Coping with a land-grab world: lessons from Laos

In late 2012, Oxfam published a report entitled *Our Land, Our Lives: Time out on the global land rush*. Pointing to the deleterious consequences of large-scale land acquisitions in developing countries, Oxfam called on the World Bank to freeze its own land investments and review its policy and practice to prevent "land-grabbing". And earlier this year the Rights and Resources Initiative, in its 2012/2013 review, suggested that developing nations faced a stark choice: they could turn their rural citizens into landowners or landless labourers. These documents are only the latest in a series of reports and media articles on the topic of land grabs that have been published during the past few years. Clearly, the issue – which came to prominence in 2008 – is not simply a passing fad.

Despite the continuing attention, it has been challenging to acquire reliable data at the global scale (Cotula 2012). Existing estimates have relied on a combination of media stories and research reports (Friis and Reenberg 2010). The Land Matrix project – a partnership between several research institutions – is addressing this gap by systematically collating and verifying information on large-scale land acquisitions (Box 1). The Land Matrix is an online public database that permits all users to contribute to and improve data on land deals, and for this data to be visualised (http://landportal.info/landmatrix).

Global patterns of land acquisitions are important for the overview they provide. But acquiring quality data on a global scale is challenging and considerable limitations persist in terms of data sources, data quality and definitions used. Nevertheless, the growing evidence base of the Land Matrix allows the identification of broadly generalisable patterns. In contrast, local case studies entail more robust data and can yield insights into context-specific processes and outcomes. Yet, their results are difficult to generalise.

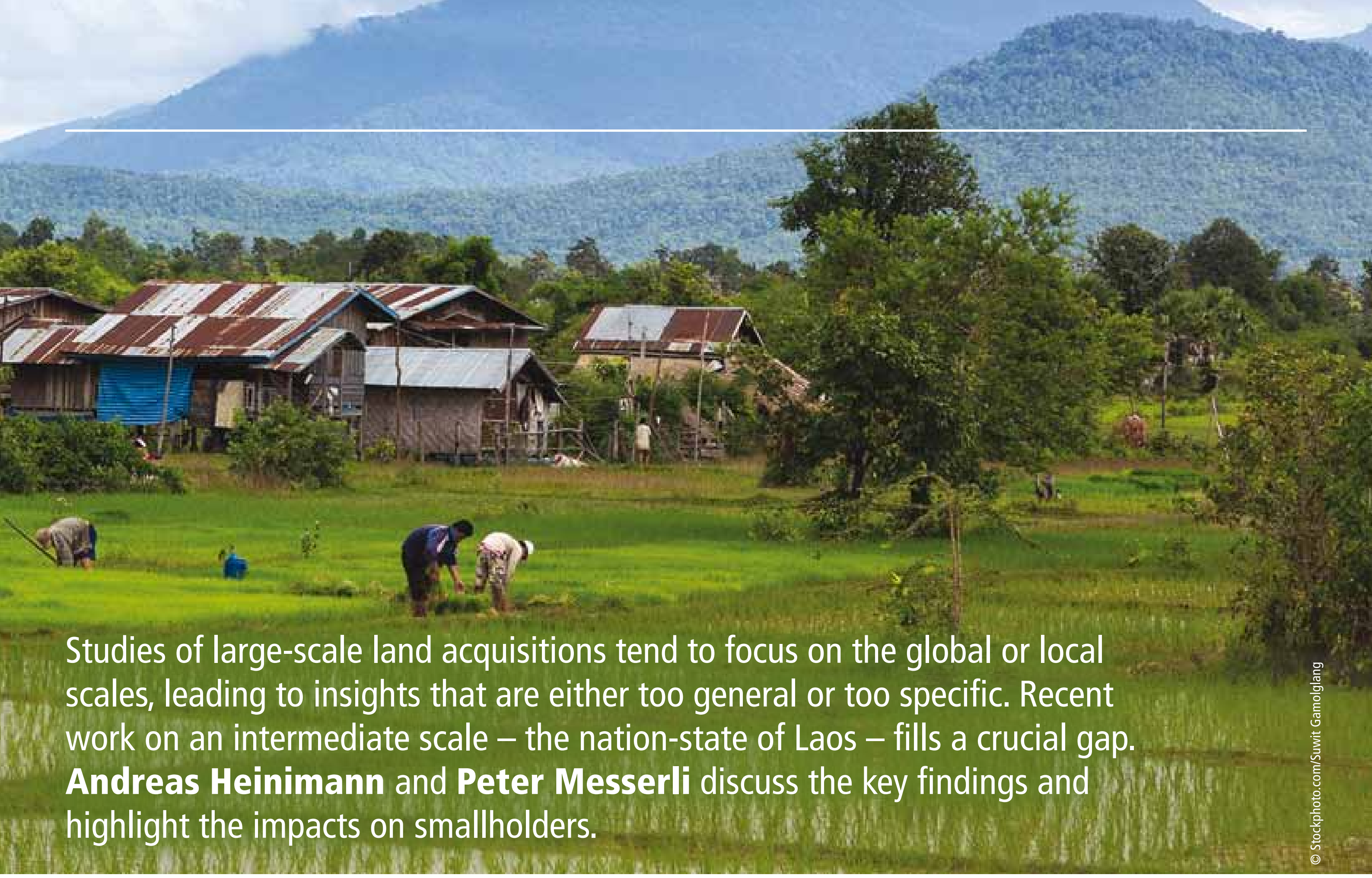
Few studies have focused on the middle ground – detailed and spatially explicit inventories of land deals that cover large areas (for example, entire nations). The Lao People's Democratic Republic (hereafter referred to as Laos; see Box 2) is a rare exception. Here, government agencies in collaboration (2007-2010) with the German Agency for International Cooperation (GIZ) carried out an inventory based on land-concession and land-lease agreements that were actually signed. In this article we first assess the global picture, relying primarily on the findings of Anseew *et al.* (2012), before zooming into Laos.

The global picture

The Land Matrix reveals reported land deals covering 83 million hectares (ha); these deals were initiated, negotiated or implemented over the period of 2000-2010. This confirms that the rush for agricultural land is real and represents neither media hype nor a short-term reaction to the food price spikes of 2008. Even if only half of these deals were to be confirmed they would amount to 5% of the available agricultural land in the most affected countries: 56.2 million ha in Africa, followed by Asia (17.7 million ha) and Latin America (7 million ha).

Most of the countries that have sold or leased land have agrarian economies and high rates of malnourishment. Small landholders dominate agriculture in such countries, but the institutional mechanisms to safeguard their rights tend to be weak. Indeed, numerous case studies around the globe show that governments are often selling or leasing land over which smallholders have customary user rights. Large shares of the land deals (45%) seem to be taking place predominantly in regions where small-scale agriculture is practised. This increases greatly the chances of intense competition for cropland with local communities.

The big players engaged in land deals are the Gulf States and the emerging economies such as China, India and Brazil. Deals made by such nations exceed those by the OECD countries. Strong intra-regional transactions exist



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Studies of large-scale land acquisitions tend to focus on the global or local scales, leading to insights that are either too general or too specific. Recent work on an intermediate scale – the nation-state of Laos – fills a crucial gap. **Andreas Heinimann** and **Peter Messerli** discuss the key findings and highlight the impacts on smallholders.

and involve private and state-owned companies, investment funds and private-public partnerships. Less than a third of the investments target food production, the vast majority of which is exported. Moreover, investors are seeking flexibility by using the so-called flex-crops – such as sugar cane, soya and oil palm – that can be used for multiple purposes (25% of all investments). Plants not used for food – such as tree plantations, cotton and non-flex crops used to make biofuels – make up the rest of investments.

Zooming in on Laos

But what is happening at the national scale in the countries that sell or lease land? In 2012, the Centre for Development and Environment (CDE) of the University of Bern conducted an extensive analysis of land deals in Laos with the support of the Swiss government (SDC) (Schoenweger *et al.* 2012). This shows that the last decade has seen a dramatic expansion (over 50-fold in terms of project numbers) in the granting of land concessions and leases in Laos. Part of this has been driven by "open-door" policies aimed at attracting foreign direct investment as a means of achieving economic development objectives.

This analysis revealed 2600 land deals in Laos that cover 1.1 million ha, a figure that may pale in comparison with the immense land deals being sealed in Africa but is very significant in the context of Laos. It amounts to roughly 5% of the nation's land and is more than the total land used for the production of rice – the staple diet and the principal agricultural export of Laos. Clearly, these deals form some of the most significant land transformations in Laos' recent history. Interestingly, the Land Matrix points to only 49 deals covering an area of over 0.48 million ha for Laos. This vast underestimation underscores how global assessments tend to show only the tip of the iceberg, at least for some countries.

Foreign Direct Investment dominates the land leases (> 72% of all land granted). Vietnam, China and Thailand, all of which share extensive borders with Laos, are the major foreign investors, suggesting that proximity to Laos remains a major factor in investors' interest. Thai investments focus on the agriculture subsector, whereas Vietnam and China both hold much more land in mining and tree plantation projects. Because of the very limited capacity for value addition via processing in Laos, most of the products are exported to the investing countries in raw form.

Land deals occur in a range of economic sectors, but are overwhelmingly focused on the primary sector constituted mainly by mining, agriculture and tree plantations. 50% of the total land concession/leases granted involve mining (mainly copper and gold). Agriculture and tree plantation (mainly rubber and eucalyptus) cover a large share of the remaining area. A closer look at investments in the agriculture and

Box 1. On land deals

Large-scale investments in land often involve transnational companies backed by financial investors. These companies seek to secure access to land in developing countries to produce food and non-agricultural commodities as well as biofuels. Land may be purchased, but more often investors are granted long-term leases on government-owned land. Such land transactions are commonly referred to as land-grabs when they lack transparency, violate human rights, lack the participation and prior and informed consent of land users, and do not take into consideration social and environmental impact assessments. These criteria are summarised in Oxfam (2012) and further information can be found in the Tirana Declaration of the International Land Coalition. www.landcoalition.org/about-us/aom2011/tirana-declaration.

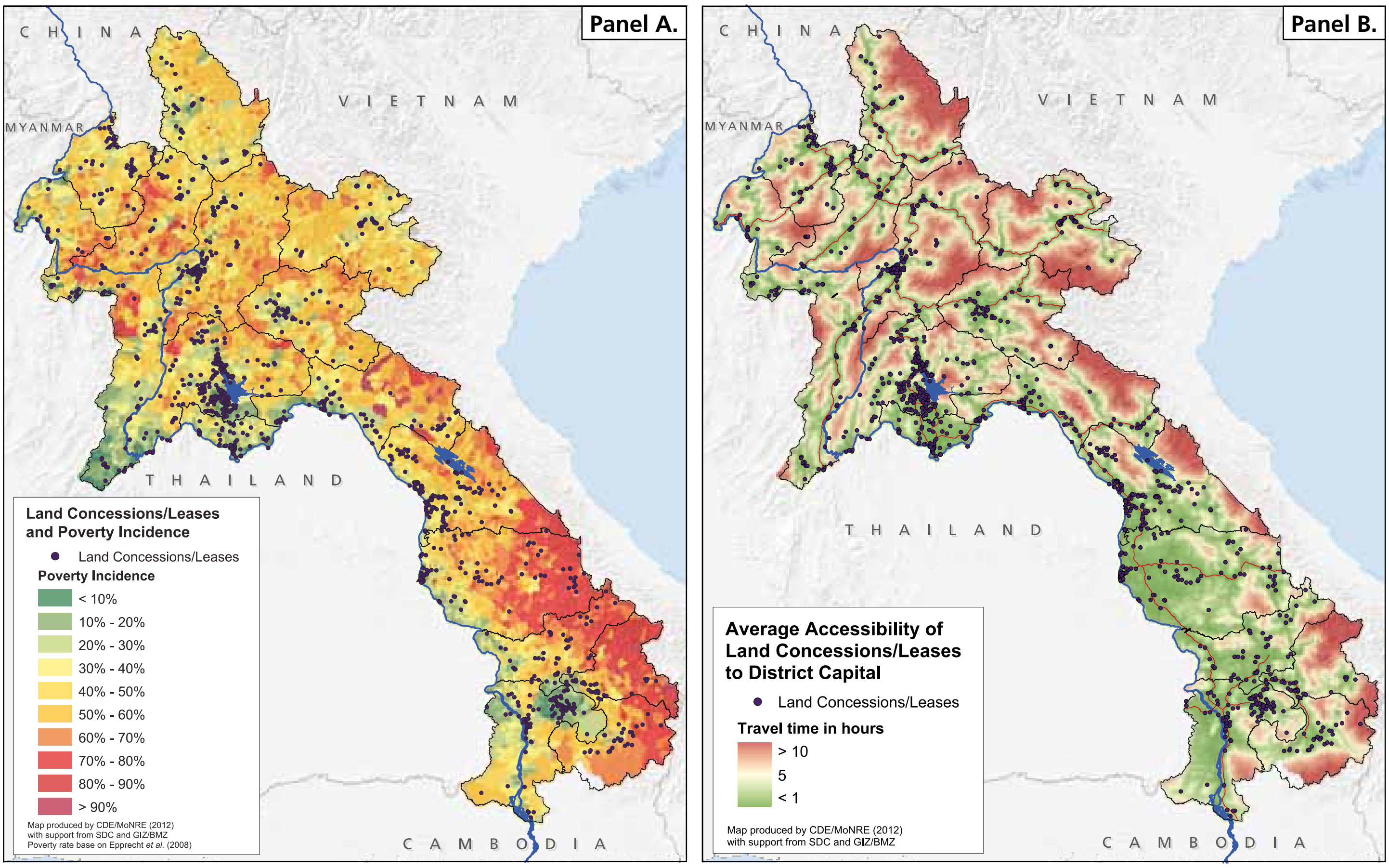

Figure 1. Investments in Laos with respect to poverty incidence (Panel A) and accessibility (Panel B). The maps show that the poorest and most remote areas benefit far less from the investments accompanying land deals than better-off and more accessible areas. Contrary to what is sometimes claimed, this suggests that investment in land neither prioritises nor is able to successfully address the issues of rural poverty alleviation or infrastructure development in marginal areas.

plantation subsectors suggests that a substantial transition in agricultural production is under way. In contrast to the traditional emphasis on rice, subsistence crops and a diverse range of cash crops and forest products, there is now a strong focus on a very limited diversity of export-oriented products. The main agricultural products are non-food or flex crops (sugar cane and jatropha, for example). As far as the plantations are concerned, a single product – rubber – makes up almost half of all plantations (140,000 ha). This low diversity points to a high dependency on international markets and price fluctuations.

Interestingly, most of the land granted to investors is located in accessible and relatively well-off regions (Figure 1). The investors' demand for accessibility seems to outweigh the government's aspirations to use land acquisitions for regional development, especially in marginal areas with poor infrastructure.

A substantial transition in agricultural production is under way.

Almost half of the granted lands were formerly small-scale agricultural landscapes with a mosaic of cultivated land, bush fallows and patches of forests. Crops grown in, and the forest products and other edible material gathered from, these landscapes are a crucial element of the food security, particularly of the poorer households of local communities (Foppes and Ketphanh 2004, De Schutter 2011). Also, prior to their transformation such multifunctional landscapes provided an array of ecosystem services such as, for example, preserving biodiversity and sequestering carbon.

The wide range of services delivered by multifunctional landscapes challenges the wisdom of the homogenisation trends currently being witnessed in the global South. This is relevant to the continuing debate (for example, Fischer *et al.* 2011 and Castella *et al.* 2013) on whether agricultural production should: a) make use of multifunctional landscapes (land sharing) or b) target existing cultivated or marginal lands thereby setting aside other areas, for example for biodiversity conservation (land sparing). Opinion seems to be converging on the understanding that the former alternative – land sharing – is preferable overall, although trade-offs have to be accepted in certain intensively used areas. The holistic, land-system architecture proposed by Turner II *et al.* (2013) promises to further improve our understanding of the human-environment systems with a view to devising options to mitigate and adapt to global change.

Lessons from Laos

The nations targeted for large-scale land acquisitions are often portrayed as offering abundant land reserves in combination with high yield gaps. The Laos analysis challenges this portrayal by showing that investments target high-value and easily accessible land. This push from investors for the best land had been reported before (see Cotula 2012) but lacked confirmation from detailed national studies such as the present one.

The global picture and the data for Laos both suggest that far from being located on "idle lands", much of the investment targets agricultural landscapes used by smallholders leading to land conflicts. Smallholders tend to be at a comparative disadvantage in such conflicts and are hence frequently the losers. Even if the conflicts were to be mitigated, it remains valid to challenge the prudence of large-scale, fossil-fuel-dependent monoculture replacing smallholder systems. Particularly when it threatens the food security of a large percentage of the population. No wonder, then, that there have been calls to re-evaluate the future of agriculture and its related economic, environmental and socio-cultural benefits and costs (e.g. De Schutter 2012, IAASTD 2008).

Land acquisitions by foreign corporations / nations can be portrayed as helping to foster agricultural intensification, modernisation and poverty alleviation from a macroeconomic perspective. At least for Laos, such claims receive little support at the sub-national level given the observation that investment tends to avoid the most needy areas. Indeed, past experience shows that the negative impact of the loss of access to land – often arising from a disregard of customary land rights (IIED 2012) – tends to outweigh the potential local benefits of the Foreign Direct Investment.

An effective dialogue on land investments requires reliable data on the global as well as national level. This is now being addressed through various initiatives, for example the Land Observatory initiative of ILC (International Land Coalition) and CDE (Centre for Development and Environment) of the University of Bern). At the same time, we need to better understand the land-grab phenomenon in the context of globalisation and its attendant specificities of trade, governance and power (see Margulis *et al.* 2013). The insights yielded by a combination of these two approaches could pave the way for policies and innovations in governance that help safeguard underprivileged communities from exploitation. ▮

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Box 2. A look at Laos

Laos is a mountainous country in the heart of mainland Southeast Asia endowed with abundant natural resources. It ranks as one of the poorest countries in the region. The last decade has seen an unprecedented transformation of land use in rural areas fuelled by government policies in support of growth and a market-based economy. Laos has emerged as a supplier of raw agricultural commodities, plantation products and minerals as well as hydropower for the large and dominant economies of China, Thailand and Vietnam that share its borders. Almost half of the growth in Gross Domestic Product of between 7 and 8% comes from the natural resource sector (dominantly mining and hydropower). A majority of the rural population continues to depend on small-scale and often subsistence-only agriculture for their livelihood. Laos is ruled by the communist Lao People's Revolutionary Party. This implies that all land belongs to the state and that investors can get access to land through land leases or concessions (typically between 25 and 50 years).

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