

# Responsible Large-Scale Land Investments in Uganda: Current Application and Potential Scope of International Safeguards

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## Background

- Increase in large-scale agricultural land investments in the Global South (Land Matrix 2017)
- Int. safeguards to stipulate responsible investment (AfDB, 2014; CFS, 2014; FAO, 2010, 2012)
  - 2012: Voluntary Guidelines on the Responsible Governance of Tenure of Land, Fisheries and Forests in the Context of National Food Security” (VGGT)
  - 2014: “Principles for Responsible Investment in Agriculture and Food Systems” (CFS-RAI)
- Operational Guidelines for Investors (AFD, 2014; FAO, 2015; New Alliance, 2015; USAID, 2015)



# Investment Stages





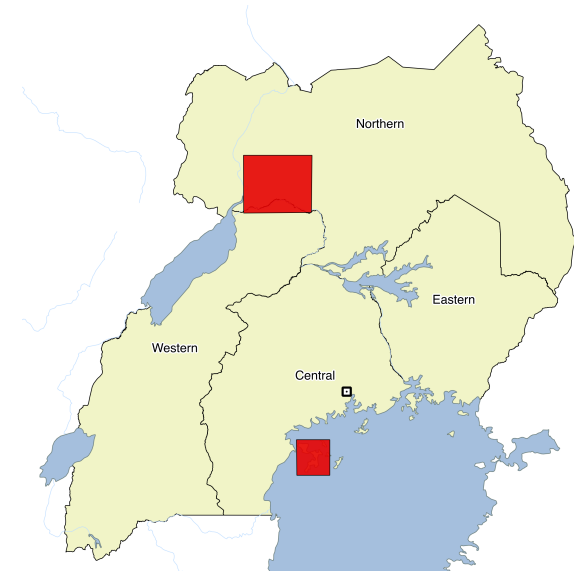
## Rationale of Safeguards

- Investors face numerous risks related to (land) disputes
  - Costs
    - Direct: Operations, Litigation
    - Indirect: Reputational loss (financing and marketing)
- Investors have intrinsic motivation to implement safeguards
- Numerous impact studies of investments (e.g. World Bank 2014)
  - Little evidence how investors perceive, implement and operationalize safeguards



## Case Studies

- Oil Palm Uganda Ltd (OPUL)
  - Started in 2003
  - Mature investment → ex-post measures
- Amatheon Agri Uganda Ltd
  - Started in 2013
- 19 key informant interviews in Uganda in August 2016
  - Investors, CSOs, local and national government, local communities
- Desk Study





## Land Governance in Uganda

- Tenure Types (Stickler 2012)
  - Freehold/ Leasehold
  - Customary Land: mostly northern and eastern regions
  - Mailo Land: mostly central and eastern regions
- Land acquisition by foreign investors through leaseholds either from GoU or private land owners
- LGAF Report (Obaiko 2014)
  - Lack of transparency reg. land deals
  - Low bargaining power of land owners (lack of registration)
  - Inefficient dispute resolution mechanisms



## Case Study: OPUL

- Established in 2003 on Bugala Island (Lake Victoria)
- Vegetable Oil Development Project, IFAD financed (IFAD 2011)
- PPP: Bidco Kenya, Wilmar Int. Singapore, Kalangala Palm Oil Growers Trust (GoU)
- GoU acquired 5,500 ha from 40 Mailo land owners
  - 6,500 ha leased to OPUL (nucleus estate)
- Outgrower scheme: 1,800 farmers, 4,700 ha
- Court cases: deforestation, land acquisition (FoE 2016)



## Case Study: Amatheon Agri Uganda

- Established in 2013 in Northern Uganda
- German investor active in Uganda, Zambia, Zimbabwe
- Acquired 7,500 ha through lease and sub-lease from individual land owners
- Non-consolidated farm land, participatory and partial land acquisition
- Maize, Rice, Soy Beans on 3,500 ha
- Mostly for domestic & regional markets
- No outgrower scheme, but training and trading scheme
- Community outreach strategy





## Risk Awareness and Mitigation

- (Land) disputes in Uganda are long-lasting and difficult to resolve (OPUL)
- Not all stakeholders are equally aware of risks and mitigation strategies
  - Some investors and government agencies predominantly focus on national law

Recommendation: Investor platform to foster learning across investors and the government



## Awareness and Application of Safeguards

- Little knowledge of VGGT and CFS-RAI among government, CSOs and investors

<b>OPUL</b>	<b>Amatheon</b>
<ul style="list-style-type: none"><li>• No knowledge of guidelines/ principles</li><li>• Focus on solving on-going court cases</li></ul>	<ul style="list-style-type: none"><li>• Awareness in HQs &amp; Farm</li><li>• Incorporated in the strategy and operations</li><li>• Guidelines and policy discussions perceived as abstract</li></ul>

- Recommendation: Gap analysis - which aspects of guidelines are covered by national law
- Which measures can mature investment implement ex-post?



## Effectiveness of Safeguards

- Comprehensive and participatory approach to land acquisition can mitigate risks for land disputes (Amatheon)
- OPUL acquired land through government agencies but faces environmental, social and land-grabbing allegations
- Application of safeguards can mitigate risks, but without guarantee
- Low barriers for land-grabbing allegations with direct damage to investors
- Monitoring of investments to reduce risks for committed investors
  - GoU often directly involved (e.g. UIA)
  - Lack of mandates and capacities



## Indirect Effects on Land Markets

- Investors increase demand for land, which in turn fosters further demand
- Rising land prices & conflicts within communities (Serwajja 2014)
  - Bugala Island: 30-fold 2003 - 2016
  - Nwoya District: 7-fold 2008 - 2016
- Should/ can investors address these indirect effects?
- Government Interventions:
  - Registration of customary land rights
  - Effective and affordable dispute resolution



## Conclusion

- Challenges for wider application of safeguards by investors:
  - Not all investors/ government agencies are equally aware of potential risks for investors
  - Complex/ abstract nature of int. safeguards limits reach
  - Participatory approach to land acquisition can minimize risks
  - But no guarantee → robust and independent monitoring needed
- Secondary effects on land markets require fundamental changes in land governance and cannot be addressed by investors

Thank You



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