Responsible investment in land

Secure land rights provide smallholder farmers with long-term agricultural prospects and facilitate sustainable investments.

Background

Many of the approximately 500 million smallholder families worldwide do not have secure ownership or rights of use for the land they cultivate. This makes it impossible for them to invest in the long-term sustainable management of their land, due to the considerable risk that they will be expropriated or deprived of their rights of use. This uncertainty often leads to a vicious circle of low productivity, poverty and environmental damage.

Land rights are therefore crucial for enabling smallholder farmers to invest in soil health and production inputs. This is especially true if they grow permanent crops such as coffee or cocoa, which require long-term planning and investment. In addition, they often need a formal land title in order to obtain access to services such as credit.

The importance of secure land rights therefore extends far beyond the mere clarification of property relations. They form the basis for long-term planning and investment, open access to key financial services and promote sustainable resource management. They also support the implementation of the Sustainable Development Goals (SDGs), in particular contributing to the achievement of SDG 1 (No Poverty), SDG 2 (Zero Hunger) and SDG 15 (Life on Land). Secure land rights are therefore a crucial lever for sustainable development and improved prosperity in rural areas.

Secure land rights promote
sustainable agricultural investments
and thus strengthen
rural areas.



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Solutions from development cooperation

Securing land rights requires a multi-layered approach that includes legal, institutional and financial dimensions. The main aim is to formalise land rights and to issue official title deeds for areas that have so far been used informally. Modern land registration systems with GPS surveying and digital cadastres create the technical basis for precise and transparent documentation. In many cases, traditional communities' collective land ownership must also be legally secured, as community land use systems are widespread in many rural regions.

Legal reforms form the second pillar of successful land rights policy. Smallholder farmers will only be able to claim formal ownership rights to their land if the bureaucratic hurdles and the costs of land registration are reduced. It is particularly important that women, who are denied traditional property rights in many societies, can acquire land rights on an equal basis.

Local authority staff must be familiar with modern land management, surveying, participation and conflict management and, if necessary, trained in this area. The judiciary is responsible for enforcing land rights. If it performs this task competently, it creates trust. In addition, it is important to systematically involve the public in the planning of land law reforms and thus ensure their acceptance.

Microloans, which can be granted with land titles, often give smallholder farmers access to capital for sustainable investments for the first time. In Uganda, for example, precursors of land titles are also accepted as collateral for microloans in some cases. In addition, it is a good idea to combine public development finance and private funds (blended finance) in order to mobilise larger investment sums. Results-oriented financing instruments such as impact bonds create incentives for development success and increase the efficiency of development policy fundings.





Laos: Land investment monitoring

Many households in Laos are deprived of access to agricultural land to make way for the expansion of large-scale plantations. In Sayaburi, Luang Prabang, Vientiane Province and Bolikhamsai regions, investments by mainly regional players are concentrated on plantations for the cultivation of rubber, bananas, cassava and maize. Investors lease the land, acquire concessions for its use or use the contract farming model. However, problems arise repeatedly. It is often unclear which authorities are responsible for specific processes, applicable law is not well enforced, local communities are not sufficiently involved, and cultivation methods pollute the environment.

To mitigate these abuses, the Global Programme Responsible Land Policy (GPRLP) implemented by the Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH developed the Investment Project Monitoring (IPM) approach, with the aim of improving investor compliance with environmental, social and land rights standards using a digital application to collect and assess data. Investment projects are evaluated annually on six criteria – contract compliance, environmental standards, land conflict management, socio-economic impact, financial transparency, and public participation (on a scale of 0 to 5). Evaluations are based on interviews with company representatives and village communities. IPM runs on a user-friendly, cost-effective and technically simple app and can be adapted locally and thus easily transferred to other sectors. Initial proposals for an extension to non-agricultural areas have already been submitted.

So far, 154 government employees have been trained, 31 per cent of whom are women. 135 investment projects participated in IPM, of which 44 per cent showed improvements in at least one of the evaluation criteria within three years. Monitoring helped investors to improve their understanding of the legal framework and intensified dialogues with target communities, which in turn know their rights better. Support is also given to national legislative processes, such as advice to the Laotian government on the revision of the 2016 Investment Law and contract farming standards.

Ethiopia: Institutional capacity development and confidence-building

As part of the national investment programme, more than three million hectares of land have been leased to national and international investors, with the aim to create jobs, increase agricultural production and improve infrastructure. However, many expectations remained unfulfilled, as only a fraction of the leased land was used efficiently, and yields were often lower than those of local farmers. In addition, massive environmental damage occurs, infrastructure measures were not carried out, communal land was lost, and social conflicts arose. Investors and authorities were often unaware of international and national land rights standards, while local communities were rarely involved in decision-making processes.

GIZ's Global Programme Responsible Land Policy supports responsible agricultural investment (S2RAI II) in the Benishangul-Gumuz, Gambella and Amhara regions to ensure that companies manage their investments in land more responsibly and in line with the Voluntary Guidelines on the Responsible Governance of Tenure of Land, Fisheries and Forests (VGGT) and the principles adopted by the Responsible Agricultural Investment (RAI) Network. A platform for regular exchange between investors, local communities and the government was created, the Community Investor Government Forums (CIGF). They help smallholder farmers and particularly marginalised groups to better exercise their land rights.

Since 2017, the programme expanded to also work with the civil society organisation Green Love Appreciative Development (GLAD) to improve investor-resident relations in 60 communities. Around 330 people – including 30 investors and 300 community members as well as government representatives – are taking part in dialogue forums, with positive results: less land conflicts are brought to courts and are resolved in the forum instead. Relations between communities, investors and authorities have improved and investors now hire more women and young people, often under better working conditions. Smallholder farmers benefit from technology transfer and access to machinery to increase productivity, while roads have also been built and social projects are promoted.

Results of GIZ's Global Programme
Responsible Land Policy (GPRLP) (2016–2026)

307 private agricultural investments
were aligned with
international guidelines.

The global programme advised
1,267 companies on
sustainable land investments.

It is drawing up
19 guidelines for
responsible agricultural investment.

102 multi-stakeholder dialogues
have taken place.

11 local grievance mechanisms
have been established.

Key messages

1 If land rights are not secured, smallholder farmers invest less in sustainable soil management, due to the considerable risk that their land will be expropriated. Land rights therefore have a positive effect on soil health and encourage investment in production inputs. They enable smallholder farmers to plan for the long term, facilitate access to financial services and promote sustainable resource management.

2 Investment monitoring creates transparency and ensures that investors improve their compliance with environmental, social and land rights standards. Digital tools such as the IPM in Laos help to evaluate investment projects and raise their standards.

3 Dialogue formats such as CIGF in Ethiopia promote responsible investment, strengthen the rights of local communities and reduce land conflicts – especially when civil society, companies and authorities work together in partnership.

Land rights promote
investment in production inputs
and enable smallholder farmers
to plan for the **long term**.







Recommendations for development cooperation

1. Prioritisation of land rights reforms and decentralisation: Partner countries should be supported in prioritising land rights reforms as part of their national development agendas and in gradually decentralising administrative structures.

2. Inclusive design of land rights processes: Development cooperation should specifically promote the participation of marginalised groups such as women and indigenous peoples in land rights processes.

3. Strengthening local institutions and promoting dialogue formats: Local institutions – both in land administration and in investment monitoring – must be strengthened. In addition, regular dialogue formats between governments, civil society and the private sector should be promoted.

4. Promoting knowledge-sharing and common standards: The exchange of knowledge and experience between countries with similar challenges should be actively supported in order to encourage peer learning and facilitate the development of common standards.

5. Provision of long-term financing instruments and promotion of inclusive business models: Long-term financial instruments should be provided, responsible investment practices should be promoted, and inclusive business models should be developed with smallholder farmers and local communities to ensure sustainable agricultural investments.

6. Measuring the impact and integrating international standards: The impact of the measures should be systematically measured, and companies should be supported in integrating international sustainability and land rights standards into their supply chains.





Learn more

Blackmore, E., Bugalski, N. and Pred, D. (2015): Following the Money: an Advocate's Guide to Securing Accountability for Agricultural Investments

FAO (2024): The State of Food and Agriculture 2024 – Value-Driven Transformation of Agrifood Systems

FAO (2014): Principles for Responsible Investment in Agriculture and Food Systems (CFS-RAI)

FAO (2012): Voluntary Guidelines on the Responsible Governance of Tenure of Land, Fisheries and Forests in the Context of National Food Security (VGGT)

GIZ (2022): Promoting Responsible Governance of Investments in Land (RGIL) in Laos

UN (2018): Free, Prior and Informed Consent (FPIC): A Human Rights-Based Approach. Study of the Expert Mechanism on the Rights of Indigenous Peoples

World Bank (2015): Investment Climate Reforms: An Independent Evaluation of World Bank Group Support to Reforms of Business Regulations

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