

**Development and implementation of the
FAO Voluntary Guidelines for Responsible
Governance of Tenure of Land
as it is seen by a Member State**
– Perspectives for Hungary and
Central and Eastern European countries

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Main topics of the presentation

1. Introduction
 - Food security situation in the world
 - Increasing global demand for land; causes and effects
 - About „land grabbing”
2. Global action: The Voluntary Guidelines on Land Tenure (VG)
 - Consultation process and outcome
3. Possible solutions at national level in line with the VG
4. Relevance of the Voluntary Guidelines for
 - Transition countries in Central and Eastern Europe
 - Hungary (the new Hungarian Land Act)
5. Conclusions and the way forward

Food security situation in the world

- cca. 1 billion people are hungry in the world
- more agricultural investments are required
- farmers' and national governments' resources are essential but not enough
- financial assistance by donors, international organizations, regional banks, etc. is not sufficient
- private sector's involvement is also necessary
- investments should be made in a responsible way

Increasing global demand for land

- Public and private investors
- 227 million hectares of land was sold or longterm leased to foreign investors between 2001-2012 (~ the size of Northern and Western Europe) *Source: Oxfam; Land Matrix Partnership - <http://landportal.info/landmatrix>*
- In developing countries globally 1 billion people have no registered right to the land they are cultivating
- Forced evictions of local families from their homes (in case of some land transactions over 100.000 people can be affected)
- Responsibility of local governments and investors

Causes of the increasing global demand for land

- Increasing world population vs. limited amount of arable land
- National food security concerns
(high and volatile food prices, climate change etc.)
- high returns in agricultural investments; speculation
- increasing demand for bio-fuels (market-distorting effects of subsidies)
- attractive investment climate in developing countries

„Land grabbing”

- large scale land acquisition or long term land lease
- mainly in poor, developing countries
- usually public or private investors from rich countries
- land speculation; investments to improve national food security



Investor countries – Target countries (2009)

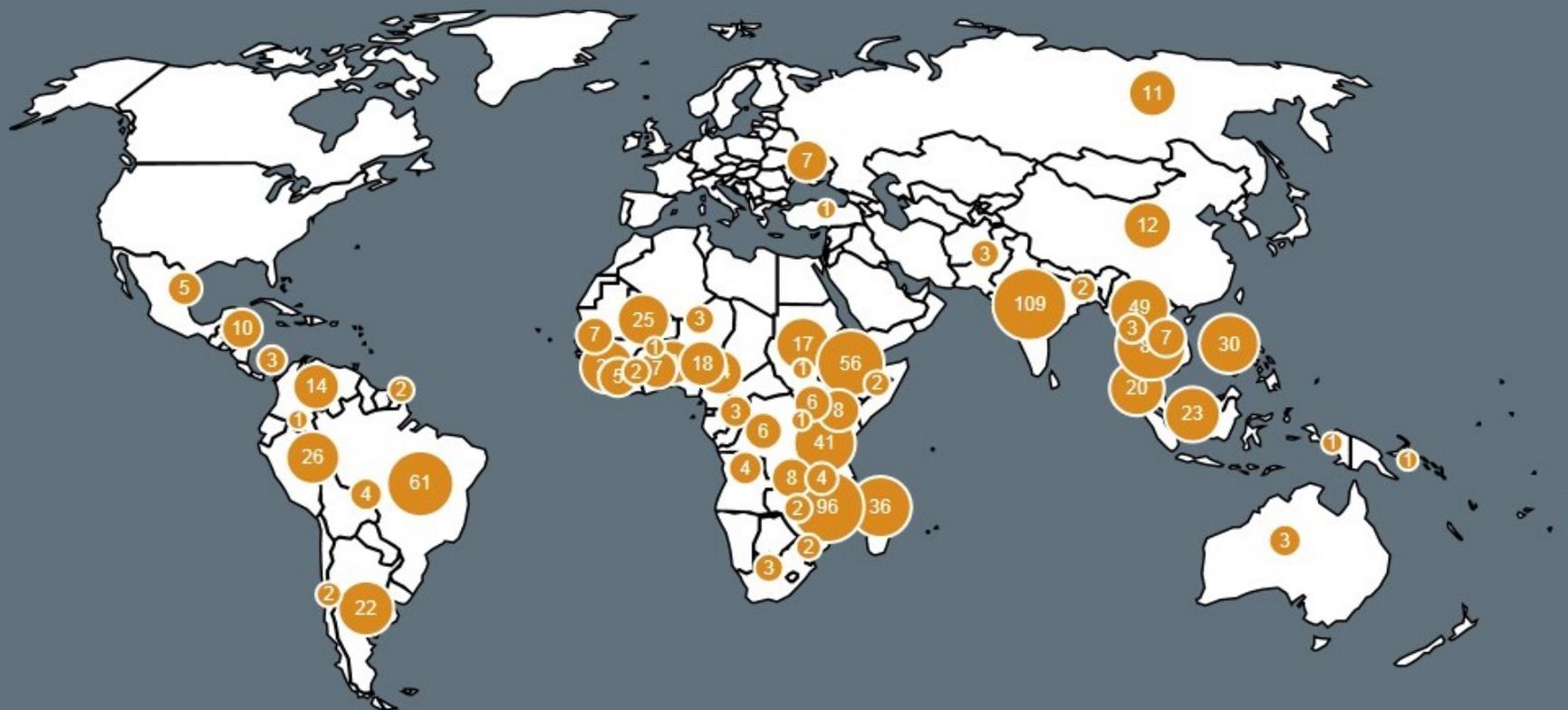


INVESTOR/TARGET COUNTRIES

TARGET COUNTRIES ▾

Choose between Investor or Target countries maps using the right-side menu.
Click on the bubbles to visualize the selected country's involvement in the global land acquisition phenomenon.

■ INVESTOR COUNTRIES
■ TARGET COUNTRIES



Source: Land Matrix beta

INVESTOR/TARGET COUNTRIES

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- INVESTOR COUNTRIES
- TARGET COUNTRIES



Eastern Europe: recorded land deals over 1,775,601 ha

Target Country	Investor	Investor Country	Inv. Sector	Hectares
Ukraine	Landkom	United Kingdom	Agriculture	74 000
Ukraine	Agro Generation	France	Agriculture	50 000
Ukraine	Kernel	Ukraine	Agriculture	180 579
Ukraine	MCB Agricole	Austria	Agriculture	91 088
Ukraine	Mriya	Cyprus	Agriculture	240 000
Ukraine	Aston Lloya Agri-commodities	United Kingdom	Agriculture	8 000
Ukraine	Alpcot Agro	Sweden	Agriculture	18 500
Russian Federation	Alpcot Agro AB	Sweden	Agriculture	18 000
Russian Federation	Alpcot Agro AB	Sweden	Agriculture	15 000
Russian Federation	Alpcot Agro AB	Sweden	Agriculture	47 000
Russian Federation	Alpcot Agro AB	Sweden	Agriculture	13 000
Russian Federation	Alpcot Agro AB	Sweden	Agriculture	15 000
Russian Federation	Inteko	Russian Federation	Agriculture	250 000
Russian Federation	Pava	Russian Federation	Agriculture	140 000
Russian Federation	Hyundai Heavy Industries	Republic of Korea	Agriculture	10 000
Russian Federation	Volga farming		Agriculture	65 434
Russian Federation	Black Earth	Russian Federation	Agriculture	323 000
Russian Federation	Razgulay group	Russian Federation	Agriculture	217 000

Possible effects: displacement of local farmers



Guatemala, 2011

*Copyright photo:
Archive Fundación Guillermo Toriello*



Uganda, 2011

*Copyright photo:
Sven Torfinn for The New York Times*

Causes of Land Grabbing

Weakness of land governance in the target countries:

- Unregulated land-tenure rights
- Weakness of institutional background
- Lack of transparency of land deals (corruption!)
- Lack of consultation with local communities
- Lack of environmental and social impact studies (or not taken into account)



Irresponsible foreign investments in land,
vulnerability of local communities

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Global action: The Voluntary Guidelines on Land Tenure (VG) Consultation process



UN Food and Agriculture Organisation (FAO): specialized agency of the United Nations, leads international efforts to defeat hunger, neutral forum for discussion, source of knowledge and information



Committee on World Food Security: global forum in the UN system for reviewing and following up on policies concerning world food security

Members:

- Organisations and Member States of the UN (FAO, IFAD, WFP)
- International financial organisations (World Bank, IMF, WTO)
- International non-governmental organisations (NGO-s)
- Representatives of the private sector (associations, farmer's organisations etc.)
- International agricultural research institutes

Voluntary Guidelines on the Responsible Governance of Tenure of Land, Fisheries and Forest in the Context of National Food Security (VG)

- To prevent large scale land acquisitions and unfair long term land leases; promoting responsible tenure and governance of land
- 2 years of preparation of the VG (zero draft), multi-stakeholder consultation process
- Intergovernmental negotiations under the umbrella of the Committee on World Food Security (CFS)
 - 2011: (June), July, October – negotiating the text
 - 2012: March – finalization of the VG
 - 2012: 11th May – Formal adoption of the VG
- First EU position adopted under the Hungarian EU Presidency
- Challenging negotiations: conflicting national, economic and political interests
- Point of reference for future national and international legislation
- Final text: <http://www.fao.org/nr/tenure/voluntary-guidelines/en/>



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The Voluntary Guidelines on Land Tenure

- International soft law instrument
- Framework that states can use for developing national land policies and legislation
- Human rights based approach (right to adequate food and housing)
- Guidance for all stakeholders

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Possible solutions at national level in line with the VG

- Strengthening and respecting land tenure rights + monitoring
- Strengthening governance over land (creating strict land legislation + consistent enforcement)
- Comprehensive land use planning
- Rules for investments in land
- Limiting the size of the land acquisitions
- Use of certificates for responsible investments

Possible solutions at national level in line with the VG

- Transparency of land transactions
- Strengthening NGO's, training and support of local communities
- Closer cooperation of stakeholders
- Investors should inform themselves about existing land tenure rights
- Impact studies should be taken into account

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Relevance of the VG for transition countries in Central and Eastern Europe

Large scale land acquisitions in transition countries:

- Little attention in comparison to Africa and Asia
- Main investors: Western countries, Gulf States
- Target countries: Ukraine, Russia, Bulgaria, Rumenia, Lithuania
- Ukraine 'the breadbasket of Europe' – long term leases



Relevance of the VG for transition countries in Central and Eastern Europe

- Unused agricultural land – investments needed
- Relatively low land prices
- Weaker governance during the time of transition (corruption)
- Towards EU accession improving legislation
- Moratorium on land purchase (e.g. Hungary, Slovakia, Ukraine)
- Risk for small farmers: increasing market competition

The new Hungarian Land Act

- New Land Act is needed:
 - Moratorium ends 30 April 2014
 - Second wave of land reform
- Draft Land Act under parliamentary discussion
- Basic principles are coherent with the VGs:
 - ✓ protection of local farmers especially with small and medium sized family farms,
 - ✓ increasing transparency of land deals,
 - ✓ strengthening institutional capacity

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The way forward

- Adoption of the VGs: great achievement
- Next step is implementation
- Initiatives:
 - financial support offered by Member States
 - FAO Meeting: 'Supporting Implementation of the Voluntary Guidelines' (4-5 October 2012.)
 - Practical guide prepared by NGOs
 - G8: 'New Alliance for Food Security and Nutrition'
- *Principles for Responsible Agricultural Investment (RAI)* – consultation process and pilot projects

Conclusions

- Need for more accurate data on land deals (no secret contracts)
- Implementation of the Guidelines in good faith
- All countries might be involved in large-scale land deals:
as investors – or target countries
 - all countries should scrutinize their own legislation and practice
- Agricultural investment is essential – encourage responsible investments - strengthen governance
- About the long term effects and benefits on the local communities (responsibility of host governments; fight corruption)
- Train local people and NGO-s

Thank you for your attention!

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