

BRIEFING NOTES

to improve our understanding and ability to ask the right questions and take effective action on land matters in West Africa

“Land Tenure & Development” Technical Committee

SAFERs: Land Agencies that Have Been Used to Regulate the French Rural Land Market for Over 50 Years

by Michel Merlet¹, April 2015

French policies on farmland helped modernise the nation's agriculture in the second half of the 20th century while retaining the underlying structure of family farming systems. A review of interventions by SAFERs, mixed institutions that include representatives from the State, local governments and producer organisations, shows that it is possible to regulate land markets so that agricultural production structures can be adapted to serve everyone's interests.

Helping Modernise Family Farming

A political decision to support family farming. Realising that family farms in France were too small and fragmented to compete on the international markets after the Second World War, it was decided to modernise them rather than base agricultural production on large farms that employ waged labourers. Armed with a set of agricultural policies in which land policies (known as ‘structural’ in France) played a key role, France became a net producer of agricultural products in the space of several decades.

A “quiet” revolution helped by full employment in France. Because it was easy for people who left farming to find work in other sectors, agricultural modernisation could be sustained by gradually enlarging the units of production while retaining their family characteristics. This process of enlargement was mainly based on land sales and purchases, sharecropping, rentals and inter-generational land transfers rather than expropriations. The introduction of a “retirement annuity” for elderly farmers who were prepared to stop working also enabled young farmers to increase their holdings. Public institutions and professional agricultural organisations set

the optimal farm sizes and minimum area for eligibility for assistance in each region. Anyone wishing to enlarge their holdings had to obtain authorisation to farm if their final farm size was two or three times (depending on the region) that of the agreed minimum area.

The State and farmers worked hand in hand to implement this policy. Producer organisations and groups of young farmers wishing to modernise their operations were directly involved in policy formulation, and worked to secure widespread acceptance of these policies.

Access to land without necessarily owning it. Post-war land policies initially focused on regulating and securing forms of “indirect land use” (where the producer does not own the land). In establishing the legal status of tenant farming, the law satisfied a longstanding demand from small producers and considerably strengthened the rights of tenant farmers and herders in relation to landowners. Sharecropping virtually disappeared; while being able to rent land rather than having to buy it enabled producers to expand their farms more quickly and improved their long-term security.

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Controlling land markets. In 1960 rural land agencies known as SAFER (Sociétés d'Aménagement Foncier et d'Établissement Rural) were created to regulate agricultural land markets as higher agricultural incomes and growing demand for land increased the price of farmland.

SAFERs: Their Characteristics, Missions and Operational Methods

● What Are They?

Status and Governance: SAFERs are non-profitmaking limited companies whose mission is to provide a public service with regard to agricultural and rural lands. Their boards of directors include members of local governments, professional agricultural organisations, Crédit Agricole bank and representatives of the State.

Sphere of Activity: there are 26 SAFERs in France, which between them cover all of its agricultural land.

Mission: SAFERs buy agricultural land and holdings in order to prevent land concentration and speculation, help young farmers establish themselves, and restructure and extend farms that are too small to be viable.

How Do They Work?

- SAFERs have **pre-emptive rights** that enable them to step in to buy agricultural land that is to be sold, if they feel this is desirable. If they think that the asking price is higher than the market value they can suggest a lower price; in which case the vendor can either accept the lower price, withdraw the land from the market, or ask the court to set the price. All pre-emptions have to be justified and agreed by the two members of

the SAFER's board of directors representing the Ministries of Agriculture and Finance, who have the right to veto any of the board's decisions.

- **Reallocating land assets.** Any land purchased by a SAFER is then made available to interested producers, who have to apply for it. Applications are assessed by a committee that includes representatives of producer organisations, elected local officials and qualified persons. The final decision is made by the board of directors, subject to approval by the two government representatives.

Conditions for Effectiveness:

- By law, notaries are obliged to inform SAFERs about any projected sales or purchases of agricultural land in their intervention area, and the proposed price of the transaction. This means that SAFERs are in

a good position to observe the rural land market and act against land speculation.

- SAFERs should have the necessary resources to buy the land in question and maintain it until it is resold to their chosen final purchaser, who must also have the wherewithal to buy it. Both parties can obtain bank loans for this purpose.
- The producer organisations that sit on each SAFER's board of directors should be sufficiently representative to ensure that a minority cannot benefit from its reallocation of land assets.

● Changing Missions

SAFERs' current public service mission goes well beyond their initial remit. They contribute to territorial development by establishing land reserves for



infrastructures (motorways, railways), and have gradually become an instrument for local development since the 1990s, enabling communes to better manage public developments that require land to be expropriated or certain farms to be moved. They can also influence the non-agricultural use of land, buildings or businesses in order to encourage development or help protect the environment.

● A Generally Positive Assessment

The last 60 years have seen a five-fold decline in the number of people involved in agriculture and a three-fold increase in farm sizes in France. Although the smallest units of production have disappeared, there has not been a general shift towards large farms that employ waged labourers, and the French system for regulating rural land markets has helped avoid major concentrations of land. SAFERs still rarely exercise their pre-emptive rights: in 2011 their acquisitions accounted for 18% of the overall rural land market in terms of hectares, with just 0.7% of these transactions involving pre-emption.

Limitations and Criticisms

● The Development of “Shareholder Farming”

Agricultural holdings evolve over time. Some develop as families decide to pool their farmlands, others are built up through different types of land acquisition. Recent decades have also seen farm ownership and management change as different kinds of company (from cooperatives to public limited companies) have moved into agriculture. SAFERs had no control over their actions or the way they

transfer their shares. A new law introduced in 2014 now obliges notaries to forewarn SAFERs about such transfers, and enables SAFERs to amicably acquire shares and exercise their pre-emptive rights in cases where 100% of the shares are sold. This will not stop the increasing financialisation of land in France, but it does constitute a step towards regulation that is better adapted to the current realities of the land market.

● Transparency, Sharing Information and Trade Union Pluralism

Before 1981, SAFERs only recognised one agricultural trade union, the Fédération Nationale des Syndicats d’Exploitants Agricoles (FNSEA) and its young farmers’ branch. This prompted accusations from other organisations that SAFERs have encouraged the growth of existing farms rather than helped new farmers get established. They have also been criticised for waiting until 2012 before they started sharing the information they receive from notaries about plans to transfer agricultural holdings with all producer organisations (rather than just the “main” ones), even though they needed this information to press for action to regulate farms sizes in each region. SAFERs need to work on becoming even more transparent, giving the public free access to land information, and having more diverse board members.

Conclusions

● Land Prices and Markets

SAFERs only exist in France. Other countries have used various mechanisms to regulate changes in farm structures (different types of land credit, permission to rent or pur-

chase land, inheritance regulations and taxes, etc.), which are often criticised and sometimes accused of making no economic sense in an ever-expanding “free market”. However, free access to land can lead to agricultural holdings being concentrated in the hands of powerful minorities. One way of resolving this problem is to accept the existence of land markets and make firm political decisions to regulate them.

The post-war modernisation of French agriculture was helped by low land rents, which enabled the family farm to survive as a unit of production. Structural controls, the introduction of the law on leasing (tenant farming) and SAFERs have certainly had an impact on the price of agricultural land in France, but so have many other factors, and it is very difficult to evaluate their respective weight.

It seems that France now needs a new social agreement to deal with rising unemployment and issues such as environmental protection and the disappearance of agricultural lands. This will involve establishing new rules for the governance of land markets – rules that can respond to new challenges – while avoiding the liberalisation and deregulation of land markets.

● What Lessons Can Be Learned for Africa?

Viewing land simply as a capital asset or commodity can have very serious consequences for any country, as it can lead to the justification of moves by a minority of actors to privately appropriate land and dispossess others of their holdings.

SAFERs have shown what can happen – in a particular historical, social and geographic context – when the

national government recognises the need to regard agricultural land as a specific good with a “common” dimension, and manages it in the interests of society as a whole. However, land rights systems, demography and ecological conditions vary considerably from one country to the next, and there are huge differences between post-war France and West Africa at the start of the 21st century. The kind of agricultural modernisation that took place in France would trigger a huge rural exodus in West Africa, and the lack of alternative employment in non-agricultural sectors would result in an untenable increase in urban poverty.

While we do need to develop new control systems that will involve a certain level of intervention in land markets, the real key to harmonious agricultural modernisation that works in the common interest and contributes to sustainable economic, ecolog-

ical and social development is a set of coherent policies for a clearly defined social project. ●

FURTHER INFORMATION

>> AGTER. *Agricultural Land Policies in France*. Compilation of summary fact sheets in English and/or French (18 sheets in 2014, including one on SAFERs by M. Merlet [AGTER] and R. Levesque [SCAFR] and one by M. Merlet on *The tenant farming statute in France. A successful experience in making farm producers' land use rights secure*).

<http://www.agter.org/bdf/en/thesaurus/dossiers/motcle-dossiers-32.html>

>> LEVESQUE Robert, *Le financement du foncier agricole*, Cahier DEMETER, 2013, 9 p.

http://www.clubdemeter.com/pdf/cahier/14/le_financement_du_foncier_agricole.pdf

>> SAFER. *Le prix des terres*. La synthèse: May 2014. “L’essentiel des marchés fonciers ruraux en 2013”.

<http://www.safer.fr/marche-foncier-rural-2013-france.asp#>

>> AGTER, ministère de l’Agriculture, Terres d’Europe SCAFR, *Dossier comparatif sur les politiques foncières agricoles de 6 pays européens : Espagne, Italie, Angleterre, Allemagne, Pologne, Roumanie* (Due for publication on <http://www.agter.org> in 2015).

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