

## *What do we lose when we decide to give away our land?*

**BRIEFING FOR FoE GROUPS ON LAND VALUATION METHOD  
SDI AND MILIEUDEFENSIE, November 2018**

The Community Rights and Cooperate Governance Program (CR&CGP) of Sustainable Development Institute ([SDI](#)) is using a land valuation tool developed by [Namati](#). It supports customary communities and forest dependent peoples to clearly understand the value of their land and guide them to make informed decision during land negotiations with companies or investors. The exercise also makes customary communities more cohesive and resilient in the management and governance of their lands and natural resources. And it helps women to understand they have significant role to play in decisions that directly affect their land and natural resources.

Land and forests provide lot of values for communities. Identifying and calculating how these values are sustaining the livelihoods and existence of the community is difficult for community members. Without this knowledge and insight, communities are more likely to agree to let investors use their lands for much less than the value they already receive from the land.

This brief explains how SDI uses the Land Valuation method, because it is a simple tool that can be extremely helpful for NGOs working with communities that are faced with companies that want to have their land for logging, industrial plantations or any other use.

These are the four steps:

### **1. Building relations with the community**

Once you know the companies expansion plans or have information on upcoming deals that involve land based concessions. It is time to start building the engagement with the communities that will be affected. You need to be one step ahead of the company, that will use tactics of intimidation, misinformation and/or coercion to get communities consent. The land valuation tool works very well to build relations with a community. And you will have equipped the community with an important tool for the upcoming negotiations.

### **2. Understand the land issues in the community**

This discussion (depending on your cultural ways) might work best if you work in groups. SDI often makes groups for youth, elders and women so everyone is free to speak. These groups then present to each other in plenary. The key question here is what the land issues are. Some simple questions can be asked: how do communities manage the land? What is going well? What is not going well?

### **3. Explain the land laws and policies in the country**

In Liberia a new Land Rights Law has just been passed. This means that communities for the first time have legal ownership over their customary land. This situation is different in every country and you might have to explain the legal framework and also discuss the customary land rules.

## 4. Land valuation exercise

This is the key exercise that has been developed by Namati. It has been described in a 6 pager: <https://namati.org/wp-content/uploads/2017/01/Valuation-CLP-Guide.pdf> (also in Annex).

Please read that document first.

### Practical issues to think about:

- You might want to do this with a small group, around 20 persons maximum so everyone can participate
- Ensure good representation of men, elders, woman and youth and make sure they all participate
- The facilitator needs someone to help with a calculator

### Extra guidelines from the SDI experience

- It is not so much about the exact numbers but it is getting the logic that matters. Always keep the prices at low rates, so people follow you and accept the results.
- Keep checking if the communities are okay, if they are still with you
- In the evaluation you can ask questions such as: *'Does this surprise you? Do you see yourself spending this money?'* The participants will assure you they do not have this kind of money. And that they do not need it because they are getting the produce from the land and the forest.



James Otto from SDI leading a land valuation exercise in Sinoe county Liberia.

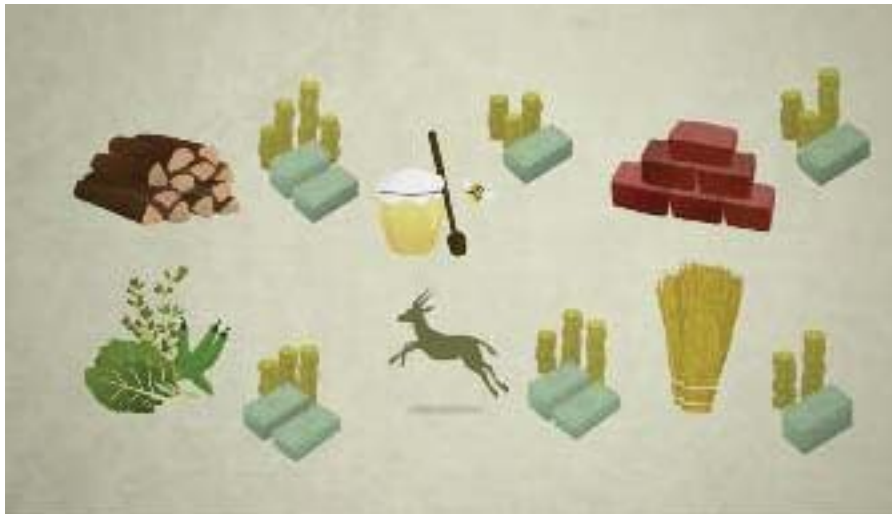
- This will help you to take the people through a thinking process so they realise they need to start reflecting on what they are giving away the day they agree to give the land to a company. This exercise helps to alert the community. The community needs to take into account that not everyone in the community will get a job to have this kind of money to buy the food, the wood, and all the other products and services. The community needs this information to know what value lies in their hands and what they want from the company in terms of compensation in case they do decide to give away the land.

- You can also do this exercise with a development perspective. Then you ask the community what happens if the community would themselves invest in the land and sell the produce instead of giving it away to a company. It will show how much can be earned from the land.

### Results

SDI has been working with communities around Liberia using the Namati land valuation tool. It has been tried and tested. It has helped communities in negotiations with multinationals such as palm oil companies. Please contact James G. Otto ([gardeayouway@gmail.com](mailto:gardeayouway@gmail.com)) or Danielle van Oijen ([danielle.van.oijen@milieudefensie.nl](mailto:danielle.van.oijen@milieudefensie.nl)) if you want more information.

## VALUATION OF COMMUNITY LANDS AND NATURAL RESOURCES



Communities that want to undertake a community land protection process understand that their land is important to them and want to protect it. However, communities do not always have an understanding of the value of their land and natural resources in a monetary sense. As a result, when investors approach communities and offer money for pieces of land, communities may agree to land deals without fully understanding whether it is a fair or beneficial transaction based on the impacts and cost of losing the use of their land. Communities may:

- Believe that the only way to “develop” or prosper is for an investor to come and build a business in the community and create jobs;
- Believe that the land requested is “of little value” because no one is living or farming on it;
- Not understand that current uses of common lands (such as grazing or gathering food or medicines) would most likely be impossible after leasing or selling the land to a business;
- Not fully understand how much land belongs to the community, or believe that there is “endless” land for community use;
- Not have a good understanding of 1) how much their land is worth on the open market; 2) how much the land is worth to the investor; or 3) how much the investor will profit from using the community’s land; and
- Not have a good understanding of how much the current uses and benefits from their land are worth, in monetary terms, to the community itself.

As a result, communities may agree to sell or rent their lands for much less than the value they already receive from the land. If a community does not properly value its land and natural resources and makes a bad contract with an investor, the community may become poorer over time, rather than richer. Communities that know the value of their land also have more bargaining power with investors and are prepared to negotiate more effectively for a fair deal.

### **The valuation activity aims to help demonstrate how much value that community lands bring to the community already.**

When communities appreciate the value that they are already receiving from their land in monetary terms, they tend to be much more motivated to protect it. Community land protection efforts require a great deal of people’s time and energy. If people do not understand why they must take action to protect their lands, they may not approach the work with enough dedication. Knowing the economic value of their land and resources may help motivate community members to act with more determination. Similarly, once community members understand how valuable their lands are to their families, they may be more enthusiastic about making community rules about how those lands and resources should be managed, conserved and protected.

## HOW TO CALCULATE THE VALUE OF COMMUNITY LANDS AND NATURAL RESOURCES?

Communities can estimate the monetary value of their land in a number of ways. These include:

- The value of the land and natural resources on the local market, based on the value of other land or resources that have been rented, leased or sold in the region;
- The value of the land and natural resources to the prospective buyer or tenant, including what they would use it for, and how much they would profit from it; and
- The market costs of replacing the resources currently hunted or gathered from the land – how much it would cost for the community to replace the resources lost by buying them in the local market.

The community itself can do a rough estimate of the amount of money it would take to replace the natural resources that community members hunt or gather from their common lands.<sup>1</sup> This is done by:

1. Listing all the resources that the community uses on or gathers from its common land;
2. Estimating how much of each resource is used or gathered;
3. Figuring out what the community would have to spend in the local market to replace the resources that it would no longer have if the land was leased or sold to an investor.

## HOW TO FACILITATE A SIMPLE VALUATION EXERCISE?

This exercise is designed to give people a sense of how valuable their **common areas** are to the whole community.<sup>2</sup> It is not meant to be precise or perfectly accurate. The values calculated are approximate, and should not be represented to communities as a fact.

The valuation exercise is **best done during the second or third meeting** with a community, directly after the visioning exercise. Materials that are useful during this exercise are a calculator, large paper and markers (or a big chalkboard/whiteboard), printed copies of a form like the “Basic Valuation Worksheet” below.

1. If an investor requests a specific piece of land, facilitators may want to research how much the land requested is worth on the local market (and/or how much the land is worth to the investor) and share this with the community for reference.
2. The premise of this exercise is that investors will ask to be granted “unused” common areas, rather than individual families’ homes and agricultural areas. It may be that an investor will want so much land that it will include not only common areas like forests and grazing lands, but also families’ lands and homes. However, for simplicity’s sake, this exercise does not include the value of various uses of family land.

**Step 1: Generate a list of resources that community members get from the common land.** Make a big chart that has 7 columns (see the “Basic Valuation Worksheet” below). Get community members to “shout out” or brainstorm all the main activities or uses of the common land, as well as all natural resources that can be found on the land. Write down everything that people say in the column on the left side of the board or big paper. Keep asking people to shout out uses of the common areas until no one can think of any more uses of the land or resources found there. Examples of activities that community members may suggest are:

- Hunters hunt for animals in the forest!
- Women gather wild mushrooms!
- People gather thatch for the roofs of their houses!
- People gather traditional medicines for healing sicknesses!
- Women gather water from streams, rivers and springs!
- People gather honey from wild bees!

Select the 7 to 10 most-used resources that every household gathers on a daily or weekly basis. Focusing on a shorter list tends to work best within a two-hour time period, but if community members have interest and energy feel free to continue for all the resources. For each resource, do the following:

**Step 2: Determine the unit of measurement for each resource.**

To agree on a common unit of measurement, ask people how the resource is usually sold or bought in the market. For example: By kilo? By bundle of three? Write the agreed-upon answer in the column titled “Basic Unit.”

**Step 3: Determine how many units of each resource are used each week.**

Ask people to estimate how much a “typical” family gathers or uses **every week**. Ask them to “shout out” the answers. For example:

- How often does a family hunt for meat? How much meat do they hunt and eat every week/month, on average (using the agreed unit)?
- How many units of wild fruit or vegetables do women generally gather each week?

- How many units of firewood does a family generally gather from the community common lands each week?
- How often do people gather wild honey? What quantity of honey can someone get each time he or she goes to gather it? How much honey does the typical family consume or sell every week?

People will generally argue amongst themselves until they come up with an “average” amount that a “typical family” uses.

The idea of a “typical” family may be hard for people to conceptualize. To address this, the facilitator might want to ask people how many children couples in the community usually have and how many grandparents live with the couple. Then, depending on their answers, the facilitator might offer that the “typical family” includes, for example, two parents, four children, and one elderly grandparent. Each community may define a “typical family” differently.

**Step 4: Determine the cost of the unit on the market.** Ask the community how much one unit of the resource would cost in the market if people had to buy it in town. For example, how much would a kilo of meat cost to buy if families could not hunt for their meat? How much would a bundle of thatch cost? How much would a bundle of firewood cost?

**Step 5: Find out the cost per week.** Multiply the cost of one unit by the number of units used per week. For example, if a “typical family” uses one bundle of firewood every day, and a bundle of firewood costs \$1 in the market, then a “typical family” would have to spend \$7 a week on firewood if they could no longer access their common forest. Write down the weekly costs in the chart.

Community members are often shocked by the large value of their community land. **To make sure that they understand how total value is calculated, it is important to do all calculations in front of the community, or to have community members do the math on their mobile phones along with the facilitator.**

### NON-WEEKLY USE

Sometimes a “typical family” will only gather and use a resource once a month, or once a year. In such circumstances, just do the math according to the frequency the resource is used. For example, if people gather honey an average of four times a year, and use that honey for many months, skip the weekly and monthly columns and instead only calculate the “cost per year” column. Find out the “unit” of honey, how much that unit costs to buy in the market, and then multiply that cost by the number of times it is gathered (in this example, 4 times a year) and put that calculation in the final yearly column.

**Step 6: Find out the cost per month and per year.** Multiply the cost per week by 4 to get the cost per month. Enter it into the table. Then multiply the monthly cost by 12 to find out the yearly cost to a family (in the final column).

**Step 7: Calculate the total cost per year for one family.** Add up everything in the final column to find the total cost per year for all the resources discussed.

**Step 8: Estimate the total cost per year for the whole community.** Ask the community how many families/households live in the community and use the common areas. Write down the total number of families/households in the community. Multiply the total cost per year for one “typical family” by the number of families/households. This number is an estimate of the total cost for the entire community to replace the resources it currently gets from its common land. It should be a surprisingly large number – and it is likely still a low estimate because there are other resources and uses that are not included.

Facilitators might talk to the community about how common lands are like a “Community Supermarket” where members can access resources for their families’ survival but do not need to pay any money. This is a good time to talk about the importance of using and managing natural resources sustainably, so they and their children and grandchildren can continue to access these resources.

Remind the community that the total value calculated is for every year based on current uses – *not* the value of the land if it were sold.

**Step 9: Find out the cost in US Dollars.** Often, investors offering to lease or buy land will come offering a rental fee or sale price in US Dollars. For this reason, it is important to not only estimate the monetary value of common resources in the national currency, but to also convert that into US Dollars.

**Confirm the current exchange rate before the meeting.** Multiply the total cost to the community in the local currency by the current exchange rate.











**Step 10: Reflect:** After completing these calculations, it is sometimes useful to take a moment to ask community members to envision what their lives would be like if they no longer had access to their community land. Facilitators might ask:

- If you did not have your community land, where would you get firewood/bricks/wild fruit and other resources?
- If you did not have your community land, how would you earn money to buy each item at the market?
- Since you now know the value of what you get from your community land, would you consider selling or renting the land? (If yes, what would be a fair price, given the value that your community is already receiving from these lands?) It may be useful to remind community members that it is unwise to sell or rent their land for the exact value it has to them currently – if they did so they would not gain any profit to help the community prosper.

**The valuation exercise often helps to motivate communities to complete the community land protection process.** It is useful to end the meeting by reviewing all the steps of the community land protection process and introducing the activities and exercises that will take place during the next meeting.

**BASIC VALUATION WORKSHEET**

(Participants decide which resources to list in the left column, but facilitators should be prepared to suggest these examples or other commonly used resources if they are not suggested by participants.)

Collected from common land & water areas by one "typical family"	Basic Unit (bundle, kilo, etc.)	Units used per week	Cost per unit	Cost per week	Cost per month (x4)	Cost per year (x12)
 Firewood						
 Water						
 Meat from hunting						
 Fish						
 Vegetable #1						
 Vegetable #2*						
 Herbal Medicine						
 Wild Fruit #1*						
 Wild Fruit #2						
 Thatch for homes						

**Total cost of foods and resources for one "typical" family:**

\* Add extra lines for more vegetables and wild fruits, honey, building materials, etc. – but make sure that the community is only calculating items gathered for household consumption.

**Total cost of foods and resources for one "typical" family**  
(figure taken from above)

**Total # of families in the community**

**Total cost of resources for entire community per year**  
(local currency)

**X**

**=**

## NOTES