

**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)



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 |

Source: Land Matrix beta

Possible effects: displacement of local farmers



Guatemala, 2011

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Uganda, 2011

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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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