

LEGEND

*Land: Enhancing Governance
for Economic Development*



Responsible land investment in sub-Saharan Africa

Six insights from the private sector

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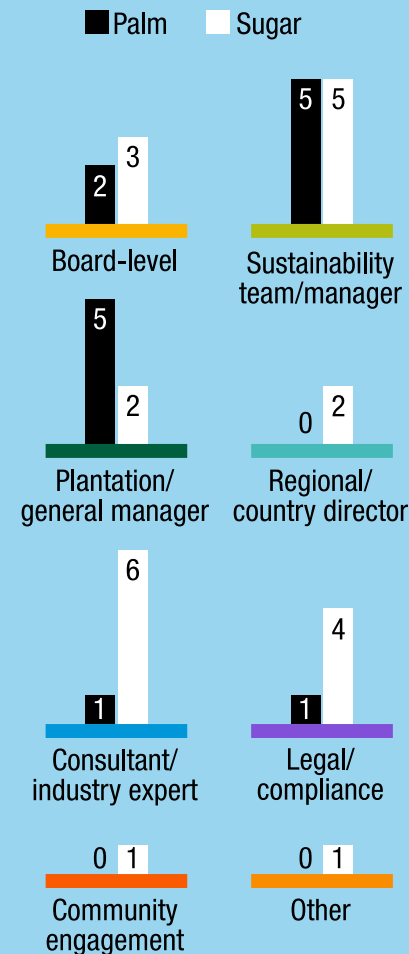
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SIX INSIGHTS from interviews with 37 responsible land investors

- 1) Go beyond national level legal compliance
- 2) Local communities = primary counterparties for negotiation
- 3) Gear incentive structures within companies towards RLI
- 4) Use the leverage of the financial sector to emphasise social impact
- 5) Align and combine industrywide standards and guidance
- 6) Transparency and collaboration is needed to turn practice into policy

INTERVIEWEES

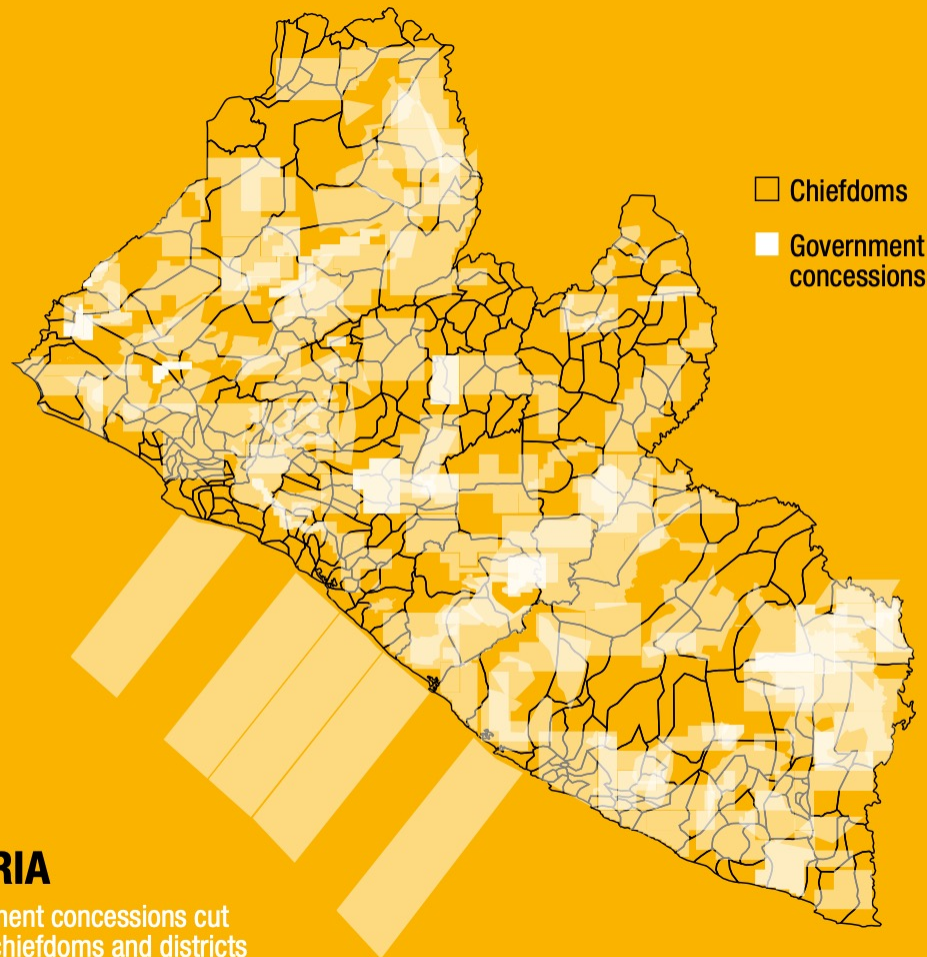
by job description



INSIGHT 1 Go beyond national level legal compliance to engage with local institutions and actors

Adherence to national legal standards is clearly insufficient. But companies often only pursue formal channels towards acquiring land, e.g. by completing desk-based ESIs that may fail to recognise local people affected by an investment. **Fragmented governments and vested interests** also heighten the risk of following such procedures.

Local institutions can be engaged in an appropriate way by identifying legitimate gatekeepers, e.g. through screening processes that unpick local power dynamics and relations.



LIBERIA

Government concessions cut across chiefdoms and districts

INSIGHT 2 Recognise communities as the primary and level counterparties for negotiation

Trust communities as the primary counterparties rather than fulfilling high-level legal or procurement box-ticking exercises

CSOs and independent legal advice ensure transparent and equal negotiation with communities by ensuring free, prior and informed consent (FPIC) and providing insight into community dynamics

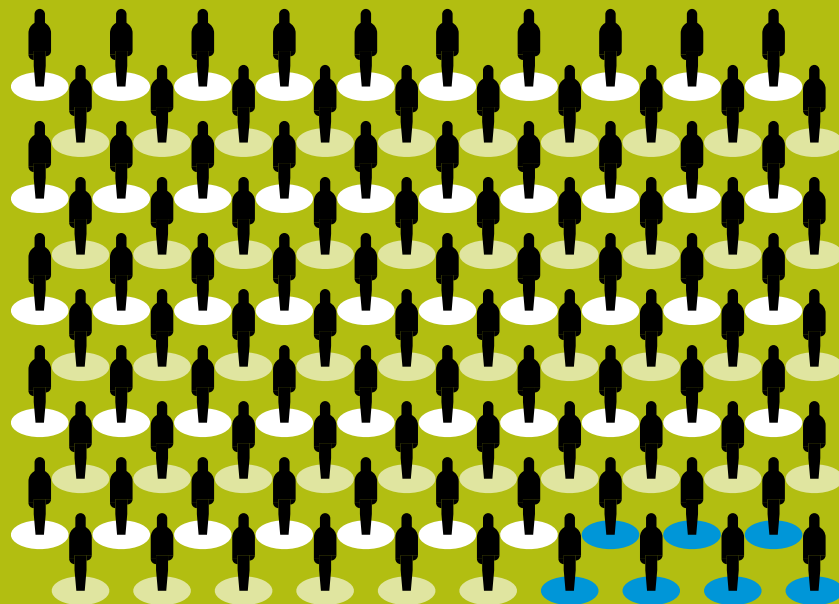
Call on international organisations and mediators when there is a lack of local CSOs or service providers, or when confronted with irreconcilable demands

LAND CONCESSIONS ARE MOSTLY INHABITED

93%

**OF LAND CONCESSIONS IN AGRICULTURE,
MINING, FORESTRY OR OIL/GAS ARE INHABITED**

based on an analysis of 73,000 concessions in eight countries



LESSON 2 Social engagement:

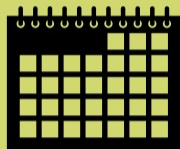
WHAT IS FPIC?

FREE



Free from manipulation or coercion

PRIOR



Occurs in advance of any activity associated with the decision being made and allows adequate time for traditional decision-making processes

INFORMED



Facilitates the sharing of objective, accurate, and easily understandable information

CONSENT



Allows communities to approve or reject a project

HOW COMPANIES CAN ACHIEVE FPIC

1
?

Identify who is affected by the project

2



Document geographic and demographic information through participatory mapping

3



Design a participatory communication plan and carry out iterative discussions, including with specific groups affected by the investments

5



Ensure counterparties receive independent legal advice

4



Negotiate with legitimate and representative community leaders, understanding that both sides should be able to walk away if necessary

6



If consent is reached, document needs that are to be included in the project, and agree on a feedback and complaints mechanism

7



Conduct participatory monitoring and evaluation of the agreement

INSIGHT 3 Gearing incentive structures within companies towards RLI

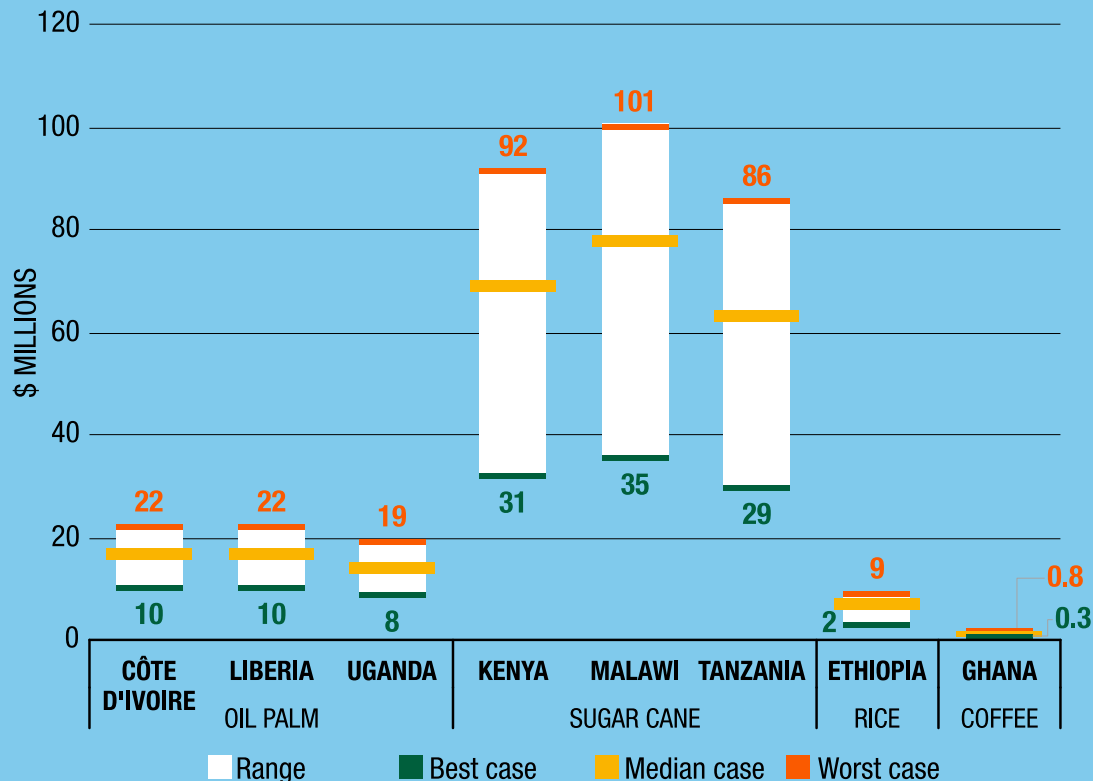
The business case for RLI is becoming clearer, especially in terms of reduced operational risks and securing a 'social license to operate'

Articulate linkages between secure land rights and other sustainability issues more clearly

Adjusting organisational and incentive structures towards sustainability in practice at board, corporate, operational, and plantation level

QUANTIFIED OPERATIONAL RISK THAT COMPANIES COULD FACE DUE TO TENURE DISPUTES

Modelled using the Tenure Risk Tool using real data by companies across locations and commodities



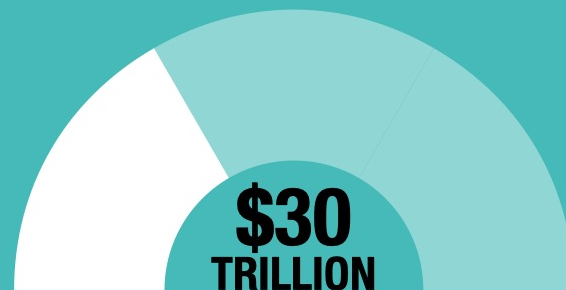
INSIGHT 4 Use the leverage of the financial sector to emphasise social impact

Recognise the positive impact that respecting legitimate land rights has on securing long-term returns at a time of growing, long-term risks. Use this to take advantage of the **increasing demand for investments that satisfy the 'triple bottom line' of improving profit, people and the planet**

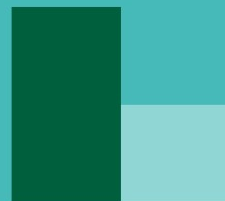
Align criteria of sustainability/ESG loans with RLI principles and ensure they are applied to local banks and microfinance institutions

Guarantee upfront and blended finance, including local currency for smallholders

INFLUENCE OF SOCIAL IMPACT INVESTMENT FUNDS



A third of global investable assets is managed by socially responsible vehicles



Millennials are twice as likely as older people to invest in companies based on their reputation on social and environmental outcomes



have signed on to the Equator Principles, which include FPIC commitments for project-related finance

INSIGHT 5 Align and combine industry-wide standards and guidance

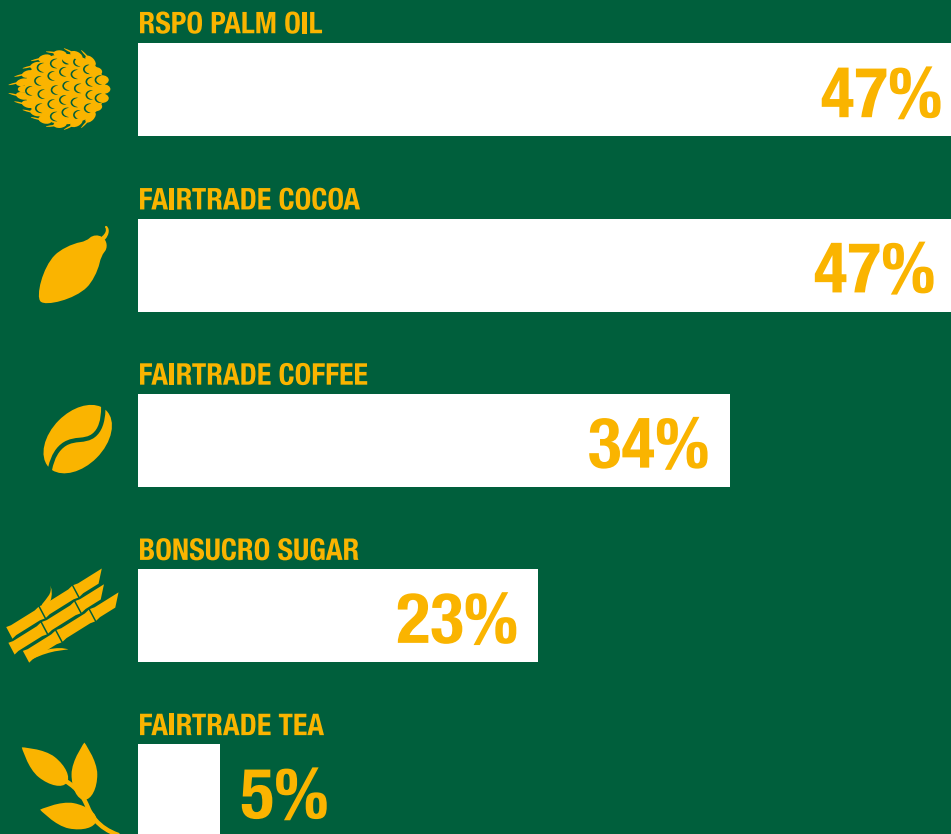
Recognise industrywide certification as an important pathway towards RLI as this has, so far, been the most common incentive for companies to invest in land responsibly

Ensure certification schemes are aligned with best practice standards and guidance. Many certification schemes do not use international standards or insist on 'policy commitments'

Monitor company performance beyond the processing level by adopting new technologies to assess operational impact

CERTIFIED PRODUCTION

Sold at premium price, indicating lack of demand for responsibly sourced crops



INSIGHT 6 Transparency and collaboration is needed to turn practice into policy

Sharing positive lessons of RLI with each other to increase the uptake of good practice. There is an imbalance between negative experiences compared to positive examples, limiting the ability of sustainability teams to make the business case to their managers.

Support local business partnerships and wider dissemination of materials as there are few examples of positive collaboration between companies or of how successful outcomes were achieved. Ones that exist are inaccessible to small- and medium-sized companies that form the invisible backbone of agricultural supply chains.

Collectively lobby government to localise investment approval processes and build capacity.

Companies we spoke to are in favour of anchoring RLI principles in improved investment approval procedures to 'level the playing field' and prevent a 'race to the bottom'. But the lure of attracting investment means there is often a lack of political will, nor are improved procedures enforced due to lack of – particularly local – government capacity. Companies can help governments design economic development initiatives and PPPs.

POSITIVE RLI EXAMPLES

AFRICA Investments where companies have adopted or readjusted business practices to respect legitimate land rights

SIERRA LEONE

Natural Habitats & Goldtree

Re-negotiating leases with communities and carrying out participatory mapping

COTE D'IVOIRE

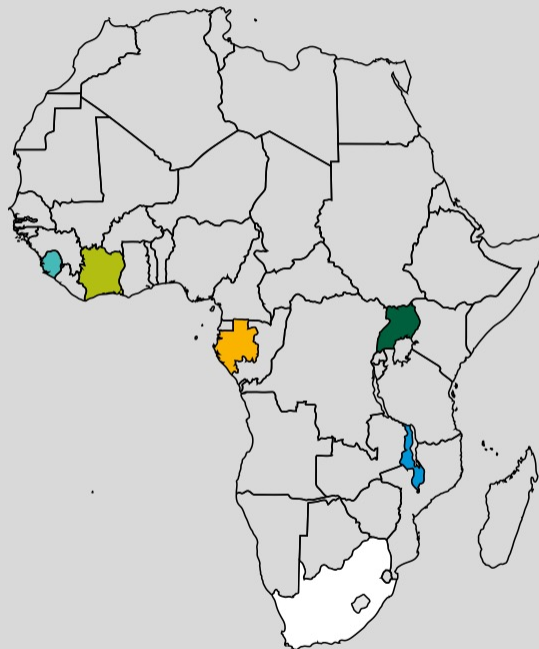
Dekel

Adjusting business model to source from ~23,000 smallholder farmers rather than from planned nucleus estate

GABON

Olam

Walking away from original concessions after screening process



UGANDA

IFAD/Bidco

Calling on IFC Ombudsman to settle land dispute

MALAWI

Agricane

Phata Cooperative – securing community land rights through inclusive development

SOUTH AFRICA

RCL Foods

Joint venture farms with communities to address land restitution