



Foreign land investment in the Arab region: toward food security and sustainable natural resource management

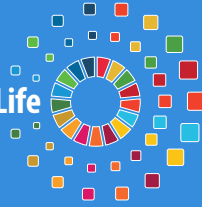


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Economic and Social Commission for Western Asia

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Key messages

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- *Investment in food systems is needed to achieve the Sustainable Development Goals (SDGs), especially SDG 2 on zero hunger. When effectively managed, foreign ownership or leasing of land can help countries meet national investment goals and support foreign food security objectives, helping to mobilize necessary funds.*
-
- *In the Arab region, foreign land deals cover 1.76 million hectares, with the Sudan, Egypt and Morocco as top destinations for inward investment. Investment is largely intra-regional, with 73 per cent involving at least one investor from the Arab region, with Gulf Cooperation Council public institutions being the primary investors. Agricultural production counts for 82 per cent of deals, targeting water-rich locations.*
-
- *Foreign land investment in agriculture can channel resources from high income to lower income countries creating productive assets, transferring technology, building capacity and improving food security for all parties involved. With wheat yields in the Arab region reaching only 63.7 per cent of their potential, there is significant scope to boost productivity on existing farmland.*
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- *Foreign land investment remains controversial, often associated with a lack of transparency, land rights violations and environmental degradation. This investment takes place within the context of global and local inequalities; there is a growing need to protect vulnerable communities and their lands. Only 5 of 78 land deals analysed in the Arab region provide information on community consultations, and just 1 adhered to free, prior and informed consent principles.*
-
- *Foreign land deals can generate environmental impacts on land and water resources, soil health, forests, greenhouse gas emissions and biodiversity. In the Arab region, water withdrawals and soil erosion are particularly pressing concerns. Several deals target areas near infrastructure, fertile lands and critical water sources, including transboundary rivers and underground aquifers, with crops typically requiring high water inputs.*
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- *Generating mutual benefits from foreign land investment ultimately depends on how such deals are implemented, with sustainable agriculture, investment in improved irrigation, enhanced land productivity and forest conservation through carbon market initiatives offering opportunities for positive impacts.*

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- *For land deals to be more sustainable and equitable, better application of international guidelines on ethical land investments is required. Thorough research must be conducted to identify suitable lands, and the economic, social and environmental impacts of land investment must be comprehensively assessed. Monitoring through the collection of timely, accurate and sufficient data is crucial. Guaranteeing informed consent and implementing safeguards to protect the rights of affected populations and the environment are also essential. Enhanced regional cooperation can further strengthen data and governance systems, improve food trade, and support the sustainable management of natural resources.*
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Introduction

Following the 2007–2008 food crisis and the spike in global prices due to the 2021–2022 war in Ukraine, the world has experienced a surge in international large-scale land acquisitions for agricultural and energy production. In the Arab region alone, 1.76 million hectares of land – equivalent to over 2 million soccer fields – are now under foreign ownership or lease. Deep understanding of the effects of this trend on local communities, food security and natural resource management is necessary.

For developing countries to achieve the Sustainable Development Goals (SDGs), there is a pressing need for investment. Harnessing the potential of foreign land deals is crucial, particularly for SDG 2 on zero hunger to be achieved. Foreign land investment in agriculture could be used to channel resources from developed to developing countries, leading to the creation of productive assets, technology transfers and capacity building, potentially improving food security for all parties involved. However, the impacts of this type of investment remain controversial. Investment occurs within the broader context of global and local inequalities and frequently lacks sufficient transparency, raising concerns about its effects on receiving countries and communities. In the past, advocacy groups and researchers highlighted issues like the lack of accountability,

violations of local communities' land rights, and connections to environmental degradation and unsustainable resource use.

This report presents data on the scale and nature of foreign land investment in the Arab region, with a particular focus on its environmental effects, such as land use change, water withdrawals, soil degradation, greenhouse gas emissions and biodiversity losses. Based on the findings, the report recommends benefiting from this investment while mitigating risks by conducting thorough research to identify suitable lands, assessing economic, social and environmental implications, and ensuring informed consent and establishing safeguards to protect affected populations and the environment. Additionally, the report stresses the need to strengthen regional and global mechanisms for good governance, human rights and natural resource preservation.

This report is structured as follows: chapter 1 presents the data available on the scale and characteristics of large-scale land deals in the Arab region; chapter 2 discusses the economic, political and legal aspects of foreign land investment; chapter 3 examines its main environmental effects; and chapter 4 concludes with recommendations for more responsible foreign land investment.

1. Foreign land investment in the Arab region: scale and characteristics

The increasing interconnectedness of the global economy, coupled with heightened concerns over food security, has fuelled a rise in foreign land investment internationally.

Despite the challenges in data availability and completeness, some recent databases provide insight into the magnitude of these land investments. The Land Matrix has recorded a total of 3,580 deals globally,¹ corresponding to approximately 129,000,000 hectares of land. In the Arab region, 78 land deals involved 1,765,902.4 hectares, with the Sudan, Egypt and Morocco being the top destinations for inward investment, as detailed in table 1.²

In the Sudan, land considered for or under foreign investment comprises 0.77 per cent of its entire territory and 1.29 per cent of its agricultural land. In Egypt, the territory under foreign land deals represents 0.18 per cent of its land area and 4.4 per cent of its agricultural area. Given that the available data in the Land Matrix are restricted to deals of at least 200 hectares and those with sufficient information, the true extent of foreign land acquisitions is likely much larger.³ Rulli and others⁴ argue that 23 per cent of cultivate land in the Sudan and 10.4 per cent in Morocco is under foreign investment.

Table 1. Land deals covering 200 hectares or more in the Arab region, 2000–2024

Receiving country	Number of deals	Total hectares
Algeria	5	55,096
Egypt	16	177,062.4
Iraq	2	61
Jordan	1	760
Mauritania	7	59,801
Morocco	10	11,950
Sudan	30	1,454,983
Tunisia	7	6,189
Total	78	1,765,902.4

Source: Authors' elaboration using Land Matrix data.

Note: A total of 11 deals lacks size information (3 in Egypt, 1 in Iraq, 3 in the Sudan and 4 in Tunisia). All deals in the database have been included, irrespective of current implementation status.

1. Excluding deals that failed and those that are purely domestic. Data downloaded 11 April 2024.
2. Land Matrix, n.d.
3. Borras and others, 2022. In addition, since data availability varies across countries, and since the Land Matrix database is built by voluntary contributions, and those contributors are not evenly distributed, some countries will necessarily be overrepresented or underrepresented in the database.
4. Rulli et and others, 2013.

Table 2. Intended use of foreign land investment in the Arab region

Intention of investment		Number of deals
Food production	Food crops	60
	Livestock	16
	Fodder	13
Agriculture, other	Non-food agricultural commodities	20
	Agriculture unspecified	4
Energy production	Renewable energy unspecified	3
	Solar park	1
	Wind farm	3
	Biomass for biofuels	3
Other uses	Mining	4
	Other	1

Source: Authors' elaboration using Land Matrix data.

Note: Deals might include more than one intention of investment.

How the land is used and the investment channelled have important implications for the receiving country. According to Land Matrix data, the majority (82 per cent) of foreign land investments in the Arab region focus at least partially on food production, with wheat (22 deals), corn (17 deals), fodder plants (13 deals) and alfalfa (12 deals) being the main crops cultivated. Other uses of the land include non-food agricultural production, energy generation and mining (table 2).

There is a significant trend of Arab intraregional investment: 73.1 per cent of land deals involve at least one Arab region investor, and almost 40 per cent of foreign land investment by Arab region countries stays within the region. The top recipient countries are the Sudan, Egypt and Morocco. The most active investors are the United Arab Emirates (39 deals), Saudi Arabia (22 deals), Qatar (12 deals) and Kuwait (11 deals). While there is some investment from beyond the region, the presence of countries like the China (3 deals), France (3 deals) and

the United Kingdom (3 deals) is proportionally smaller. The lack of transparency, however, makes it difficult to analyse land investments accurately, as 98.72 per cent of cases involve at least one unknown investor.

State-owned entities or Governments account for the majority of investors in foreign land deals in the Arab region (74 deals), followed by private companies (34 deals). This pattern diverges significantly from global trends, where private companies typically dominate foreign land investment, followed by stock-listed companies and investment funds. This trend comes as Gulf Cooperation Council (GCC) country Governments use foreign land investment to increase domestic food availability. In some cases, the extent of the area of land owned or leased abroad is significantly larger than their domestic agricultural area, notably in the United Arab Emirates (8.7 times bigger), Qatar (7.4 times), Bahrain (2.7 times), Lebanon (2.5 times) and Kuwait (2 times).⁵

5. Noting that foreign land investments might have other purposes than food production, including energy or mining.

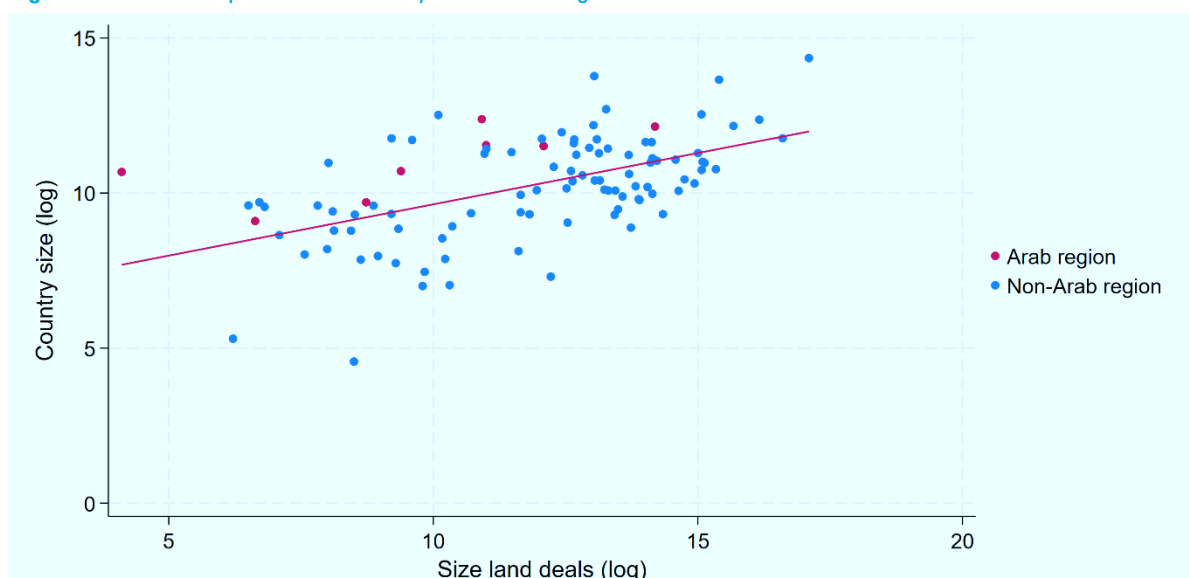
2. Main reasons for and implications of foreign land investment

While channelling investment towards lower income countries is viewed as essential for their economic development, foreign investment in land remains controversial. At the core of the issue lies the inequality in such deals, both between high-income and low-income countries, and between local elites and vulnerable populations in receiving countries. Foreign ownership or leasing of land also remains a sensitive issue, as land is an essential commodity for agricultural production and is directly linked to human rights and the identity of local communities. This section acknowledges these complexities when presenting the main reasons behind foreign land acquisitions, incorporating economic, political and legal factors.

A. Differences in the allocation of capital and land

Global differences in land availability, food production capacity and investment capital are factors contributing to foreign land investment. These investments could be a mechanism to channel capital from countries with high capital reserves and limited land to countries with abundant land but lower capital resources. Existing data show a positive correlation between lower income countries' total land area and the level of foreign land investment they receive (figure 1). Countries with higher gross domestic product (GDP) tend to be the primary investors in foreign land (figure 2).

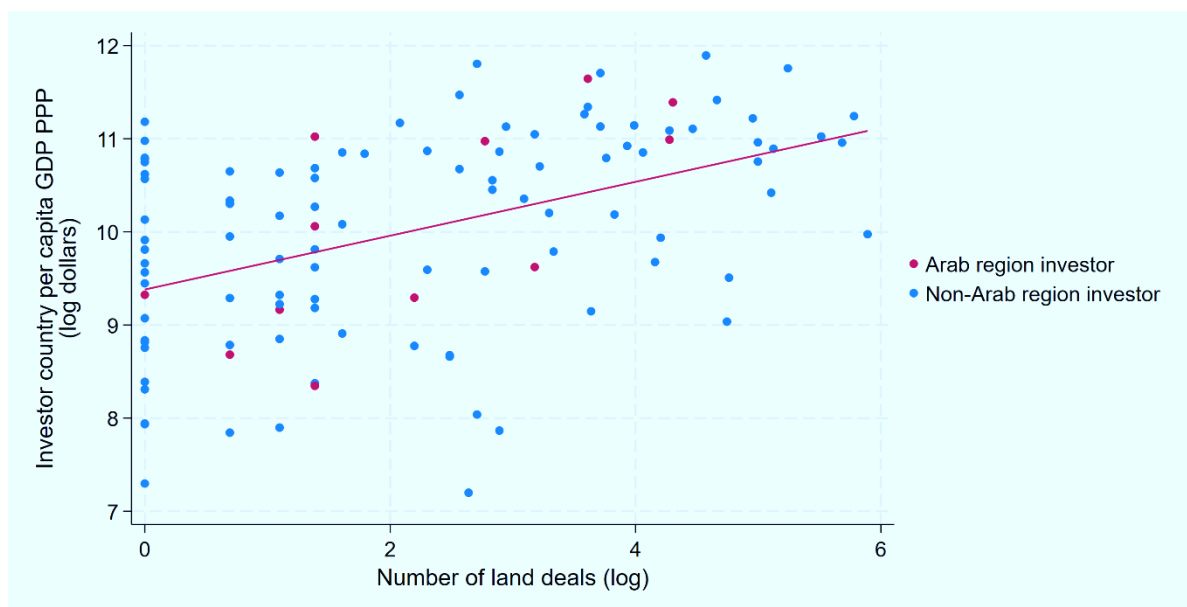
Figure 1. Relationship between country size and foreign land investment



Source: Land Matrix database and the Food and Agriculture Organization Statistics database (FAOSTAT).

Note: The size of land deals represents the hectares involved in foreign land deals negotiated between the years 2000 and 2024, sourced from the Land Matrix database. The country size is sourced from FAOSTAT. The size of land deals and country size are depicted using a natural logarithmic scale. All countries included in the Land Matrix database have been included in the analysis.

Figure 2. Relationship between investor GDP and foreign land investment



Source: Land Matrix database and the World Bank.

Note: The number of land deals includes all those negotiated between the years 2000 and 2024, sourced from the Land Matrix database. Per capita GDP purchasing power parity (PPP) from the year 2022 is sourced from the World Bank. The number of land deals and per capita GDP are depicted using a natural logarithmic scale. All countries included in the Land Matrix database have been included in the analysis.

Key economic factors driving foreign land deals include the availability of suitable and inexpensive land, low labour costs, trade incentives and high agricultural productivity⁶ in the investing country.⁷ Another crucial factor is the potential to increase agricultural yields in the receiving country. This is especially significant in the Arab region, where wheat yields averaged only 63.7 per cent of their potential in 2021.⁸ Foreign investors can enhance the productivity of currently cultivated areas through economies of scale⁹ and by transferring agricultural knowledge and technology.¹⁰

Despite the potential benefits of land deals, available research suggests that some investors overestimate the economic and agroecological advantages of their investments, leading to a high number of non-operational or failed land deals.¹¹ Agricultural production operates on narrow profit margins and is highly susceptible to weather conditions. In countries where public investment in technology and infrastructure has been historically low, these challenges might be exacerbated.

6. Agricultural productivity refers to the efficiency with which agricultural inputs are converted into outputs. It should not be confused with net agricultural production.

7. Borras and others, 2022; Selod and others, 2018.

8. FAOSTAT, n.d.

9. Collier and Venables, 2011.

10. Neudert and Voget-Kleschin, 2021.

11. Borras and others, 2022; Wolford and others, 2024.

While development actors in recipient countries hope that foreign investment will lead to increased food production, infrastructure development, technology transfer and job creation, research indicates that these benefits do not always materialize.¹²

Analysis of foreign land investment must extend beyond solely economic considerations. Social and political factors, including historical and cultural ties, the rule of law in the receiving country, prevailing power dynamics and the presence of conflict, all exert considerable influence in the negotiation and success of land deals.

B. Power dynamics in global markets and land speculation

The functioning of global food markets is a key factor in foreign land deals. The concentration of land in the hands of fewer actors and the global shift towards mechanized commercial agriculture are driving demand for further expansion of cultivated land. Also, the rise in food and energy prices following the 2007–2008 food crisis and the 2021–2022 war in Ukraine led to Governments looking for alternatives to imports, resulting in increased interest in the acquisition of foreign land for food and biofuel production.

Several GCC countries, particularly those with scarce fertile land, have integrated investment in foreign agricultural production into their national food security strategies. This investment is often facilitated through policy mechanisms such as investment subsidies, guarantees and the establishment of sovereign wealth funds dedicated to overseas agricultural investment.¹³

This strategy remains largely unavailable to low-income food-importing countries, which are often the receivers of land investments. For example, in the Arab region, the 2019 cereal dependency ratio was of 33.5 per cent in the Sudan, 47.4 per cent in Egypt and 58.6 per cent in Mauritania.¹⁴ Additionally, economic challenges such as limited foreign currency reserves and ongoing economic crises make these countries particularly vulnerable to global market fluctuations, making it difficult to maintain affordable food imports.

Ensuring that land investment also contributes to the domestic food markets of the receiving countries is crucial for their long-term food security. Of the 64 land deals in the Arab region listed in the Land Matrix database that relate to food production, 44 provide information on whether the output is designated for domestic markets, export or both. In total, 29 of these deals allocate at least a portion of the production to the local market. Improving transparency and integrating this dimension into land contracts are key, moving forward.

Ensuring that local markets benefit from investment can be particularly challenging when deals target fertile land not for food production, but for biofuel crops like palm oil or jatropha. Challenges also arise when land is held for speculation in land or water resources. Previous research identifies speculation as one of the main factors behind nearly half of land deals remaining non-operational globally.¹⁵ In the Arab region, these issues are particularly critical, as land deals frequently target fertile land in a region where much of the land is arid and water-scarce.

12. Neudert and Voget-Kleschin, 2021.

13. ReliefWeb, 2014.

14. FAOSTAT, n.d.

15. Neudert and Voget-Kleschin, 2021.

Box 1. Land investment under occupation

While land investment in the Arab region is generally complex due to intricate global and local power dynamics, in the case of the occupied Palestinian territory, challenges run even deeper. Since Israel occupied the Palestinian territory in 1967, it employed practices that consolidate its control and prevent Palestinians from exercising their inalienable rights over their natural resources, including land.

Before October 2023, Palestinians already faced Israeli restrictions to accessing and developing their lands and natural resources, while Israel continued exploiting and depleting them to the benefit of its settlements. Movement and trade restrictions between the West Bank, Gaza and external markets also hinder economic growth and deter investment.

The Oslo Accords, signed in 1993, divided the West Bank Areas A, B and C, with Israel maintaining full control over Area C, which comprises 61 per cent of the territory and contains much of the agricultural land. Israeli control over water resources imposed additional barriers to agricultural development.

In parallel, Gaza had been subjected to a blockade and other restrictive measures since 2007, including preventing access to much of its agricultural land and maritime areas, physical destruction of its agricultural assets, and blocking the imports of material crucial to the rehabilitation and development of its agricultural sector. Physical destruction, restrictions on movement and trade, recurrent land dispossession, and the expansion of settlements further exacerbate the situation.

Sovereignty over land is intricately tied to other rights and the identity and heritage of the Palestinian people. Foreign land investment in the occupied Palestinian territory needs to be precluded by the application of international law, including Palestinians accessing their inalienable right to their land and natural resources, which is a prerequisite to social and economic development.

Source: ESCWA (2022). Countering economic dependence and de-development in the Occupied Palestinian Territory. Available at https://www.unescwa.org/sites/default/files/pubs/pdf/palestine-economic-dependency-development-english_1.pdf.

C. National power dynamics and the rule of law

Another contributing factor to land investment is the power imbalance within receiving countries, notably between national elites and vulnerable populations. In such contexts, the interests and negotiation capacities of receiving countries' Governments, landowners and local populations without land rights differ significantly. Careful planning of foreign land investment is essential to avoid exacerbating existing inequalities. Receiving country Governments play a key role in facilitating large-scale land deals through policies and regulations, and bear the

responsibility of ensuring that these deals adhere to national laws and uphold the rights of vulnerable populations.

In the past, grassroot organizations and advocacy groups, including the International Land Coalition, have raised concerns over the respect of local population's economic and social rights in this type of investment.¹⁶ In the Arab region, of the 78 land deals recorded in the Land Matrix database, only 5 contain information on whether community consultation took place, and out of those, only one implemented free, prior and informed consent. This lack of transparency raises concerns over how these deals are negotiated and implemented.

16. Tirana Declaration, n.d.

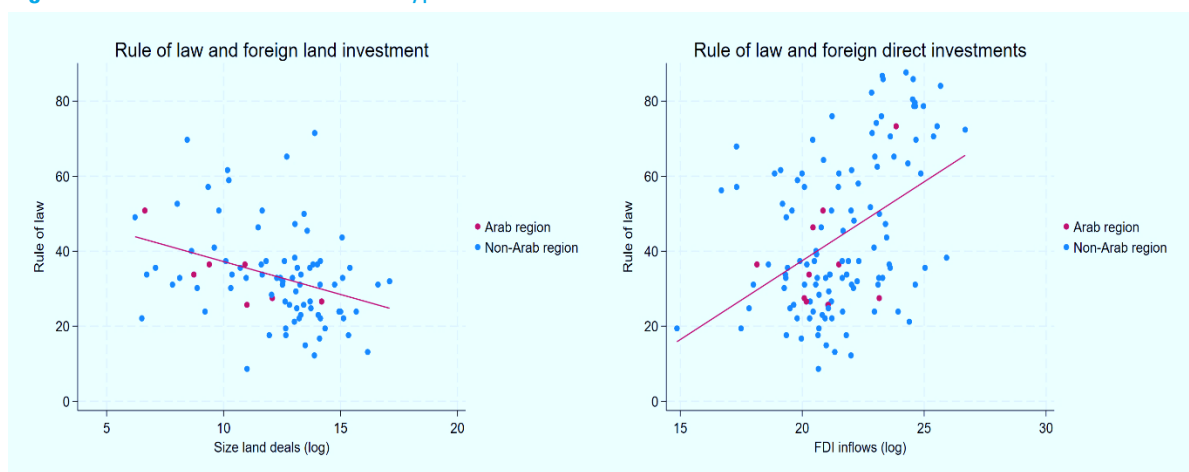
Box 2. The principle of free, prior and informed consent in land governance

Free, prior and informed consent is a key principle in international human rights law – recognized in the United Nations Declaration on the Rights of Indigenous Peoples and International Labour Organization Convention No. 169 – that affirms the right of indigenous peoples and local communities to approve or reject projects that may affect their lands, resources or rights.

- Free: Consent must be given voluntarily, without coercion, intimidation or manipulation.
- Prior: Consent must be sought in advance of any authorization of activities.
- Informed: Communities must receive complete, accessible and understandable information about the project.
- Consent: Communities have the right to approve or reject a project, and their decision must be respected.

Source: FAO and others (2016). Free Prior and Informed Consent An indigenous peoples' right and a good practice for local communities. Available at <https://openknowledge.fao.org/server/api/core/bitstreams/8a4bc655-3cf6-44b5-b6bb-ad2aeede5863/content>.

Figure 3. Rule of law and investment types



Source: Land Matrix database, World Justice Project and the World Bank.

Note: Figure 3 compares the relationship between the rule of law and two types of investments: foreign land investment and total inflow of foreign direct investment. The rule of law indicator reflects data from the World Justice Project for the year 2023, on a scale of 0 to 100. The size of land deals represents the hectares involved in foreign land deals negotiated between the years 2000 and 2024, sourced from the Land Matrix database. Foreign direct investment is inflow in current United States dollars for the year 2022, sourced from the World Bank. The size of land deals and foreign direct investment inflow is depicted using a natural logarithmic scale.

Unlike other types of foreign investment, we observe that a weaker rule of law is associated with more land investment and larger land acquisitions, not fewer. The

opposite is seen with other kinds of direct foreign investment, which is generally directed towards countries with a secure legal environment.¹⁷ One possible explanation is

17. Although we use a basic ordinary least squares regression to illustrate the correlation between foreign direct investment and the rule of law, extensive previous research consistently demonstrates this relationship across various scenarios (ZHANG and LIU, 2021).

that in countries where land rights protection is weak, obtaining land quickly and inexpensively may be more feasible. In addition, environmental regulations and respect of the social and economic rights of communities might not be enforced. For some investors, these advantages may outweigh the

heightened risk associated with investing in areas with weak rule of law.¹⁸ Enhancing the rule of law might consequently change the type of investors the country attracts, potentially leading to more transparent deals and to better enforcement of social, economic and environmental rights.

Box 3. Conflict and foreign land investment

The presence of conflict is strongly correlated with foreign land investment, both in terms of number of deals and in total hectares involved, even when factors like GDP or the rule of law are taken into account, as shown in the annex. This is in direct contrast to other types of foreign direct investment, which have been shown to correlate to political stability and lower probabilities of conflict.^a

However, the relationship between conflict and foreign land deals remains unclear. Previous research indicates that conflict can lead to increased foreign land investment and foreign land investment can lead to heightened conflict. In conflict-affected regions, weakened rule of law and lack of functioning institutions might attract investors who prioritize profit over respecting local communities and environmental concerns. In addition, ongoing conflict might create opportunities to re-purpose land through forced displacement and dispossession.^b

At the same time, foreign land investment could lead to conflict by intensifying competition for scarce resources and causing loss of livelihoods in receiving communities.^c Land deals might reinforce inequalities within or between communities or ethnic groups, particularly when communal lands are acquired, potentially leading to conflict.^d

^a Lee and Mitchell, 2012.

^b Gómez and others, 2015.

^c FAO, 2013; Ndi and Batterbury, 2017.

^d European Commission, 2021; Krieger and Lerach, 2016; Neudert and Voigt-Kleschin, 2021.

D. Land rights and privatization processes

Land rights are a critical dimension of the rule of law, particularly in shaping how foreign land deals are negotiated and implemented. In the Arab region, the average score for secure land

tenure rights is 74 per cent, below the global average of 78 per cent.¹⁹ The quality of land administration varies widely: Algeria, Egypt, Mauritania and Yemen score low, while Jordan, Qatar and the United Arab Emirates rank above the global average.²⁰ These disparities reflect differences in infrastructure reliability,

18. Arezki and others, 2012; FAO, 2017.

19. LANDex – Global Land Governance Index, n.d.

20. World Economic Forum, 2023.

information transparency, dispute resolution and equal access to property.

Allocating land suitable for foreign investment requires balancing economic growth, agricultural needs and the rights of local and traditional communities. Underused, low population density areas should be identified for potential agricultural expansion, while improving the yields of existing farmlands. Globally, an estimated 445 million hectares are uncultivated, non-forested, sparsely populated and suitable for rainfed cultivation of wheat, sugarcane, oil palm, maize or soybean.²¹

The way land is privatized is also relevant. In countries with weak land rights and lack of transparency and accountability, there is a risk of vulnerable populations being dispossessed of their land. Sometimes, Governments might declare lands to be empty when they are in use but where local populations have not claimed their rights. This has been observed with communal and tribal lands, which have diminished in the region as a result of land privatization processes. The lack of formal legal recognition and shared ownership makes communal and tribal lands particularly susceptible to being targeted for other uses, including large-scale land deals. According to Murombedzi,²² commons lands under customary tenure regimes

are especially vulnerable to expropriation, as they are often not physically possessed, considered under-utilized or unutilized, and thus susceptible to being taken in the name of national interest. In the Sudan, for example, the colonial-era Unregistered Land Act of 1970 grants the Government authority to appropriate land lacking formal registration. This provision has important implications for communal lands used by nomadic pastoral communities, which traditionally prioritized access to grazing land over ownership. In addition, this legislation prevents displaced or evicted communities from seeking recourse through the legal system.²³

When large-scale land deals lead to the acquisition of communal lands, significant changes to existing socioeconomic systems and governance mechanisms might occur, while the cultural significance of these lands to local communities might be overlooked.²⁴ Research has shown positive effects of traditional governance structures to social equality, natural resource management and food security.²⁵ However, these systems may also perpetuate discriminatory cultural norms, such as limited access to land for women. It is important to understand how these systems evolve when communal lands are sold or lent to foreign investors, critically assessing which aspects of traditional governance to protect and where to foster change.

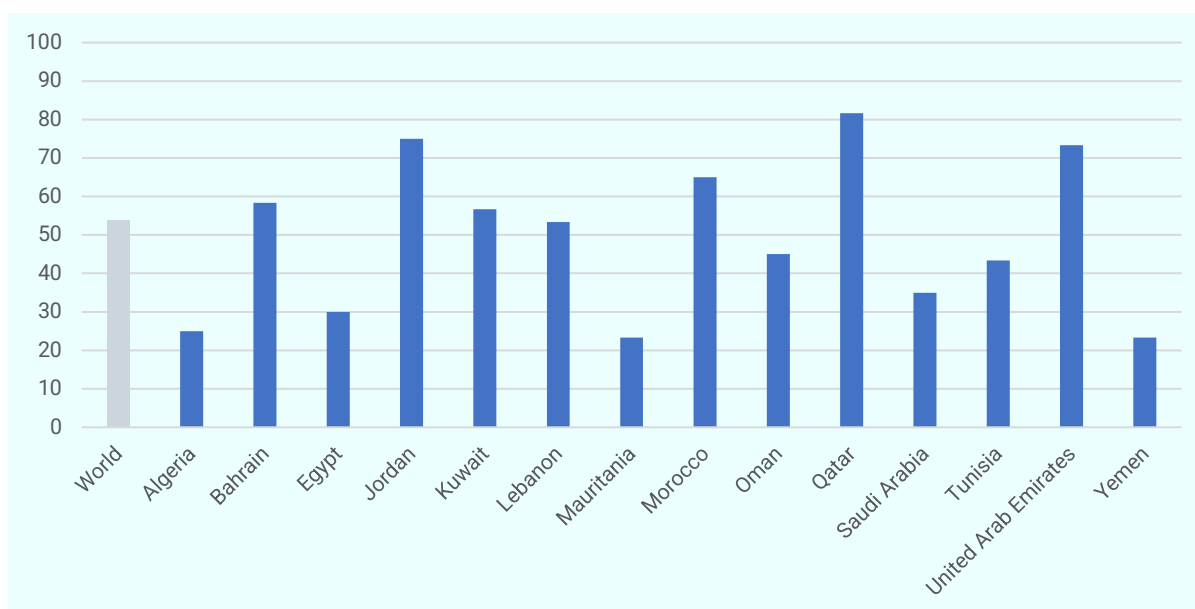
21. Deininger and Byerlee, 2011.

22. Murombedzi, 2021.

23. Zambakari, 2017.

24. Dell'Angelo, D'Odorico, Rulli, and others, 2017.

25. Ibid.; Murombedzi, 2021.

Figure 4. Quality of land administration index

Source: Authors' elaboration using data from the World Economic Forum Global Competitiveness Index 4.0.

Box 4. A gender perspective on land rights

Globally, women own less land than men, and when they do, plots are smaller in size, less productive and less valuable.^a In the Arab region, while data are limited, available figures indicate some of the lowest percentages of women landowners globally: 1.8 per cent in Mauritania as of 2021, 0.7 per cent in Egypt in 2014 and 3.2 per cent in Jordan in 2018.^b

Inheritance remains a primary means of acquiring land in the region, but due to a combination of pressures, women inherit land significantly less often than men do. Additionally, it is common for women to renounce their inheritance rights in favour of male relatives due to prevailing social expectations around gender roles and land ownership.^c Achieving equality requires the transformation of existing socioeconomic and cultural structures, as well as shifting perceptions of gender roles. The benefits for women and society as a whole will be substantial. Land ownership has been shown to improve women's living standards, income, education and access to healthcare,^d and increases their participation in employment and entrepreneurship.^e It is estimated that reducing gender inequality in global food systems would translate into 3 million United States dollars of additional profit and reduce food insecurity for 45 million people.^f

^a Prindex, 2020.

^b World Bank, n.d.

^c UN-Habitat and others, 2023.

^d Ibid.

^e ESCWA, 2023b.

^f FAO, 2023.

3. Environmental outcomes of foreign land investment

The socioeconomic and legal effects of foreign land deals have received significant attention from researchers and civil society organizations in recent years, but environmental impacts remain relatively understudied.²⁶ This is a critical oversight, especially for the Arab region, where water scarcity and land degradation are already pressing issues. This section presents available data along with a discussion of potential outcomes, both positive and negative, across various environmental dimensions.

A. Land-use change

Foreign land deals can significantly alter land-use patterns, with both socioeconomic and environmental impacts. In the Arab region, environmental effects of land-use change are already a concern. In recent years, there has been a notable increase in land categorized as climate-altering,²⁷ such as urban areas and herbaceous crops, including in Oman, the United Arab Emirates, Djibouti, Qatar,

the Comoros and Bahrain.²⁸ Some countries, notably Tunisia, Iraq and Algeria, have witnessed significant conversions of natural lands to agricultural use.

Despite these trends, data on the prior use of land targeted by foreign deals is scarce. Only 14 per cent of deals in the Arab region in the Land Matrix database disclose previous land use. That is split between 4 per cent of land already allocated to commercial agriculture, 5 per cent being used by small-holder farmers and pastoralists, and 5 per cent to other uses, as shown in table 3.

An analysis of 28 land deals in the Arab region, with exact or approximate geolocation data, shows that much of the land was barren or already settled, with little land cover change between 2000 and 2020, indicating limited environmental impact. However, as 64 per cent of deals lack precise geolocation, a full assessment is not possible. More transparent contracts may be indicative of greater environmental awareness.

26. Liao and Agrawal, 2024.

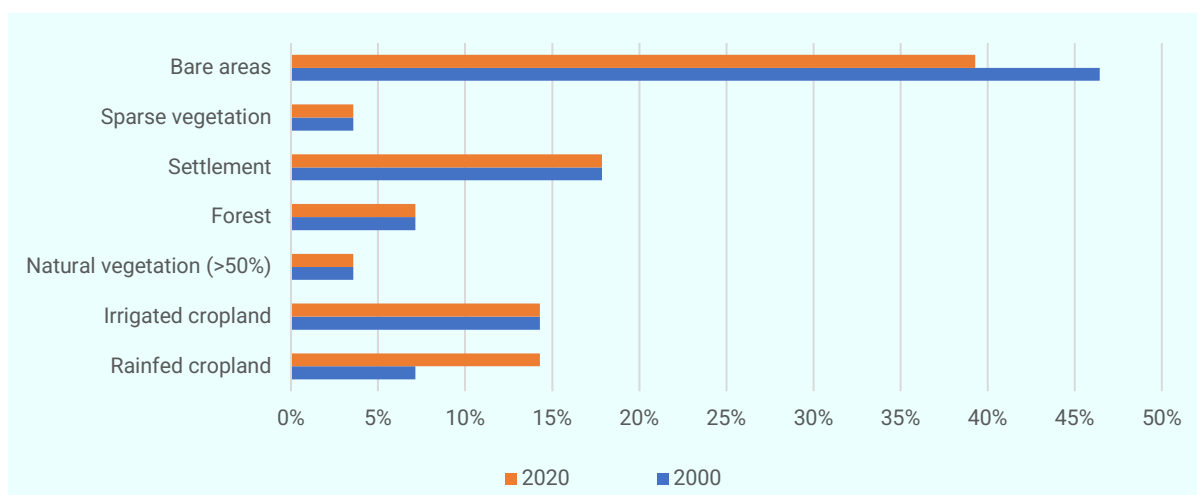
27. Woody crops and layered crops are not classified as climate-altering for this assessment, but it is important to consider transformations from natural areas and forest to cropland as well.

28. International Monetary Fund, n.d.

Table 3. Previous use of land in large scale land deals in the Arab region between the years 2000 and 2024

	Number of deals	Percentage
Commercial (large-scale) agriculture	3	4 per cent
Smallholder agriculture/pastoralism	4	5 per cent
Other	4	5 per cent
Information missing	67	86 per cent

Source: Authors' elaboration using data from the Land Matrix.

Figure 5. Land cover change of 28 land deals in the Arab region in the years 2000 and 2020

Source: Data from the Land Matrix and the European Space Agency Climate Change Initiative – Land Cover project 2017.

The environmental impacts of land-use change, whether positive or negative, depend on several factors. When the land was not previously used for agriculture, its conversion might lead to destruction of natural habitats and deforestation, with the related soil erosion, biodiversity loss and CO₂ emissions. If the land has been used by small-scale farmers and pastoral communities, transforming it through mechanized agriculture could lead to the loss of natural areas in field margins, lower diversity of species cultivated and more intensive use of

inputs. In addition, indirect land-use change effects can occur due to the displacement of local populations to other land elsewhere.²⁹

Conversely, establishing highly productive agricultural systems might reduce the land area required for food production, allowing for greater areas of natural land. Re-purposing degraded or marginal land for agricultural production or forestry could have positive environmental effects in carbon sequestration, improvements in biodiversity and soil health.

29. Lay and others, 2021.

B. Water use

The Arab region is among the most water-scarce areas in the world, with 13 countries below the absolute water scarcity threshold (500 cubic metres per person).³⁰ Agricultural production is the biggest consumer of available renewable water resources³¹ with eutrophication and salinization posing major threats.

Foreign land deals often target areas with abundant water resources for agricultural use, which can create competition between large-scale farming and the country's own water needs. However, data on water extraction remain insufficient, with only 58 per cent of deals providing information on water use. Among these, the vast majority (42 out of 45) include plans for water extraction (table 4).

Data on water sources are available for only 24 out of 78 land deals. Among these, 8 rely solely on groundwater, 14 on surface water and 2 on a combination of both. Most land deals are concentrated near major surface water bodies, such as the river Nile (map 1). Satellite data (map 2) further reveal that some of these deals are situated in areas that experienced a decline in groundwater levels between 2002 and 2023.

The crops most commonly produced in these deals – wheat (22 deals), corn (17 deals), fodder plants (13 deals) and alfalfa (12 deals) – are very water intensive. This high demand can lead to conflicts over water use at local and national levels. For example, when GCC countries invested in the production of alfalfa in the Western Desert in Egypt, the deal sparked concerns due to the low initial valuation of the land and water resources and the diversion of Nile water for the production of a very water intensive crop in an arid region.³²

Table 4. Water extraction information about land acquired in foreign land deals in the Arab region between the years 2000 and 2024

Water extraction envisaged	Number of deals	Percentage
Yes	42	53.85 per cent
No	3	3.85 per cent
Missing information	33	42.31 per cent

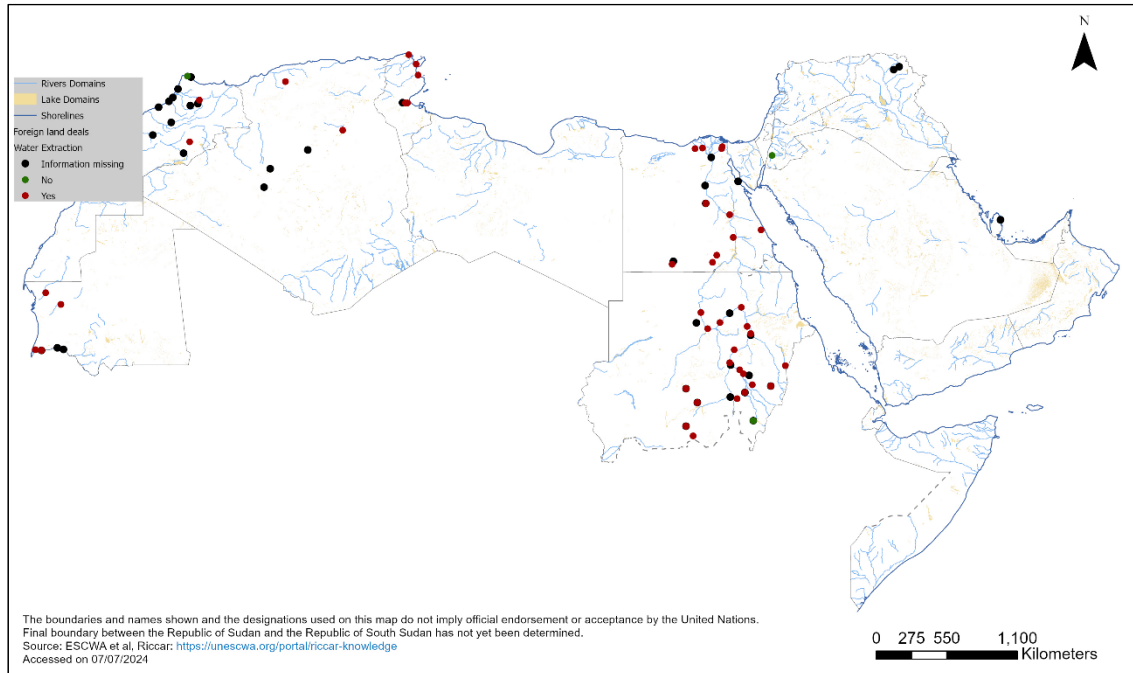
Source: Authors' elaboration using data from the Land Matrix.

30. ESCWA, 2021.

31. FAOSTAT, n.d.

32. Lay and others, 2021.

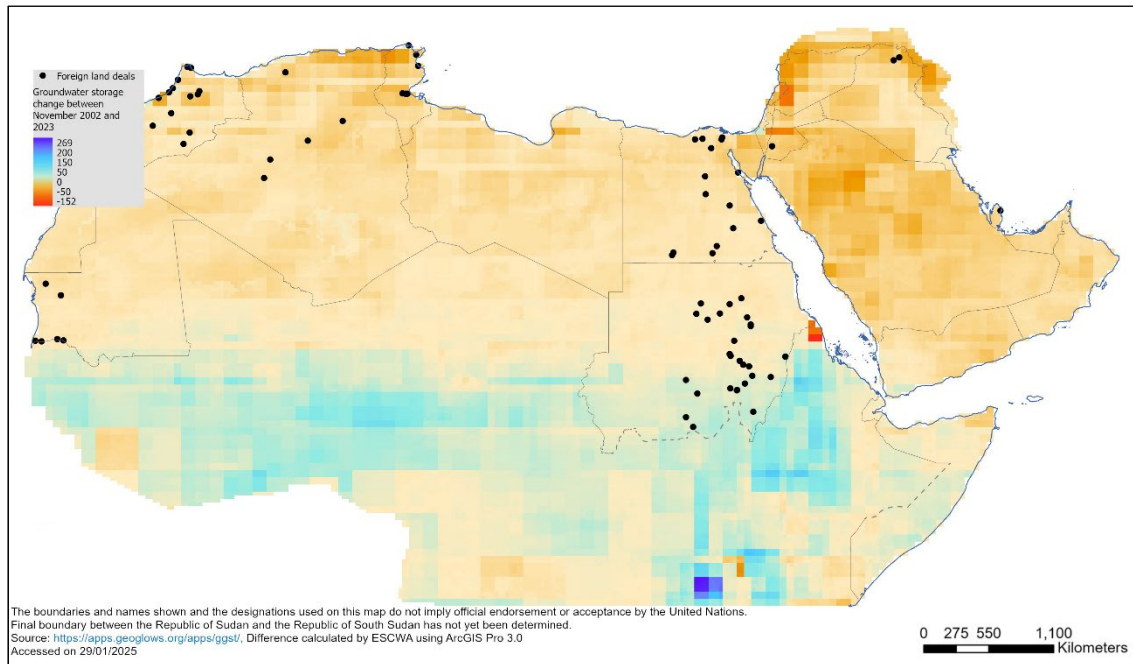
Map 1. Water extraction in foreign land investment in relation to lakes and rivers



Source: Authors' elaboration using Land Matrix data and the Regional Initiative for the Assessment of Climate Change Impacts on Water Resources and Socioeconomic Vulnerability in the Arab Region (RICCAR).

Note: Includes deals negotiated between the years 2000 and 2024 which cover an area of 200 hectares or more.

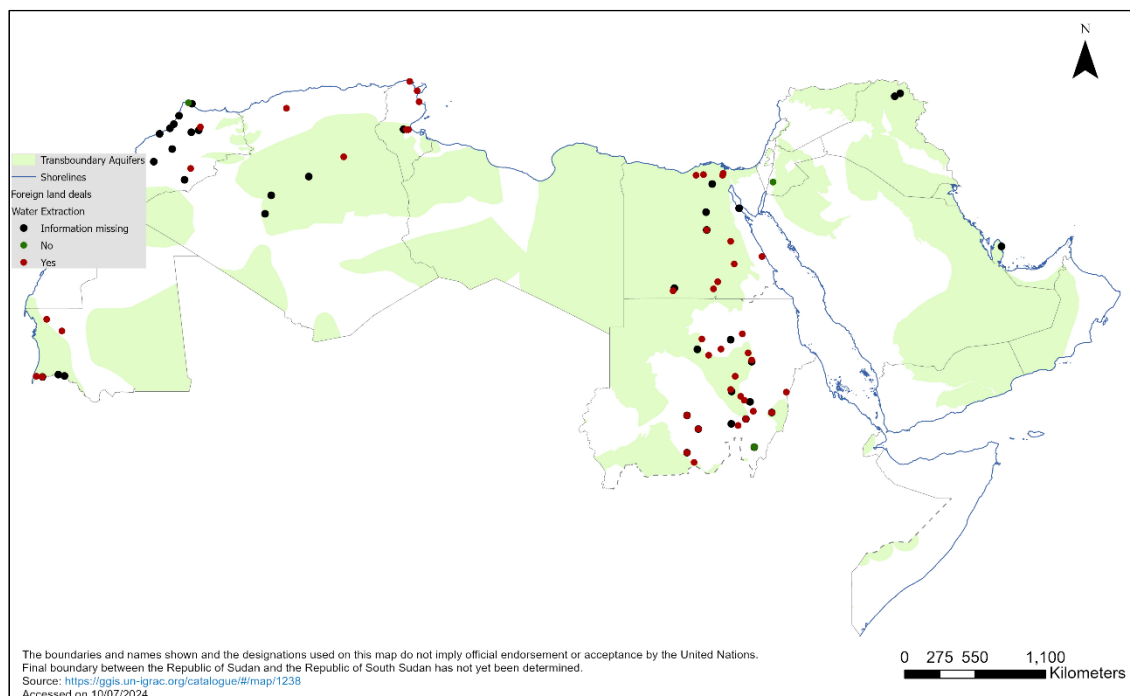
Map 2. Groundwater storage change in relation to foreign land investment



Source: Authors' elaboration using Land Matrix data and the Group on Earth Observations Global Water Sustainability.

Note: Includes deals negotiated between the years 2000 and 2024 which cover an area of 200 hectares or more.

Map 3. Transboundary aquifers in relation to foreign land investment



Source: Authors' elaboration using Land Matrix data and Arab Ground Water knowledge platform.

Note: Includes deals negotiated between the years 2000 and 2024 which cover an area of 200 hectares or more.

Many foreign land deals target areas with transboundary water sources, such as large rivers or lakes or underground aquifers, which could lead to conflicts between countries over the use of shared water bodies. Out of 22 countries in the Arab region, 14 share surface water bodies and all countries, except the Comoros, share transboundary groundwater sources. Approximately half of foreign land deals involve land situated over shared aquifers, with a significant portion involving planned water extraction (map 3). Increased transparency and the establishment of multilateral agreements are required to manage shared water resources effectively.

The water demands resulting from foreign land acquisition raise sustainability concerns, especially considering that the majority of land deals in the region are intended for agricultural purposes (82 per cent), while water use is rarely stipulated in the contracts.³³ Risks to water bodies include excessive extraction from surface and underground water sources, potentially leading to water scarcity or salinization; planting water intensive crops that diminish natural water runoff, impacting downstream ecosystems; and runoff from fertilizers and pesticides, harming aquatic life and potentially polluting groundwater resources and leading to eutrophication.

33. Jägerskog and others, 2012.

However, when large-scale land deals include investment in modern irrigation technologies or focus on rain-fed agriculture, they could lead to water savings when compared to other forms of agriculture. Foreign land investment in agriculture could have greening effects on existing agricultural production if investors fund efficient public irrigation infrastructure, particularly when the host country lacks the resources for such infrastructure – or if local farmers learn from the use of water-saving techniques.

C. Land quality

Foreign land deals can have lasting impacts on soil quality, including the risk of land degradation and desertification or obstructing the opportunity to restore barren land, effecting agricultural production and the severity of floods and droughts. This is particularly concerning in the Arab region, which already faces a significant shortage of arable land, with over 80 per cent of its territory classified as desert and only 0.13 hectares of cropland per capita. In addition, 73 per cent of the region's limited arable land is affected by land degradation.³⁴ All these factors are exacerbated by pressures from climate change and human activities that accelerate land degradation, projecting a substantial decrease in arable land by 2050.

Monitoring the effects of foreign land deals on the soil is crucial. A significant proportion of land deals lead to the acquisition of land in

areas experiencing moderate to high levels of soil erosion, particularly in Morocco and the south of the Sudan, underscoring the need for protective measures for these vulnerable soils (map 4). However, due to limited data, it is difficult to quantify the broader impact of these deals on soil quality, beyond individual case studies.

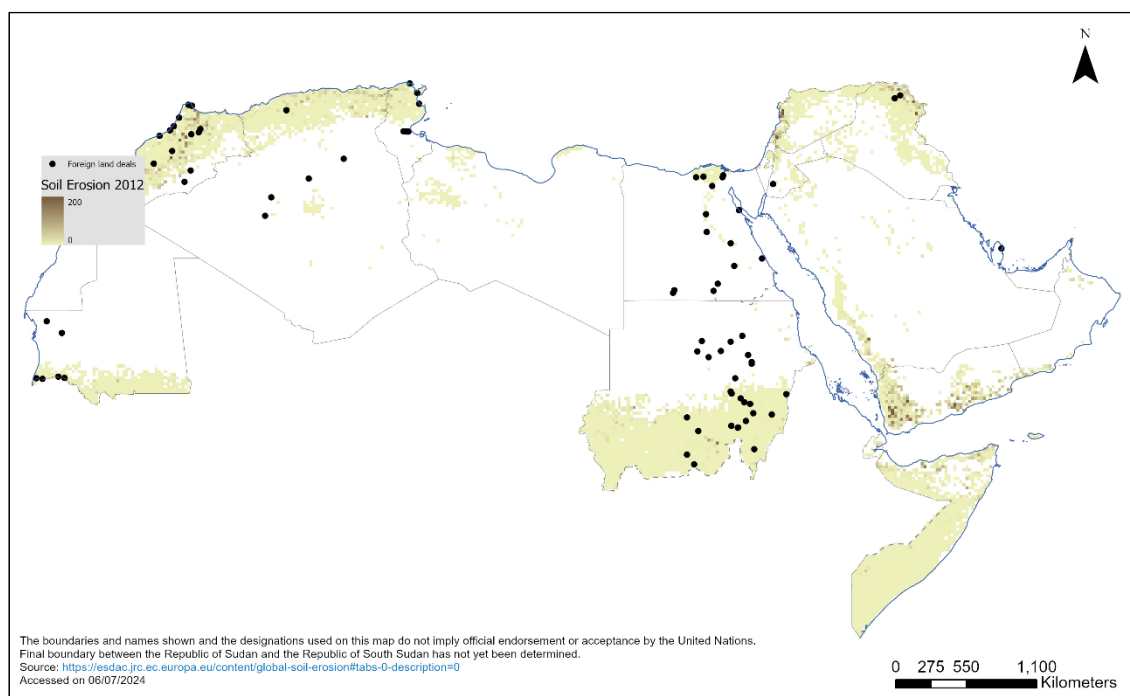
Previous research points to foreign land deals as driving land degradation. In the Sudan, for example, large-scale land acquisitions for agricultural production and oil and gold mining have been associated with loss of soil quality since the 1970s. In the Central Clay Plains, the introduction of semi-mechanized farms has led to significant soil erosion due to the loss of natural vegetation – including tall grasses, acacia trees, bushes and shrubs-, and the practice of cultivating the same crop each year without allowing the land to rest and regenerate, coupled with the abandonment of less fertile areas once yields decline.³⁵

When land is acquired for food production, sustainable agricultural practices are essential for avoiding lasting soil damage. Intensive farming can cause compaction, erosion and salinization, reducing soil fertility and future yields. These forms of degradation are often hard to reverse. In contrast, restoring degraded soils and adopting conservation practices such as reduced tillage, improved ground cover, smaller fields and natural barriers can protect soil health and ensure long-term agricultural viability.

34. ESCWA, RICCAR, n.d.

35. Egemi and Ganawa, 2014.

Map 4. Soil erosion in relation to foreign land investment



Source: Authors' elaboration using data from the Land Matrix data and the European Commission Joint Research Centre.

Note: Includes deals negotiated between the years 2000 and 2024 which cover an area of 200 hectares or more.

D. Greenhouse gas emissions and changes in carbon sequestration

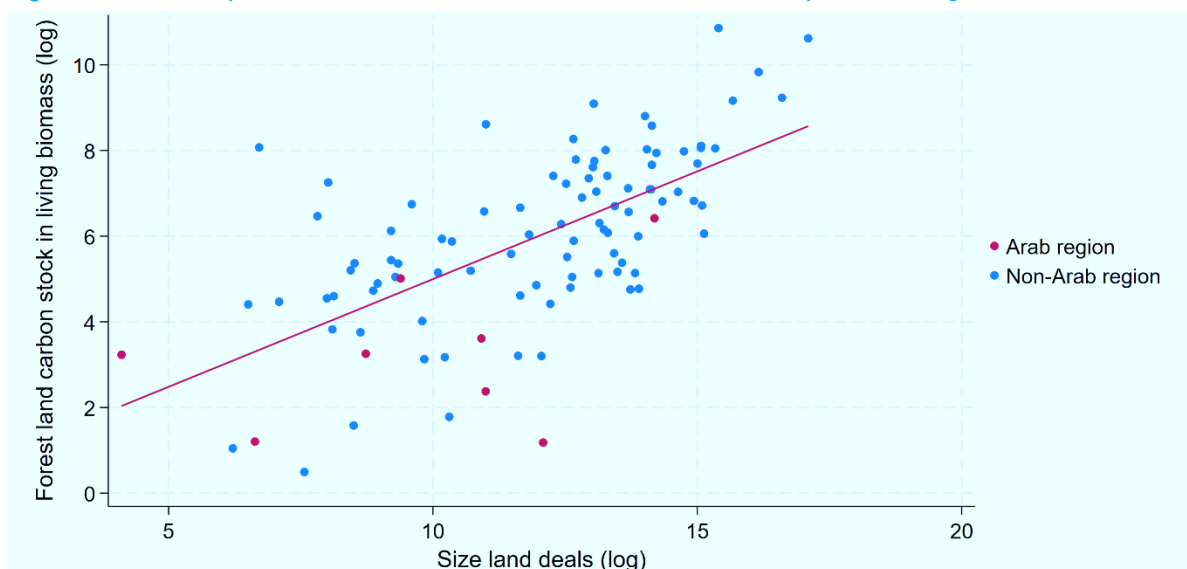
Large-scale land deals can result in increased greenhouse emissions, mainly due to deforestation and land cover change, and related to agricultural practices such as fertilizer application. Currently, the Arab region only contributes to around 5 per cent of global greenhouse gas emissions and has low forest coverage and agricultural production compared to other regions of the world. However, the limited forested area has been diminishing in the last decades, particularly in the Sudan, Mauritania, Egypt, the Comoros and Somalia. Additionally,

the greenhouse gas emissions from food systems have increased steeply from 2000 to 2018, going from 436,077 Kt CO₂eq to 746,025.84 Kt CO₂eq.³⁶

Data show that globally countries with higher forest carbon stocks attract larger foreign land deals (figure 6). In the Arab region, the Sudan and Morocco, which have some of the largest forested areas, also receive the highest number of foreign land investments. According to ESCWA GIS analysis, among the 28 deals with exact or approximate geolocation data, 2 are located in forested areas: one in Morocco for wind farms and another in Tunisia focused on food production.

36. Crippa and others, 2022.

Figure 6. Relationship between forest carbon stock and the size of land acquired in foreign land deals



Source: Land Matrix database and FAOSTAT.

Note: The size of land deals represents the hectares involved in foreign land deals negotiated between the years 2000 and 2024, sourced from the Land Matrix database. The forest land carbon stock in living biomass from 2021 is sourced from FAOSTAT. Both indicators are depicted using a natural logarithmic scale. All countries included in the Land Matrix database have been included in the analysis.

No strong correlation is seen between foreign land deals and increased food-related greenhouse gas emissions between 2000 and 2018, likely because they only represent a small share of national agricultural output and not all deals involve food production. However, foreign land deals can still be an important contributor to greenhouse gas emissions. It is estimated that the full implementation of deals in the Land Matrix globally could lead to the emission of 2.51 gigatons of carbon due to land conversion and 24.2 million metric tons of carbon/year from fertilizer use, assuming that investors will apply farming practices from their country of origin.³⁷

Ultimately, whether foreign land deals have positive or negative effects on greenhouse gas emissions depends on how they are implemented. Researchers and advocacy groups have recognized the threat that large-scale land deals present to forests through increased deforestation and forest

fragmentation, particularly in tropical regions. Deforestation and other land cover changes account for over 50 per cent of the gap between current and potential biomass stocks worldwide.³⁸ Conversely, if foreign land deals lead to technology transfer and higher agricultural yields in certain areas, they could reduce the need for converting land for food production, allowing higher protection of existing natural areas and forests.

The types of agricultural practices employed determine the rate of greenhouse gases emission. Tillage increases carbon dioxide emissions, livestock is a major contributor to methane emissions, and fertilizers release nitrous oxide. Employing climate-smart techniques, such as reducing tillage, returning crop biomass residues to the soil, using cover crops, or managing manure, cause less greenhouse gas emissions compared to other types of agricultural production.

37. Liao and others, 2023.

38. Erb and others, 2018.

Box 5. Climate action and foreign land deals: risks and opportunities

Global initiatives focused on forest preservation and reducing greenhouse gas emissions present both risks and opportunities for countries in the Arab region, particularly those related to biofuel production and the Reduced Emissions from Deforestation and Forest Degradation Plus initiative.^a

Biofuel production from crops such as corn, soy, palm oil and sugar cane is viewed as a low-carbon alternative to traditional energy sources, reducing dependence on fossil fuels. However, converting natural areas into agricultural land for biofuel production can have adverse environmental impacts, affecting carbon sequestration, biodiversity, water resources and soil quality. Using scarce arable land for biofuel production instead of food crops might impact food security in the receiving country. While this is not currently a concern in the Arab region, with only 3 out of 78 deals producing biofuels, higher global demand triggered by increases in energy prices could change the situation in the future, and preventive action is called for.

The Reduced Emissions from Deforestation and Forest Degradation Plus movement promotes the preservation of forests by compensating developing countries for protecting their forested areas, thus reducing greenhouse gas emissions and channelling climate funds from the high-income countries to lower-income countries. Through carbon markets, carbon stored in trees can be monetized by selling credits to companies interested in offsetting their emissions.

However, in the Arab region, this potential remains largely untapped. None of the registered deals in the Land Matrix database are aimed at forest preservation or carbon markets. Egypt is the only country in the region with a Reduced Emissions from Deforestation and Forest Degradation Plus project, which currently does not involve foreign investors. Promoting foreign land deals focused on carbon credits presents an opportunity for countries including Morocco and the Sudan, which possess substantial forested areas to attract foreign investment while conserving their natural landscapes. As with other types of land deals, however, it is important that they are carried out with sufficient transparency while ensuring that local populations benefit as well. Such deals should also be well-aligned with land allocation and national food security plans.

^a Parola, 2021.

E. Biodiversity

The effects of foreign land deals on biodiversity can be substantial. In the Arab region, ecosystems are already under pressure from overexploitation, urbanization and climate change. Biodiversity protection is limited, with less than a quarter of key biodiversity areas and less than one-fifth of forests protected. From 2000 to 2021, the region's scarce forested area shrunk from 3.55 to 2.79 per cent,³⁹ and biodiversity and agrobiodiversity also declined.⁴⁰

Biodiversity poses a unique environmental challenge because it is highly localized.

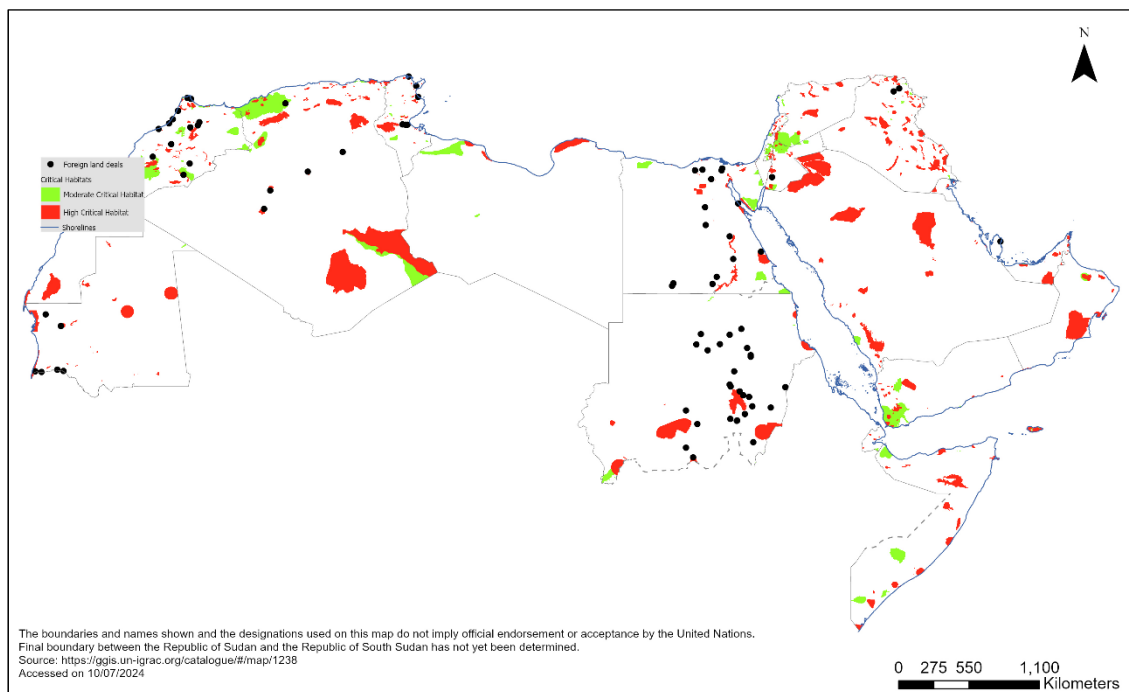
Unlike other resources, losses in one region can't be offset elsewhere due to many species being endemic to their habitats.⁴¹ It is crucial to integrate biodiversity considerations into the allocation of lands for foreign investment and implement monitoring systems to detect and mitigate biodiversity risks effectively.

39. World Bank Open Data, n.d.

40. ESCWA, 2023a.

41. Lay and others, 2021.

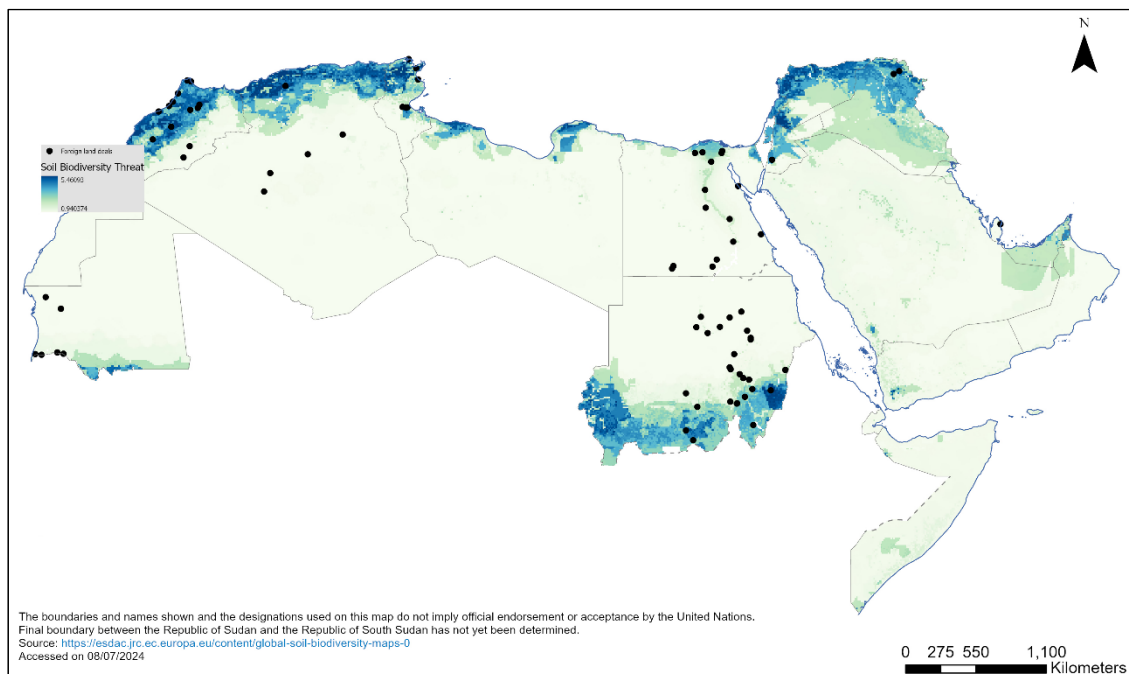
Map 5. Critical habitats in relation to foreign land investment



Source: Authors' elaboration using Land Matrix data and Global Critical Habitat Screening data from United Nations Environment Programme World Conservation Monitoring Centre.

Note: Includes deals negotiated between the years 2000 and 2024 which cover an area of 200 hectares or more.

Map 6. Soil biodiversity threat map in relation to foreign land investment



Source: Authors' elaboration using data from the Land Matrix and the European Commission Joint Research Centre.

Note: Includes deals negotiated between the years 2000 and 2024 which cover an area of 200 hectares or more.

Foreign land investment in the Arab region often leads to land acquisition in close proximity to critical habitats, notably in Algeria, Mauritania, Morocco and the Sudan (map 5). Critical habitats are defined based on five criteria: they encompass habitats crucial for threatened, endemic, congregatory and migratory species, as well as for threatened or unique ecosystems, and key evolutionary processes.⁴² For instance, one agricultural land deal located in El Menia, Algeria, overlaps with a highly critical habitat point, yet lacks essential environmental assessment data.

Many foreign land deals are located in areas where soil biodiversity faces significant threats, particularly in Algeria, the Nile Delta region of Egypt, northern Morocco, the south of the Sudan, and Tunisia (map 6). Soil biodiversity encompasses microbial soil carbon and diversity of soil macrofauna and threats to it include the loss of aboveground vegetation, pollution and intensive agricultural practices.

As with other environmental concerns, however, it is difficult to measure the extent to which foreign land deals are contributing to biodiversity loss. More transparency, better data and stronger environmental monitoring systems are necessary. Davis and others⁴³ analysed of

178 foreign land deals around the world and found that 91 per cent of them would lead to a substantial loss in relative species richness if implemented, with an average loss of 14.1 per cent.

The impacts of foreign land deals on biodiversity depend on how they are implemented. Biodiversity challenges are linked to land-use change, unsustainable water use, soil degradation and deforestation. For example, re-purposing natural areas for agriculture can lead to the loss of natural habitats important to local species. Similarly, replacing small-scale agriculture with commercial farms can lead to an increase in monoculture, reducing plant diversity and the use of native seeds. Unsustainable water usage and soil degradation pose threats to biodiversity by disrupting resources and essential ecosystems, while the application of pesticides, fungicides and herbicides harm local species.

Conversely, foreign land deals focused on sustainable agriculture or forest conservation have the potential to safeguard biodiversity. When aimed at food production, conscious efforts to promote local varieties and to avoid harmful substances could also help to green food production in the country.

42. World Conservation Monitoring Centre, n.d.

43. Davis and others, 2023.

4. Enhancing governance for more responsible foreign land investment

Strengthening the mechanisms that govern foreign investment is crucial for protecting the rights and livelihoods of local populations, preserving the environment, and promoting equitable economic development. This section presents key recommendations.

inclusive engagement among Governments, investors and communities, and the 2012 Voluntary Guidelines on the Responsible Governance of Tenure, which focus on strengthening land tenure rights and governance.

A. Implementing global guidelines on responsible land investment

Over time, international and grassroots organizations have developed guidelines to promote responsible land and agricultural investment that protects vulnerable populations and the environment. Following the 2007–2008 food crisis, human rights groups from the Global South introduced the Kuala Lumpur Guidelines, urging the integration of human rights into agricultural trade and investment policies⁴⁴ Similarly, the 2011 Tirana Declaration, led by the International Land Coalition, called for pro-poor, sustainable land governance and condemned land grabbing.⁴⁵

International bodies like the World Bank and FAO have emphasized ethical land investment that benefits all stakeholders through job creation, technology transfer and capacity-building. Key frameworks include the 2010 Principles for Responsible Agricultural Investment, which promote transparency and

B. Improving land allocation and valuation

Selecting suitable land for investment is crucial for responsible foreign land deals. Governments need to identify marginally used land or areas where investment can significantly increase yields. When repurposing land for commercial agriculture, it is essential to consider its value to local communities and potential environmental impacts like biodiversity loss, water withdrawals or land-use change. Informed consent and proper compensation should always be observed. If managed correctly, these deals can benefit Governments, investors and land claimants while preserving natural resources.

Proper land valuation is also critical. Accurate assessment of the value of land and water resources by host Governments ensures that benefits are shared fairly over time, particularly given the long duration of land contracts. To estimate future changes in land value, Governments need to consider positive factors

44. International Network for Economic, Social and Cultural Rights and Center of Concern, 2010.

45. Tirana Declaration, n.d.

such as investment in infrastructure, capacity-building and research in local agricultural production, as well as risk factors such as climate change and political instability. Establishing a master land plan based on agroecological zones and land quality can help in this process.

Governments also need to implement measures to minimize speculative investments. Pre-qualification processes can ensure that investors demonstrate the financial and technical resources to cultivate the land. Contracts could include provisions requiring leaseholders to cultivate a substantial proportion of the land within a specific time frame or allocate a certain portion of the agricultural production to the domestic market.

C. Strengthening environmental safeguards

Foreign land deals can significantly impact ecosystems and resource use, especially when investors prioritize short-term profits over long-term sustainability and when host countries lack the capacity to enforce environmental regulations. To mitigate these impacts, environmental considerations must be embedded in investment contracts, especially around water use, biodiversity and deforestation, drawing on frameworks such as the Equator Principles. Environmental assessments should be conducted before land selection and robust monitoring systems should be established to track land degradation, water use, pollution and biodiversity loss, with clear thresholds, mitigation plans and penalties for non-compliance. Requiring International Organization for Standardization 14001 certification can help ensure adherence to sustainability standards.⁴⁶ Host Governments should also prioritize

climate-positive investment, offering incentives for practices like climate-smart agriculture or agroecology. Initiatives such as Reduced Emissions from Deforestation and Forest Degradation Plus offer opportunities to attract funding while protecting natural resources, with significant potential in agreements between GCC countries and others such as Morocco, Tunisia or the Sudan to generate carbon credits through forest protection.

D. Ensuring protection of the most vulnerable

Foreign land deals can profoundly affect local communities and livelihoods, making the protection of vulnerable populations essential for equitable and sustainable development. This requires transparent, inclusive processes that implement free, prior and informed consent principles; strong legal frameworks that secure land tenure and protect against forced evictions, with special attention to pastoral communities and women; and benefit-sharing mechanisms that offer fair compensation for the land, job opportunities, improved infrastructure and services. In food-insecure areas, land use should prioritize local food production over export-oriented, or biofuel uses, ensuring local populations benefit from it. Finally, it is critical to address underlying inequalities so that traditionally marginalized groups such as minorities and women are not disproportionately harmed by these investments.

E. Improving data and monitoring systems

Data on foreign land deals remain scarce, with issues of completeness and accuracy.

46. FAO, 2017.

Despite significant efforts in recent years through initiatives such as the Land Matrix, there is still substantial potential for increased transparency: nearly half of foreign land deals in the Arab region (42 per cent) lack details on water extraction, 86 per cent offer no information on the land's prior use, and 98.72 per cent of cases involve at least one unknown investor. Enhanced regional cooperation and political will are crucial for improving the registration and monitoring of these deals, including building expertise within countries on geographic data, socioeconomic impacts and cost-benefit analysis.

F. Enhancing regional cooperation

Several aspects of foreign land deals are cross-border in nature, including the management of transboundary water sources, the loss of regional species and changes in migration patterns derived from changes in land and water availability and labour demand,⁴⁷ highlighting the need for a coordinated regional approach.

Key areas of action include harmonizing policies and regulations to ensure consistent

standards for environmental protection, labour rights and social equity; strengthening regional governance and data quality to improve transparency and accountability, such as through shared land deal databases, standardized contract templates and conflict resolution mechanisms; conducting joint environmental and social assessments, particularly for shared ecosystems and water resources; and promoting improved agricultural trade within the region through coordinated investments in production and the development of intra-regional trade agreements.

Regional cooperation could be institutionalized by building on exiting initiatives such as the Arab Land Initiative, established in 2016, and through regional organizations such as the League of Arab States and the Arab Organization for Agricultural Development. Ultimately, enhanced regional cooperation on land investment, centred on ensuring the sustainability of natural resources and the strengthening of food security, can yield not only environmental and economic benefits but also foster peace and stability.

47. Jägerskog and others, 2012.

Annex

Relationship between conflict and foreign land deals

	(1) Number of foreign land deals	(2) Number of foreign land deals	(3) Number of foreign land deals
Conflict index	57.70988***	40.61315**	38.48902*
	(15.84)	(14.22)	(16.83)
Per capita GDP (ln)		-1.551332	-2.138644
		(4.26)	(8.16)
Country land area		.0001453***	.0001398***
		(0.00)	(0.00)
Rule of Law			-0.3992719
			(0.51)
Secure tenure rights			0.1009751
			(0.47)
Constant	21.73092***	27.75926	45.39932
	(4.96)	(39.16)	(59.28)
Number of observations	127	121	84
* p < 0.05, ** p < 0.01, *** p < 0.001			

Source: Land Matrix database, Armed Conflict Location and Event Data project, the World Bank, FAOSTAT, World Justice Project and the LandEX database.

Note: The annex shows results from three ordinary least squares regression models examining the relationship between conflict and the number of foreign land deals, controlling for key variables. Standard errors are reported in parentheses. The number of foreign land deals encompasses all agreements made in the country between the years 2000 and 2024, sourced from the Land Matrix. The conflict index for 2023 is derived from the Armed Conflict Location and Event Data project. Per capita GDP in purchasing power parity for 2022 is logarithmically transformed and sourced from the World Bank. The country land area is in 1,000 hectares and sourced from FAOSTAT. The rule of law indicator pertains to 2023 and is sourced from the World Justice Project. The secure land rights indicator, sourced from the LandEX database, pertains to the year 2018.

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International large-scale land acquisitions for agricultural and energy production have seen a substantial increase, driven by global events such as the 2007–2008 food crisis and war in Ukraine. This trend is particularly evident in the Arab region, where 1.76 million hectares of land have come under foreign investment. These investments are crucial for advancing Sustainable Development Goals (SDGs), especially SDG 2 on zero hunger, offering potential for resource transfer, technology, and improved food security. However, they are often controversial, frequently linked to a lack of transparency, violations of land rights, and environmental degradation.

This report provides a detailed analysis of the scale and characteristics of foreign land investments in the Arab region, with a specific focus on their environmental implications. It presents data on critical effects such as land use change, water withdrawals, soil degradation, greenhouse gas emissions, and biodiversity losses. The publication aims to guide stakeholders in harnessing the benefits of these investments while effectively mitigating their associated risks. It advocates for thorough research to identify suitable lands, comprehensive assessment of economic, social, and environmental impacts, ensuring informed consent, and establishing robust safeguards for both affected communities and the environment.

