Summary report

Technical workshop on principles guiding new investments in agriculture

Dakar, Senegal, 27-28 March 2017

1. Introduction

A technical multi-stakeholder workshop on responsible investment in agriculture took place in Dakar, Senegal, on 27-28 March 2017. It was organized by the Inter-Agency Working Group (IAWG) comprising the Food and Agriculture Organization of the United Nations (FAO), the International Fund for Agricultural Development (IFAD), the United Nations Conference on Trade and Development (UNCTAD) and the World Bank, in cooperation with the Ministry of Agriculture and Rural Equipment (MAER) of Senegal. Over 50 persons attended the workshop, including representatives of governments, the private sector, the civil society, as well as development partners and international organizations.

The workshop was conducted under the IAWG programme "Pilot use of principles guiding new investments in agriculture". This programme aims to bring the principles for responsible agricultural investment to relatively new agribusiness operations to ensure mutually beneficial interactions between these agribusiness operations, local communities and the economy as a whole. The programme generates practical guidance, recommendations and practices to be used at the early stages of investments. It encourages inclusive and informed discussions on what responsible investment in agriculture means for different stakeholders in different contexts.

In the workshop, findings of research and experiences from the field by both the IAWG and Senegalese actors were presented. Participants discussed how voluntary guidance instruments on responsible investment may be used in Senegal, and generated a number of recommendations for policy and further dialogue activities.

2. Opportunities for more and better agricultural investment in Senegal

The workshop was opened by Dr Ibrahima Mendy, Director of "Analysis, Forecast and Agricultural Statistics" at the Ministry of Agriculture and Mr Reda Lebtahi, FAO Representative ad interim in Senegal.

Mr Lebtahi pointed out that money spent in the agricultural sector generally has a positive socio-economic impact and that agricultural investment can be twice as effective in reducing poverty as investment in non-agricultural sectors.

He argued that the vision of rural transformation throughout the African region depends largely on the ability of governments, development actors and the private sector to generate substantial funding to stimulate innovation and growth. Many opportunities exist for agricultural investment in Senegal and in Africa in general. Lower world food prices for staple foods may dampen investor interest in the medium term, but growing cities and shifting consumption patterns in African countries create business opportunities for investment in agricultural value chains. Moreover, excellent agro-ecological potential along with improvements of the macroeconomic environment and adherence to good governance standards can also help to attract investors.

Responding to Mr Lebtahi´s opening remarks, participants stated that Senegal's agricultural potential is not yet fully realized and that the country is heavily dependent on food imports. Lack of investment in agriculture is a major cause of food import dependence. On the one hand, the agricultural sector accounts for a small share of total foreign direct investment (FDI), less than 10 percent. On the other hand, domestic private investment, including by producers themselves, is inhibited by a lack of finance and the inability of many actors to save and make long-term investment decisions.

Mr Mendy highlighted that the Government of Senegal works to increase production and productivity in the agricultural sector. For example, the Senegalese Agriculture Pace Acceleration Program (PRACAS) aims to meet domestic demand for staple foods with domestic supply, particularly of white rice, by the end of 2017. Senegal relies on both family farms and larger private investors to reduce the investment deficit and trade imbalance. The Agency for the Promotion of Investments and Major Works (APIX) helps private investors to access land. However, the government and other actors in Senegal are well aware that more agricultural investment alone is not enough to achieve inclusive development. The benefits of higher agricultural investment do not necessarily reach those who need it most. Indeed, irresponsible investment can harm communities and the environment.

Some participants thought that the most promising avenue to increase overall output was through supporting large-scale commercial farms. However, others argued that large-scale investment can harm communities and the environment, and thus require due diligence measures. Participants listed a number of practices that where likely to create negative outcomes, including:

- Land acquisitions without consultation of with the concerned populations;
- Conversion of communal land into private land without the knowledge of the concerned communities and rural councils;
- Lack of clarity among stakeholders on the actual purpose of proposed investments, and insufficient impact assessments;
- Failure to develop large tracts of the acquired land areas according to the terms of the agreement.

It was argued that some large-scale agricultural projects are not using natural resources in a sustainable manner. Increasing production in the Senegal River Basin depends on the expansion of cultivated areas, which in turn depends on investing in the supply and availability of water resources. Given the limited availability of suitable land for agriculture, and the scarcity of water, it was argued that investments should be channelled towards sustainable intensification, i.e. a system that would allow farmers to grow more using the scarce natural resources at their disposal in a sustainable manner. Some participants spoke in favour of small- and medium-scale agriculture, insisting on the need for expanding irrigation in their lands, so that they can invest in their own farms and increase productivity.

3. Guidance instruments for responsible investment in agriculture

A number of international, regional and domestic guidance instruments that promote more and better agricultural investment were reviewed by the participants. FAO provided an overview of international voluntary guidance instruments, while Senegalese participants concentrated on domestic and regional initiatives.

The instruments introduced by FAO represent an emerging consensus on what broadly constitutes responsible agricultural investment. At global level, the CFS Principles for Responsible Investment in Agriculture and Food Systems (CFS-RAI) and the Voluntary Guidelines on the Responsible Governance of Tenure of Land, Fisheries and Forests (VGGT) were developed through intensive multi-stakeholder negotiations between representatives of member countries, civil society organizations, the private sector and other actors. At the regional level, the African Union, the African Development Bank and the United Nations Commission for Africa work with governments and other partners in the Land Policy Initiative to promote inclusive investment. Respect of legitimate tenure rights, food security, good governance, consultation and participation, generation of shared benefits and environmental sustainability are common features of most guidance instruments.

Representatives of the Senegalese Government present at the workshop expressed support for both the VGGT and the CFS-RAI and welcomed the opportunity to discuss their relevance for Senegal in a multi-actor setting. The VGGT had already been shared widely in Senegal, and a national multi-stakeholder platform has been initiated to implement them. The National Land Reform Commission in Senegal (CNRFS) has also formulated and elaborated a land policy document and a new land legislation by taking advantage of the voluntary guidelines. Following widespread and inclusive consultations, the new land policy document has already been submitted to legislators.

The CFS-RAI were less known among the workshop participants, though it was argued that several programmes and activities are carried out in accordance with the spirit of the principles. Participants were informed of the FAO Umbrella Programme that aims to support responsible investment and turn the CFS-RAI principles into action through "Champion Countries". Indeed, the possibility of Senegal becoming one of them was mentioned during the workshop. Finally, participants were also informed of the OECD and FAO Guidance for Responsible Agricultural Supply Chains, which draws significantly on the CFS-RAI. Workshop participants thought that this guidance could help agribusinesses in Senegal to align their operations with the CFS-RAI and other international standards.

4. Initiatives that increase and improve agricultural investment in Senegal

Several initiatives were showcased that improve agricultural policies, facilitate access to financial and non-financial agricultural services, and strengthen dialogue on rural development. For example, the Comprehensive Africa Agriculture Development Programme (CAADP) has helped Senegal to improve agricultural policies. Senegal is among the few African countries that have allocated more than 10 percent of the public budget to agriculture in accordance with the Maputo target. *Plan Emergent Senegal* (PES) is a national development strategy aiming at inclusive growth, development of human capital and good governance. Agriculture is a strategic sector in the PES, and one way to encourage agricultural growth is the setting up of "*agropoles*" or centres for networking of all stakeholders in the value chains aiming to incubate and integrate technologies, equipment and services. The *agropoles* should be governed by local selection and monitoring committees based on local governance structures and cooperation among local actors. Beneficiaries should be selected according to equity, gender and age criteria.

IPAR, which is a collaborative initiative between the European Union and the Government of Senegal, supports inclusive agricultural growth by addressing structural imbalances between large-scale and small-scale producers. The Project for the Inclusive and Sustainable Development of Agribusiness in Senegal (PDIDAS) promotes the inclusion of small-scale producers in modern value chains. It is funded by the World Bank and implemented by the Ministry of Agriculture. It was argued that more than 10 000 people (of which over 65 percent are women) will benefit from the programme including: 800 small-scale farmers who will engage in commercial agriculture; 180 farmers with medium-sized farms who will be able to increase their current production; 9 500 employees who will work in all types of activities along the value chain; and 100 small and medium enterprises engaged in all types of activities along the horticultural value chain.

Some workshop participants stated that public incentives, such as agricultural subsidies, are often provided in a non-transparent manner and biased in favour of large-scale farms. Participants engaged in open and lively discussions and did not hesitate to express disagreement or to “agree to disagree” on controversial positions. As mentioned above, some participants felt that the most promising avenue to increase national output was to support large-scale commercial farms, while others insisted on the need to expand irrigated areas and to help small- and medium-scale farmers invest in their farms to increase productivity. Finally, some participants also requested better coordination between different initiatives that support agriculture and rural development to ensure maximum impact.

A large-scale investment in the Senegal River Valley was given as an example of how large-scale investment can contribute to national self-sufficiency in rice. The investment is a result of a tripartite partnership between a domestic company, financial institutions and local producers. High-quality rice is sourced from producers and bigger plantations. The company has invested heavily in processing, storage and distribution. It was argued that investments like these had been crucial to enable locally produced rice to compete in urban markets with cheap imports.

There was consensus on the view that strong producer organizations such as associations and cooperatives are required to make a success of efforts that enable small-scale producers to save, invest and take part in modern agricultural value chains. The national council for rural cooperation (CNCR) is a good example. CNCR is an umbrella organization for 15 rice producer associations with over 15 500 small-scale producers commanding a total of 11 829 hectares.

CNCR pointed out that their activities contribute to the implementation of several CFS-RAI principles, both through the promotion of inclusive and transparent governance structures and by being accountable to its members. Its average member grows rice on less than 0.5 hectares and, according to CNCR, some of its members are among the most productive rice farmers in the world.

Conclusions and recommendations

Based on the debates during the workshop, the participants proposed the following recommendations:

1. Increase coordination and synergies between the various initiatives that aim to raise agricultural investment in Senegal.
2. Recognize and support the contribution of small-scale and family farmers, pastoralists and fisher folk to sustainable agricultural and rural development.
3. Support investment of small-scale producers that modernize their farms.
4. Strengthen the participation of small-scale producers in commercial value chains and development programmes.
5. Provide enabling policies and measures that strengthen producer organizations.
6. Reduce conflicts by ensuring that large-scale private investors respect rights, for example by taking into account the interests of local populations in their business operations.

7. Ensure that large-scale private investment generates decent jobs that comply with national law and the conventions of the International Labour Organization (ILO).
8. Capitalize on, scale up and replicate already existing good practices on responsible investment in Senegal.
9. Support multi-actor dialogue activities and develop synergies between all value chain actors, including through the strengthening or creation of inter-professional organizations covering all the links of the value chain.
10. Ensure that multi-actor dialogue and capacity development activities are aligned with existing national frameworks such as the VGGT platform and Plan Emergent Senegal.
11. Ensure that rural populations are included by empowering local authorities and grassroots organizations in line with Senegal's new decentralization policy (Act 3), and by organizing awareness raising and capacity development activities in rural areas.
12. Promote the sustainable management of natural resources, in particular water, as well as production systems that are environmentally friendly such as organic farming.
13. Develop irrigation systems and increase the area of irrigated farmland.

The Workshop was closed by Mr Paul Gardner Yvelin De Beville, Consultant, on behalf of the World Bank and Mr Pascal Liu, Senior Economist, on behalf of FAO. In his closing remarks, Mr Liu invited the participants to continue the debate on strategies and activities to promote agricultural investment and to consider requesting to participate in FAO's Umbrella Programme.