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**IFAD**

Enabling poor rural people  
to overcome poverty



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**Summary report**  
**Technical workshop on principles guiding new investments in agriculture**  
**organized by the Inter-Agency Working Group (IAWG)**

23-24 April 2015  
VIP Grand Hotel, Maputo



## 1. Introduction

The Inter-Agency Working Group (IAWG) of FAO, IFAD, UNCTAD and the World Bank launched the program ***Pilot use of Principles Guiding New Investments in Agriculture*** in January 2015. Its aim is to test principles for responsible agricultural investment with early stage agribusiness operations in partner countries of the New Alliance for Food Security and Nutrition, and infuse responsible principles and practices into these agribusinesses. Practical guidance, tools, processes and procedures will be generated, as well as recommendations and good practices that can be used at the early stages of future investments.

A series of multi-stakeholder workshops will be held in the participating countries. After the initial workshop in Dar-es-Salaam, United Republic of Tanzania, in January, the second workshop was held in Maputo, Mozambique on 23-24 April 2015. The objectives were to:

- 1) Familiarize participants with the IAWG research program, findings of research on agricultural investment and existing international guidance instruments;
- 2) Identify context specific knowledge gaps and priority areas of different stakeholders that may be used for:
  - the development of awareness raising and capacity development activities
  - the design of field research; and
  - the generation of policy recommendations on promotion of responsible agricultural investment
- 3) Contribute to the establishment of a community of practice with national stakeholders for cooperation on further capacity development activities and informed discussions on agricultural investment.



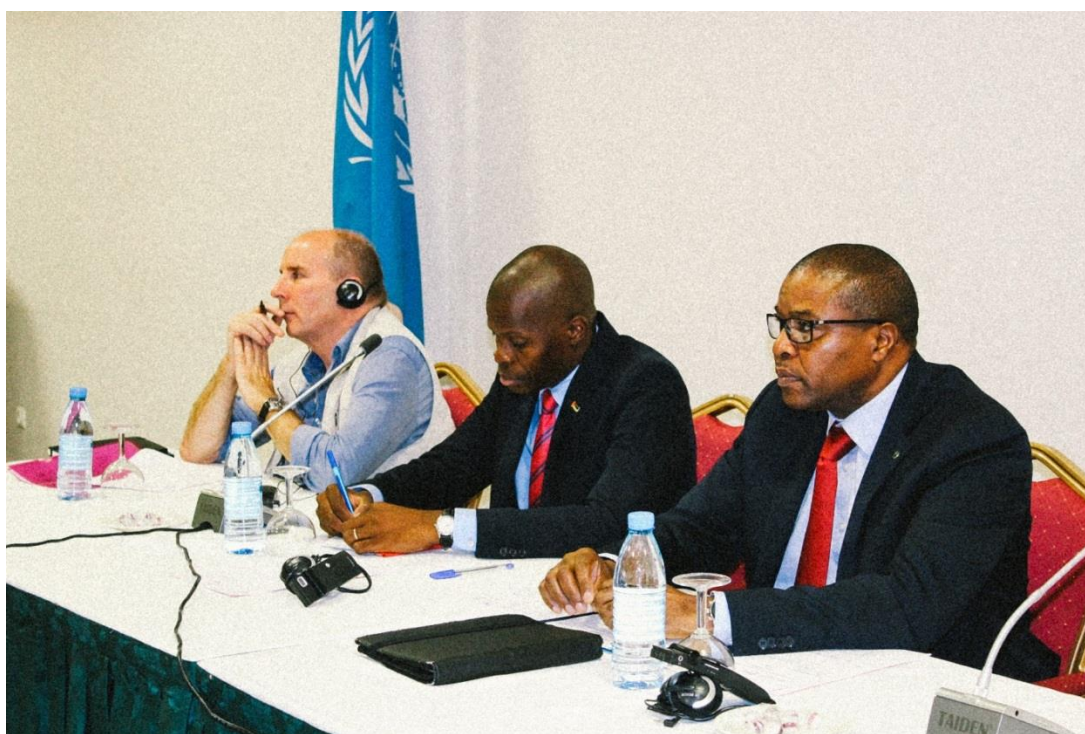


## 2. The importance of investment in Mozambique's agricultural sector

Over 80 people including representatives of the government, private sector, civil society, academia, development partners and international organizations participated. The presentations from the workshop can be downloaded here:

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

Mr Castro Camarada, the FAO Representative in Mozambique, opened the workshop and stressed the importance of improved agricultural performance in agriculture for poverty reduction and increased supply of nutritious and affordable food for the growing population. This requires more investment in agriculture, carried out in a responsible manner. In his keynote address, Mr Ilídio Miguel, the Inspector General of the Ministry of Agriculture and Food Security, stated that “investing more – and in better ways – in agriculture will be the most efficient and fastest way to eradicate hunger and poverty”. He also made clear that the success of investment depends on the involvement of all stakeholders.



## 3. International guidance instruments for responsible investment in agriculture

There is no standard solution for increasing the volumes of agricultural investment in a country and ensure that such investment is carried out responsibly. However, a number of international guidance instruments have emerged during the last several years, including *inter alia*: the Voluntary Guidelines on the Governance of Tenure of Land, Fisheries and Forestry (VGGT); the Principles for Responsible Agricultural Investment that Respects Rights, Livelihoods and Resources (PRAI); the CFS Principles for Responsible Investment in Agriculture and Food Systems (CFS RAI); and the FAO-OECD Guidance for Responsible Supply Chains, currently in development. The instruments are different in terms of scope and target audiences but are based on similar core values including: respect of legitimate tenure

rights; the right to food; good governance; consultation; shared benefits; and environmental sustainability.

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

To have impact in practice, international guidance instruments for responsible agricultural investment must be adapted to different contexts and “owned” by stakeholders on the ground. Therefore a large part of the workshop was devoted to what responsible agricultural investment meant for the participants of the workshop and which constraints and opportunities they saw in the Mozambican context.



#### **4. Research on agricultural investment**

A growing body of empirical evidence on trends and impacts of investment in developing country agriculture also provides lessons that can be useful for stakeholders in Mozambique. Much of the research of the IAWG focus on filling knowledge gaps on of larger-scale private investment in agricultural production in developing countries and how to ensure that mutual benefits of such investment are maximized while risks are minimized. Farmers and small and medium enterprises account for a major share of agricultural investment in many developing countries, including Mozambique, but the corporate private sector can play an important role too, by providing financial capital, new technologies, added value, access to new markets, etc. Meanwhile, some types of investment also carry significant risks for affected communities, the host government and the investor. Many of the challenges facing larger-scale investment in agricultural production occur early in the project cycle. The IAWG’s current program 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. Project specific issues in Mozambique

Large-scale agricultural investment has been discussed in Mozambique for many years and a large number of investment projects have been initiated. While some projects have failed in terms of both financial viability and desirable social and environmental outcomes, promising examples exist. Representatives of agribusiness operations and input and service providers presented how they worked in practice to ensure social, environmental and economic sustainability during the early stages of project implementation. Many of their actions corresponded to the contents of various international guidance instruments. Good relationships between local communities and outside investors built on mutual trust were seen as essential for success. In terms of respect of legitimate tenure rights, open and extensive consultations with communities were seen as a prerequisite for accessing land for large-scale agricultural operations. Sourcing raw materials from smallholder outgrowers operating on their own land was stated as another way to avoid tenure risks.



Increased cash incomes of workers and outgrowers involved in the respective projects had enhanced their access to food and other necessities. One of the companies also processes and sells almost all of its produce (mainly jathropha diesel and rice) to the local markets and thereby contributes to agro-industry development and increased local availability of food and energy. Application of sustainable intensification technologies by the companies also contributes to environmental sustainability.

In order to avoid side-selling by smallholder outgrowers, which frequently leads to big losses for agribusinesses, one company had introduced an E-money system that had several benefits for participants and gave an incentive to sell raw materials to the company.

The companies supported and worked with smallholder organizations to reduce transaction costs in sourcing raw materials and provide inputs and training to smallholders. One of the companies also supported the formation of workers associations. Differentiated impacts of investment on local people were also considered by one of the investors that for example took the time constraints of women into account when offering them jobs.

## **6. Opportunities and challenges at the national level**

At the national level, abundance of natural resources and a growing urban population provide compelling arguments to invest agriculture, but challenges remain to ensure increased volumes, productivity and improved quality of agricultural investment. The importance of predictable and supportive national regulatory frameworks and strategic public investment in for example infrastructure and rural social services was discussed. On many points, the Mozambican legal framework is seen as conducive to responsible agricultural investment. In regards to large-scale operations, a central government agency, CEPAGRI, has the mandate to screen and approve or dismiss proposals. CEPAGRI consults with other government agencies and ministries to ensure that proposals are financially viable and aligned with development strategies. The country's land law recognizes customary and informal tenure rights, which is a precondition for long-term investment decisions for smallholder households that most often lack formal title to land. Meanwhile the land law also provides tenure security for outside investors as long as they observe due diligence including thorough consultation with local communities.

Yet, many workshop participants pointed out that lack of adherence to and enforcement of laws and policies is a major problem in Mozambique. Lack of adherence to national laws and policies can cause negative social and environmental impacts and conflicts which are damaging for all stakeholders, including communities and companies. Some workshop participants called for strengthened mechanisms for the screening of investment proposals and involvement of communities in investment decisions.





Several workshop participants mentioned broader multistakeholder cooperation as well as alignments of actions between players to address different challenges and to create synergies between for example of investments by smallholders and large agribusinesses. External financiers providing patient capital for investment were seen as important to facilitate sustainability and expansion of agricultural investment projects. Market centres set up by a partnership between the public and private sector were mentioned as an example of efforts to improve value chains and making them conducive to smallholders.

Representatives of civil society organisations and cooperatives presented how they work to empower rural communities, including marginalized groups, to participate in and benefit from agricultural investment, through for example advocacy and training.

## **7. Conclusions and follow-up**

Constructive interaction between participants from different sectors was seen as an important feature of the workshop. Many workshop participants stated that they enjoyed the open and inclusive discussions and called for more events of this nature. Many issues, challenges and opportunities raised by workshop participants resemble those brought up in the research literature on agricultural investment and in international guidance standards. For example, lack of enforcement of existing laws and policies, not least in regards to tenure rights, were identified as major impediment to responsible agricultural investment. Meanwhile, everyone agreed on the necessity of agricultural investment for eradication of poverty and food insecurity and achievement of development objectives.



International guidance standards can be used by many different stakeholders in numerous ways. For example, they can inform development of laws and policies, the business plans and daily operations of agribusinesses and the advocacy work of civil society organizations. They can also be used in institutional capacity development. Moreover, extension workers and others can be trained in raising awareness of principles for responsible agricultural investment in rural areas. It was also suggested

that responsible agricultural investment could become a university subject or be included in curricula of relevant educations at Mozambican universities. However, all this requires adaptation to local national contexts. Therefore, their practical application must be broadly discussed at the national and local levels.

Multi-stakeholder platforms that facilitate open and informed discussions on agricultural investment can help a country's agricultural sector to perform better. It was therefore positive that the Confederation of the Private Enterprises (CTA) made a commitment to engage the private sector in the debate and take the necessary measures to improve the relationship with the government and with other sectors and investors. Civil society representatives also stated their interest in partaking in further deliberations. Many participants also requested that the discussion is brought to rural areas, where more awareness raising and dialogue is needed.

The IAWG stands ready to support continued discussions and provide technical guidance on responsible agricultural investment in Mozambique. More empirical evidence on what works and what does not work in the Mozambican context is also needed. The program ***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 program continues.







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**Workshop Técnico sobre os princípios orientadores dos novos investimentos  
na agricultura  
Maputo, 23-24 Abril, 2015**

**Programa**

**DIA 1 – QUINTA -FEIRA 23 Abril, 2015**

Horas	ACTIVIDADE	RESPONSÁVEL
08:00 – 08:30	<b>Chegada &amp; Registo</b>	Todos
08:30 – 09:30	<b>Auto-Apresentação dos participantes</b> , poderão aproveitar para expressar os seus pontos de vista sobre o que gostariam de poder aprender durante o workshop	Rafael Uaiene, Moderador
09:30 – 09:45	<b>Abertura e Mensagem de Boas vindas</b>	Castro Paulino Camarada, Representante da FAO Moçambique
09:45 – 10:15	<b>Discurso de Abertura</b>	S.E. José Pacheco Ministro da Agricultura e Segurança Alimentar
10:15 – 10:45	<b>Intervalo</b>	Todos
10:45 – 11:45	<p><b>Lições com base na pesquisa desenvolvida sobre investimentos no sector agrário e princípios dos investimentos na agricultura</b></p> <p>Apresentações breves seguidas de discussões (5 min) Esclarecimentos e Discussões</p> <ul style="list-style-type: none"> <li>• Tendências e Impactos do Investimento e os actuais guiões internacionais (FAO)</li> <li>• Revisão histórica sobre Agro- Negócios (Banco Mundial)</li> <li>• Practicas dos Princípios do Investimento responsável em projectos de Agro-Negócios de larga escala (Banco Mundial/UNCTAD)</li> <li>• Introdução: Programa da Pesquisa “Estudos de Caso sobre os Princípios Orientadores dos Novos Investimentos na Agricultura” (Banco Mundial/UNCTAD)</li> </ul>	Banco Mundial, IFAD, UNCTAD e FAO

11:45 – 12:45	<b>Apresentações do Sector Privado/ Sociedade Civil/ Técnicos do governo/Representantes dos Parceiros do Desenvolvimento</b>  10 minutos de apresentação seguidos de discussão	CTA  Chishamiso Mawoyo, Norfund  Jake Walter, Technoserve
12:45 – 14:00	<b>Almoço</b>	Todos
14:00 – 15:00	<b>Apresentações do Sector Privado/ Sociedade Civil/ Técnicos do governo/Representantes dos Parceiros do Desenvolvimento</b>  10 minutos de apresentação seguidos de discussão	CTV  CPI  CEPAGRI
15:00 – 17:30	<b>Jogo de Papéis</b> Apresentação dum cenário realístico pelos participantes, desempenhando papéis diferentes. (i.e. um investidor fará o papel dum representante duma ONG; um chefe do sector público fará o papel de chefe duma aldeia) <ul style="list-style-type: none"> <li>• Encontro dos membros dos grupos para discutir diferentes estratégias de actuação</li> <li>• Negociações entre os membros dos grupos</li> <li>• Resumo e Discussão sobre o Jogo de Papéis</li> </ul>	Moderador  Membros da Equipa de Trabalho Interagências
17:30 – 19:30	<b>Cocktail</b>	Todos

**DIA 2 – Sexta-Feira 24 Abril, 2015**

<b>Horário</b>	<b>ACTIVIDADE</b>	<b>RESPONSÁVEL</b>
08:00 – 08:30	Chegada e Registo	Todos
08:30 – 9:10	<b>Apresentações do Sector Privado</b> 10 minutos de apresentação seguidos de discussão	Ms. Misaki Seki, Project Manager, Nippon Biodiesel Fuel Co. Ltd.



9:10 – 9:50	<b>Apresentações do Sociedade Civil</b> 10 minutos de apresentação seguidos de discussão	ORAM
9:50 – 10:20	<b>Intervalo</b>	Todos
10:20 – 12:00	<b>Considerações Finais pelos participantes</b> <b>Conclusões e recomendações</b> <b>Sessão de Encerramento</b>	Todos  MASA  Banco Mundial, IFAD, UNCTAD e FAO  S.E. Celso Correia Ministro da Terra, Meio Ambiente e Desenvolvimento Rural
<b>12:00 – 13:00</b>	<b>Almoço</b>	Todos