



## Securing land and natural resource rights through business partnerships between small-scale farmers and investors

The current controversy about large-scale land acquisitions by foreign investors has put land rights issues and responsible agricultural investment more visibly back on the global development agenda. It has also raised questions regarding the world's future development trajectory. In both respects, it has opened up important international space for discussion on how to improve land administration systems and investment in agriculture, so that the land rights and livelihoods of smallholder farmers, pastoralists and other vulnerable groups are strengthened.

One approach to increasing sustainable private-sector investment in agriculture, is to promote mutually beneficial partnerships between smallholder farmers and private-sector investors – preferably partnerships that do not require large-scale land acquisitions. Such partnerships can take the form of out-grower schemes, contract farming or joint share equity schemes, with outside investors focusing mainly on providing expertise and other support in agro-processing or improved access to markets. The success of such partnerships and the real benefits to smallholder farmers and rural communities more generally, depends on the level of ownership, voice (governance), risk-sharing and benefit-sharing between partners. Some serious investors in agriculture are increasingly looking towards mutually beneficial and sustainable partnerships as it makes good business sense. And many smallholder farmers are prepared to negotiate if they are properly consulted, well informed of the implications and potential risks, and see a real benefit. Any land relinquished in such deals should be done preferably on a temporary basis (e.g. through a lease agreement), and should not be on the scale being seen at the moment. Establishing mutually beneficial partnerships is possible, but they require sustained support by a range of service providers (government, civil society, private sector), and effort and time. Particular attention needs to be given to empowering smallholder farmers and rural communities to engage on equal terms with outside investors. There is also a need to monitor the implementation of agreements to ensure that the anticipated benefits are realized.

IFAD already has considerable experience in promoting inclusive business arrangements as part of pro-poor value chain initiatives. However, often this experience has not adequately reflected on the implications for securing land and other natural resources. In some cases, land and natural resource tenure security was not sufficiently considered during the design of initiatives but later became important during implementation.



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## Community Investor Partnership Project in Mozambique

In Mozambique, the Community Investor Partnership Project is promoting the establishment of sustainable community/investor partnerships in rural areas. It is facilitating new partnerships which will provide a rich source of normative and strategic lessons on the conditions and requirements needed for successful partnerships, including the need to diversify and strengthen local livelihoods and food security. The project is working with communities that have already been delimited and which want to work with investors and in areas where investor interest is high but local rights have not been delimited. In the latter case, the Community Land Initiative (iTC) and similar projects are being used to delimit local rights ahead of the new pilot exercise.

## Vegetable Oil Development Project (VODP) in Uganda

The Vegetable Oil Development Project (VODP) in Uganda aims to increase small-scale farmers' income by revitalizing national vegetable oil production from oil palm. Implemented in partnership with a private-sector company, Bidco Oil Refineries, it targets an area of 10,000 hectares of land located in Bugala Island, Kalangala District. About 3,200 ha out of public land was allocated for the nuclear estate and about 3,300 ha of privately owned Mailo land was purchased, giving a total of 6,500. Occupants on both public and private land were also compensated and integrated into the scheme as were most neighbouring residents. About 3,500 hectares are cultivated by 1,400 smallholder farmers through out-grower schemes. IFAD's funds supported the establishment of Oil Palm Uganda Limited (OPUL) – a consortium in which Bidco and the small-scale producers are partners – and the Kalangala Oil Palm Growers Trust – the local farmers' association which has a 10 per cent share in OPUL. The trust provides farmers with credit and helps them to obtain fair deals when selling their produce. OPUL provides seedlings and fertilizers, technical support, housing and healthy meals to its employees. The Project has had a significant positive impact on the island: in 2001, Kalangala District was ranked 71 of 76 districts, by 2007 it was seventh in terms of wealth. Employment has been created for about 3,400 people: 2,000 employed at the palm oil mill and 1,400 directly involved as smallholder farmers. Farmers have seen a substantial increase in income and there has been an increased investment by them in housing and education. Infrastructure facilities and services have improved dramatically (roads, schools and electrification); production in other crops, livestock and complementary agricultural activities, tourism and other non-agricultural enterprises is expanding. Forest reserves are now clearly demarcated and illegal logging is down.

## Biocarburant SA in Mali

With IFAD's support, smallholder farmers are partnering with Mali Biocarburant SA in a combination of a joint venture and contract farming. The company encourages small-scale farmers in Mali to intercrop their fields with jatropha. Farmers harvest the jatropha nuts and sell them to MBSA, which then extracts their oil using a number of mobile presses. This bio-fuel model integrates Jatropha production into the smallholder farming system, without creating competition over land uses for food and fuel production, by promoting intercropping with food crops or growing Jatropha on unproductive land. The experience can be seen as a best practice associated with agricultural investment that avoids many of the risks associated with the other large-scale land investments. Neither MBSA nor its foundation own land. Land rights of the people could even be potentially strengthened.



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## Land and Natural Resources Learning Initiative for East and Southern Africa

IFAD and UN-Habitat, through the Global Land Tool Network (GLTN), have entered into a partnership to implement the 'Land and Natural Resources Learning Initiative for Eastern and Southern Africa (TSLI-ESA)'. The initiative aims to improve knowledge management strategies and approaches towards pro-poor and gender-sensitive land and natural resource tenure rights in selected East and Southern African countries.

TSLI-ESA focuses primarily, but not exclusively, on the following five themes:

- i. Using technically advanced geographic information technologies, such as aerial photography, remote sensing technology and Geographic Information Systems (GIS) for mapping land and natural resource rights, use and management.
- ii. Recognising and documenting small-scale farmers' land and water rights in irrigation schemes.
- iii. Recognising and documenting group rights, focusing on range and grazing lands, forests and artisanal fishing areas.
- iv. Strengthening women's access to land.
- v. Documenting best practices in securing land and natural resource rights through business partnerships between small-scale farmers and investors.