Analytical Report III

On 28 September 2021, the Land Matrix Initiative will release its third flagship report, which takes stock of LSLAs in developing countries and their socio-economic and environmental impacts.

Our findings draw on evidence from the Land Matrix database as well as a literature review in order to analyse and better understand the wide-ranging effects of these LSLAs.
Find out more: https://landmatrix.org

About the Land Matrix Initiative

The Land Matrix Initiative (LMI) is a partnership between the Centre for Development and Environment (CDE) at the University of Bern, Centre de cooperation Internationale en Recherche Agronomique pour le Développement (CIRAD), German Institute for Global and Area Studies (GIGA), Gesellschaft für Internationale Zusammenarbeit (GIZ), and International Land Coalition (ILC) at global level, and the Asian Farmers' Association for Sustainable Rural Development (AFA), Centre for Environmental Initiatives Ecoaction, Fundación para el Desarrollo en Justicia y Paz (FUNDAPAZ), and University

of Pretoria at regional level. Established in 2009 to address the gap in robust data on the real extent and nature of the "global land rush", the LMI has evolved into an independent land monitoring initiative that promotes transparency and accountability in decisions over LSLAs in low- and middle-income countries in response to the need to monitor such complex investment flows.

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With the support of:

European
Commission

Federal Ministry
for Economic Cooperation
and Development

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