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INVESTOR SURVEY ON LAND RIGHTS REVEALING THE PERCEPTIONS AND PRACTICES OF THE PRIVATE SECTOR ON LAND AND RESOURCE RISKS

BACKGROUND

As private sector actors are increasingly asked to play a more pro-active, socially responsible role to recognize and support the legitimate land rights of communities affected by land-based investments, more information is required to support responsible investment decision making and to better understand the complexity of land tenure risk. In 2017, USAID initiated the Investor Survey on Land Rights¹, implemented by Indufor North America, to delve into the drivers of tenure risk surrounding land-based investment and learn how investors and operators assess, mitigate and are affected by such risks. The findings provide a first-of-a-kind glimpse into investor perceptions of land tenure risks and strategies to create responsible land-based investments.

METHODS

The Investor Survey on Land Rights employed a purposive sampling approach to maximize the number of targeted respondents. The survey targeted two groups, investors—organizations that provide capital or develop projects—and operators, organizations that produce, process, and/or wholesale raw materials.

The Survey was conducted in two rounds. The first round targeted 4,900 organizations to screen for qualified respondents and collect basic data on organizational information and perceptions of tenure

¹ The survey is designed to be implemented every two years.

risks and yielded 143 responses. Seventy-five of these respondents were then selected to participate in the second round of surveying based on their: 1) Active involvement in land-based investments, 2) Level of influence in operational decisions, with the requirement of owning a stake of 10% or more in a land-based investment, and 3) Sector, with a focus on agriculture, forestry, or energy. The second survey round assessed the strategies used by respondents to identify and manage tenure risks, and yielded in-depth information regarding 102 projects worldwide, including 39 rejected and 63 undertaken projects in agriculture, forestry and renewable energy.

A selection of seven investors and operators also shared concrete case studies of how they successfully managed land tenure risks prior to and during their project development and implementation. While the context and challenges each organization faced were unique, key findings and lessons can be drawn from the respondents' experiences.

KEY FINDINGS AND LESSONS LEARNED

- Respondents perceive land tenure risk as increasingly important to their organizations. When asked to rank land tenure risk amongst a variety of business risks, land tenure was ranked as the second most important risk among operators, and the seventh most important risk among investors. Fifty-eight percent of all respondents noted that land tenure risks had increased significantly or very significantly during the past five years.
- Use-related land and resource risks, such as those involving community rights to access resources or local community land disputes, were perceived to be of greater importance for investors and operators compared to governance-related risks, such as corruption or title irregularities. For example, 58% of respondents noted community land use risks had increased in the past five years compared to 27% of respondents noting title irregularities had increased.
- Land tenure risks are predominately assessed qualitatively. Ninety-eight percent of respondents report that they perform qualitative assessments such as community consultations and verification of land titles through field work. Quantitative approaches were used by less than half of the respondents.
- Sixty-one percent of the rejected investments in the sample were rejected due to land tenure risks, including local community land disputes and community right to access resources.
- Community consultations and community development programs were the most widely used mitigation strategies, which were considered effective by about 60% of the respondents using those approaches.
- Land tenure challenges persisted in 81% of the undertaken projects, despite proactive mitigation strategies. Budgeting and planning for mitigation measures, particularly community engagement activities, throughout the project can increase the sustainability of the investment.

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FOR MORE INFORMATION

[HTTPS://WWW.LAND-LINKS.ORG/DOCUMENT/INVESTOR-SURVEY-LAND-RIGHTS/](https://www.land-links.org/document/investor-survey-land-rights/)