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1. Introduction

Forests and forestry activities are increasingly being recognized for their role in nature-based solutions to sustainable development challenges (FAO, 2022). Countries around the world are making important commitments to achieve global climate goals and to protect biodiversity by reducing deforestation and restoring degraded forest ecosystems. In particular, activities such as forest conservation, carbon trading and carbon offset programmes, landscape restoration and the establishment of plantations for biomass production require lands and are frequently implemented on public lands by governments, through land acquisitions or land leases to business entities, or through partnerships with local land users. If effectively carried out, these activities can contribute to the forestry objectives while improving livelihoods and incomes of rural populations; if not, or in contexts where local land and resource use rights are undocumented,¹ land governance is weak and land-related decision-making processes lack transparency, these activities may adversely affect existing land users and local communities through the loss of lands and livelihoods (Lay *et al.*, 2021). This in turn, can also result in significant operational, financial and reputational risks for the business entities implementing these activities (USAID, n.d). The adoption of responsible land-based investment principles can safeguard against possible negative impacts while enhancing the positive ones.

The Food and Agriculture Organization of the United Nations (FAO) has endorsed several global instruments to guide responsible investments in land and forests, thereby supporting the

sustainable management of natural resources while addressing global challenges of food insecurity, poverty and inequality. Applying these global instruments to the assessment of concrete cases can help to identify better practice models for implementation.

This publication focuses on promoting responsible investments in large- and medium-scale forestry activities involving business entities, implemented in both forested and non-forested areas. It focuses on the application of two global instruments, namely, the Voluntary Guidelines on the Responsible Governance of Tenure of Land, Fisheries, and Forests in the Context of National Food Security (VGGT) and the Committee on World Food Security (CFS) Principles for Responsible Investments in Agriculture and Food Systems (RAI).² The VGGT and CFS-RAI are complementary in promoting investments that recognize local tenure rights and foster inclusive business models that promote meaningful partnerships with local stakeholders such as Indigenous Peoples and local communities, women, youth, and vulnerable groups (Box 1). The document assesses a number of cases of better practices, which demonstrate these principles at work. This publication is intended primarily for policymakers within governments, but also for investors and business enterprises, civil society organizations (CSOs), and smallholders and local communities. Intergovernmental and regional organizations, development practitioners, donors, and other financing institutions supporting forestry activities can also benefit from the learnings.

¹ It is estimated that over 50 percent of land worldwide is unregistered and held under customary tenure that are not recognized by formal laws (FAO, 2022).

² While the VGGT and RAI are the two instruments of focus here, United Nations Principles for Responsible Investment (UN PRI) and the United Nations Global Compact are also applicable here. The UN PRI promote the incorporation of environmental, social and corporate governance factors into investment decisions (PRI, 2021). The United Nations Global Compact principles promote businesses to respect for human rights, worker rights, environmental sustainability, and anti-corruption (United Nations Global Compact, n.d.).

Box 1. Responsible investment models in the forestry sector

Investment models are responsible when they recognize the rights of local stakeholders, enhance local livelihoods, are inclusive of smallholders and their enterprises, develop local skills, and promote meaningful collaboration (FAO, 2014). In the forestry sector, a variety of models and practices contribute to the sustainable management of natural resources while respecting the rights of local communities and land users. These include contract farming, outgrower schemes, various benefit-sharing schemes, joint ventures, locally controlled forestry and forest enterprises (i.e. where families and communities have secure tenure and rights to decide on commercial forest management and land use) (Macqueen *et al.*, 2018).

Notes:

1. FAO. 2014. *Principles for Responsible Investment in Agriculture and Food Systems*. Rome. www.fao.org/3/au866e/au866e.pdf;
2. Macqueen, D., Bolin, A. Greijmans, Grouwels, S. & Humphries, S. 2018. Innovations towards prosperity emerging in locally controlled forest business models and prospects for scaling up. *World Development* 125. <https://doi.org/10.1016/j.worlddev.2018.08.004>

This study was conducted under the FAO-implemented Flexible Multi-Partner Mechanism (FMM) project “Leveraging global instruments and knowledge products” and specifically its sub-programme intended to raise awareness and promote the application of the VGGT and CFS-RAI in Sierra Leone and Lao People’s Democratic Republic. This publication is a follow-up from the training, workshops and South-South exchanges held under the project.

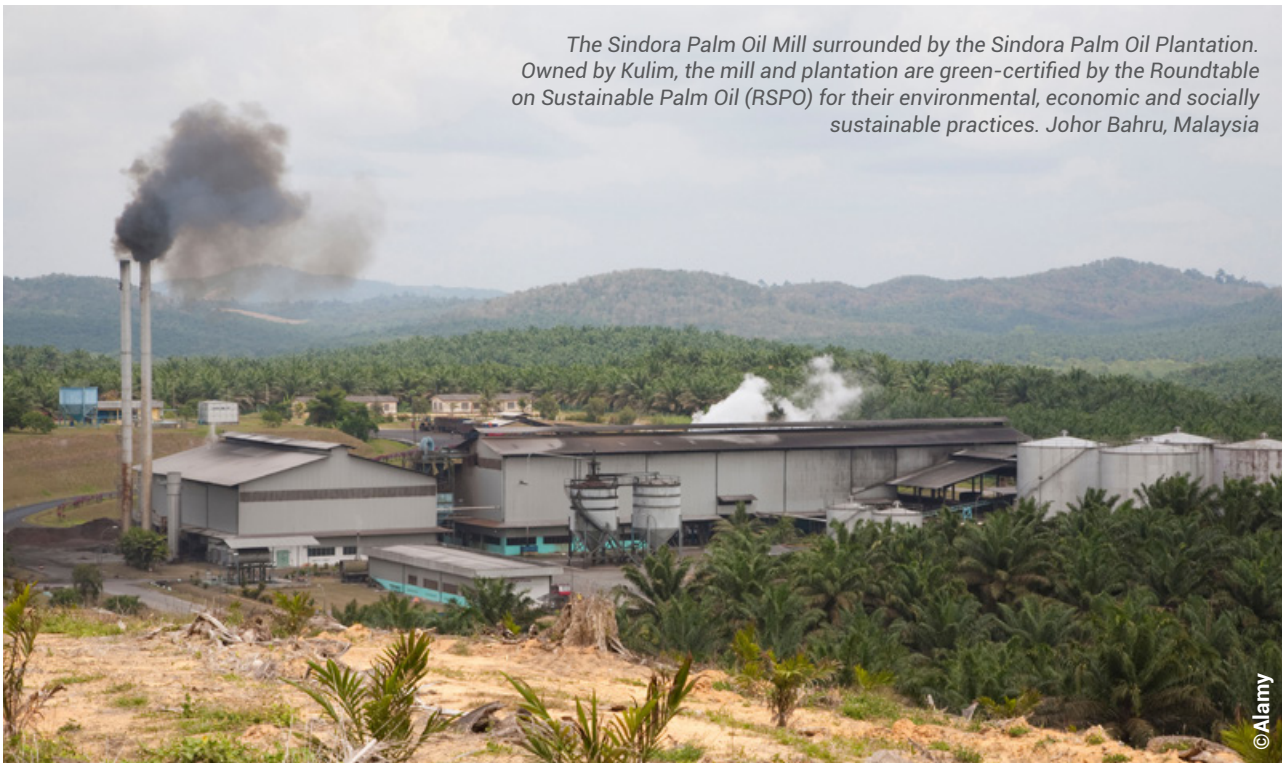
The document: (i) provides an overview of the VGGT and CFS-RAI, highlights the complementarity of these instruments, and illustrates the benefits of applying them; (ii) provides a framework for assessing responsible investments in forestry; (iii) shares cases from Sierra Leone, Lao People’s Democratic Republic, and four other countries around the globe (the United States of America, Brazil, South Africa and Ghana) as illustrations of better practices being implemented and relevant for

the focus countries; and (iv) provides recommendations in the implementation of the global instruments for improving land-based investments.

THE CONTEXT

Land-based investments in forests in the past decades have been driven by the production of food, fuel, livestock feed, fibre and other resources. More recently, efforts in restoration, carbon sequestration initiatives, climate change mitigation have been driving many land-based investments in forested and non-forested areas alike. However, not all of these investments have positive outcomes for natural resources such as primary forests for local stakeholders or for the investment activity itself. Earth Institute’s (2020) research examining over 80 000 large-scale investments across sub-Saharan Africa, Latin America and Southeast Asia found that transfers for new tree plantations for palm oil, rubber, or wood fibre had





The Sindora Palm Oil Mill surrounded by the Sindora Palm Oil Plantation. Owned by Kulim, the mill and plantation are green-certified by the Roundtable on Sustainable Palm Oil (RSPO) for their environmental, economic and socially sustainable practices. Johor Bahru, Malaysia

higher rates of tropical forest loss than adjacent non-investment areas. A study by Feyertag and Bowie (2021) further showed that the potential financial damages due to disputes between business entities and local stakeholders are up to four times the average cost of implementing measures to mitigate social risks.

Depending on the context, adverse impacts on communities vary: partial or complete dispossession of lands and livelihoods; restrictions to forest access; changes to the local economy and livelihoods leading to intra-community conflicts; and the emergence of violence and human rights violations (Gironde *et al.*, 2016). The problems are more severe where customary tenure to land is not recognized, local land and resource use rights are undocumented,³ land governance is weak, and land-related decision-making processes lack transparency (Lay *et al.*, 2021). In particular, Alforte *et al.* (2014) in their study of 73 000 land-based concessions granted by governments to companies in eight countries found that 93 percent were already

inhabited. A study of 51 investment cases in Southeast Asia found that 47 percent involved violence and 17 percent involved casualties and fatalities (Munden Project Ltd., 2017). A study by Gironde *et al.* (2016) also found that large forestry acquisitions in forest areas frequently hinder subsistence activities. The situation can be of particular concern where countries have over 50 percent of their land area under forestry concessions or agricultural investments (Hett *et al.*, 2020; Legault and Cochrane, 2021). In Gabon, large-scale transfers were also reported to negatively impact women significantly more than men in terms of livelihood changes and subsistence activities, and from environmental harm such as pollution of water sources (*ibid.*).

Government, investors and business entities, and local stakeholders can all benefit from VGGT and CFS-RAI implementation, and the promotion of responsible investments throughout the forestry supply chains. Governments can also address mounting pressures to tackle poverty, hunger, unemployment, environmental

³ It is estimated that over 50 percent of land worldwide is unregistered and held under customary tenure that is not recognized by formal laws (FAO, 2022).

destruction and other challenges of underdevelopment that the Sustainable Development Goals (SDGs) seek to resolve. Investors and business entities can secure their investments, maintain the stability of operations and profits, mitigate the risk of tenure and human rights disputes and violations, and enhance their company's reputation (Box 2). Local stakeholders can contribute

to improving food security and economies locally and nationally. Responsible investments and businesses can be a good alternative or complement to directly acquiring and managing land for production, especially when contrasted with large-scale transfers of rights to business entities (FAO, 2015).

Box 2. Investor and business benefits – insights from Sierra Leone

In Sierra Leone, according to companies such as Lizard Earth (a cocoa producer) and Goldtree Limited (a palm oil producer) implementing responsible investment models enables them with sustainable sourcing and trade, and to obtain access to finance for their products. It has helped to improve organizational culture and facilitate innovation. It has further helped them to earn social legitimacy and reap reputational benefits. For Lizard Earth, these models are a promising mechanism for fulfilling its mission-aligned goals of ethical cocoa production, improved land governance, and enhancing local livelihoods. Goldtree has embraced responsible investment models and approaches that also: (i) protect the environment and natural resources; (ii) promote inclusive and accountable relationship with local communities; (iii) support community development projects to boost sustainable livelihoods; (iv) train farmers in good agricultural and farm management practices; and (v) strengthen farmers as entrepreneurs and help them earn certifications, such as those offered by the Forest Stewardship Council (FSC) and the Roundtable on Sustainable Palm Oil (RSPO).

Source: Lizard Earth and GoldTree presentations made at the Training Workshop on Responsible Investments in Agriculture, Forestry and Food Systems held on 30 September 2021 in Freetown, Sierra Leone.



2. Frameworks for analysis

Both the VGGT and CFS-RAI provide guidance for achieving food security for all. Both instruments contribute to: eradicating poverty and hunger; respecting land and natural resource tenure; enhancing livelihoods; recognizing human rights; fostering social and gender equality; and supporting the rule of law, transparency and accountability.

The VGGT have the primary objective to promote secure tenure rights and equitable access to land, fisheries and forests with respect to all forms of tenure: public, private, communal, indigenous, customary and informal. In particular, the VGGT give recognition to legitimate rights – both those that are legally legitimate (i.e. recognized in formal law) and others that are socially legitimate (i.e. they have broad social acceptance even without legal recognition), such as customary rights on state land. The VGGT are based on the recognition that “...inadequate and insecure tenure rights increase vulnerability, hunger and poverty, and can lead to conflict and environmental degradation when competing users fight for control of these resources” (FAO, 2012). The VGGT were developed through an inclusive international and intergovernmental, multi-stakeholder process. Endorsed by the CFS in 2012, they are the most comprehensive global guidance for strengthening governance of tenure. The core and implementing principles of the VGGT for state and non-state actors are provided in Box 3.

The CFS-RAI’s primary objective is to promote responsible investments in agriculture and food systems that contribute to food security and nutrition. As with the VGGT, the CFS-RAI principles were developed through an inclusive international and intergovernmental multi-stakeholder process in the CFS. Endorsed by the CFS in 2014, they represent the most comprehensive global guidance for land-based investments. The Principles have a broad scope, covering

all kinds of investments in agricultural value chains and food systems, and encompassing all stakeholders that are involved in, benefit from, or are affected by agricultural investments. The ten core principles of the CFS-RAI are presented in Box 4.

The VGGT and CFS-RAI are complementary instruments. Stakeholders can use the VGGT to address issues related to tenure of land, fisheries and forests affecting land-based investments. Stakeholders can use the CFS-RAI principles to address additional aspects of land-based investments, including and going beyond tenure issues and covering all activities related to food and non-food products, namely production, processing, distribution, sale and consumption (Box 5).



Box 3. The core principles of the VGGT

GENERAL PRINCIPLES:

- (1) Recognize and respect all legitimate tenure right holders and their rights;
- (2) Safeguard legitimate tenure rights against threats and infringements;
- (3) Promote and facilitate their enjoyment;
- (4) Provide access to justice to deal with infringements of legitimate rights; and
- (5) Prevent tenure disputes, violent conflict, and corruption.

IMPLEMENTING PRINCIPLES:

- (1) Human dignity, that is, recognize inherent dignity and inalienable human rights of all;
- (2) Non-discrimination;
- (3) Equity and justice;
- (4) Gender equality;
- (5) Holistic and sustainable approach;
- (6) Consultation and participation;
- (7) Rule of law;
- (8) Transparency;
- (9) Accountability; and
- (10) Continuous improvement.

GENERAL PRINCIPLES FOR NON-STATE ACTORS INCLUDING BUSINESS ENTERPRISES:

- (1) Avoid infringing on the human rights and legitimate tenure rights of others.
- (2) Provide risk-management systems to prevent and address adverse impacts on human rights and legitimate tenure rights.
- (3) Address and correct any adverse impacts on rights.
- (4) Identify and assess any actual or potential impacts on human rights and legitimate tenure rights in which they may be involved.

Source: FAO. 2012. *Voluntary Guidelines on the Responsible Governance of Tenure of Land, Fisheries and Forests in the Context of National Food Security*. Rome. www.fao.org/3/i2801e/i2801e.pdf

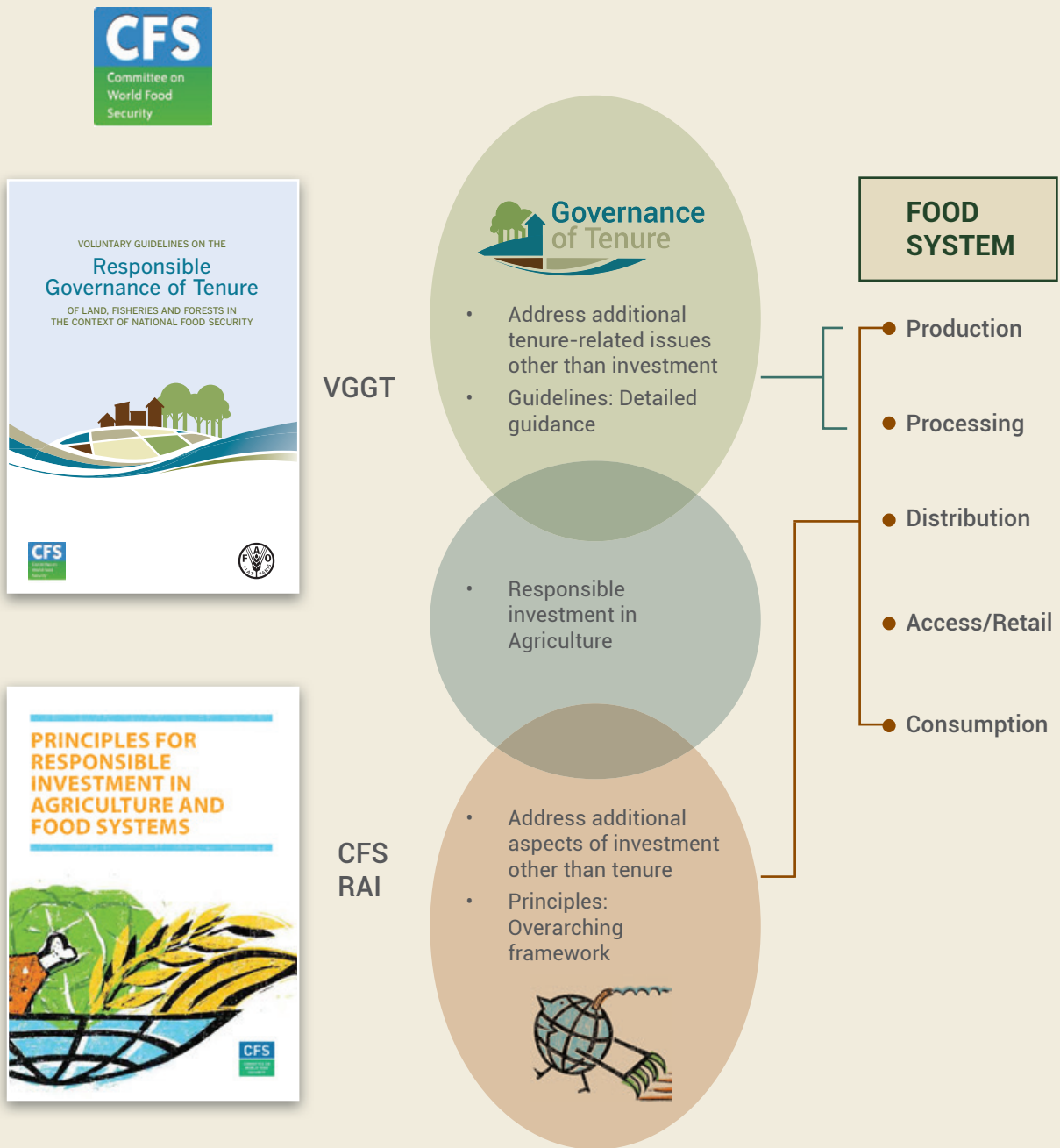
Box 4. The core principles of the CFS-RAI

- (1) Contribute to food security and nutrition.
- (2) Contribute to sustainable and inclusive economic development and the eradication of poverty.
- (3) Foster gender equality and women's empowerment.
- (4) Engage and empower youth.
- (5) Respect tenure of land, fisheries, forests and access to water.
- (6) Conserve and sustainably manage natural resources, increase resilience and reduce disaster risks.
- (7) Respect cultural heritage and traditional knowledge, and support diversity and innovation.
- (8) Promote safe and healthy agriculture and food systems.
- (9) Incorporate inclusive and transparent governance structures, processes and grievance mechanisms.
- (10) Assess and address impacts and promote accountability.

Source: FAO. 2014. *Principles for Responsible Investment in Agriculture and Food Systems*. Rome. www.fao.org/3/au866e/au866e.pdf

Investments in forestry can be aligned with the VGGT and CFS-RAI by working towards the implementation of these principles through the various stages of investment as outlined in Box 6. These stages apply to various business models and arrangements, regardless of whether it involves acquiring and directly managing lands or working with small-scale producers through alternative production models.

Box 5. The complementarity of VGGT and CFS-RAI



Source: Adapted from FAO presentations on the VGGT and CFS-RAI principles.

Box 6. Incorporating VGGT and CFS-RAI principles in land-based investment processes



Most investment processes follow stages outlined in FAO's and European Forest Institute (EFI's) 2018 *Making Forest Concessions in the Tropics Work to Achieve the 2030 Agenda*. This table below shows the stages of investment and how government and non-government stakeholders can work together to apply the Voluntary Guidelines on the Responsible Governance of Tenure of Land, Fisheries and Forests in the Context of National Food Security (VGGT) and the Committee on World Food Security (CFS) Principles for Responsible Investments in Agriculture and Food Systems (RAI) through these stages to create responsible investments. Use of Free, Prior and Informed Consent (FPIC) from the investment planning to the post-investment stage are critical to

ensuring sound implementation of the VGGT and CFS-RAI principles. Participation of women, youth and other marginalized groups will further help to ensure that the investments are inclusive. Investors and business entities may engage directly with local stakeholders. Alternatively, engagement may be facilitated by governments (especially at the local levels), non-governmental organizations, or CSOs to help overcome power imbalances. Investors and business entities should ensure the implementation of the VGGT general principles 1–5 for non-state actors in particular.

Stages of investment	Incorporating the VGGT and CFS-RAI principles in land-based investment processes
<p>Stage 1: Investment planning</p>	<ul style="list-style-type: none"> • This stage involves exploration and scoping, including resource inventories, economic feasibility, and social and environmental impact assessments. • As the location of the investment is identified, responsible investments should ensure that all local stakeholders and their tenure rights and resource use are ascertained through stakeholder engagement and participation. Agreement with the investment planning and area should be obtained using FPIC that should include consultation with women, youth and marginalized groups. • Projects should ensure the use of VGGT general principle 1 and implementing principles 1–9 in particular

Stages of investment	Incorporating the VGGT and CFS-RAI principles in land-based investment processes
Stage 2: Preparing for forest allocation	<ul style="list-style-type: none"> • Stage 2 involves consulting with relevant government agencies, verifying the socio-economic situation in the investment area, assessing expected harvest value of the area, mapping overlapping uses, assessing rights and responsibilities, and consulting with local stakeholders and local governments. • Projects should ensure meaningful consultation and partnerships with local stakeholders and NGOs. The business entity should adjust project design based on local inputs to mitigate negative impacts and promote inclusive economic development, food security and sustainable livelihoods. • Projects should ensure that the design includes consideration of CFS-RAI principles 1–10 to the extent possible.
Stage 3: Developing contracts	<ul style="list-style-type: none"> • Stage 3 involves developing contracts based on results of the studies and inventories conducted in Stages 1 and 2. The contracts should lay out all conditions, rights and responsibilities to be met by the various contracting entities (investor/business entity, government, local stakeholders). • The responsible government office should ensure the availability of a draft contract for consultation, and help to negotiate and obtain consent on contract terms with local stakeholders. The forest administration should ensure transparency and legal compliance, and lay out the expectations and terms of the contract. • Projects contracts should consider the use of all VGGT general and implementing principles, as well as CFS-RAI principles 1–10 where possible.
Stage 4: Awarding of contracts	<ul style="list-style-type: none"> • In Stage 4, governments award contracts to investment/business entities. • Governments and non-government stakeholders should work together to ensure that the contracts are awarded through an inclusive, competitive and transparent process, hence reducing the risk of corruption and encourage the efficient use and management of investment area. • Projects should ensure implementation of VGGT implementing principles 2, 3 and 6–9 in particular.

Stages of investment	Incorporating the VGGT and CFS-RAI principles in land-based investment processes
Stage 5: Implementing, monitoring and enforcement of contracts	<ul style="list-style-type: none"> • Contract implementation begins with the signing of the contract, which may be followed by the development of supplementary documents (e.g. documents that show the marking of boundaries, the mapping of the investment area, the forest inventory, forest utilization and management plan, the annual operational plan, developing social and community development plan, plan for transport infrastructure). This stage includes monitoring performance against expectations and enforcing compliance with the terms of contract. • Implementation should ensure the protection of local stakeholder rights and uses of the forest and other natural resources, develop partnerships with local stakeholders, and provide for effective dispute resolution/ grievance redress mechanism. Government, and civil society should ensure effective monitoring, collection of revenues, accountability, enforcement, and issuance of penalties for non-compliance. • Projects should ensure the use of VGGT general principles 2–5, implementing principles 1–10, all general principles for non-state actors to guide activities. Projects should further apply CFS-RAI principles 1–10.
Stage 6: Post-contract follow-up	<ul style="list-style-type: none"> • This stage involves the management of the investment area following the end or near-completion of the contract. It also involves the evaluation of contract implementation and the possibility of renewal, as well as the management of any expired investments. • Government and non-government stakeholders should work together to ensure the timely and transparent evaluation of contract implementation and performance, and the transfer of rights over the forest. • Projects should ensure consideration of all general and implementing principles of the VGGT, general principles for non-state actors, and CFS-RAI principles 9 and 10.

Sources: FAO & EFI. 2018. *Making forest concessions in the tropics work to achieve the 2030 Agenda: Voluntary Guidelines*, by Y.T. Tegegne, J. Van Brusselen, M. Cramm, T. Linhares-Juvenal, P. Pacheco, C. Sabogal, and D. Tuomasjukka. FAO Forestry Paper No. 180, Rome. www.fao.org/3/I9487EN/i9487en.pdf; FAO. 2012. *Voluntary Guidelines on the Responsible Governance of Tenure of Land, Fisheries and Forests in the Context of National Food Security*. Rome. www.fao.org/3/i2801e/i2801e.pdf; FAO. 2014a. *Principles for Responsible Investment in Agriculture and Food Systems*. Rome. www.fao.org/3/au866e/au866e.pdf; and FAO. 2014b. *Respecting Free, Prior and Informed Consent: Practical guidance for governments, companies, NGOs, indigenous peoples and local communities in relation to land acquisition*, Governance of Tenure Technical Guide No. 3. Rome.

The stages and principles outlined above are relevant to all stakeholders impacted by land-based investments. National-level government stakeholders may consider these principles in facilitating concessions or developing adequate legal, regulatory and operational frameworks for responsible investments. Local governments may consider them to inform their engagement with companies and communities and to aid in monitoring

and enforcing compliance. Investor and business entities may incorporate these principles into their investments and operation plans for production and sourcing. Communities and civil society can use the information to better understand what is required to align to the VGGT and CFS-RAI to support their advocacy for tenure rights and local livelihoods.

3. Cases of better practices in responsible investments

This section presents cases of better practices in responsible investments in the forestry sector in Sierra Leone and Lao People's Democratic Republic, and illustrative cases from around the world, assessing them against the VGGT and CFS-RAI principles.

3.1. Cases from Sierra Leone

In rural Sierra Leone, land is owned by extended families or descent groups, each sharing a common ancestor. Non-members of family may obtain management, control or transfer rights to land from heads of families (GoSL, 2015). As elsewhere in sub-Saharan Africa, Sierra Leone has experienced a sharp increase in large-scale land-based investments since 2009 (Herrmann, 2017). In the forestry and agroforestry sectors, most investments in Sierra Leone are recent, with no data on the extent to which they promote responsible investment models.

In Sierra Leone, policies and guidelines promoting responsible investment models, such as outgrower schemes, have rarely been implemented, and most land-based investments have used the nucleus estate/

plantation business model based on large-scale land leases (ibid.). Community landowners are excluded from concession negotiations and concession agreements are signed by chiefs, government and companies. For oil palm, lease agreements are often long-term, up to 50 years with an additional 21-year renewal option. Contracts provide low and insufficient land lease and crop compensation payments. They lack transparency and inclusiveness, and the instruments for communities and state and non-state actors to monitor and enforce agreements are limited (ibid.). At the community level, smallholder farmers lack knowledge of good agricultural practices; there are no formal procedures for farmers to register their land rights; and farmers have limited market access partly due to low-quality yields and poor road network.

However, better practice models are emerging as described in this section including those implemented by: Randlyn Holdings Limited, a cocoa company using a combination of block farming and outgrower scheme; Goldtree Limited, producing palm oil by using a nucleus estate outgrower model; Lizard Earth, a social enterprise producing cocoa by following a Responsible Production



and Governance model; and Miro Forestry operating a nucleus estate outgrower model producing timber products.⁴ These models seek to broaden access to land, capital, farming skills and financial benefits for local stakeholders. These case studies draw upon secondary literature, supplemented with discussions and interviews with company representatives.

RANDLYN HOLDINGS LIMITED (RHL) is a cocoa company operating in the Kailahun and Kenema Districts in eastern Sierra Leone since 2018. RHL operates over 405 ha (1 000 acres) of land, covering 30 communities, following a block farming model and an outgrower scheme. The RHL business model includes a 15-year lease agreement between the company and landowners of old, unproductive plantations, designed to rehabilitate and revitalize the productivity of the land. In this model, the company leases and manages blocks of land for a specified period (often with a renewal option) under a benefit-sharing agreement with different community groups, including landowners, land users, youth groups, or other community representatives (Herrmann, 2017). A typical investment involves several blocks managed by community group heads who receive training and technical assistance from the company. Before the revenue-share agreement becomes effective following the first harvest, youth groups are offered casual employment and given wages or in-kind compensation (ibid.).

While it may be too early to determine the socio-economic outcomes from recent block farming models in Sierra Leone, communities will likely benefit from shorter land lease durations, which could reduce community dependence on the company, reduce land tenure risks, and allow communities to better influence the investment, including landowners deciding whether they want to work for the company or select other people as employees. After 15 years, RHL will hand the land back to landowners, who will continue selling to RHL under contract farming. According to the benefit-sharing arrangement between the company and landowners,

the landowners receive 60 percent of the cocoa harvested, the company receives 30 percent and the local authority receives 10 percent (ibid.). The RHL block farming model generates casual, part-time employment for local land users with a combination of wages and in-kind payment in the form of food. RHL's benefit-sharing mechanism illustrates better practice in ensuring community participation and social benefits for all (including land users), and allows the company to develop, implement and monitor transparent, equitable and gender-balanced benefit-sharing mechanisms that consider the interests of all stakeholders.

RHL provides extension and training support to 5 000 farmers through whom it sources cocoa and coffee beans, contributing to CFS-RAI Principle 7. Of the total farmers, 1 750 are female and male youth, who serve as farmhands. Many of the youth are thus gainfully employed, and 350 of them have their own farms, contributing to CFS-RAI Principle 4. RHL's farmer-centred, inclusive business model further promotes community participation and social benefits through the farmer support centre⁵ – a hub for providing a suite of services to farmers to improve and intensify their farming systems. Solidaridad, an international NGO with funding from the Dutch Government, supports four private sector companies (including RHL) through a matching fund to set up and operate the support centres. The support centres are run as local microenterprises providing farmers knowledge, skills, inputs, extension services, labour, and access to financial services and markets, as well as buying and aggregation services. Since 2018, RHL has set up and managed six support centres in eastern Sierra Leone that provide services to the 5 000 cocoa, coffee, oil palm and food crop farmers, leading to enhanced productivity, increased incomes and improved livelihoods.

GOLDTREE COMPANY LIMITED is a large-scale oil palm producer based in Kailahun District, in eastern Sierra Leone. In 2007, the company launched an outgrower model that targeted independent smallholder farmers who had been excluded from large-scale oil palm production. Goldtree provides specialized training to

⁴ The nucleus estate outgrower model involves a large-scale plantation that guarantees a minimum provision of raw material to the company. The company procures the remaining raw material from smallholders linked through contractual arrangements with the nucleus.

⁵ This model was developed by Solidaridad and has been implemented and adapted in several West African countries.



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farmers on good agricultural practices focused on organic farming and the Roundtable for Sustainable Palm Oil (RSPO) certification process. It supports an outgrower extension programme and provides access to markets. It works through sustained awareness creation and education campaigns that highlight the benefits of organized farmer groups, including the power to bargain for better prices and negotiate for inputs and services at a reduced cost. Interested farmers are supported through mobilization meetings and helped to form groups. They are trained and supported to elect executives who receive further training on how to manage their groups. Through the extension services programme, the company conducts farmer field schools that provide training on agronomic best practices, farming as a business, and financial management of farms. Extension support includes farm visitations, practical demonstration of new technologies and farming ideas, and the introduction of new crop productivity and fertilization enhancement products. It also links farmers to new input dealers and markets.

Goldtree operates a grievance redress mechanism involving quarterly meetings with paramount chiefs, landowners and local authorities to discuss investment and community involvement while addressing common grievances and conflicts related to intra-family

disbursement of rent (CFS-RAI Principle 10). Common grievances have included delayed provision of input and services, delays in payment for the fresh fruit bunches, malpractices by the company's purchasing clerks (including scale adjustment, under-declaration and under-recording of weighed fresh fruit bunches), delays in transporting harvested fruits leading to weight loss, and in extreme cases, the rotting of fruits.

The company's outgrower model is a good example of an investment that contributes to sustainable and inclusive economic development and eradication of poverty (CFS-RAI Principle, 2) while also respecting the tenure of land and forests (CFS-RAI Principle 5). As of 2017, the company has supported mapping and registration of 5 400 farms to address and minimize inter-family and inter-community boundary disputes among farmers resulting from unmapped customary lands.

Goldtree's positive impacts include organic and RSPO certification of 12 000 smallholder farmers and access to markets for 15 000 smallholder farmers. Farmers have also benefited from improved food security through the provision of food crop materials for farmers to intercrop (e.g. For example, corn, groundnut, vegetables, cassava, potatoes vines, sorghum and beans). Additionally, it is supporting the protection

of 200 ha of lands as high conservation value areas (HCVA), such as sacred groves, watersheds and sensitive ecological sites (CFS-RAI Principle 7), which is particularly crucial since the investments are close to the Gola Forest (Herrmann, 2017). For outgrower farmers to receive RSPO certification, Goldtree conducts an HCVA assessment to ensure that farmers are not producing on swamps or hills. For areas under 500 ha, Goldtree conducts the HCVA assessment following an RSPO-proven format by organizing farmers in blocks and visiting them to determine the suitability of their lands for certification.

Overall, Goldtree's investment is helping to reduce poverty in multiple ways, by: (i) providing lasting employment to people living in nearby rural areas where formal employment opportunities are few. It injects regular income into the local economy since harvesting and payment for fresh fruit bunches is carried out every two to four weeks throughout the year; (ii) supporting the replanting of old plantations through the outgrower scheme; (iii) helping farmers obtain income and food from intercropping while waiting for the tree crop; and (iv) providing long-term strategies to support community development and employment training.

LIZARD EARTH LIMITED is a Responsible Cocoa Grower and Aggregator company established in 2018 and also operating in Kailahun District in the Eastern Province of Sierra Leone. Lizard Earth promotes the inclusion of local communities and individual farmers in cocoa production by providing services to participating farmers, institutional capacity building, and facilitating trade in three chiefdoms.

With a focus on organic cocoa cultivation, Lizard Earth is testing its Responsible Production and Governance model (Box 7). Unlike the initial block farm models in which companies entered into agreements only with the landowning families, the

Responsible Production and Governance model places a strong emphasis on inclusive engagement and FPIC of entire communities (including land users and landless households) (Herrmann, 2017). The company's community engagement and land acquisition process spanned over three years for the identification and mapping of community and land users' tenure rights and detailed negotiations over the implementation of Lizard Earth's production and governance model. Various civil society groups and community support organizations safeguarded the host communities' and landowning families' interests during the acquisition process and monitored the implementation of best practices.



Thus, upholding VGGT general principle 1 and 2 and CFS-RAI Principle 5 was a fundamental consideration during this process.

The investment aims to build and gradually transfer agricultural assets to landowners, host communities and land users. This is complemented by systematically strengthening farmers' capacities, particularly of youth, providing them with the opportunity to grow from being casual farm workers to fully employed agri-entrepreneurs, and then to master growers managing their commercial farms. In line with CFS-RAI Principle 2, this approach aims

to support the emergence of commercially oriented farmers who can employ others and contribute to sustainable economic development.

The model further allows land users to practise intercropping, landowners earn income from lease payments, and landless households benefit from community development projects, including corporate social responsibility projects. This model exemplifies a better practice of incorporating inclusive and transparent governance structures, processes, and grievance mechanisms, following CFS-RAI Principle 9.

Box 7. Lizard Earth Responsible Production and Governance model components

PHASE 1:

Lizard Earth leased 735 ha in a transparent manner following a nationally approved procedure for the establishment of cocoa agroforestry for a period of 30 years. It established agro-forestry cocoa gardens, and will manage the plantation with selected farmers in the communities, provide inputs, hire and supervise farm workers, and harvest, process and market produce. Short-term tasks are assigned to labour groups, while longer-term maintenance tasks are given to individual workers. Lizard Earth sets up an internal control system and certifies its operations under organic and social standards.

PHASE 2:

Lizard Earth withdraws from active farm management after 15 years, divides the cultivated land into small-scale commercial farms, and hands them over to already trained agri-entrepreneurs called master growers to take over management under the oversight of the Governance Oversight Committee established together with community representatives. During the next 15 years, the agribusiness entrepreneurs will be entrusted to trusted master growers with a cluster of 1.6 to 4.1 ha (4 to 10 acres). A total of 35 master growers will take over after the first 15 years. The company will also be responsible for the payment of the land lease for the 15 years. The new owners of the plantations will sell their produce to Lizard Earth under an exclusive sourcing arrangement with prices benchmarked against the prevailing market price to ensure fairness and thereby avoiding side selling.

PHASE 3:

Stakeholders share profits as soon as Lizard Earth starts registering them. Profit sharing will be organized through the Governance Oversight Committee established at the beginning of Phase 2 with the objective of overseeing the activities of the newly appointed master growers and their compliance with the initiative's general Code of Conduct. All Phase 3 activities will continue on the same plot of land where the cocoa is grown.

Source: Authors' elaboration

MIRO FORESTRY LTD. is a commercial forest plantation company in Sierra Leone and Ghana managing a business that replants degraded lands and offers income opportunities to communities living in these landscapes, thus contributing to CFS-RAI Principle 6. It has developed a land access policy that respects international best practices, complies with local legislation, and meets the social and cultural needs of the communities (IDH-Sustainable Trade Initiative, 2021). In Sierra Leone, Miro Forestry leases land directly from landowners, which is endorsed by the chiefdom council representing the people and landholding families. While the land leasing arrangement between Miro Forestry and landowning families does not involve land users, a landowner or landowning family may involve any land user on their land in prior discussions before signing any lease agreement with the company. Through a village mapping exercise, Miro confirms that the leased area will not affect access to land for land users having tenure rights to land. In addition, the company's out-grower project encourages community members including land users to establish agroforestry woodlots with support from the company.

In 2011, Miro Forestry Limited signed a 50-year lease agreement for 20 980 ha with representatives of the Yoni Chiefdom in Tonkolili District (Miro Forestry Ltd. and Yoni Chiefdom, 2011). Among other things, the lease agreement seeks to build partnerships and share roles and responsibilities, with profit-sharing, employment

opportunities, and support for social development. Since land is leased directly from landowners through the Chiefdom, Miro Forestry ensures that communities have access to third-party CSOs to support FPIC together with detailed participatory village mapping and social development planning. Miro Forestry's 'learning by doing' approach combines stakeholder engagement, resource-mapping, and a land lease framework that promotes effective partnerships with governments and local communities. This results in: large areas of conservation forest; protection of wildlife; sustainable management of forest resources; and improvement of shifting cultivation practices by introducing farmers to conservation agriculture, organic farming and zero-till farming practices among others (IDH-Sustainable Trade Initiative, 2021).

Miro Forestry's expansion plan includes a smallholder outgrower scheme that focuses on community inclusion and smallholder capacity building through detailed training and guidance on the tree planting cycle, intercropping cycle and forestry farming. By 2027 when the trees are harvested, the outgrower model is expected to significantly benefit individuals, cooperatives, communities and landholding families. Currently, scheme participants are already seeing marked benefits in the input support, utilization of land for economic gains, intercropping provisions leading to enhanced incomes and food, and extension service employment opportunities available to participating youth.



3.2. Cases from Lao People's Democratic Republic

Lao People's Democratic Republic is under substantial pressure from large-scale land transfers (Gironde *et al.*, 2016; Kenney-Lazar, 2018). A nation-wide land-based investments inventory shows that over 1 700 land deals have been granted in country, covering 11.7 million ha, or an estimated 50 percent of the country's territory (Hett *et al.*, 2020). Messerli *et al.* (2016) further show that of the 1.1 million ha of all land-based investments that they analysed in the country, 81 percent were granted in forested landscapes or in landscape mosaics of forest, shrubland and grasslands. Historically, these have been the site of small-scale, mainly shifting cultivation. Large-scale land transfers granted for rubber, timber and cash crops are affecting smallholder agriculture, not only by adversely impacting wellbeing in terms of land, livelihood and food insecurity, but also by increasingly exposing smallholders to global markets (Debonne *et al.*, 2018; Nanhthavong *et al.*, 2021). The following section outlines three examples of investments from the country that offer alternative models and practices that contribute to the VGGT and CFS-RAI objectives. Drawn largely from desk-based research, the three cases presented are: Burapha Agroforestry, a eucalypts and wood products company; Mekong Timber Plantation Company Limited; and the locally controlled sustainable bamboo forestry by the villages of Huay Hang and Napor. Research on the Burapha Agroforestry case was supplemented by field visit and discussions with communities and company representatives in two villages where the company is operating.

BURAPHA AGRO-FORESTRY COMPANY LIMITED (BAFCL). In Lao People's Democratic Republic, the BAFCL, a Swedish-Lao joint venture company (95 percent and 5 percent shareholding, respectively) supports eucalyptus and acacia plantations as well as plywood and furniture operations in four provinces with a total of 60 000 ha of land concessions. As of 2022, Burapha has planted 5 807 ha in 55 villages

and plans to expand in state-owned Production Forest Areas (PFAs). PFAs are designated areas for commercial timber production and are also important sources of livelihoods for local communities. The company stated its commitment to sustainable business by fulfilling its economic, social and environmental responsibilities. This is achieved by providing employment to local communities, especially youth and women, increasing cash income in the region, delivering training and building capacity, supporting community development and agricultural initiatives, protecting natural resources, generating export income for the country (BAFCL, n.d.), and committing to several SDGs.⁶

Following the VGGT general principles and CFS-RAI Principle 5, the company uses a bottom-up approach to acquiring land and has created an innovative cooperation model with local communities. It approaches communities or individual landowners with proposals to lease land for agroforestry operations, and in return provides seasonal job opportunities, lease fees, land prepared for intercropping rice and other crops between trees, assistance for village infrastructure development, and access to the processing and marketing of crops such as cassava (FinnFund, 2022a; World Bank, 2020). Following CFS-RAI Principle 9, the company has developed public consultation and disclosure guidelines based on International Finance Corporation (IFC) performance standards to improve decision-making, ensure long-term viability, and enhance potential project benefits.

In line with CFS-RAI Principles, 2, 3 and 4, Burapha has located its principal operations in remote regions of the country (BAFCL, 2019; BAFCL, 2020) and 60 percent of its holdings are in Khmu and Hmong villages. The company prioritizes local community members to fill new plantation operation jobs when plantations are expanded. The villagers are trained by the company during the planting and maintenance phases of the plantations (FinnFund, 2022b). With the exception of the senior management team, all of its 430 staff are

⁶ BAFCL commits to ten SDGs, including SDG 1 by increasing farmer income by three-fold, SDG 2 through its agroforestry model and wage income, SDG 5 by creating programmes and targets for gender equality in the workplace, and SDG 15 by decreasing deforestation and protecting the environment.



hired locally, 41 percent of whom are women. Seasonal workers number 1 528, of whom 44 percent are women. The plywood mill is supported by 16 senior staff, of whom 50 percent are women. The company has exceeded its aims to have 35 percent women full-time staff by 2022. To support this, Burapha provides education services and culturally appropriate childcare arrangements, including maternity and paternity leave for its workers. The majority of the company's local labourers and employees are youth (Insouvanh, 2022, personal communication). Local employees from ethnic minority villages are also hired as supervisors and field staff to work directly with other company staff.

There is evidence that the company's activities have improved household income and assets. Surveys show that in Burapha partner villages, annual household incomes had increased for 47 percent of the respondents and decreased for 11 percent of the respondents, while in the control villages, 30 percent of the respondents reported increases and 21 percent reported decreases (BAFCL, 2020). Overall, partner village incomes had increased three to four times (FMO, 2020). Moreover, village development funds established in each partner village provide electricity, roads, schools, bridges, water and irrigation. This helps to ensure that some benefits are felt by everyone in the partner villages.



With regard to the conservation of natural resources, especially forests, Burapha uses only degraded forest land and prohibits clearing of forested land and large individual trees (FinnFund, 2022a). Seasonal and perennial streams are buffered by native vegetation to provide wildlife corridors and protect water quality and aquatic biodiversity. The company promotes the use of no-tilling practices to promote soil conservation in partner villages.

In line with CFS-RAI Principle 10, Burapha promotes accountability and carries out impact assessments of its activities. The company operates in accordance with the country's national legislation, and its environmental and social impact assessment (ESIA) framework, which is considered one of the stronger ESIA frameworks in the Mekong region. It requires conducting the ESIA prior to the investment (MHP, 2019; GOLPDR, 2012). The company's entire landholdings are FSC-certified, and it is the sole FSC-certified wood processing industry (plywood mill and sawmill) in the country. It has an environmental and social management system that helps guide company activities and promote full compliance with FSC and IFC performance standards (BAFCL, 2019; FinnFund, 2022a; IFC, n.d.). Burapha has developed separate environmental and social management and monitoring plans for its plantations to assess different conditions (MHP, 2019), and the company carried out an ESIA for its plywood mill. Burapha is also one of the few companies to have completed the ESIA in the Lao language in accordance with the law.

MEKONG TIMBER PLANTATIONS COMPANY LIMITED (MTP).

The MTP in Lao People's Democratic Republic has a 50-year concession licence to develop 50 000 ha of plantation forest. In line with CFS-RAI Principle 4, it developed a youth inclusion programme and works with the Centre for Child Rights and Corporate Social Responsibility to empower youth through skill-building and career development opportunities. It developed the capacity of plantation management to include decent youth work opportunities, created a child labour prevention and remediation mechanism, strengthened company capacity to mitigate child labour risks, and strengthened community relationships to create work and training opportunities for marginalized youth. Under a new chapter of the youth programme commencing in 2020, they established a four-day training programme to educate youth about their labour rights and inform them about age-appropriate positions they could fill. They also conducted community outreach to encourage more youth to join the training programme (New Forests, 2021, Centre for Child Rights and Business n.d.).

HUAY HANG AND NAPOR VILLAGES LOCALLY CONTROLLED FORESTRY BUSINESS.

On a smaller scale, Huay Hang and Napor villages in Sangthong District are home to communities that comprise small-scale producers who have formed a locally controlled forestry business that engages in sustainable bamboo forestry management. The district authorities, CSOs and communities collaborated to prevent the conversion of bamboo forests into agricultural land while supporting new income-generating activities for farmers that rely on traditional local knowledge and on the practice of bamboo forest management. They also engaged in a process that resulted in issuing communal land titles in Sangthong District, which promoted CFS-RAI Principle 5. The efforts supported improved income and entrepreneurship by using their association to sell handicrafts and furniture to external markets (CFS-RAI Principle, 2), protected and sustainably managed forests, and respected traditional knowledge (CFS-RAI Guideline 6) (IFAD, Procasur and AIPP, 2013).



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3.3. Other cases from across the world

The four cases presented below provide examples of better practices in several of the key components required for responsible investment aligned with the VGGT and CFS-RAI. These include: the United States of America's Alaska Native Corporations, South Africa's company partnership with communities in a sale and leaseback model, Brazil's Mixed Cooperative of the Tapajós National Forest, and Form Ghana's case of monitoring and responsible resettlement (see Box 8 for an overview). These cases were selected based on

their applicability to issues identified as important for Sierra Leone and Lao People's Democratic Republic, and to provide examples of better practice implementation with different tenure arrangements and various practices adopted at different stages of investment, as outlined in Box 6. The cases were also selected based on the availability of adequate information that reflects the guidance and principles of the VGGT and CFS-RAI. All cases highlight the role of governments, communities, businesses and NGOs at different stages of investment.

Box 8: Key features of the cases

1. The United States of America's Alaska Native Corporations – The case involves government recognition of customary rights to land and forests prior to investments. It illustrates the role of the government in spearheading and incentivizing responsible investments by adopting appropriate legal framework that respects community forestry and tenure rights, facilitating forest-based incomes for communities, promoting women in important decision-making roles, and ensuring community-level benefits from forest enterprises.

2. South Africa's Mondi company partnership with communities – This case also reflects the Government's important role in adopting appropriate legal framework respecting community forest rights in a sale and lease back model. During the initial stages of investment, the company sought to identify all customary land claims, adapted investment design based on local consultations, ensured meaningful lease agreement with local communities, supported an inclusive executive committee for the implementation of the lease agreement with democratically elected local representatives, and provided diverse forms of support to communities.

3. Brazil's Mixed Cooperative of the Tapajós National Forest – This case involves community-based forest cooperatives managing forest concessions within a national forest reserve. It highlights the potential of community concessions as an alternate model of responsible investments for sustainable production of timber for domestic and international markets, and the use of profits in innovative ways that deliver a wide range of benefits to local communities, including the diversification of production and income, and improvement of community resilience.

4. The case of Ghana's restoration, monitoring and responsible resettlement – This case highlights the predominance of customary land tenure and governance systems with lands managed by families and traditional leaders as in much of rural Sierra Leone and parts of Lao People's Democratic Republic. It focuses on: the lease of a forest reserve from the Government; the development of monitoring plans for socio-economic and environmental impacts; the preparation of a resettlement plan using participatory approaches with affected farmers and host communities on customary lands; responsible resettlement of local farmers including the provision of land and livelihoods; and a public-private partnership with a benefit-sharing arrangement among all stakeholders.

Source: Authors' elaboration



The analysis of better practice cases provided here has several limitations: it is based on desk research including company-prepared reports and self-reported data, in the absence of resources for primary data collection; and some of the better practices adopted may not have resolved all local-level challenges. Fuller information on continuing challenges could not be obtained due to limitations posed by secondary research. Due to space constraints, many other relevant cases from around the world of responsible investment policies and practices have been excluded. In addition, the cases presented here may not be applicable in their entirety to Sierra Leone and Lao People's Democratic Republic. Various aspects of these cases can be relevant in both countries' legal contexts while others can become relevant if future legal reforms are adopted in alignment with the VGGT and CFS-RAI.

UNITED STATES OF AMERICA'S ALASKA NATIVE CORPORATIONS

Around the globe, 50–65 percent of the world's land is held under custom by communities, with governments formally recognizing their rights to only a small portion. This situation leads to disrupted investments, environmental and cultural harms, and conflict (RRI,

2015), commonly in the form of violence and lawsuits in some regions. The displacement of local people often drives disputes, indicating that many companies and governments are failing to recognize tenure rightsholders and their pre-existing tenure claims (e.g. Munden Project Ltd., 2017). A foundational means for reducing widespread, intractable disputes while laying the groundwork for sustainable, inclusive economic and social development is the identification of all tenure rights holders and stakeholders early in the investment process. Under the VGGT and CFS-RAI (Principle 5), there should be a special focus on identifying: the tenure rights of customary, secondary, seasonal users of land and natural resources; any overlapping rights; and to ensuring the inclusion of traditionally marginalized groups, including women, youth and Indigenous Peoples.⁷ A strong, well implemented legal framework has the potential to ensure land tenure security for legitimate customary and informal tenure rights holders and support responsible, inclusive investments.

In the United States of America, the Alaska Native Claims Settlement Act (1971) was passed to settle historical aboriginal claims and support economic development in Alaska. It entitled every male and female Alaska Native alive on the date of its passage – Indigenous men, women, youth and children – to become a

⁷ The identification of all tenure rights holders and stakeholders for inclusive business models may require a review of land records and consultations with experts on national laws and customary practices, government officials and communities (including via participatory mapping). It may also include identifying land-related conflicts.

shareholder in Alaska Native Corporations, which were Indigenous, for-profit corporate entities (United States of America Government Accountability Office, 2012). The Alaska Native Corporations served as the vehicle for distributing the settlement, which included robust land, forest and natural resource rights held at the regional and community levels. These Corporations became the private landowners of 17.8 million ha (44 million acres) of land, making them the biggest private landowners in the state. There are now around 130 000 Alaska Native Corporations shareholders, who own some of the largest enterprises and who are among the largest employers in Alaska (Resource Development Council, n.d.).

For example, the Juneau-based Alaska Native Corporation Sealaska Corp. comprises over 23 000 Indigenous shareholders who own over 145 000 ha (360 000 acres) of land, including ancestral lands and forestlands. For much of its history, it focused on timber harvesting. Now it focuses on sustainable land use, including timberlands set aside as carbon offsets (Lasley, 2021; Sealaska, n.d.; DHM Research, 2021). Currently, Sealaska's board of directors has more Indigenous women than Indigenous men represented on its board (Sealaska, 2020). Sealaska recorded a net income of USD 65 million in 2018, nearly USD 78 million in 2019, and USD 56 million in 2020 (Mysealaska, 2020). It has supported the broader community, including through indigenous language preservation programmes and emergency COVID-19 relief to support Alaska Natives in its area (ibid.). A significant ongoing challenge with Alaska Native Corporations' governance is regarding their legitimacy, and preference of Native American tribes that priority be given to tribal governments that have government-to-government relations with the United States of America. Any institutional design during land and forest rights formalization and investment design should consider legitimacy concerns prior to establishing any new institutions, and should address disputes through an open and inclusive process to better ensure all customary stakeholders are included in the planning of local enterprises.

SOUTH AFRICA'S MONDI COMPANY PARTNERSHIP WITH CUSTOMARY LAND OWNERS

In customary land tenure settings across Africa, companies often engage only the government and traditional authorities while ignoring the need for broader community engagement in large-scale land acquisitions and preparation of leasing contracts. The lack of robust and inclusive community engagement can be a source of conflict between companies and community landowners (Herrmann, 2017). Effective stakeholder engagement and consultation (CFS-RAI Principle 9) are an integral part of responsible land-based investments, especially in countries where corporate companies have a large presence and are interacting on the ground with communities.

The forestry industry in South Africa is dominated by private corporations that own and operate about 56 percent of timber plantations, compared to 23 percent and 14 percent owned and controlled by individual commercial farmers and the Government, respectively (Makhathini, 2010). In this context, an international paper and packaging group, and a large-scale corporate investor Mondi own plantations in South Africa's forestry sector of eucalyptus (77 percent), pine (12 percent) and wattle (11 percent). Early during the investment process, Mondi learned that 60 groups had claims arising from pre-independence dispossessions to about 54 percent of Mondi-owned land. In 2008, the company set up a land division to manage and verify land restitution claims and other rights of communities residing on the land and to respond to neighbouring communities' needs, in line with the Land Restitution Act (1994) (Makhathini, 2010; Chamberlain, 2017). In Kranskop, land claimant communities resided on tribal land with limited socio-economic opportunities, high levels of poverty, low levels of education, a lack of skills and unemployment, and limited physical infrastructure. The Mondi land division developed the 'sale and leaseback' model to address community land claims and build company-community partnerships (see Box 9 for more information). It was successfully implemented in the Kranskop settlement.



Box 9. Mondi's company-community partnership model

At the project's inception phase, South Africa's Regional Land Claims Commission (RLCC) brought together the two claimant communities and Mondi to explore potential business models. One model initially proposed would have allowed Mondi to transfer, through the RLCC, both the land and the trees to the community with an underlying supply agreement and joint venture on the trees. Community representatives rejected the proposal because they felt it lacked provisions for independent community-led organization and development. Mondi then proposed an alternative business model – the 'sale and leaseback' model, which was later accepted by the community and the Government. Under this model, Mondi entered into a sale agreement with the South African Government through the RLCC. Under the sale agreement, the RLCC paid Mondi a market price of ZAR 20.5 million (USD 1.2 million in current value) for the land. After the sale, Mondi signed lease agreements with the community (organized into trust) to lease back the land for a 20-year period. Initially, Mondi proposed to work with only one community company to reduce administrative costs, but the communities rejected the proposal in favour of two separate community trusts and businesses. As a result, Mondi modified the contract and made provisions for the creation of two community trusts that each established their own community company.

Source: Chamberlain, W. 2017. Community-owned land with commercially-owned forestry plantations – Mondi in Kranskop. In W. Chamberlain and W. Anseeuw, eds. *Inclusive Business in Agriculture: What, how and for whom? Critical insights based on South African cases* (pp 137–150). <https://agritrop.cirad.fr/584519/1/9781928355090.pdf>

The Mondi business model exemplifies an investment that promoted strong community engagement in several ways. First, Mondi held several meetings with the community before concluding the lease agreement, enabling claimant communities to understand the potential benefits of the commercial forestry operation. Through the negotiations, the communities agreed to retain the forestry operation on land that was now community-owned and to be integrated into Mondi's commercial value chain. Second, Mondi retained ownership of the trees on community-owned land. Mondi has a 20-year lease over the land, and

communities can use unplanted or unsuitable land within the forest plantations for activities such as grazing if the activities comply with forestry standards. Through the lease agreement Mondi engaged the communities through several empowerment clauses including: assistance in setting up contracting companies and offering contracting opportunities to the community-owned businesses; financial advisory services to community trusts; establishment of the Mondi Corporate Social Investment (CSI) budget for community projects; community residential and infrastructural development; and a bursary scheme to fund tertiary education and

internships for community-selected students. Third, an executive committee, enshrined in the settlement agreement includes Mondi, democratically elected community trustees and government representatives, who together are responsible for implementing the settlement agreement and making medium- and long-term decisions. The community trusts are the landowning entities on behalf of their respective communities, which make decisions about land and community development issues and compliance with the lease agreement with Mondi. The Government monitors and enforces the lease agreement. Lastly, the democratic election of community trustees allows community members to have a say in who represents their interests without having to rely on traditional authorities whose interests may not align with the needs of community members (Makhathini, 2010; Chamberlain, 2017).

Under the company-community partnership, communities benefit from rental and stumpage fees paid by Mondi. Communities have established two business entities solely owned by the trusts and contracted by the company to conduct silviculture activities⁸ on the plantations (Makhathini, 2010; Chamberlain, 2017), thus contributing to CFS-RAI Principle 2. The applicability of South Africa's Mondi case lies in the opportunity of leasing lands and forests from customary owners and the establishment of partnerships with formally recognized customary right holders. Furthermore, it illustrates several better practices such as: the identification of all customary land claims; the adaptation of investment design based on local consultations; meaningful lease agreements that serve to improve local livelihoods; establishment of inclusive executive committees for the implementation of the lease agreements with democratically elected local representatives; and the provision of diverse forms of support to communities.

BRAZIL'S MIXED COOPERATIVE OF THE TAPAJÓS NATIONAL FOREST (COOMFLONA)

In the Amazon, illegal logging is an important driver of deforestation. Some of the highest deforestation rates are in the Brazilian State of Pará. When created in 1974, the Pará Tapajós National Forest (TNF) was mainly intended for timber production. It was created without the consent of local communities residing in the area (Espada and Sobrinho, 2019). In 2000, Brazil adopted the National System of Conservation Units Law (Law No. 9.985/2000), which provided the right for communities to reside within public forests (Humphries, Andrade and McGrath, 2015). In 2004, the Brazilian Government recognized local rights to land and forest in TNF through a land use concession contract allowing three intercommunity associations to implement community forest management for subsistence and commercial purposes. These communities organized themselves into the *Cooperativa Mista Verde da Flona do Tapajós* (COOMFLONA, Mixed Cooperative of the Tapajós National Forest), a community-based forest cooperative that has since managed a profitable, sustainable native timber business (Espada and Sobrinho, 2019).

Today, COOMFLONA has grown into "a model for community forest management in the Amazon region and an important global reference" (Espada and Sobrinho, 2019). It is the sole cooperative implementing a concession in Brazil's national forest, while industrial companies continue to manage all other national forests. The cooperative uses the reduced impact logging techniques to minimize environmental impacts (Humphries, Andrade and McGrath, 2015), and in 2013, it secured FSC certification providing a verifiable legal source of timber and meeting the highest environmental and social standards. It has generated employment, income and other social benefits for community members. In particular, the cooperative is the principal

⁸ These silviculture activities include land preparation, alien weed clearing on forested land, maintenance of unplanted conservation areas, plantation re-establishment, fire prevention and firefighting.



source of employment for community members, and nearly all of the cooperative workers are residents of the TNF and members of the cooperative (Espada and Sobrinho, 2019).

The success of the cooperative can be attributed to the multi-partner governance that has allowed the cooperative members to build its technical knowledge, obtain organizational support, tackle various challenges



encountered over time and build resilience. For example, the Brazilian Ministry of the Environment's Chico Mendes Institute for Biodiversity Conservation (ICMbio) has provided important support to facilitate dialogue between the cooperative and other federal agencies, help the cooperative with commercial negotiations, comply with legal requirements, resolve internal conflicts and obtain project funds (Espada and Sobrinho, 2019; Humphries, Andrade and McGrath, 2015). NGOs have provided important support such as training in forest management and strengthening of organizational and financial operations. The cooperative has used the profits in innovative ways to: help communities diversify production and income sources beyond timber; maintain infrastructure such as roads, thus facilitating access to urban facilities and markets; provide social welfare and access to health care and education in a region that is poor and lacks such basic services. The diversification of production has further generated more employment and brought in more cash incomes (Espada and Sobrinho, 2019).

The model has potential for expansion in Brazil as in other parts of the world where communities have commercial rights to forests.⁹ The model, when implemented well

⁹ Since the 1980s, governments around the world have been providing a wider range of forest rights to communities and smallholders, including rights over ecologically intact forests rather than mainly to degraded forests, and to the commercial use of wood and non-wood forest products rather than being limited to subsistence uses (Aggarwal *et al.*, 2021).

with appropriate government and non-governmental support, can provide an important alternative to private logging concessions operating with low effectiveness, are unable to meet demand for raw material, where illegal wood has a large share in the timber market (CNI, 2018). The case shows how the devolution of commercial rights to forests in recognition of legitimate rights (VGGT general principle 1) together with targeted organizational and commercialization support (VGGT general principle 3) can deliver a wide range of benefits for communities, and contribute to the domestic and global timber and other forest product markets. Very importantly, the case shows that the simple recognition or granting of rights is often not sufficient for local communities to use and benefit from them.

FORM GHANA LIMITED'S MONITORING AND RESETTLEMENT ACTION PLAN

Around the world, poorly drafted forestry contracts are often difficult to monitor or enforce, and the parties' non-compliance can cause major social, economic and environmental damage in communities where the investments are located (Cordes and Szoke-Burke, 2017). When parties fail to comply with contract provisions because of inadequate monitoring, enforcement, or weak provisions, a range of negative outcomes occur, such as land degradation, loss of biodiversity, deforestation, land and human rights violations, and loss of revenues, especially in contexts where domestic forestry-related laws are weak (ibid.).

In Ghana, nearly 94 percent of forest reserves are degraded, constituting a major challenge. Restoration and conversion of degraded land into well-managed forest plantations is part of the Government of Ghana's forestry and poverty reduction strategies (Oduro, Obeng and Damnyag, 2020). Form Ghana Limited is a plantation management company established in Ghana in 2007. A subsidiary of the Dutch company Sustainable Forestry Investments B.V., it aims to support large-scale reforestation of degraded forest reserves in Ghana. The company began restoration activities in 2008 following the piloting of the initiative in 2001. The company signed a 50-year renewable land lease

agreement to over 14 000 ha of degraded forest land with the Government and traditional landowners along with a tripartite benefit-sharing agreement. Its business model is considered the first public-private partnership for forest restoration in Ghana.

The project required the relocation of farmers from the reserve to lands in the vicinity managed by customary authorities. Aligned with VGGT general principle 2 and CFS-RAI Principles 9 and 10, Form Ghana developed a Resettlement Action Plan (RAP) with the active participation of all relevant stakeholders. Resettled farmers were provided land and traditional ownership rights in agreement with host community, temporary housing close to the construction site while new homes were built, transport of goods from the original housing to the host community, and access to borehole water and ablution facilities and all other host community facilities. Form Ghana aimed to improve and enhance facilities by installing an additional borehole and ablutions facilities. Resettled farmers were also provided an intercropping agreement within the reserve, hence legalizing their right to cultivate within the reserve boundaries. When tree plantations reached canopy closure, farmers were allowed to shift to other areas where the canopy was still open. Intercropping also benefited the company, because the growth of trees on intercropped land was better than that on parts of the plantation without intercropping. All intercropping farmers are offered job opportunities; some are provided with permanent work, and others with contract work. Vulnerable households (e.g. women-headed households) were further provided assistance with the construction of housing in host community. Similarly, the households headed by disabled persons were provided support based on their individual needs. Farmers who volunteered to give land for resettlement of affected people were provided monetary compensation for their land and crops (as agreed on with the farmers). Form Ghana set up a grievance and redress mechanism protocol for project-affected people. No grievances were lodged by the settler or host farmers. Additionally, the chief of the host community, together with Form Ghana, set

up an informal/ad hoc committee to ensure the smooth integration of the settler farmers into the community. Regular meetings were held with the intercropping farmers to evaluate the implementation of the livelihood support program (Oduro, Obeng and Damnyag, 2020; Form International, 2018).

The RAP was developed within the framework of a Socio-Economic Impact Mitigation Action Plan (SEIMAP) to comply with a USD 10 million loan from the African Development Bank and its Operational Safeguards for the forest restoration project. As part of its land lease permit, Form Ghana is also required to prepare detailed environmental management plans (EMPs) for the Ghana Environmental Protection Agency. The company's annual EMPs include information on all public complaints and procedures for addressing them before the permit is renewed. Its detailed annual EMPs, monitoring reports, social and economic impact assessments, biodiversity monitoring, high conservation value forests analysis, RAP, corporate social responsibility policy and grievance mechanisms for each project site are posted on its website.

Rigorous monitoring mechanisms and plans, as well as sound RAP implementation are significant improvements

in such investments. However, further improvement is needed, since despite these efforts, settler farmers returned to their original homes and farms, complaining of various challenges such as: the long distance from their resettlement housing units to the land made available at Form Ghana's plantation site; the new maize planting technology introduced to them for farming at Form Ghana's plantation site, which was overly labour-intensive; and the inadequacy of the temporary accommodation provided to them in the host community. This suggests that additional measures should have been adopted by Form Ghana with regard to: periodically reviewing the monitoring and implementation with the communities; obtaining direct input rather than through online mechanisms; addressing distance issues; providing practical training on the use of the new maize planting technology for improved yields through field demonstrations; supporting settler farmers to build their own houses according to their needs; supporting skills development/training for vulnerable members (e.g. wives of settlers) to enhance the livelihoods of settler farmers' households; and providing daily living-related provisions to settler farmers during the initial period of their resettlement in the host community (Oduro, Obeng and Damnyag, 2020).





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4. The role of government and non-government stakeholders in promoting responsible investments

Learning from the case study research, field visits and interviews with community and company representatives, and multi-stakeholder discussions held during the South-South exchange events, it is evident that governments, investors and business entities, NGOs, CSOs and development agencies all have an important role to play in advancing the implementation of responsible investments in their countries.



4.1

GOVERNMENTS CAN:

- ▶ strengthen coordination among relevant departments to define and implement an investment strategy that promotes responsible investments. This will also serve to provide an enabling environment to companies for responsible investments;
- ▶ align laws and policies with good practices, including with the VGGT and CFS-RAI, and with global certifications such as the FSC and RSPO. The laws should recognize legitimate land and resource tenure including customary rights;
- ▶ evaluate investment proposals against a broad set of criteria that include land and resource rights, food security, improved livelihoods of local communities, and the protection of ecosystem services. They should ensure that proposals have identified appropriate mitigation plans where there is potential for negative impact;
- ▶ develop mechanisms for consultation with local stakeholders such as CSOs, landowners and land users throughout the investment process, from strategy development, investment approval, impact assessment, investment design, to monitoring and evaluation (FAO, 2015). Through these consultations, they could strengthen awareness and understanding among affected communities of their rights, develop common understanding of local challenges associated with investments, and identify practical actions to address them.
- ▶ document existing land tenure rights at low cost and through a simple administrative process. Increase public participation in land use planning, the identification of community boundaries and land allocation processes;
- ▶ develop mechanisms to promote compliance by all stakeholders with existing laws and policies. They should develop tools to screen and conduct due diligence on investors and investments. They should also develop an investment tracking tool and performance rating system that companies can use to facilitate compliance;
- ▶ provide effective systems for resolving conflicts, addressing complaints and taking corrective action;
- ▶ strengthen monitoring and evaluation of investors and investments for potential impact on land tenure rights, local livelihoods, human rights, food security and the environment. They should promote independent and transparent evaluations, share information among government entities involved in the investment approval process, and promote and scale up the use of successful responsible investment models for wider application.

4.2.



INVESTORS AND BUSINESS ENTERPRISES CAN:¹⁰

- ▶ adopt and implement responsible investment models including those that secure local tenure rights. They should consider their benefits in providing stability to the investments, reduce conflict, prevent investment failures and facilitate innovations;
- ▶ conduct comprehensive environmental and social impact assessments identifying potential impact on land and resource rights, livelihoods, food security and the environment. They should identify a clear plan for mitigating negative impacts;
- ▶ avoid project models that involve the transfer of land rights from smallholders, communities and other local people. In particular, they should avoid projects requiring expropriation and all forms of voluntary or involuntary resettlements;
- ▶ identify mechanisms for appropriate consultations with local stakeholders that may be affected, including women, youth and marginalized groups. They should ensure proper FPIC throughout the various stages of the investment.¹¹ They should also obtain assistance from NGOs and CSOs to facilitate consultation where necessary;
- ▶ ensure transparency in all decision-making and disclosure of all project information that may have potential impact on local stakeholders;
- ▶ adopt mechanisms for the efficient, effective and fair resolution of any disputes involving land, livelihoods or other issues;
- ▶ adopt effective monitoring, in particular to mitigate any social and environmental risks arising from project activities. They should correct adverse impacts and adopt effective reporting mechanisms for local stakeholders.

4.3.



NON-GOVERNMENTAL AND CIVIL SOCIETY ORGANIZATIONS CAN:¹²

- ▶ facilitate public participation throughout the investment process, including defining national investment policies and strategies;
- ▶ collect and publish reliable information on existing forest investments;
- ▶ develop information materials for communities on tenure rights and investment agreements;
- ▶ advise investors and government authorities on approaches for making consultation and negotiation processes inclusive and appropriate to the local context;
- ▶ provide information on responsible investment models to government and investors, and facilitate partnerships with local stakeholders. They should help pilot innovative models that help local communities and smallholders effectively participate in the investments;
- ▶ support communities in defining community protocols for investor engagement. Build local capacity for effective participation in the investment;
- ▶ support local communities and smallholders in their claims to land;
- ▶ monitor investments and advocate for increased transparency where it is lacking, particularly with regard to impacts on human rights, tenure rights, livelihoods and the environment;
- ▶ support governments and business entities in providing accessible and effective dispute resolution and grievance redress mechanisms at the local levels.

¹⁰ See FAO (2016) for additional guidance.

¹¹ See FAO (2014b) for example.

¹² See FAO (2015) for additional recommendations.

4.4



DEVELOPMENT AGENCIES CAN:

- ▶ facilitate cross-sectoral multi-stakeholder platform and processes to help define and implement an investment strategy that promotes responsible investments;
- ▶ support governments in reviewing and aligning laws and policies with global guidelines and principles;
- ▶ support governments to strengthen monitoring and evaluation of investors and investments for potential impact on land tenure rights, local livelihoods, human rights, food security and the environment. They should promote independent and transparent evaluations. They should also share information among government entities involved in the investment approval process;
- ▶ monitor promising cases of better investment models to verify claims, distil and share lessons learned and identify ways to further improve them;
- ▶ promote research and create opportunities for knowledge sharing on better practices across and within countries, giving visibility to successful cases and scaling up the use of successful responsible investment models for wider application;
- ▶ develop guidance for communities on sound community-investor agreements/contracts and participation in the investments.





5. Conclusion

Approaches that reduce or avoid large-scale transfers of land and involve effective partnerships between communities and business entities have the potential to contribute to employment and poverty reduction, food security, women's and youth empowerment, and sound management of natural resources, as well as to achieving many of the SDGs. Countries as well as companies around the world are increasingly adopting various measures and initiatives to improve investments; however, these measures and initiatives remain limited in scope and scale. Governments and business entities can benefit greatly from valuable guidance and the VGGT and CFS-RAI principles, which can be used to design responsible investments both in terms of policy and practice.

This document highlights some of the better practice models being adopted in Sierra Leone in Lao People's Democratic Republic. It also presents selected additional cases from the United States of America, South Africa, Brazil and Ghana, highlighting how progressive national policy and legal frameworks as well as company practices are facilitating responsible investments in line with various VGGT and CFS-RAI principles.

In particular, governments are addressing land tenure insecurity through the legal recognition of customary and indigenous land rights by facilitating company-community partnerships, supporting community owned and -controlled businesses, promoting contract farming, and facilitating joint ventures and other forms of collaborative production. Some companies are addressing land tenure insecurity by avoiding approaches that lead to displacements and permanent loss of land rights of local communities. They are helping to secure local land rights through community mapping and documentation of customary lands by facilitating community land titling and by adopting benefit-sharing models that recognize local people's land rights. To

promote food security and poverty reduction, business entities are including outgrower models and building small-scale producer productivity through training; ensuring fair purchase prices; providing employment for local people; benefit-sharing; providing for intercropping in plantation areas; and emphasizing support for youth, women and vulnerable households. NGOs and CSOs are playing an important role in facilitating responsible investments by: initiating farmer support centres; strengthening local community organization and technical skills; promoting legal awareness; facilitating access to markets; and helping to engage women, youth and other land users. To address environmental challenges, business entities are adopting FSC and RSPO certification and working with smallholders to ensure compliance.

While some of these initiatives such as those in Sierra Leone are still at the early stages of implementation, the cases show promise in addressing the wide range of concerns related to land-based investments. Responsible investments and business models will require significant collaboration between host governments, investors and business entities, NGOs and CSOs to ensure environmental sustainability, broad-based development, poverty reduction, food and livelihood security and economic empowerment in alignment with VGGT and CFS-RAI principles.



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