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Summary report

Technical workshop on principles guiding new investments in agriculture

Accra, 29-30 September, 2015



1. Introduction

A technical multi-stakeholder workshop on responsible investment in agriculture was held in Accra, from 29 to 30 September 2015, by FAO, IFAD, UNCTAD and the World Bank. Over 60 people including representatives of the government, private sector, civil society, development partners and international organizations participated in this workshop.

The workshop, conducted under the programme *Pilot use of principles guiding new investment*, was the third since the inception meeting held in Tanzania in January 2015. It was organized by the Inter-Agency Working Group (IAWG) comprising the Food and

Agriculture Organization of the United Nations (FAO), the International Fund for Agricultural Development (IFAD), the United Nations Conference on Trade and Development (UNCTAD) and the World Bank in cooperation with the Ministry of Food and Agriculture (MOFA) of Ghana. The programme aims to infuse responsible investment principles and practices into early stage agribusiness operations and ensure mutually beneficial interaction between these operations, the communities in which they take place, and the economy as a whole. Practical guidance, tools, processes and procedures will be generated, as well as recommendations and practices that can be used at the early stages of future investments.

The programme also contributes to awareness raising at the national level and encourages inclusive discussions on what responsible investment in agriculture means for different stakeholders in different contexts. Participants in technical multi-stakeholder workshops are familiarized with the IAWG research programme and findings of research on agricultural investment as well as existing international guidance instruments. Finally, policy recommendations relevant for responsible agricultural investment are generated.



2. Agricultural transformation requires responsible investment

In his opening remarks, the FAO Representative in Ghana, Dr. Haile Gabriel Abebe pointed out that sustainable development and food security require a massive injection of public and private investment in agriculture. The Deputy Minister for Crops, Hon. (Dr.) Ahmed Yakubu Alhassan stated that the government of Ghana sees agricultural investment as key for development. The agricultural sector accounts for around 22 percent of Ghana's GDP, employs a majority of the rural poor, and contributes substantially to the country's export revenues. The agricultural potential is enormous and the government is committed to encourage and stimulate investment into the sector. While mining and service sectors continue to dominate investment flows in Africa, agricultural investment has increased substantially during the last decade.

Most of the world's poor people live in rural areas and depend on agriculture for a substantial share of their livelihood. Investment in agriculture can be twice as effective in poverty reduction as investment in non-agricultural sectors. Much more investment in infrastructure, technology and innovation are needed in diverse systems ranging from traditional food production to emerging agribusinesses. Nevertheless, investment is not enough on its own. Investment that flout international standards and domestic laws can cause irreversible damage to local communities and the environment. Responsible investors must adhere to national laws and international norms and guidelines on social and economic rights and sustainable development. To contribute to improved livelihoods and food security, investment must also include those who need them most – the poor and food insecure.

3. Guidance instruments for responsible investment in agriculture

A growing trend of large-scale agricultural investment has prompted the development a wide array of international guidance instruments. The Committee on World Food Security (CFS), composed of governments, representatives of civil society and the private sector, agreed on Principles for Responsible Investment in Agriculture and Food Systems (CFS RAI principles) in 2014.

The CFS RAI are based on international conventions as well as land and agricultural specific guidance such as the Voluntary Guidelines on the Governance of Tenure of Land, Fisheries and Forestry (VGGT) and the Principles for Responsible Agricultural Investment that Respects Rights, Livelihoods and Resources (PRAI). FAO and OECD have developed Guidance for Responsible Agricultural Supply Chains to help agribusinesses apply such standards in practice. At the regional level, the African Union, the African Development Bank and UNECA work with governments and other partners in the Land Policy Initiative to promote inclusive investment.

While these instruments are different in terms of scope and target audiences, they are based on similar core values including respect of legitimate tenure rights, food security, good governance, transparency, consultation, shared benefits and environmental sustainability.

Although these instruments are voluntary, they constitute an emerging global consensus on what broadly constitutes responsible agricultural investment. They can be incorporated into existing national regulatory frameworks, business plans and daily operations of agribusinesses, and be used for the advocacy work of civil society organizations.

Aware of the risks of large-scale land-based agricultural investment, such as displacement of local populations and negative environmental impacts, government ministries and agencies are applying principles for responsible investment in their work. The Agribusiness Unit of the MOFA is for example coordinating the development of an Investment Guide for the Agricultural Sector in cooperation with the Ghana Investment Promotion Center (GIPC) and the Japanese International Cooperation Agency (JICA). The guide will provide directions to businesses to ensure that their projects are aligned with national policies and legislation. During the consultative process of developing the guide, national policies and laws will also be screened with the aim to make recommendations for incorporation of the CFS RAI and the VGGTs. The Ghana Commercial Agriculture Project (GCAP) of the MOFA has also worked with the World Bank to develop a Model Lease Agreement and guidance for land leases.

To have an impact in practice, guidance instruments must be adapted to different local contexts and “owned” by stakeholders on the ground. Therefore a large part of the workshop was devoted to discuss what responsible agricultural investment meant for the participants of the workshop.

4. Investment decisions based on empirical evidence

Many stakeholders have shown an interest in applying international guidance standards such as the CFS Principles for Responsible Investment in Agriculture and Food Systems (CFS RAI), but guidance on how to apply them in practice is needed.

Such guidance should be based on a growing body of research on trends and impacts of investment in developing country agriculture. The IAWG is helping to fill knowledge gaps on larger-scale agricultural investment and how to ensure that mutual benefits of such investment are maximized while risks are minimized. As in many developing countries, farmers and small and medium enterprises account for a major share of agricultural investment in Ghana. Larger private corporate actors, despite their lower share in overall agricultural investments, also play an important role since they may provide services and goods such as financial capital, new technologies, added value and access to new markets, that other actors may not be able to provide. Meanwhile, some types of investment, such as large scale land acquisitions, also carry significant risks for affected communities, the host government and the investor.

Many challenges facing larger-scale investment in agricultural production could be minimized if appropriate measures were taken at an early stage in the project cycle. The IAWG's current programme therefore aims specifically at developing knowledge, tools, instruments, processes and procedures which can be used in the early phases of investments, in particular in the identification, design and planning phases.

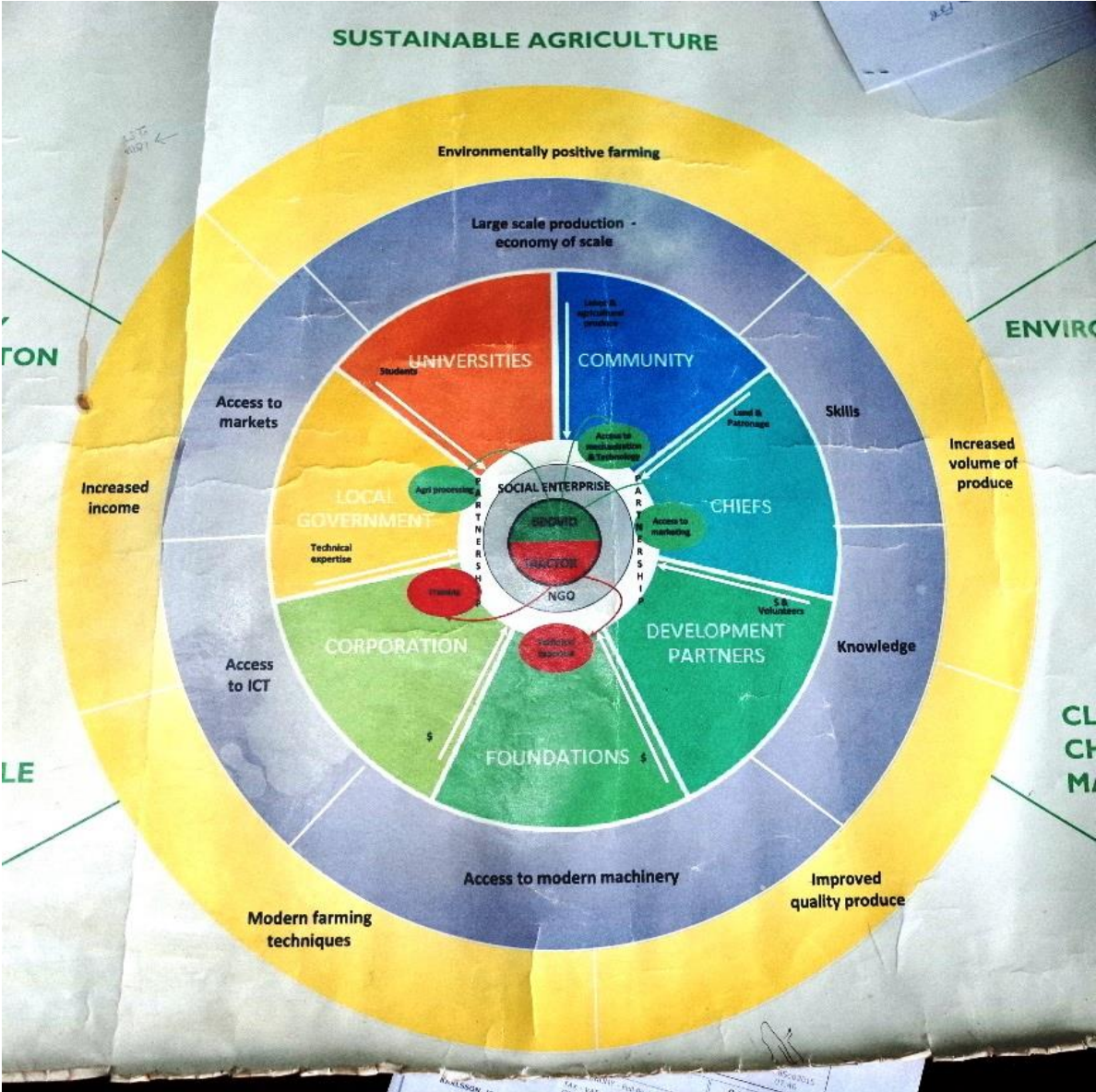


5. Responsible agribusiness conduct in Ghana

Investment in cash crops such as cocoa, palm oil, rubber and cotton has a long history in Ghana and has been debated and researched for many years. While some investment projects have failed in social, environmental and financial terms, promising examples exist. Representatives of agribusiness operations presented how they worked in Ghana to ensure social, environmental and economic sustainability of their operations. Many of their actions corresponded to the contents of various international guidance instruments.

A palm oil company for example presented how it shared net profits with outgrowers and provided training on sustainable production methods. Aware of the risk of relying on a single cash crop for one's livelihood, the company also encourages and trains communities to diversify their livelihoods. It strives to develop local value chains for both staple and high value food products that would further increase cash incomes of producers, availability of fairly priced and nutritious food for consumers and substitute expensive food imports. The company worked closely with an associated NGO as well as the Ministry of Food and Agriculture and has activities that specifically target young people and women.

Other illustrative examples were presented by a shea butter company that explained how it incorporates women's empowerment, decent work, community development initiatives and protection of ecosystems into their business model. A forestry company furthermore stated that benefit sharing arrangements, regular dialogue and a formal grievance mechanism enhanced trust and mutual understanding between the company and the communities.



Increased cash incomes of workers and outgrowers involved in the respective investments had enhanced their access to food, health care and children's education. Open and genuine dialogue, respect of tenure rights, public-private cooperation and involvement of smallholder organizations or NGOs were examples of success factors behind these investments.

The GIPC also provided examples of successful agribusinesses. A nucleus estate with outgrower model had been able to generate good livelihood opportunities and technology transfer to rural communities. A large fair-trade labelled plantation had brought decent jobs to a community that were in line with guidance instruments that promote responsible investment in agriculture.

6. Challenges and opportunities at the national level

Ghana has excellent agro-ecological potential and a growing urban population which provides input and output market opportunities. Yet, the country cannot meet its demand for food and non-food agricultural products. To transform the sector, challenges such as poor infrastructure, unequal access to land and inputs, and low labour productivity must be overcome.

Many government ministries and agencies are mandated to promote desirable forms of agricultural investment. As mentioned above, the Agribusiness Unit, GCAP and GIPC are providing country specific guidance that is in line with international guidance instruments on responsible investment. The GIPC works to create synergies between the public and the private corporate sector and works to ensure that agribusinesses contributes to employment, technology transfer, market development and market access, and adhere to national law. GCAP seeks to develop the agricultural sector, promoting public private partnerships in infrastructure development by provision of grants as well as commercialization along various value chains. Mutually beneficial outcomes can be created by ensuring that smallholders are being included in value chains through fair contract farming and outgrower schemes. The Agribusiness Unit of the MOFA is also supporting local small and medium agribusinesses as well as farmers in this regard.

Coordination between different government ministries and agencies could be strengthened to avoid overlaps and ensure synergies. The process to develop and apply the Investment Guide for the Agricultural Sector may provide good opportunities for strengthening coordination. Increased communication between different stakeholder groups – including *inter alia* government, development cooperation partners, private sector and civil society – was also seen as a key factor for promotion of responsible agricultural investment in the country.

As an example of a development partner, IFAD provides finance to the agricultural sector with a focus on pro-poor value chain development and encourages mutually beneficial partnerships between the public and private corporate sector and small rural producers. Priority is given to low-income groups and value chains that include women and young people. IFAD also works with customary and state institutions, civil society and farmer's associations on awareness raising and capacity development.

Producer organizations can play an important role in defending the interests of agricultural producers, and enable them to participate and benefit from value chains by reducing transaction costs. The Ghana Federation of Agricultural Producers (GFAP) composed of national Farmer Based Organizations works with awareness raising and advocacy for good agricultural practices and policies and for the involvement of farmers in the country's development process. GFAP liaise with research institutions, businesses and government to improve productivity, provide support services and improve rural infrastructure. It is also monitoring the government's effort to fulfil its commitment to the Maputo and Malabo declarations.



The average age of a farmer in Ghana is 55 years old. Meanwhile, youth unemployment is a major problem in the country. Many young people are unable or unwilling to engage in the agricultural sector. The Ghanaian branch of the Concerned African Youth Forum (CAYF)

provided recommendations and practical examples of how young people could be empowered to play a leading role in agricultural development. According to CAYF, problems with social inequality and poor enforcement of land rights, underinvestment, and the misconception among many young people that agriculture is an outdated profession keeps youth away from the sector.

7. Conclusions and recommendations

Many workshop participants stated that they enjoyed to meet people from other sectors and would like to see more events of this nature. For some participants, it was the first time they had the opportunity to meet and discuss with high level government representatives. Increased communication between different government ministries and agencies and between government, the private sector and civil society and representatives of communities was seen as a key factor for promotion of responsible agricultural investment in the country.

While many stakeholders are making strenuous efforts to increase the volume and quality of investment in Ghana's agricultural sector, it was suggested that better coordination within and between sectors is needed to avoid overlaps and ensure synergies. Further opportunities for multistakeholder dialogue may help in this regard. It was also suggested that communication between central government and communities and organizations based in rural areas could be improved.

Many participants agreed that the involvement of young people is paramount for the development of Ghana's agricultural sector. As a concrete result of the workshop, FAO plans to organize a Fair on Investing in Youth for Agricultural Growth and Development, together with youth groups and other partners. The objective is to provide a platform for: policy dialogue and information exchange; promotion of good practices on the inclusion of youth in the African region; engaging the private sector to support activities for youth employment generation; and improving youth access to knowledge and information networks on agricultural technology.

Gender inequality was also presented as an impediment to sustainable rural development. While women are often responsible for production of food for household consumption, their access to inputs and finance is often very limited. Moreover, their rights to land are often not respected. It was stated that more efforts to enhance women's involvement in decisions over investment are needed.



Information systems providing for example data on markets, land availability and land use, may also be improved. Some participants stated that adherence to land laws and land use plans was inadequate. The launch of a comprehensive and participatory land use plan with proper inventory and zoning was being requested.

The government is currently engaged in a number initiatives to incorporate principles for responsible investment in agriculture into laws and policies. It is important that the work of different government ministries and agencies – such as the GFAP’s work on a Model Lease Contract and the Agribusiness Unit’s development of the Agriculture Investment Guide – is well coordinated. The ability to monitor and evaluate smallholder investment, public investment and private corporate investment may also be strengthened. It was suggested that the Ghana Social Accounting Matrix may also be updated to enable evaluating the implementation of responsible investment principles, including both direct and longer term and indirect social and environmental impacts.



Knowledge on good agricultural practices and basic marketing must be strengthened. It was argued that access to basic and advanced training on agriculture and on financial literacy is very limited. Both public and private institutions could do more to provide finance, and work together to provide risk management insurance for the agricultural sector, to boost the investor confidence of both smallholders and businesses. More resources for agricultural extension and technology transfer were also requested. There are good examples of public-private cooperation on provision of training on livelihood diversification strategies in rural areas. Increased public-private cooperation in general was requested as it could increase the volume of investment and help to replicate and scale up successful approaches.

More investment in infrastructure, storage and processing facilities is also needed to add value and develop value chains. In a context of rapid urbanization, there is clearly a business case for the development of local food value chains that can increase the incomes of rural producers and small businesses and the access to fairly priced and affordable food for urban consumers.

Companies gave recommendations on how to succeed at the project level. For example, open and genuine dialogue, respect of tenure rights, benefit sharing schemes, and cooperation with smallholder organizations or NGOs could ensure mutual beneficial outcomes. Different types of business models, from joint ventures between farmers and agribusiness companies, contract farming and nucleus estate with outgrowers to larger plantations were discussed. However, business models which take the interests and

capacities of both smallholder producers and investors into account can increase the chance of success.

The IAWG stands ready to support continued discussions and provide technical guidance on responsible agricultural investment in Ghana. More empirical evidence on what works and what does not work in Africa in general and Ghana in particular is also needed. The programme ***Pilot use of Principles Guiding New Investments in Agriculture*** will contribute in this regard and the IAWG will be pleased to share learned lessons as the programme continues.

Material from the workshop can be downloaded here:

<http://www.fao.org/economic/est/issues/investments/prai/workshop-rai/en/>

