Workshop Report
“Responsible land governance and domestic investments in land and agriculture”

Do existing instruments work or are we facing new challenges?”

29 June 2017, Brussels
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Acronyms

AU  African Union
DG DEVCO  Directorate General for International Cooperation and Development
EC  European Commission
EPIC  Free Prior Informed Consent
FAO  Food and Agriculture Organization (United Nations)
FDI  Foreign Direct Investment
FNS&SA  Food and Nutrition Security and Sustainable Agriculture
IFAD  International Fund for Agricultural Development
ILC  International Land Coalition
INGO  International Non-Governmental Organisation
LMI  Land Matrix Initiative
LSLBI  Large Scale Land Based Investments
NES  National Engagement Strategy
NGO  Non-Governmental Organisation
SSA  Sub-Saharan Africa
VGGT  The Voluntary Guidelines on the Responsible Governance of Tenure, Fisheries and Forest
1. Introduction

The Directorate General for International Cooperation and Development (DG DEVCO) Unit C1 (Rural Development, Food Security and Nutrition) organised a workshop on “Responsible land governance and domestic investments into land and agriculture” on the 29th June 2017 in Brussels, at the Marriott Hotel.

The seminar was attended by 45 participants from the European Commission, donors and development partners, UN agencies, CSOs and NGOs. A list of all participants is provided in Annex 2 of the report.

The aim of the workshop was to provide a better understanding to participants on: the issue of domestic investments into land and agriculture; how these different investments impact access to land, in particular for small farmers, and to what extent existing “instruments” used to monitor and facilitate foreign investments can be used also to deal with domestic investments. The discussion that resulted from this exchange was intended to contribute to the EU’s thinking on possible future actions on policy and legal aspects to direct such investments, to balance local interests and to avoid adverse effects.

This report provides a summary of the discussion held, the key messages and a reflection on potential “windows of opportunity” for future collaboration among donors on the specific topic addressed.

The report together with the presentations will be also made available on C1’s food and nutrition security and sustainable agriculture (FNS&SA) capacity4development platform, called ROSA, at this link: https://europa.eu/capacity4dev/hunger-foodsecurity-nutrition
2. Seminar proceedings

2.1. Relevance of the topic and purpose of the workshop

In many low and middle-income countries, domestic actors have been acquiring rural land for a long time, well before a new surge in transnational land deals attracted much public attention (e.g. Ouedraogo 2003; Ouedraogo 2006; Djiré 2007).1

Recent national inventories of land deals have consistently found that, in cumulative terms, domestic actors account for a significant share, if not the majority, of acquired land areas, even if the median size of individual transactions is smaller (e.g. Deininger et al. 2011; Cotula et al. 2014).

Information on domestic investments is patchy. Therefore, the possible issues are difficult to judge on their importance. Nevertheless, it seems increasingly clear that land-based investments by domestic actors can create important land governance issues and can have far-reaching implications, both positive and negative, for rural livelihoods, private sector activity, and agricultural development pathways.

The purpose of the workshop was to deepen the debate on this phenomenon, with the specific objectives of:

- providing first an overview of drivers, characteristics, and impact of domestic investments in land and agriculture (including a discussion of both risks and potential opportunities);
- sharing experiences on and debating the usefulness and applicability of internationally recognised tools/procedures prepared for promoting responsible governance of Foreign Direct Investment (FDI) also for domestic investments; and
- discussing and identifying further actions to improve the governance of domestic investment, enhance transparency and accountability, and ensuring that their positive development potential is fully realised, while avoiding or minimising negative socio-economic impacts.

The agriculture sector is undergoing significant changes in many low and middle-income countries, and the structural transformations are set to affect supply chain relations and control over farmland.

These transformations are expected to lead to rural diversification and the gradual shift from farm to non-farm and off-farm activities. However, agriculture will continue to remain a very important “source” of livelihood for many rural households, especially in rural Africa where more than 800,000 youth will be looking for new job opportunities by 2050. The extent to which the agricultural sector will be ready to absorb a significant percentage of these workers is not yet clear. Nevertheless, it is agreed that much more private investment is needed to unlock the potential of the agricultural sector and to contribute to agricultural transformation. At the same time, possible negative consequences of such investments, especially in terms of access to land, for the most vulnerable land users and in particular female and male agricultural smallholders need to be addressed.

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1 In this workshop, terms such as “domestic”, “national” and “local” have been used interchangeably to refer to investments made by domestic (non-foreign) wealthy and influential individuals (elites, businessmen, etc.) and/or companies. See section 3.1 for more details.
It is widely accepted that well governed, private investment can be a powerful development enabler: it can create jobs, build skills, spur innovation, contribute to providing essential infrastructures and services, and strengthen standards in public and corporate governance. However, negative perception still prevails regarding the role of private-sector investment in particular as regards FDI and its benefits for local development. This perception is linked to widespread reports of land dispossession in the context of inadequate consultation and compensation, and to the disappointing results of many recent investments often attributed to foreign companies. Much less known and investigated is the performance of domestic investors, despite the fact that those actors constitute a growing portion of the land market both for land acquisition and/or investments in agricultural activities.

As several low and middle-income countries are experiencing the process of rural transformation, there are potentially many opportunities for further investment. These opportunities arise from both the process itself and from donors’ interventions to support inclusive agribusiness in the context of this structural transformation. Domestic investors could be attracted to these opportunities. For this reason, it is important to better understand who these domestic actors are, their aims and their interactions with other stakeholders from the big companies to the small farmers.

Donors have a role to play in better investigating the dynamics mentioned above. They can also support actions that prevent potentially adverse effects of these domestic investments and, simultaneously, help to capture benefits that can reach the largest number of local right-holders, particularly small farmers.

In recent years, several new donor initiatives have developed a wide range of tools and/or instruments for tracking, guiding and facilitating inclusive investments in agriculture. These regional and/or international tools/instruments/code of conducts etc. would in principle be relevant to domestic as well as foreign investments because the two “phenomena” are closely interrelated. In some ways, domestic investments raise comparable challenges to those of FDI ventures including issues about security of land rights, community consultation, benefit-sharing and grievance arrangements.

Yet, investments by domestic actors might bring new and specific land governance issues. These could be linked, for example, to the different nature of the relationship that may exist between business people and government officials. The role of international/regional instruments might then be viewed differently if attention were to focus on domestic actors operating within a single jurisdiction. There would be a need to explore if, and to what extent, developed due diligence and other responsible business practice tools can also reach these domestic players.

This workshop has been an occasion to:
1. reflect on drivers and dynamics of domestic investments in land and agriculture;
2. to identify potential new/different challenges these investments can bring; and
3. to share ideas on the feasibility of using existing instruments for guiding, monitoring and facilitating these investments.

The three sections that follow provide a summary of the discussion held in relation to the three specific objectives of the workshop listed above. The report concludes with suggestions for future steps that originate from the debate during the workshop. Further comments from participants are welcome.
3. Main points presented and debated

3.1. Understanding the topic: drivers, characteristics and impact of domestic investments in land and agriculture

(Darryl Vhugen - Facilitator, Jann Lay – Land Matrix Initiative, Thea Hilhorst - World Bank, Matthew Brooke and Jose Manuel Fernandez, DEVCO C.1 and C.3 respectively)

The first part of the workshop was dedicated to the analysis of drivers, characteristics, and impact of domestic investments into land and agriculture.

The definition of “domestic investment” used in the workshop was clarified before entering into the analysis. It was emphasised that small-scale farmers account for the vast majority of investment into agriculture worldwide and that they are domestic investors (investing in their assets essentially to improve their household food security). However, for the purposes of this meeting “domestic investment” refers only to the investment made by domestic (non-foreign), wealthy individuals (e.g., elites, business people, etc.) and/or companies. It is these actors’ investments that are considered to have a significant impact on the value of land. Land transactions done by these actors could directly and/or indirectly increase land prices and subsequently the availability of that land for the most vulnerable actors, such as small farmers, who are unable to afford the higher prices.

Taking into account this definition, what emerged clearly from the presentations is that there is a substantial lack of data and research on the characteristics and impacts of domestic investments in land and agriculture. The available knowledge suggests a number of trends that warrant further analysis:

1. There seems to be some evidence that the most influential category of domestic investors is the one related to the urban elites, essentially government officials, civil servants, business people and mostly men.

2. Research from some African countries suggests that domestic investors are increasingly responsible for the growth of medium-sized farm (5-100 HA). Often these investors are urban elites. It is rare in those countries for small-holders to be able to grow into medium-size farms.

3. Reasons pushing these domestic actors to invest are various, but lack the analysis required for better judgement. Nevertheless, and based on the limited evidence available, one can assume that the most common drivers of domestic investments seem to be: the desire to partner with a foreign investor; engaging in speculation to profit from raising land values; to profit from growing urban demand for better quality food, increasingly affluent populations, and to take advantage of government policies and programs promoting commercialized agriculture.

Due to the desire of domestic and foreign investors to partner together, it was also underlined that it can be difficult to separate the analysis on foreign investments from that concerning domestic ones. Many of the foreign investors want to have domestic partners to ease entry into the market and thus the border between the two actors is quite blurred and not easy to define.
Despite the challenge of identifying the characteristics of domestic investments and separating them from foreign ones, it was stressed how recent initiatives have started to look more deeply into this issue and tried to provide concrete data on domestic investment in land and agriculture. For example, the Land Matrix Initiative (LMI), which is a tool conceived to monitor large-scale land investments, has also started to collect more specific data on domestic investments, especially when linked to foreign ones.

The Land Matrix (LM) database has information on the “origin of investors” to distinguish between international and domestic deals. The data identifies two main types of investors: primary investor, which are – by definition – domestic entities; and secondary investor(s), which are the parent company (or companies) and/or partners of joint ventures (excluding intermediaries/subsidiaries between primary investor and secondary investor). Within this main division, the LM further distinguishes among: a) foreign investment that involve only foreign “secondary” investors, b) foreign investment with at least one domestic “secondary” investor, and c) domestic investment i.e., a situation where no foreign secondary investor is part of the deal. As explained by the LM steering committee member, the information on land deals in the LM is likely to be biased against domestic owners/investors and there are some problems and caveats with the data on foreign vs. domestic involvement. Generally, tracing investor chains is difficult; information on ownership structure is not very well reflected in the LM at present. However, the database is currently being revised to improve on this aspect of land deals and allow for displaying the entire investment chain. Further, new national observatories set up in some African and Latin American countries are likely to mitigate the bias against domestic deals.

The lack of data and analysis on domestic investments is also a concern for the World Bank. They have been supporting the collection of national statistics to make inventories of investments into land and agriculture for several years, particularly in Sub-Saharan Africa (SSA) countries. More precisely, the World Bank supports governments to collect data on large-scale farms, which contrary to the common belief, seem to become increasingly “led” by national actors. Using data from the annual census of the Central Statistical Agency, the World Bank has found, for example, that about 1.3 million ha had been transferred to a total of 6,612 commercial farms since the 1990s in Ethiopia, with an average area of 200 ha. 95% of this land has been transferred to Ethiopians or joint ventures rather than to foreigners. In Malawi as well, 20% of the area (1.2 million ha) on large farms has been conceded to investors for a total of 60,000 leases, the majority of which are dominated by domestic owners, with few foreigners on large estates for sugarcane and tea production. However, in the case of Malawi it was stressed how difficult it was to define the real ownership status of these farms. In fact, for one third of cases it was not possible to clearly locate land parcels, while 45% of estates are without registered deeds and there are overlapping claims on land which is supposed to be idle but often is not. This shows the difficulty in making a distinction between “pure foreign” and “pure domestic” investments and also raises an important issue about the impact of these investments, especially in relation to tenure patterns, that of dualistic farm structure and competing claims over the same unregistered land.

The impact of domestic investments in land and agriculture was the other central aspect presented during the first section of the workshop. Until now, there has been...

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little evidence available describing the impact. Instead, efforts were predominantly dedicated to assessing the impact of FDI in large-scale land investments on local communities. Nevertheless, some evidence from the field is available to describe the importance of domestic investment and its impact on land and agriculture:

1. National elites acquiring land cheaply from customary leaders that is then statutorily titled and sold to the best dealer. This has already been proven to challenge the tenure conditions of small-holders and most vulnerable farmers. It may also be undermining customary tenure and institutions.

2. There is a concern that these investments can have negative impact on the land rights of women and vulnerable groups. This can happen particularly when domestic actors use their bargaining power to break the social relationships that exist in customary communities where women, although often discriminated against, can still rely on some safeguard mechanisms that are not available when land is transacted under statutory procedures.

3. As many of these domestic investors seem to lack agriculture experience, there is doubt over the productivity of the farms they manage and the creation of shared local benefits. It might be that when these investments are driven by government calls for agriculture modernization, as it has been already in many African countries in the past, it leads to greater productivity and economic performance, but there is no evidence for this dynamic yet.

Linked to this, participants raised the issue that with the existing monitoring tools it does not seem possible to measure the extent to which these domestic investments are influencing production models of small farmers, local markets, etc. For example, the LMI can capture some generic elements such as employment conditions, the type of production scheme (e.g. contract farming), the number of small holders integrated, and the intention of the investors to produce for a local or a global market (which might change). However, the LMI cannot test how these investments could work or under which conditions they would do better in the field.

There are already some ongoing initiatives in the field that aim to support business-oriented domestic investments in agriculture and to make these investments a positive enabler for rural economic growth. Instruments such as the proposed European Investments Plan and the AgriFI initiative are meant to promote investment and improve the enabling environment for these investments, especially to support small farmers and small-medium enterprises (SMEs).

Particularly, the AgriFI initiative aims “to improve the capacity of small-holders farmers and SME enterprises to bear risk using public money in order to encourage project promoters and attract private finance to viable investments which would not have materialised otherwise” (i.e. blending) The decision to engage in such a type of investment is preceded by a value chain analysis that takes into account the potential economic/financial, social (including the respect of the VGGT and alignment with due diligence principles) and environmental impact. The analysis is made in order to identify the real investment needs of small farmers and SMEs and make them more business-oriented actors. It also helps measure the basic impact indicators, whose achievement is an integral part of the success of such blending operations, and indeed represent the justification for using public funding.

Similarly to AgriFI, the EU External Investment Plan (EIP) aims to encourage investment in EU partner countries in Africa and the EU Neighbourhood region in order

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to strengthen EU partnerships, contribute to achievement of the Sustainable Development Goals, and help address some root causes of migration. The plan is to mobilise investment and leverage funds, to reach countries where investments are currently difficult, and facilitate investments by private actors that would otherwise invest less or not at all. Practically, the plan should contribute to kick-start blended investment, by offering guarantees, and other blending tools, to prospective investors. In parallel to greater funding, technical assistance will be provided to help in developing economically and financially viable projects to improve finance for micro-, small- and medium-sized enterprises, including in the agricultural sector. Finally, the EIP aims to support more structured approach to boost the investment climate and business environment in EU partner countries, with EU Delegations playing a key role especially through their work on policy dialogue.

Such initiatives have the potential to help smallholders respond to the challenges presented by larger investments by the domestic (and also foreign) actors described above. However, there could also be a risk that this type of support attracts domestic land speculators and thus makes it harder for the local actors that really need this support to take advantage of it. This risk was not discussed during the workshop. Nevertheless, as the process is carried out with the support of donors, and might imply a public-private partnership, the risk of unintended negative effects on land investments and/or increased land speculation could be considered minimal. As explained by the C1 officer, the AgriFI initiative has just “started”, but what has already emerged from the first phase of support under this initiative is that the majority of grants applications have been received from NGOs consortia. Domestic business actors and/or small farmers are not attracted to such support through grant operations. It may be either because they do not know the instrument, they still do not trust its logic, or more simply, because banks are not yet convinced to engage in this process, despite public and/or international support to bear the risks.

Overall, it can be said that there is not enough evidence on the magnitude and the impact of domestic investments in land and agriculture, neither for those made by domestic wealthy actors nor those supported by donors that are mostly targeting small farmers.

More research is needed to clarify: the meaning and magnitude of domestic investments, the drivers that push domestic powerful actors to invest, where the real decision-making on investments is, and what can be the adverse consequences and positive outcomes of these investments. It could be that domestic investors are less respectful of the rights and interests of local communities than foreign ones. However, there is also no evidence to state the contrary. In many respects, this lack of data and analysis means that government policy-makers, donors, advocacy groups and others are operating in an information vacuum. While research should go on, donors still have a role to play in understanding both how to address the challenges and opportunities related to these investments within the existing instruments, and the extent to which new and/or adapted instruments should be promoted to positively guide the phenomenon of domestic investments in land and agriculture.
3.2. Instruments and tools available to guide, monitor and facilitate domestic investments in land and agriculture

(Lorenzo Cotula, IIED - facilitator; Jean Luis Francois - AFD; Madeleine Brasser - OXFAM Novib; Linda Ofori-Kwafo - Ghana Integrity Initiative; Mike Taylor - ILC; Bernard Baha- NES facilitator/ILC)

3.2.1. Overview

To introduce the second part of the workshop, the facilitator provided a summary of the main points of debate around the phenomenon of domestic investments in land and agriculture as a response to the following question:

*Are there significant differences between domestic and foreign investments into land and agriculture? What are the commonalities and what are the specific challenges?*

Domestic and foreign investments do not differ significantly with regards to the dynamics of land deals (the way local people are consulted and involved in these processes), and benefit sharing agreements (the benefits local land users gain from transactions). However, there are also unique aspects of domestic investments that distinguish them from foreign investments:

1. The phenomenon is complex as it includes a multitude of actors and relationships that are embedded in a wider social transformation. These are heterogeneous actors who, differently from the past, are increasingly involved in corporate investments, including some very large ones, and in a wide range of commercial agriculture initiatives that are not limited to land-based investments.

2. The phenomenon influences national to local governance dynamics. The relationships among these types of investors and government authorities are different and might be much more complex than those that exist where foreign investors are involved.

3. It might raise risks of land speculation to a greater extent than foreign investments. Domestic actors might use land speculation for “strategic positioning” in the land market; therefore, it is important to take into account how much of the investment is driven to develop farms activities versus being well positioned to engage in a potential partnership with a foreign investor.

All these elements seem to suggest that an integrated/systemic approach is needed to deal with domestic investments, rather than the firm level approach that is normally used to deal with large-scale FDI. The systemic approach allows for taking into account not only the compliance of investors with business standards, but also what the broader governance framework is under which these investments occur, and the multiple issues to be address in order to make these investments as responsible and inclusive as possible.

Taking into account the governance challenges that domestic investments might bring, it is then necessary to assess the extent to which existing instruments available for FDI at national and international level can also be used effectively to guide these domestic investments.

As stressed by the facilitator, there are several typologies of instruments that “cover” one or more “aspects” of investments and that could be more or less responsive to this systemic approach.
First of all, there are contractual/national/international instruments, which are legally binding instruments regulating diverse aspects of the investments and which might be applied to regulate either foreign or domestic investments.

Concerning the binding instruments, the first category is the national legislation on land, investment, water, environment, labour, tax, etc. but also land use planning, geographically targeted regulations, etc. All these instruments cover only some aspects, mainly legal, of the process of investment and are applicable to both domestic and foreign investments. However, not all legal frameworks give either a clear distinction between domestic and foreign investments, or clarify the duties and restrictions of the diverse investment actors.

Another category of binding instrument are contracts. In the large/single investment approach, contracts can temporarily fill eventual gaps of national law. However, they seem to be unworkable for large numbers of medium-scale projects that are instead done mostly by domestic investors.

Finally, there are international binding treaties that only cover foreign investments and some specific issues (e.g., human rights issues, labour issues, etc.).

Second, there are a series of international non-binding agreements. These are compulsory neither for foreign nor domestic investors. However, they cover diverse land governance aspects (not just the issue of investments per se), and they could be useful for dealing with governance issues concerning domestic investments in land and agriculture.

For example, the VGGT are considered as a first response to the risks of land grabbing, but in more general terms the VGGT provides principles to regulate more systemic governance issues related to land investments (either domestic or foreign) and guidance to promote various aspects of responsible governance of tenure.

The African Union (AU) Guiding Principles on LSLBI (Large scale land based investments) could also be a valuable instrument that is potentially applicable to domestic investments. The principles focus on the investment as the entry “point”, but go further and define principles that regulate more general governance issues. They are similar to the VGGTs even though they put different emphasis in the specific safeguards needed when investments are prepared.

These and other international “codes of conduct” could also be used for domestic investments. Yet, the extent to which they can be “adapted” to guide and monitor domestic investment has not been assessed thoroughly; therefore, further investigation and pilot testing is required. Some experiences in this regard were presented by participants in the second section of the workshop and the discussion is summarized below.
3.2.2. Donors/partners experiences in guiding, monitoring and facilitating domestic investments in land and agriculture

The scope of this section of the workshop was to share lessons/challenges/good or bad practices from donors supporting initiatives to guide and monitor investments in land and agriculture, both domestic and foreign. Interventions by donors to deal with the phenomenon of land investments are different both in terms of approaches and regarding the type of support provided (advocacy initiatives, support to the reform of the legal framework, monitoring of land deals, etc.).

Despite these differences, it emerged clearly from the experiences shared that the systemic approach mentioned above seems to be the best approach to deal with the phenomenon of domestic investments. Such an approach considers donors’ support within the governance and political frameworks that determine the drivers and characteristics of these investments. While the presentations paid particular attention to responsible investments (i.e. compliance with investments standards, due diligence), most raised a variety of broader land governance issues (e.g. the role of domestic administration in domestic investments, the issue of business models such as the public-private partnership, monitoring of land deals, corruption associated with land deals, and the necessity of revising land legislation) that are of equal importance in light of domestic investment in land.

Taking into account this premise, the more important challenges and lessons arising from donor experiences presented in the afternoon are discussed below.

1. On the performance of domestic investments in agriculture and land:
   a) In the majority of cases domestic investors do not sufficiently recognise social/human rights, environmental, economic and legal standards.
   b) Domestic investors’ performance is often hampered by:
      - External factors, e.g., poor infrastructures, poor accessibility of the projects sites, scarce availability of skilled human labour, limited financial resources etc.
      - Limited experience and knowledge of the investor, e.g., lack of experience in agricultural activities, business planning and entrepreneurship and in dealing with local communities and small farmers, etc.
      - Different investment objectives, e.g., rescheduling credit for less risky investments (real estate versus agriculture). Such cases were detected by a GIZ implemented and EU funded project in Ethiopia confirming the need for close monitoring of private investments in particular when public funding is involved.

2. On the role of the state and support to the enabling environment for business:
   There are diverse enabling conditions to create business that the state should regulate to ensure that investment, including investment by domestic actors, is responsible and conducted in a way not disadvantaging vulnerable people, especially small farmers, but ensuring that they benefit from such investments. This was particularly the message from AFD, who stressed the need for the state to put in place regulations and guarantee their enforcement, especially in relation to land tenure and land administration and for contracting instruments. If enforceable contracts are not in place, investments might fail. The government should not provide direct financial support (farmers must borrow from the bank to invest), but must guarantee and follow up with proper regulations to facilitate farmers’ investments. Moreover importance to support more the decentralisation of land administrations was stressed. Domestic investors need to acknowledge customary rights and local land administrations should be supported more in their “land
management” work, including the issue of recognition of customary rights and/or granting of ownership and use rights.

3. **On the issue of transparency:** The speaker from the Ghana Integrity Initiative stressed the importance of addressing the issue of corruption in land transactions, which is a critical issue especially when domestic actors are involved. Corruption and lack of transparency are often a consequence of inadequate consultations (i.e., lack of respect of FPIC), ill-prepared and conducted negotiation and valuation processes with insufficient participation of local stakeholders. Corruption and lack of transparency happen often at community level (in the case from Ghana, traditional chiefs have displaced widow women from their land to sell it to domestic wealthy actors). Lack of transparency and corruption in land transactions will spoil the relation between the community and investors with a possible negative impact on the entire project.

Another case presented by ILC/NES coordinator in Tanzania entailed how top level politicians in the Mvomero and Kilosa districts, including former presidents and a prime minister, acquired more than 10,000 ha of land that had been originally promised for redistribution amongst villagers. It became a national scandal with the Shadow Minister for Lands using the National Assembly platform to accuse these politicians of corruption. The case confirms the complex power relationships and governance dynamics that might arise when powerful domestic actors are involved in land investments.

4. **On the “inclusiveness” of business opportunities regarding investments into land and agriculture:** According to ILC, the main aspects of "inclusiveness", ensuring that local communities benefit from investments are: securing land rights of local communities, promoting investments in partnership with local communities, and continuous monitoring of the effects of investments.

The main message was that the security of land tenure should be further supported because it is a precondition for equitable investment. Local farmers with secure rights are the investors that should be supported the most. In this context, community-investor partnerships are welcome to the extent that local farmers’ investment needs and claims are effectively taken into account and developed in the partnership, and the process is monitored to guarantee investors’ accountability.

Oxfam Novib has also promoted the community-investor partnership as a model where small-holder families are treated as entrepreneurs. Indonesia has more than 4,000 registered land conflicts caused by large-scale land acquisition for palm oil plantations, which are often a business of wealthy domestic magnates controlling diverse palm oil companies. To address this problem of large-scale palm oil production, Oxfam promotes the so-called FAIR community-investors partnership where government, buyers, producers and host communities work together, engaging in a policy commitment to protect people and the environment (e.g., no deforestation, no peat, no exploitation policies).

Donors’ experiences show that, overall, domestic investments in land and agriculture may cause similar challenges than those of FDI. When guiding/facilitating/monitoring investments in land and agriculture, donors refer often to existing national or international binding and non-binding instruments without differentiating between whether the investment is domestic or foreign (except for some monitoring tools such as the LMI). Donors stressed the importance to apply “safeguarding” measures and help local communities to make use of them whenever there is an investment (domestic or foreign) with a potential risk to compromise the rights of local stakeholders.
It thus seems that donors are intervening through a “learning by doing approach” at present. They are trying to apply the “external tools” (the non-binding ones, such as the RAI, the VGGTs, etc.) and testing, whenever it is applicable, the extent to which these tools can help to guide, facilitate and monitor domestic investments in land and agriculture. However, there are limits to applying existing tools/frameworks to domestic investments. These tools may contain “provisions” that are in contradiction with the national legal framework. Their application might be limited due to a vacuum in national legislation (e.g., in cases where the international human rights law defines the FPIC, but where no corresponding regulation is foreseen by the national laws) leading to legal contest. Finally the "voluntary" character of principles such as the RAI restricts the opposability to turn them easily in binding provisions at domestic levels.
4. Plenary discussion

Taking into account experiences presented during the workshop, the final discussion aimed to identify common topics on how to address future domestic investments in land and agriculture. To structure and focus this part of the workshop, the facilitator provided the following guiding questions:

*How do existing instruments/initiatives respond to the challenges and opportunities specific to domestic investments and what gaps, if any, exist when tackling domestic investment issues?*

*How best to address the gaps – can current initiatives be adjusted, do we need new instruments (or new ways of using or linking existing instruments), what would this involve?*

It was difficult to directly reply to the question of the suitability of existing instruments for domestic investments in land and agriculture. This was attributed to the fact that donors themselves have started to deal with the challenge of domestic investments only recently. As mentioned above, their understanding of the impact and of the way to address domestic investments in land is *learning by doing process*, i.e. a process they have been confronted with while working mostly on the issue of large-scale land investments by foreign companies and/or other broader initiatives in the context of the promotion of responsible land governance.

According to many participants, it would be important to speed up the process of implementation of the existing tools and adapt them to the local realities whenever possible. This approach aligned to national frameworks, will allow understanding to what extent the existing tools are effectively applicable and what are the additional measures required to cover all governance aspects relevant for domestic investments.

Although it was not possible to reach a consensus on the reply to the questions, two main reflections were raised that could help summarise the discussion.

First, it was stressed that there is probably no need to differentiate between domestic and foreign investors because they often cause the same challenges. However, domestic investments have much broader governance consequences and therefore applying a more systemic approach might be more appropriate. Another option would be to address very large-scale investments, either foreign or domestic from “an investment/firm” perspective (at project level). All other investments, especially the medium-size ones, should be addressed instead with a more systemic perspective that goes beyond the compliance with the investment standards and safeguards.

Second, it was argued that whatever approach is endorsed, it is crucial to continue advocating governments to adopt all existing instruments that act as additional safeguards beyond any national ones (which themselves must be improved/adapted to the challenges of domestic investments). It is of critical importance to work on the acceptance of these instruments by governments and to try translating the principles of the international instruments, binding and non-binding, into national legal frameworks (especially as regards the protection of rights to access and use of land for local rights-holders such as small female and male farmers).
The final discussion produced the following suggestions on how to "deal" with domestic investments in future:

1. to fill the gaps of enforcement of land tenure legal frameworks making it binding also for national elites often involved in land deals under doubtful conditions;
2. to enable in-country dialogue on agriculture investments, RAI, etc. and update national legislation to incorporate principles of internationally recognised guidelines;
3. to involve domestic investors in multi-stakeholder dialogue on responsible investments and help local communities to represent and defend their interest versus domestic investors;
4. to create incentives for local leaders to avoid corruption;
5. to support domestic medium-size farmers to improve productivity and sustainability of production (i.e., go beyond secure land rights); and
6. to adopt regulations facilitating sustainable agriculture (small/medium) and improve tenure regulation facilitating farming opportunities particularly for the youth often excluded from the access and use of land.
5. Summary of main messages and future steps

From the presentations and discussion during the one-day workshop, it is clear that there is a need to further improve the understanding of the phenomenon of domestic investments in land and agriculture, by collecting more information and data especially as regards the drivers of these investments and their objectives.

There was general agreement on the “assumption” that domestic investors account for a substantial amount of investments in agriculture in low-income countries. However, it would be important to both have a minimum common ground on definitions and terms, and to further investigate the eventual differences with FDI, although it is recognized that there are also many commonalities.

Concerning the debate on their impact, there is not enough evidence available for substantiated judgement. The limited experiences from the ground suggest that there is risks, often similar to those of foreign investments, that need to be addressed and that the most feasible way to address them is through a systemic approach. It has been argued that domestic investments are embedded in societal dynamics that influence broader governance issues, especially as regards to the power relations among interested stakeholders (e.g., politicians, business men). A firm perspective to analyse the functioning and impact of these investments seem not to work and the multiple challenges they might bring must be addressed under the “governance umbrella”.

This might suggest that not all available instruments are fully usable or might leave out aspects to address comprehensively domestic investments and associated issues. This could be because it will be very difficult to inform so many domestic investors or because many may lack the willingness and capacity to put such instruments into action. Thus, the most obvious and practical solution would be to translate existing instruments into national legislation and ameliorate the national ones, and implement them, especially the “more holistic tools” such as the VGGT that look more broadly to diverse governance issues beyond investments standards.

Finally, it was argued that there are other issues that should be taken into account especially when dealing with domestic investments such as land market dynamics and the appropriateness of business models which can improve local benefit sharing. Based on the contributions received and following the extensive exchanges among the participants of the workshop the following suggestions were made for future actions:

1. engage in additional research to better understand the characteristics and impact of domestic investments;
2. seek ways to engage with domestic investors to build awareness of responsible investment principles, ascertain whether existing instruments may be useful to them,
3. develop ways to assist domestic investors to make investments socially, environmentally and economically;
4. continue to support governments in developing countries to improve their legal frameworks regarding responsible investments in land and agriculture (e.g. policies, legislation and institutional capacity building for application).
## Annex 1. Agenda

<table>
<thead>
<tr>
<th>Time</th>
<th>Session</th>
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<tbody>
<tr>
<td>08:30-09:00</td>
<td>Registration and welcome coffee</td>
</tr>
<tr>
<td>09:00-09:15</td>
<td><strong>Word of Welcome by Leonard Mizzi</strong> (Head of Unit, DEVCO Unit C1 - Rural Development, Food Security and Nutrition)</td>
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<tr>
<td>09:15-09:30</td>
<td>Objectives of the seminar (Joachim Knoth, DEVCO/C.I)</td>
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<tr>
<td>09:30-12:00</td>
<td><strong>SECTION 1 – Domestic investments into land and agriculture</strong></td>
</tr>
<tr>
<td>09:30-10:00</td>
<td>Drivers, characteristics and impact of domestic investments into land and agriculture (Darryl Vhugen, Land tenure specialist)</td>
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<tr>
<td>10:00-10:15</td>
<td>Domestic land deals in the Land Matrix (Jann Lay, Land Matrix)</td>
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<tr>
<td>10:15-10:45</td>
<td>Q&amp;A</td>
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<tr>
<td>10:45-11:15</td>
<td>Coffee break</td>
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<tr>
<td>11:15-11:30</td>
<td>Helping countries generate the evidence base and policy dialogue to improve quality &amp; benefits from domestic investments (Tea Hilorst, World Bank)</td>
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<tr>
<td>11:30-11:45</td>
<td>Agrifii: A new EC instrument to invest in agriculture (Matthew Brooke, DEVCO.C1)</td>
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<tr>
<td>11:45-12:00</td>
<td>EIP: European Investment Plan and what it stands for (Jose Manuel Fernandez, DEVCO.C3)</td>
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<tr>
<td>12:00-13:00</td>
<td>Lunch</td>
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<tr>
<td><strong>13:00-17:30</strong></td>
<td><strong>SECTION 2. Instruments and tools available to guide, monitor and facilitate inclusive domestic investments in land and agriculture</strong></td>
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<tr>
<td>13:00-13:15</td>
<td>Introduction to the second section (Lorenzo Cotula, IIED)</td>
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<tr>
<td>13:15-13:30</td>
<td>Legal aspects of investments into land and agriculture (Lorenzo Cotula, IIED)</td>
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<tr>
<td>13:30-13:45</td>
<td>Q&amp;A</td>
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## AGENDA

<table>
<thead>
<tr>
<th>Time</th>
<th>Session</th>
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<tbody>
<tr>
<td>13:45-14:00</td>
<td>Support to Responsible Agricultural Investments in Ethiopia (S2RAI-ETH) (Christian Graefen, GIZ):</td>
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<tr>
<td>14:00-14:15</td>
<td>Land governance and investment for Agriculture (Francois Jean Luc, AFD)</td>
</tr>
<tr>
<td>14:15-14:30</td>
<td>Value chain development and impact on land governance: FAIR company-community partnership in Indonesia (Oxfam Novib)</td>
</tr>
<tr>
<td>14:30-14:45</td>
<td>Q&amp;A</td>
</tr>
<tr>
<td>14:45-15:00</td>
<td>Promoting land rights of women and counteracting corruption using participatory videos (Linda Ofori-Kwafo, Ghana Integrity Initiative/Transparency International)</td>
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<tr>
<td>15:00-15:15</td>
<td>Improving the governance of domestic investments in land: emerging experiences from the ILC network (Mike Taylor, ILC)</td>
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<td>15:15-15:30</td>
<td>TALA-Perspectives on domestic land based investments in Tanzania (Bernard Baha, NES facilitator/ILC)</td>
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<tr>
<td>15:30-15:45</td>
<td>Q&amp;A</td>
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<tr>
<td>15:45-16</td>
<td>Coffee break</td>
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<tr>
<td>16:17:15</td>
<td>SECTION 3. Plenary discussion: “Do existing instruments work, or are we facing new challenges?”</td>
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<tr>
<td>17:15-17:30</td>
<td>Conclusions (Lorenzo Cotula and Darryl Vhugen)</td>
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<td></td>
<td>Word of thank (Bernard Rey, DEVCO/C.1 Deputy Head of Unit)</td>
</tr>
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Annex 2. Presentations

The following workshop presentations were made:

1.1 Drivers, characteristics and impact of domestic investments into land and agriculture (Darryl Vhugen, Land tenure specialist)

1.2 Domestic land deals in the Land Matrix (Jann Lay, Land Matrix)

1.3 Helping countries generate the evidence base and policy dialogue to improve quality & benefits from domestic investments (Tea Hilorst, World Bank)

1.4 AgriFi: A new EC instrument to invest in agriculture (Matthew Brooke, DEVCO.C1)

1.5 EIP: European Investment Plan and what it stands for (Jose Manuel Fernandez, DEVCO.C3)

2.1 Legal aspects of investments into land and agriculture (Lorenzo Cotula, IIED)

2.2 Support to Responsible Agricultural Investments in Ethiopia (S2RAI-ETH) (Christian Graefen, GIZ):

2.3 Land governance and investment for Agriculture (Francois Jean Luc, AFD)

2.4 Value chain development and impact on land governance: FAIR company-community partnership in Indonesia (Oxfam Novib)

2.5 Promoting land rights of women and counteracting corruption using participatory videos (Linda Ofori-Kwafo, Ghana Integrity Initiative/Transparency International)

2.6 Improving the governance of domestic investments in land: emerging experiences from the ILC network (Mike Taylor, ILC)

2.7 TALA-Perspectives on domestic land based investments in Tanzania (Bernard Baha, NES facilitator/ILC)
Annex 3. European Investment Plan Brochure

See next page.
BUSINESS ENVIRONMENT AND INVESTMENTS IN FRAGILE COUNTRIES:

Foreign Direct Investment and other private financial flows have declined across developing countries since the 2008 financial crisis. **Only 6%** of overall Foreign Direct Investment to development countries goes to fragile countries (2012). Of those investments, as much as **72%** is concentrated in ten resource-rich countries.

The cost of setting up a business in fragile African countries is **3x higher** than in non-fragile African countries.
HOW WILL IT WORK?

The External Investment Plan will crowd in private investors, where viable business proposals meet social needs, and where limited public funds can attract private money. Take the example of female entrepreneurs: banks are often reluctant to lend to them, even if their ideas and business plans are solid. We can help them to start and grow their businesses by providing a guarantee to banks to lend to these entrepreneurs, as well as through technical assistance to the women entrepreneurs, such as advice and mentoring.

The Plan will encourage private investors to contribute to sustainable development in countries outside of Europe. The newly created European Fund for Sustainable Development (EFSD) will be the financing mechanism used to support investments by public financial institutions and the private sector.

With a contribution of €4.1 billion from the European Commission, the External Investment Plan is expected to leverage more than €44 billion of investments by 2020. To enhance the firepower and the efficiency of the new Fund, the Commission wants EU Member States and other partners to contribute.

The EU approach is in perfect harmony with the G20-Africa Partnership launched by the German Presidency of G20. It will strengthen sustainable private sector involvement, investments in infrastructure and renewable energies, and support sustainable economic development for growth.

THE EXTERNAL INVESTMENT PLAN WILL...

- Contribute to achieving sustainable development in our partner countries in a coherent and consistent manner.
- Mobilise investment and leverage funds, to reach countries where investments are currently difficult, and facilitate investments by private actors that would otherwise invest less or not at all.
- Target socio-economic sectors, in particular sustainable infrastructure (including energy, water, transport, information and communications technology, environment, social infrastructure, human capital), and provide finance for micro-, small- and medium-sized enterprises with a particular focus on decent job creation.
- Assist in developing economically and financially viable projects to attract investment.
- Help to improve the business environment in partner countries by supporting reforms and economic governance.
- Contribute to address the root causes of irregular migration and strengthen our partnerships in Africa and the EU’s Neighbourhood countries.
**HOW DOES THE EXTERNAL INVESTMENT PLAN WORK?**

<table>
<thead>
<tr>
<th>EUROPEAN FUND FOR SUSTAINABLE DEVELOPMENT (EFSD)</th>
<th>TECHNICAL ASSISTANCE</th>
<th>PROMOTING A CONDUCIVE INVESTMENT CLIMATE</th>
</tr>
</thead>
</table>

- The EFSD will be composed of two Regional Investment Platforms (Africa and the Neighbourhood). They will combine:
  - **EXISTING INVESTMENT FACILITIES** → €2.6 billion indicative budget
  - **EFSD GUARANTEE INSTRUMENT** → €1.5 billion

  The goal under this first Pillar of the External Investment Plan will be to provide a one-stop-shop for proposals from public development finance institutions and other interested public and private investors.

- The new EFSD guarantee will have a number of thematic or geographic investment windows, under which partial guarantees to investment portfolios will be provided.

- The objective is to leverage additional financing, in particular from the private sector, as the EFSD guarantee will reduce the risk for private investment and absorb potential losses incurred by financiers and investors.

- The second Pillar will be to step up technical assistance and help beneficiaries to develop financially attractive and mature projects – thus helping to mobilise more investments.

- The Commission has made available significant resources for technical assistance to help partner countries develop a higher number of attractive projects and make them known to the international investor community.

  - Technical assistance will also be available to improve the regulatory and policy environment and enhance the capacities of private sector representatives, including chambers of commerce and social partners, complementing the structured dialogue under the third Pillar.

- The third Pillar will be about improving the investment climate and business environment in our partner countries, with EU Delegations playing a key role, notably through:
  - Structured dialogues with businesses at country, sector and strategic levels, including through the promotion of European and local business fora;
  - Policy and political dialogues with partner governments to address key constraints to investment and promote good governance;
  - Support to regulatory, policy and governance reforms building upon market, sector and value-chain intelligence at country level;
  - Ensuring coherence with other EU policies and Member States’ initiatives.
EXAMPLES OF ELIGIBLE PROJECTS

The External Investment Plan builds on the European Commission’s previous experience in implementing eight regional investment facilities outside the EU. Since the creation of the first EU blending facilities in 2007, €3.4 billion of EU grants have leveraged €26 billion of loans with a total investment volume in partner countries of around €57 billion. These are examples of projects already supported by the EU, which will be stepped up with the help of the External Investment Plan:

**Women in Business Programme**

Female entrepreneurship plays a key role in creating jobs and driving economic growth in the Eastern Neighbourhood region. Female-run small and medium-sized enterprises (SMEs) often face reluctance from banks to lend to them as they are perceived as higher-risk customers. EU support provides partial risk cover to local banks to encourage the development of specific products that target eligible women-led SMEs as well as advisory services, training and support for women entrepreneurs and their businesses. Such actions will be expanded through the External Investment Plan.

| EU contribution: | EUR 4.8 million |
| Total investment amount: | EUR 54.3 million |
| Planned duration: | 2015-2023 |
| Lead financial institution: | EBRD |
| Region: | Eastern Neighbourhood |

**Sustainable Use of Natural Resources and Energy Finance (SUNREF)**

This initiative supports local capacities to appraise and finance energy efficiency and renewable energy projects offering credit lines to the private sector through the partner country’s local banking system, financing a large number of projects in East and West Africa. EU support is composed of technical assistance programmes to project developers, local service providers and the local partner bank and a performance-based investment grant scheme, to provide additional incentives to green investments.

| EU contribution: | EUR 26.2 million |
| Total investment amount: | EUR 431 million |
| Planned duration: | 2010-2021 |
| Lead financial institution: | AFD |
| Region: | East and West Africa |

**200 MW Wind Farm Project Gulf of Suez**

The 200 MW Wind Farm in the Gulf of Suez will use wind power to secure energy supplies by producing economically viable and environmentally sustainable electricity. The project will cover the electricity needs of about 370,000 consumers and support the Egyptian energy sector, where renewables currently account for only 1% of total capacity. The EU grant contributes to bringing generation costs down and preparing the sector for replication and private investment.

| EU contribution: | EUR 30 million |
| Total investment amount: | EUR 344 million |
| Planned duration: | 2015-2021 |
| Lead financial institution: | KfW, with EIB and AFD |
| Country: | Egypt |

**Lake Victoria Water and Sanitation Initiative (WATSAN)**

WATSAN is a regional initiative aimed at reversing the environmental deterioration of Lake Victoria and improving the living conditions in its basin. The initiative addresses the three countries sharing the lake coastline - Uganda, Kenya and Tanzania – and aims to provide access to safe drinking water and sanitation for about 3 million people. EU support includes technical assistance and grant support reducing the financial cost to the governments backing the project.

| EU contribution: | EUR 45 million |
| Total investment amount: | EUR 404 million |
| Planned duration: | 2010-2022 |
| Lead financial institution: | KfW, EIB and AFD |
| Countries: | Uganda, Kenya, Tanzania |

Annex 4. Value chain analysis brochure

See next page.
The European Commission proposal for a New European Consensus on Development highlights inclusive and sustainable growth and jobs as an overarching priority. In this context, sustainable agriculture, together with fisheries and aquaculture, remain a key driver for poverty eradication and sustainable development. The EU is committed to develop agricultural value chains which benefit the poor by taking advantage of the opportunities offered by local and global markets to create decent jobs and value added. It is also committed to the principles of Development Effectiveness on results, transparency and accountability.

The European External Investment Plan provides an integrated financial package to finance investments, based on three pillars: investment funds, technical assistance, and the investment climate and policy environment. The AgriFI initiative promotes blended finance to increase investment in smallholder agriculture and micro, small and medium enterprises (MSMEs).

Value chains: a major channel for agricultural development

VCs are framed around the sequence of production processes from the initial primary agricultural production to its end use: “from farm to fork”.

VCs constitute strategic productive systems relevant for fostering agricultural-based activities through investment and policies engaging farmers and business.

VCA4D responds to the need for quantitative data and evidence-based indicators to inform decision-makers. These elements are often lacking. It provides a detailed assessment of a VC’s operation and its impact on the main economic, social and environmental dimensions of sustainable development.

The VCA4D does not seek to establish a single indicator or a ranking of value chains. It intends to deliver evidence-based analytical content rather than a definite performance appraisal, so as to inform decision-makers and allow them to make their own judgement. It starts with an overall understanding of the VC dynamics (a functional analysis) in order to respond to four framing questions (Figure 1).

Figure 1: Four framing questions

<table>
<thead>
<tr>
<th>What is the contribution of the VC to sustainable economic growth?</th>
<th>ECONOMICS</th>
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<tbody>
<tr>
<td>Is this economic growth inclusive?</td>
<td>ECONOMICS SOCIAL</td>
</tr>
<tr>
<td>Is the VC socially sustainable?</td>
<td>SOCIAL</td>
</tr>
<tr>
<td>Is the VC environmentally sustainable?</td>
<td>ENVIRONMENT</td>
</tr>
</tbody>
</table>
Functional analysis

Functional analysis gives an overall understanding of how the VC is organised (actors, governance...) and how it operates. It encompasses three main areas:

- **Overall description and mapping of the VC system**: identifying all the actors, indicating geographic distribution of activities and quantifying flows (Figure 2)
- **Main features of technical diagnosis**: typologies of production entities (farmers, MSMEs, etc.) and service providers; benchmarking; synthesis of key known physical and technological constraints and risks
- **Understanding the governance**: structural analysis (e.g. concentration of activities in oligopolies or oligopsonies); general organisation and forms of coordination, information flows, power relations; regulatory and policy framework

**Framing question 1: What is the contribution of the VC to sustainable economic growth?**

Standard tools of economic analysis are called for to estimate critical indicators for overall domestic growth, production entities performance and national economy. Actual precision depends on data availability, but only robust orders of magnitude are required. Main items expected are:

- **Total Value Added** (in contribution to GDP) to assess the economic importance of the VC within the economy
- **Micro perspective** on financial viability and profitability for the VC actors (in production accounts per type of actor)
- **Macro perspective** at key levels (impact on balance of trade; impact on public funds balance; and competitiveness and sustainability within the international economy through the Domestic Resource Cost ratio)

**Figure 2: Flow chart of a tomato value chain**

**Framing question 2: Is this economic growth inclusive?**

Simple indicators show how growth generated by the VC activities is beneficiting the different population groups, businesses and service institutions. This highlights actual impact of VC development on poverty alleviation and its potential as a driver for economic development (Figure 3). Main items expected are the **distribution of value added** (in income of actors) and **job creation** (in number of jobs at the different stages of the VC).

**Figure 3: Value added and income distribution**

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**Figure 2: Flow chart of a tomato value chain**

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**Figure 3: Value added and income distribution**

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<table>
<thead>
<tr>
<th>Value of VC production</th>
<th>Value added</th>
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<tbody>
<tr>
<td>Land owners</td>
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<tr>
<td>Farmers</td>
<td></td>
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<tr>
<td>Workers (wages)</td>
<td></td>
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<tr>
<td>Processors</td>
<td></td>
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<tr>
<td>Traders</td>
<td></td>
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<tr>
<td>Banks</td>
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<tr>
<td>Government (taxes)</td>
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<tr>
<td>Imports</td>
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**Suppliers of local material, agro-input dealers, equipment rental Government services, banks, private credit suppliers**
Framing question 3: Is the VC socially sustainable?

A set of questions guides the analyst in understanding the main constraints and outcomes for social sustainability in agriculture and rural territories.

- **Working Conditions**: labour rights, child labour, job safety, attractiveness
- **Land and Water Rights**: voluntary guidelines, transparency and consultation, equity and compensation
- **Gender Equality**: participation in VC, access to resources, decision-making, empowerment, division of labour
- **Food and Nutrition Security**: availability, accessibility, utilisation and nutrition, stability
- **Social Capital**: producer organisations, information and trust, social involvement
- **Living Conditions**: health services, housing, education

Emphasis is on identifying areas where negative social effects or risks of social difficulties appear, as well as sensitive knowledge-poor areas which should be investigated in greater depth. VCA4D uses a simple “radar” chart which shows the **scores for six domains** (Figure 4). Over time, the evolution of this diagram helps shed light on changes.

Framing question 4: Is the VC environmentally sustainable?

Environmental performance of the VC operation is assessed using the Life Cycle Assessment (LCA – ISO normed) multi-criteria approach. It measures resources used and substances emitted throughout all the stages of the VC. It reviews their impacts on a set of environmental categories, such as water and land use, eutrophication, resource depletion, presence of toxic material and release of carbon equivalent (Figure 5). This then informs on potential damages, risks or benefits for human health, resource depletion and ecosystem quality.

![Figure 4: Social Profile radar chart](image-url)

![Figure 5: Framework for a Life Cycle Assessment](image-url)
Illustration: Main conclusions of a Rice Value Chain Analysis in a West African country

The Economic Analysis indicated that several years of tax exemption on rice importation did not result in a reduction of prices for the consumer, leaving the margins earned by the small number of importers (an oligopsony) high.

The Social Analysis indicated the risk of smallholders being removed from their land by companies in areas where cultivation is done with total water control under existing weak land tenure rules.

The Environmental Analysis showed that the greatest impact arises during the cropping stage (in the fields) through emissions and the use of inputs. Among the cultivation systems in place, those with total water control and rainfed practices are more adapted to addressing the main environmental challenges of water and climate change.

Implementing VCA4D

EU Delegations and partners make requests for value chain analyses to help them invest in value chains and inform policy dialogue. Applying the same methodology will allow lessons to be learnt. In some cases, providing regular VCA4D support will enable impact to be tracked over time.

To carry out this work, DEVCO has set up a partnership with AGRINATURA, the European Alliance on agricultural knowledge for development. AGRINATURA is a grouping of 27 European universities and research organisations (see www.agrinatura-eu.eu). For each VC analysis, an interdisciplinary team of people works in an integrated way and with a collaborative participatory mindset, mixing international and national expertise (economist, social analyst, environmental expert, technical experts as needed).

VCA4D includes the use of three software packages for the economic and functional analysis (AgriFood value chains Analysis – AFA), the social analysis (Social Profile) and the LCA analysis (Simapro or equivalent).

VCA4D will build a database of knowledge on agri-based VCs and will draw lessons and guiding principles for relevant interventions and policies.
Annex 5. Participant List

See next page.
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<td>Javier Cruz</td>
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<td>BOCHE</td>
<td>Mathieu</td>
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<td>Harold</td>
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<td>Jose Manuel</td>
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“Responsible land governance and domestic investments into land and agriculture: do existing instruments work, or are we facing new challenges?”

Workshop

Signature list

Brussels 29 June 2017

Venue: Marriott Hotel Grand Place, Rue Auguste Orts 3-7, 1000 Brussels

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