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Stockholm World Water Week 2012: competition for agricultural land – and for water

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Stockholm World Water Week 2012: competition for agricultural land – and for water

Bonn, 27 August 2012. One thematic focus of the World Water Week currently taking place in Stockholm is the headline-grabbing subject of land and water acquisition. And for good reason.

The acquisition of land by private companies is nothing new in the agricultural sector. What is new is the scale on which it is being done. Between 2000 and 2010 some 50 million hectares (an area larger than Germany) was leased or sold throughout the world, 14 million hectares of it in African countries alone. Much of this land (40 per cent worldwide, 70 per cent in southern Africa) is said to be intended for the production of biofuels, followed by foodstuffs and timber. The remainder is set aside for other agricultural products, livestock, mining, tourism and industry.

Developing countries want to see capital – foreign as well as domestic – invested in agriculture. The problem tends to lie in the way investors acquire land and on what terms. Complaints commonly heard are that land is often transferred without regard for current users, that small farmers are pressured into agreeing to transactions, and that local political elites claim rights of use that they sell at a profit.

Is water the hidden motive?

From 2005 the demand for land in Africa and Asia rose sharply, this being especially true of 2008 and 2009, close to the time of the food crisis, when countries dependent on agricultural imports, such as Saudi Arabia and even China, realised how weak their position in international trade was. By investing directly in agricultural land overseas, these countries want to rid themselves of their dependence, while the recipient countries want to increase not only their foreign exchange earnings and the number of jobs available, but also the amount they produce for the local market. Some investors, on the other hand, simply want to profit from the boom in food prices.

Investors naturally want viable locations, and the land they are looking for is obviously either

blessed with adequate rainfall or has access to water. The only investors in the desert are oil companies and the solar energy sector, not agricultural firms.

Water is a factor that often restricts agricultural production more than land. In some of the most important countries from which investors come, the Middle East and China, there is land, but water is scarce, and desalinating sea water or using fossil groundwater reserves is (still) too expensive in many cases.

But it is not just water that attracts investors: what they want to see is good market access, cheap labour, low land prices and taxes, poor protection of local users, who do not, as a rule, have any documented land or water rights, and bad governance – a socially explosive mix.

Water rights in land transactions

As water is so important a factor, not only land right issues but water rights, too, need to be settled when land is acquired. The situation is already rather complicated where land rights are concerned: if there was a formal land market, access to water would have to be reflected in the market price of land along with such other factors as the quality of the land and market access – and that would have to be reflected in higher rents or purchase prices. But that is not the case, central government being the official landowner in many African countries, while village communities, tribes and traditional authorities merely manage the land unofficially. Farmers do not receive appropriate compensation when their land is leased or sold.

Where water rights are concerned, the situation is even more complicated: besides the land users directly affected by land transfers, water users who are not tied to the land, such as stock farmers, fishermen and downstream dwellers, are affected by irrigation systems and ought to be involved in contract negotiations. In the few contracts to which the public have access water rights are ei-

ther not specified or vaguely worded: water requirements are not known during the negotiations, or they will be the subject of later negotiations. In some cases investors have acquired water rights that put them in a more advantageous position than existing users. Access to watering holes for stock farmers is rarely mentioned – and so on, and so forth.

The acquisition of water rights associated with land transactions is a source of conflict, especially on cross-frontier rivers. In Ethiopia's part of the Nile catchment area Chinese, Indian and Arab companies are investing in plantations, to irrigate which the Ethiopian government has promised them free access to water reserves. This may reduce the amount of water allotted to Egypt downstream under the 1959 agreement.

What can global guidelines achieve?

Although there are no reliable figures on the real scale of land transactions, the few well documented cases show that action needs to be taken.

The UN Committee on World Food Security has reacted with *Voluntary Guidelines on the Responsible Governance of Tenure of Land, Fisheries and Forests in the Context of National Food Security* (VGs). The *Principles for Responsible Agricultural Investment That Respects Rights, Livelihoods and Resources*

(RAI), for which the World Bank was mainly responsible, call on investors to comply with social, ecological and human rights standards. Neither document attaches to the water rights issue the importance it deserves.

We need expanded guidelines for water rights. Access to water must be seen as an asset in the compensation paid when land is sold or leased. And when water rights are assigned, older and often informal user rights must not be affected, or appropriate compensation must be paid.

The overriding question is how traditional users of land and water can assert their rights, who is to guarantee those rights, and who is to ensure fair practices in contract negotiations. Companies can make commitments, as a group of investors has done by subscribing to the *Principles for Responsible Investment in Farmland*. The key to ensuring fair practices, however, is and continues to be held by the governments of the target countries. International human rights conventions and guidelines can point the way. But what if governments and local elites are on the other side? A conclusive answer must be found to this question.

It is therefore more than commendable that the World Water Week in Stockholm is opening the debate on this subject.



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