

**FEDERAL MINISTRY OF AGRICULTURE AND
RURAL DEVELOPMENT**



FMARD
FEDERAL MINISTRY OF AGRICULTURE
AND RURAL DEVELOPMENT

**THE NIGERIAN AGRICULTURAL LAND FOR INVESTMENT
(NALFI) POLICY**

APRIL 2017

ABBREVIATIONS AND ACRONYMS

AAP	Agriculture Promotion Policy
CBOs	Community-based organizations
CSOs	Civil Society Organizations
EIA	Environmental Impact Assessment
EU	European Union
FSR	Farming Systems Research
GAP	Good Agricultural Practices
GDP	Gross Domestic Product
GRM	Grievance Redress Mechanism
HCC	Host Community Committee
HIV/AIDS	Human immunodeficiency virus/Acquired immunodeficiency syndrome
ICT	Information and Communication Technology
LGAs	Local Government Authorities
LPI	Land Policy Initiative
LRP	Livelihood Restoration Plans
LUAC	Land Use Allocation Committee
M&E	Monitoring and Evaluation
MDA	Ministry, Department and Agency
MDGs	Millennium Development Goals
MLG	Ministry of Local Government
MoJ	Ministry of Justice
MoL	Ministry of Land
MT	Metric Tonnes
NALFI	Nigerian Agricultural Land for Investment Policy
NEPAD	New Partnership for Agricultural Development
NGOs	Non-Governmental Organizations
PO's	Producer Organizations
RAI	Responsible Agricultural Investment
RAP	Resettlement Action Plans
SAC	State Advisory Committee
SCPZ	Staple Crop Processing Zones
SIPA	State Investment Promotion Agency
SMEs	Small and Medium Enterprises
VGGT	Voluntary Guidelines on the Responsible Governance of Tenure of Land, Fisheries and Forests

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FOREWORD

Ministry to provide this following validation

Chief Audu Ogbeh
Honourable Minister, Federal Ministry of Agriculture & Rural Development
Abuja FCT, Nigeria

CHAPTER ONE

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1. INTRODUCTION AND BACKGROUND

Land is perhaps a nation's single most important natural resource in the sense that it affects every aspect of the lives of the people. Apart from its use as a basis for providing shelter, land is the basis of livelihood support of rural populations. Therefore, whether as a resource to a nation, region and urban or rural area, land requires careful management for the maximization of benefits derived from its utilization.

Current land management is primarily governed by the Land Use Act 1978, which vests ownership in the state. In terms of agriculture and productivity increases, access to land is a critical action point for the sector. The current practice of subsistence farming is not able to meet the objectives of the nation and it is widely recognized that the sector needs to adopt commercialization and industrialization strategies by way of large scale agricultural investments.

Commented [H2]: Nation's agriculture promotion policy (APP)

This document is concerned with facilitating large scale agricultural land investments in Nigeria, using a set of guiding principles derived from international best practice while acknowledging Nigerian legal provisions and considerations.

1. Policy Thrust and Objectives of APP

The new federal Agricultural Promotion Policy (APP) 2016-2020 "The Green Alternative" focuses on solving the core issues facing the development of the sector. The aim is to transform the sector from potentials to actual reality. The APP identifies four federal priorities to be delivered in partnership with State Governments: **food security; import substitution; job creation; and economic diversification**. The policy themes have been distilled into three thematic action points as detailed in the table below:

Productivity Enhancements	Crowding in Private Sector Investment	FMARD Institutional Realignment
1. Access to Land 2. Soil Fertility 3. Access to Information and knowledge 4. Access to Inputs 5. Production Management 6. Storage 7. Processing 8. Marketing & Trade	9. Access to Finance 10. Agribusiness Investment Development	11. Institutional Setting and Roles 12. Youth and Women 13. Infrastructure 14. Climate Smart Agriculture 15. Research & Innovation 16. Food, Consumption and Nutrition Security

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Table 1: Three Core Themes for APP

The link between productivity enhancement & land administration

Section 4.1.1 of the APP recognizes that land is a vital input for agricultural production and regulated access to it is critical. A key issue is land title and tenure, which defines the conditions and rules guiding the right to hold a piece of land for one purpose or another. Sound land policies and efficient land administration are critical to economic growth, food security, and poverty alleviation, especially in Africa, where about 80 percent of the population still rely on agriculture for their livelihoods (African Development Bank Group 2010)¹.

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Commented [H4]: Key administrative issues in the regard include land title and tenure which define conditions and rules

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Sound land policies are also essential for facilitating flows of private investment into agriculture and other land-based industries, including light manufacturing and solid minerals development. Although it has long been known that land tenure security is associated with private investment (Place 2009)², the recent surges in investor interest in Africa in agriculture (following the 2008 food and commodity price boom) and in oil, mineral resources, and tourism has resulted in a lot more emphasis on land tenure security. Without land tenure security, investors cannot be sure of reaping the full benefits of land deals and investments, nor can local communities receive protection and full compensation for their land rights or a fair share of returns from investments on their land (Deininger et al. 2011).³ It is estimated that about 90% of agricultural lands in Africa and Nigeria are not titled, effectively nullifying their capacity to be treated as collateral for financial transactions⁴.

Commented [H6]: Effective administration of land policies is essential in attracting large scale investments for development. There is a strong correlation between land tenure security and private investment. This explains the surge in agricultural and solid mineral investment in Africa over the years. Investor confidence are strongly influenced by protective frameworks such as land tenure security. This also provides affected communities with adequate compensation as shares of return on investment for their land rights.

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Other challenges abound, including the strict application of the law and the reality of community control. For example, the Land Use Act stipulates that State Governors hold land in trust for the people. Yet communities where land is situated can, in practice, throw up road blocks to land access, which contributes to difficulties investors face in acquiring land for agricultural investment. In other cases, the bureaucracy and approving authorities can also be an obstacle to land allocation even when the community's support is not in question. A few states have made strong progress in this area regarding simplifying the process of land allocation, and issuance of Certificates of Occupancy⁵. States such as Kano, Enugu, Benue and Jigawa have all embarked upon projects to improve their land registries, utilizing electronic document management systems⁶, with Lagos State being a leading example by implementing a comprehensive land registration system that is designed to be simple, transparent and efficient thus reduce the processing to 14 days⁷.

Crowding in Private Sector Investment

Section 4.2.2. of the APP relates to Agribusiness Development and is a priority of the government in driving growth of the Agricultural sector through private sector investment. To better understand the issues militating against sectoral development, FMARD in 2013⁸ commissioned two surveys and the respondents opined that constraints to investment were:

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¹ African Development Bank Group. 2010. Agriculture Sector Strategy, 2010–2014. Algiers: African Development Bank.

² Place, F. 2009. "Land Tenure and Agricultural Productivity in Africa: A Comparative Analysis of the Economics Literature and Recent Policy Strategies and Reforms." World Agroforestry Centre, Nairobi, Kenya.

³ Agricultural Land Redistribution and Land Administration in Sub-Saharan Africa <http://dx.doi.org/10.1596/978-1-4648-0188-4>

⁴ Byamugisha, Frank F. K. 2013. Securing Africa's Land for Shared Prosperity: A Program to Scale Up Reforms and Investments. Africa Development Forum series. Washington, DC: World Bank

⁵ Agriculture Promotion Policy (2016-2020) – "The Green Alternative"

⁶ <http://www.sparc-nigeria.com/SJG2/>

⁷ <http://www.vanguardngr.com/2016/05/land-titles-lagos-begins-land-administration-automation-system/>

⁸ Agriculture Promotion Policy (2016-2020) – "The Green Alternative" –S4.2.2

Constraint identified	Rating
1. Lack of government coordination	100%
2. Inconsistent policy implementation, laws, taxes and administrative practices; lack of private sector engagement in policy formulation	94%
3. Lack of security of raw material supplies to food processors	75%
4. Inadequate power, water and road infrastructure adds to investor capital and operating expenses	69%
5. Process for acquiring and developing land is unstructured and expensive causing significant delays to investment	63%
6. Limited availability of qualified labour and domestic technical assistance partners impedes investors ability to meet investment objectives	50%

Table 1: Survey on Constraints to growth from APP

From the above results, land and its related issues clearly forms significant barriers to development and sectoral growth. In response to these major constraints, the FMARD APP seeks: (i) promotion of access to agro-processing through both public intervention and facilitation of private sector investment; (ii) Revitalization of Staple Crops Processing Zones, Agribusiness Incubation Centers and Agro-industrial parks; (iii) **Partnership with State Governments to incentivize agribusiness development including safeguards for small holders, rapid collateralization of land, and focused infrastructure access;** (iv) Provision of rural infrastructure, roads, water, electricity and others; (v) Harmonization of standards, quality and other food safety measures for food security, market and trade; (vi) Facilitation of provision of modern paddy handling equipment in key clusters; (vii) Establishment of price discovery mechanisms and selective use of supports; and (viii) Establishment and leverage in a consultative capacity of a National Agribusiness Consultative and Advisory Forum.

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A clear policy framework relating to land administration is pivotal to achieving the APP objectives. Land management and/or acquisition is an underlying factor that runs through the entire eco-system.

The next chapter discusses in detail the various challenges associated with Large scale agricultural investments and efforts that have proven to be successful in addressing them. It then reviews Nigeria's Land Use Act and the National Agricultural Land Development Authority Act as they relate to acquisition and development of land for agricultural investments. It further outlines the Nigeria Agricultural Land for Investment (NALFI) principles that have been developed through a combination of best practice reviews and extensive on the ground discussions with experienced stakeholders to address some of the identified challenges.

CHAPTER TWO

2. LEGAL, REGULATORY AND POLICY FRAMEWORKS

1. Challenges of Large Scale Agricultural Investment

By their nature, large-scale investments require large tracts of land which can require resettlement of communities and extensive infrastructure development. This represents a significant departure from the norms that have been practiced traditionally across Nigeria.

It is widely acknowledged that large-scale investment should result in “development” and “economic benefit” that accrues to the entire nation. However, there is supporting evidence suggesting that the integration of communities, by way of out-grower schemes; clusters and value chains, into large-scale commercial farming projects can yield as good if not better results. International best practice indicates that the granting of large tracts of land can be limited in favor of involving communities in the production process⁹.

A World Bank field-based survey on the conduct of agricultural operations at 39 large-scale, mature agribusiness investments in sub-Saharan Africa and Southeast Asia, focusing on their approaches to social, economic, and environmental responsibility was conducted. ~~The objective of the study was to provide first-hand, practical knowledge of the approach, behavior, and experience of these investments, their relationships with surrounding communities and the consequent positive and/or negative outcomes for these communities, host countries, other stakeholders, and the investors themselves¹⁰.~~

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Some of the positive impacts of these commercial projects are employment creation; access to markets; infrastructural and social development; technology transfer; financial inclusion and food security. However, there were risks of negative impacts the most prominent being disputes over access to land, such as conflict between the formal rights provided to the investor by the state and the informal rights of existing users of the land.

Such situations were at times exacerbated by a lack of clarity on the conditions and process for land acquisition, and further compounded in a significant number of cases because investors were using only a small portion of their land allocation. Despite some positive examples, resettlement was seldom sufficiently consultative, inclusive, or adequately compensated. This lack of consultation was symptomatic of a broader concern. Involvement by local communities in decisions affecting them was deemed insufficient; and, moreover, procedures to raise grievances or hold investors to account were commonly absent. Assessment, understanding, and monitoring of the environmental impact of investments was generally inadequate, especially regarding consequences for water resources.

The report concludes that ~~that~~ there is a potentially win-win situation where the investment preserves natural resources, utilizes agriculture as an engine for inclusive growth, and ~~fosters~~

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⁹ Guiding Principles on Large Scale Land Based Investments in Africa 2014 -African Union, African Development Bank and United Nations Economic Commission for Africa

¹⁰ The Practice of Responsible Investment Principles in large-scale agricultural investments: Implications for Corporate Performance and Impact on Local Communities - WORLD BANK REPORT NUMBER 86175-GLB

long-term development. It also acknowledges the central role of smallholder farmers' investment working in conjunction with other forms of private sector agricultural investment. ~~It further recognizes that~~ it is important that many of the decisions and actions which determine the ultimate outcome of successful investments are taken prior to the investment or during its initial phases. ~~It concludes that the application of a framework, such as the Responsible Agricultural Investment (RAI) principles promotes successful outcomes.~~ The overall perception of the stakeholders regarding the investments is positive and outweighs the negative impacts.

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In assessing the global experience discussed above, it is also clear that similar occurrences have taken place in Nigeria during the implementation of commercial farming projects. The APP has sufficiently documented these various challenges.

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The global community¹¹ has developed a variety of approaches to facilitate responsible agricultural investments which have been enshrined in sets of principles, some of which are discussed in the next sub-chapter.

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2. International Policies and Frameworks

~~Large scale land based investments by the food and agriculture, forestry, and extractive industries can have profound impacts on local communities in Africa and around the world. They can affect the quality of the environment; rights to land and other natural resources; and the livelihoods of all those who live in the area. Demand for land in low and middle-income countries, where land rights tend to be the least secure, has increased substantially in recent years. It is claimed that in Africa, more than 20 million hectares of land have been transferred to investors since 2000¹².~~

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~~There are several guidelines that (See Appendix 1 for list) are based on accumulated experience from a broad set of stakeholders across the World. Of the multiple existing guidelines, five that are particularly influential in guiding the implementation of land based investments are noted below;~~

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• **Voluntary Guidelines on the Responsible Governance of Tenure of Land, Fisheries and Forests** in the Context of National Food Security: In May 2012, the UN Committee on World Food Security (CFS), which included the United States, unanimously endorsed the Voluntary Guidelines, the development of which was led by the UN FAO.⁷ The guidelines aim (i) to makes access to land, fisheries and forests more equitable; (ii) protects people from the arbitrary loss of their tenure rights, including through forced evictions; (iii) helps ensure no one is subject to discrimination under laws, policies and practices (iv) leads to more transparent and participatory decision-making; (v) helps ensure that all people are treated equally when laws are enforced; (vi) helps ensure disputes are resolved before they degenerate into conflict; (vii) and simplifies the administration of tenure and makes

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¹¹ .. including G8, G20, World Bank, United Nations, AfDB, Private Investors, International Donors and NGO's

¹² Cotula, L., S. Vermeulen, R. Leonard, and J. Keeley. 2009. "Land Grab or Development Opportunity? Agricultural Investment and International Land Deals in Africa." IIED, FAO, and IFAD.

it more accessible and effective to all. These guidelines are important in part because they have the official imprimatur of governments, making them an international soft law instrument—influential albeit not legally binding. Their prescriptions are oriented more towards governments than the private sector.

• **International Finance Corporation (IFC) Performance Standards on Social and Environmental Sustainability:** Since January 1, 2012, the International Finance Corporation (the private lending arm of the World Bank) has required its clients, including those seeking loans for projects through financial intermediaries, to apply detailed Performance Standards to manage environmental and social risks and impacts. Performance Standards 1, (on assessment of impacts), 5 (on Land Acquisition and Involuntary Resettlement) and 7 (concerning indigenous peoples) are especially relevant to land rights. Together they establish detailed requirements on project assessment, design, community engagement, negotiation with land-rights holders, compensation for displaced persons, a grievance mechanism, etc.

The Performance Standards include the requirement that those seeking to acquire land obtain free, prior and informed consent (FPIC) from land rights holders in indigenous communities. Many large multinational banks, including Bank of America, Barclays, Citigroup, Crédit Suisse, JP Morgan, Société Générale and Wells Fargo, now apply the IFC's sustainability framework (or the parallel Equator Principles¹³ for private banks) to their own loan portfolios.

• **Roundtable on Sustainable Biomaterials (RSB) Guidelines for Land Rights:** These guidelines are specifically designed for the biofuels industry and create a self-regulatory framework for stakeholders in dealing with investments in the sector. The RSB guidelines are very detailed in nature and are very comprehensive in relation to land rights of the rural communities. It takes into consideration the respecting of land rights, identification of risks, methodology to avoid disputes and resolving of existing ones. In the process of land acquisition through free, prior and informed consent is discussed.

• **Bonsucro Production Standard:** Bonsucro is a collaboration of sugar retailers, end-users (companies that purchase sugar and derived products), investors, traders, producers and NGOs who are committed to sustainable sugar production. These stakeholders have established principles and criteria that are applied in the sugar cane growing regions of the world. The Bonsucro standard addresses the five biggest social and environmental impacts from sugar cane. It includes as an indicator the demonstration of "clear title to land in accordance with national practice and law." Unlike other criteria for agricultural feedstock, the Bonsucro standard has a set of measurable targets to enable sugar cane producers, processors and suppliers to improve their social and environmental operations over time. Coca-Cola, Pepsi, Nestlé, Cargill, and Syngenta are amongst Bonsucro's 189 members.

¹³ www.equator-principles.com

• **Principles for Responsible Agricultural Investments that respects rights, livelihoods and resources (PRAI):** Developed by the FAO, IFAD, UNCTAD and the World Bank Group in 2010 as 7 principles and revised to 10 in October 2014. The overriding benefit of the RAI process and its principles is that when applied to agricultural investments, PRAI will significantly reduce the chances of generating negative externalities and raise the likelihood of positive impacts. The principles, based on detailed research on the nature, extent and impacts of foreign investment and best practices in law and policy, are intended to distil the lessons learned and provide a framework to which national regulations, international investment agreements, global corporate social responsibility initiatives and individual investment contracts might refer and adhere.

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Land Policy in Africa

As part of the overall efforts to catalyze growth of African economies and in recognition of the role that land reform plays, the African Union, the United Nations Economic Commission for Africa, and the African Development Bank created the Land Policy Initiative. The initiative is designed to spearhead the preparation and implementation of a Framework and Guidelines on Land Policy in Africa¹⁴. This is expected to play a leading role in advocating for recognition of land in the development agenda by; galvanizing partnerships in support of land policy development and implementation; supporting professional networking and knowledge sharing; building capacity for monitoring and evaluation (M&E) tools and systems and by providing technical support and advisory services to regional economic communities and member states on the development and implementation of land policy. Individual countries are expected to formulate their own domestic strategies with the framework acting as a guide.

Tanzania, Zambia, Kenya, Ghana, Malawi and Uganda are among the African countries that have enacted their own land and/or agricultural policies. In Tanzania, an agriculture policy was enacted in 2013, as part of the government's strategy to meeting their national development goals. The National Agriculture Policy 2013 (NAP 2013) outlines a comprehensive approach to the development of the agricultural sector, covering over 30 policy areas. Section 3.8 relates to Agricultural lands and 3.8.3¹⁵ details the specific policy statements including that the Government shall:

- i) Promote public awareness on existing policies, laws and legislation on land shall be;
- ii) Enforce laws and legislation to enhance land resource management;
- iii) Enhance mechanisms for conflict resolution particularly in areas facing chronic land conflicts;
- iv) Promote gender-equitable land tenure governance and seek to eliminate those that are discriminatory or exclusionary;
- v) Ensure agricultural lands are protected against encroachment as well as promote sustainable agricultural land use plans; and
- vi) Ensure availability of land for agricultural investment.

¹⁴ African Union, African Development Bank, and UN (United Nations) Economic Commission for Africa. 2009. Framework and Guidelines on Land Policy in Africa: Land Policy in Africa; A Framework to Strengthen Land Rights, Enhance Productivity, and Secure Livelihoods.

¹⁵ National Agriculture Policy 2013: Ministry of Agriculture Food Security and Cooperatives, Tanzania

Uganda, enacted a National Agricultural Policy in 2013. The Policy Objectives and Strategies are outlined in section 3, ~~beginning with a vision – “A Competitive, Profitable and Sustainable Agricultural Sector” and mission to: “Transform subsistence farming to sustainable commercial agriculture.”~~ The overall objective of the agriculture policy is to achieve food and nutrition security and improve household incomes through coordinated interventions that focus on enhancing sustainable agricultural productivity and value addition; providing employment opportunities, and promoting domestic and international trade.

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Section 4.14 ~~specifically deals with land for agricultural production and recognizes that there are major challenges related to the different land tenure systems existing in Uganda. It takes into consideration that there are major and emerging risks of land fragmentation occasioned by poor property inheritance practices that affect the sustainable use and management of agricultural resources.~~ The Ministry of Agriculture, Animal Industry and Fisheries (MAAIF) will collaborate with Ministry of Water and Environment, the Ministry of Lands, Housing and Urban Development, and local governments on land policy; policies and laws on land management, including the land use policy and amendments to the Land Act¹⁶.

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An assessment of the policy objectives adopted by the Ugandan government, reveals that the international principles discussed above have been considered in formulating ~~the~~ national approach to agricultural development.

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In the Nigerian context, the Land Use Act 1978 is the dominant law relating to land, whilst the National Agricultural Land Development Authority Act is agriculture specific. Their objects and mode of operations are discussed in the following sub-chapters.

3. Land Use Act 1978 – Acquisition Procedures

The Land Use Act came into effect on the 29th March 1978 and was updated in 1998 and 2003.

Section 1 of the Land Use Act vests ALL land in the Governor of the State to hold in trust for the people subject to some notable exceptions. Land not vested in the Governor of the state includes;

- i) Federal Government Land.
- ii) Land previously vested in persons before Land Use Act that is already developed.
- iii) Land not developed in an urban area previously vested in some persons up to the limit of half a hectare.

Vesting land in the State Governor means there is now no land without an owner in Nigeria. The known holders/owners of land in Nigeria are the existing owners whose interest was established prior to 1978; The Federal Government and the State Governors hold land in trust for the people to be administered for the use and common benefit of all Nigerians in accordance with the terms of the Act.

¹⁶ National Agriculture Policy 2013: Ministry of Agriculture, Animal Industry and Fisheries – www.agriculture.go.ug

The Land Use Act foresees two ways by which land can be acquired:

- i) Anybody can purchase land outright from the existing owner and/or
- ii) Apply for a Certificate of Occupancy at the Ministry of Lands.

In relation to large scale agricultural investments, it is quite common for the State Government to expropriate the land and rent it to an investor for up to 99 years leasehold interest. All liabilities to the community, especially relating to compensation in this case rests with the State Government, while the investor can, in theory, enjoy his leased or purchased land without risk.

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However, this approach has proven to be fraught with many challenges including; competing ownership claims leading to disruption of the investment; absence of a State Land Use and Allocation Committee as required by the law; delays in obtaining the Governor's consent; exercise of expropriation to the detriment of local community rights; unrealistic compensation amounts.

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4. National Agricultural Land Development Authority (NALDA)

As part of the Federal government's efforts to catalyze the agricultural sector, the National Agricultural Land Development Authority Act was promulgated in 1992 and was amended in 2016. (see Appendix 2 for NALDA Act). It aims to provide a comprehensive approach to agricultural land management through collaboration with State governments.

Objectives and Mandate of NALDA

Section 3 refers to the Objectives of the Authority, which are very broad ranging in granting powers to the authority's board to enact operational regulations and/or guidelines. For the purposes of facilitating agricultural investment, three objectives are of particular importance: (a) provide strategic public support for land development which presently constitutes a major infrastructural development bottleneck hindering the development of viable economic farm holdings; (b) promote and support optimum utilization of Nigeria's rural land resources for accelerated production of food and fibre; (c) encourage and support economic-size farm holdings and promote consolidation of scattered fragment holdings to generate net income from agriculture which is aimed at sustaining living standards above the poverty line and thereby narrow rural-urban income inequalities.

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Further detail is provided under section 6, where the functions of the NALDA board are described. Again, three are of particular importance, namely: (j) allocate land for large scale farming in a manner which allows peasant farmers to have continued access to land sufficient for their needs in the face of rapid population growth; (k) assist large scale farmers, where possible in the development of their lands, provided such services are on a commercial basis; and (l) develop a code of sound land management procedures for all land resources development proposals in order to ensure that they conform with national needs and policy of minimizing land degradation and enhancing land and other resource conservation.

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Institutional Structures of NALDA

In recognition that Federal government does not regulate land ownership and for effective execution of the objectives, it is planned that State Agricultural Land Development Advisory Committees ("State Advisory Committee") and Local Government Project Implementation Advisory Panels ("LG Panel") comprising a broad section of stakeholders be set up. Thus, the NALDA Act seeks to facilitate a collaborative development approach involving all tiers of government.

As NALDA's object and functions are aligned with the APP thematic action points, it is considered that NALDA is the appropriate organ to facilitate the implementation of NALFI and it is thus recommended that the policy forms a key part of its operational guidelines.

The NALDA Act, is subsidiary to the LUA. This requires that a collaborative approach be employed to achieve the overall national goals. It is recommended that the operational provisions of LUA and NALDA be harmonized to avoid duplication. The State Governor, being the responsible authority, would thus consider the various roles and responsibilities of both the LUAC and SAC before constituting the committees and issuing their mandates.

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CHAPTER THREE

3. NALFI

1. Introducing Nigerian Agricultural Land for Investment (NALFI) Basic Principles

The NALFI policy aims to address impediments to large scale land investment and other inter-related issues so that the sector can become efficient and effective, functioning in line with successful global best practices. It provides a framework that brings government, investors and farming communities together with a common purpose and understanding to result in a WIN-WIN for all.

The NALFI policy has been developed by bringing together, the provisions of the Land Use Act, Nigeria's peculiar circumstance and international best practice modified by Nigeria's specific legal, regulatory and cultural conditions as provided for in various policies and frameworks.

2. The Nigerian Agricultural Land for Investment (NALFI) Basic Principles

	Key Constraint Addressed	NALFI Principle	Related Int'l Best Practice
1	Absence of and/or inadequate formal title systems leading to loss of ownership and access rights to land	<i>Tenure Security is Guaranteed for Existing land users / owners.</i>	RAI; LPI; VGGT
2	Unclear and slow bureaucracy can delay and/or discourage investment	<i>Land transactions are Simple, Transparent and Accountable</i>	RAI; LPI; VGGT
3	Expropriation without community's prior informed consent	<i>Communities affected by investments receive detailed information in a timely manner and have an opportunity to be involved with plans that impact their lives</i>	RAI; LPI; VGGT
4	Underutilization of Land (speculation); Financial capability; Inappropriate technology and environmentally harmful processes are addressed	<i>Investors respect the law and industry best practices</i>	RAI; LPI; VGGT
5	Investment does not include and/or affect the community's development	<i>Investments generate broad social benefits for all surrounding communities</i>	RAI; LPI; VGGT

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6	Natural resources (water; land fertility; deforestation) must be considered	<i>Investments are environmentally sustainable</i>	RAI; LPI; VGGT
7	Livelihoods should not be disrupted or lost due to the investment	<i>Livelihoods are maintained and Food Security is foremost.</i>	RAI; LPI; VGGT
8	The investment should actualize its objectives and underprivileged /gender groups are not be endangered	<i>Monitoring and Evaluation, especially for vulnerable groups and gender</i>	RAI; LPI; VGGT

Commented [H44]: 6, 7 & 8: Phrase to read like constraints. Current context sounds like recommendations rather than constraints.

1. Tenure Security is Guaranteed for Existing land owners.

In the process of land acquisition for any project, it is crucial that all existing rights of use or ownership affected parties of land are recognized, be they statutory or customary, primary or secondary, formal or informal, group or individual. This principle assures the recognition of these rights to avoid situations whereby the local community is disenfranchised leading to loss of livelihood. The rights are not only related to land but include use of natural resources by the community. It is essential that all efforts to make land available to investors should not undermine current or future livelihood opportunities for those displaced involuntarily.

The principle requires: (i) the identification of all rights holders; (ii) legal recognition of all rights and uses, together with options for their demarcation and registration or recording; (iii) negotiation with land holders/users based on prior informed and free choice; (iv) fair and prompt payment for all acquired rights; and (iv) independent avenues for resolving disputes or grievances.

2. Land transactions are Simple, Transparent and Accountable

There is no standard methodology or procedure for handling land transactions in Nigeria. Each state has its own, generally quite bureaucratic approach. It is often this lack of simplicity and transparency that increases the costs associated with land investments and frustrates investors. A simple uniform approach could engender confidence and lead to growth in the sector and the economy.

The principle requires that: (i) the process for assessing the proposed investment is simple, time bound and follows globally accepted principles of good governance¹⁷¹⁸; (ii) all relevant incentives, such as tax waivers for land acquisition, are clear and effective; and (iii) information is freely available to all about the potential investment.

Commented [H45]: The NALDA in collaboration with the State Agricultural Land Development Advisory Committees ("State Advisory Committee") and Local Government Project Implementation Advisory Panels ("LG Panel") can together develop a uniform template for all Stakeholders' adoption.

3. Affected Communities receive detailed information in a timely manner and are involved with plans that impact their lives.

Much of the case studies reviewed, reveal that many of the challenges associated with large scale land investments relate to lack of consultation, misunderstanding of future impacts and

¹⁷ Information on Governance are taken from each institutions website; www.oecd.org; www.worldbank.org/governance; www.unctad.org

¹⁸ International Corporate Governance Balance Scorecard 2014; www.ifc.org/corporategovernance

poor risk mitigation strategies. It is thus important that in recognizing the rights of the parties, there is a documented framework for engagement with the community.

The principle requires that there is a participatory engagement process in which all concerned stakeholders are represented (State, Investor and Community); agreements are explained in plain simple language and the decisions are recorded. The recommended methodology should be: (i) clear procedures are established in terms of who represents local stakeholders and what qualifies as a quorum for local attendance; (ii) the content of agreements reached in such consultations should be documented and signed off by all parties; and (iii) methods for enforcement and sanctions for non-compliance are clearly defined and broadcast.

Discussed in Chapter 4 below are the functions of suggested committees that deal with the above points.

4. Investors respect the law and industry best practices

Adherence to the laws of the country is paramount. All investors must ensure they have a clear understanding of the local laws, regulations, policies and practices. In addition, global best practices should also guide their operations.

5. Investments generate broad social benefits for all affected and/or surrounding communities

In assessing the potential investment, analysis of its overall impact upon the community; state and country must be considered. Although clearly important, financial and technical viability should not be the only determinant of a project's desirability. Social concerns such as, overall cultural context, sources of vulnerability, potential for conflict; and livelihood and food security strategies should also be considered.

The State and the Investor must (i) commit to conducting a comprehensive Social; Environmental and Economic analysis of affected communities; (ii) Identify relevant social issues / risks and devise strategies to reduce them and maximize positive impacts; (iii) explicitly consider the interests of vulnerable groups and women and (iv) Ensure that the generation of local employment, transfer of technology, and direct or indirect (e.g. via taxes) provision of public goods and services is part of the investment design.

Under this principle, the investor is duty bound to act in a transparent and socially responsible manner in all dealings with regards to affected communities ensuring that significant and tangible benefits accrue to them.

6. Investments are environmentally sustainable and Climate Smart

The effect of large scale agricultural investments in changing climatic conditions globally is well documented, whilst the effects of desertification and changes in rainfall patterns in Nigeria are also recorded¹⁹. Any investment must meet all local, national and global regulations and consider its effect upon the environment including neighboring areas outside

¹⁹ Impact of climate change on agriculture and food security in Nigeria: challenges and adaptation: Ethan Saul - Global Advanced Research Journal of Medicinal Plant (GARJMP) Vol. 3(1) pp. 001-009, February 2015

the immediate area of the investment. The FAO has developed a set of guidance and learning materials based upon practical investment formulation experience at country level²⁰.

The principle requires Investors and government to cooperate so that: (i) independent environmental impact analysis to identify potential loss of public goods, such as biodiversity or forests, is conducted prior to approval; (ii) preference is given to reclaiming or increasing productivity on land already in use rather than clearing new land; (iii) the production systems to be used should enhance the efficiency of resource utilization, while preserving the future availability of these resources; and (iv) environmental good practices²¹ in agriculture, processing and manufacturing are adhered to.

7. Livelihoods are maintained and Food Security is foremost.

The State as trustee of the land has a responsibility to ensure that the livelihoods of its citizens are protected. In this light, the investment should not result in significant disruptions in their livelihoods and consequently their food security.

The State together with the investor must make provisions for the local or directly affected populations with specific provisions for vulnerable groups such that: (i) equivalent access to food is assured; (ii) opportunities for out-grower involvement and off-farm employment are primarily pursued to protect livelihoods and raise incomes; (iii) potential use of by-products in the local economy are explored and encouraged; (iv) dietary preferences are considered if the mix of products grown may change; and (v) strategies to reduce potential instability of supply are adopted.

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In assessing the potential investment, the effect at the national level should also be considered.

8. Monitoring and Evaluation, especially for vulnerable groups and women

A well-articulated Monitoring and Evaluation framework must form a part of the entire process. It serves as the tool to assess the areas of success; identify areas where improvement is needed and areas of failure.

The principle requires that: (i) an independent system to monitor progress is in place; (ii) the state and investor provide semi-annual reports on the progress of the project against the agreements concluded; (iii) provision of desirable ecosystem services is encouraged; and (iv) negative impacts are addressed through regularly monitored environmental management plans and compensated where appropriate.

²⁰ <http://www.ecowasagriculture.org/sites/default/files/Mainstreaming%20CC%20in%20agricultural%20investment.pdf>

²¹ Rousset, S., et al. (2015), "Voluntary environmental and organic standards in agriculture: Policy implications", OECD Food, Agriculture and Fisheries Papers, No. 86, OECD

CHAPTER FOUR

4. KEY COMPONENTS OF THE NALFI PROCESS

1. Land Identification and Acquisition Process – Principles 1; 2; 3; 4; 5 and 6

The risks associated with land acquisition and resettlement of large agribusiness development are significant and, if unmitigated, commonly trigger local resistance that may delay or even block investments from implementation. To avoid these problems, below is a step by step process:

1. Screening	<ul style="list-style-type: none"> ▪ Investor submits business plan, farming model and draft map ▪ SAC/State Government screens business plan for economic viability and against NALFI principles and identifies suitable land or confirms requested land is available ▪ If investment complies with an agreed due diligence checklist and suitable land is available, LOI issued for 6 months reserving land 	State Advisory Committee (SAC) or other government agency or committee
2. Preparation	<ul style="list-style-type: none"> ▪ Investor conducts socio-economic survey in conjunction with SAC/LG Panel ▪ State identifies and registers all land use rights in areas impacted by the proposed investment ▪ State creates and promotes the set up of a Grievance Redress Mechanism through Ministry of Justice in conjunction with MDA of Local Government ▪ State instructs LGA's to conduct a comprehensive sensitization of people in the affected area of the proposed investment ▪ A joint sensitization campaign is embarked upon by State and the Investor based on agreed responsibilities of each party. 	SAC /State MoL, MoJ, MLG /Host Community Committee or other agencies or committees of government
3. Planning	<ul style="list-style-type: none"> ▪ Investor prepares: <ol style="list-style-type: none"> a) Compensation survey b) Draft Out-grower Agreement and a Community Development Agreement (CDA) where applicable c) An Environmental Impact Assessment (EIA) • State Government prepares: <ol style="list-style-type: none"> d) A Resettlement Action Plan (RAP) e) A Livelihood Restoration Plan (LRP) 	Investor/SAC or any other agency or committee of government
4. Land Acquisition	<ul style="list-style-type: none"> ▪ State SAC, MoL or other relevant agency notifies community that land acquisition has started 	SAC, MoL, Investor, HCC

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	<ul style="list-style-type: none"> ▪ Investor pays compensation to affected people ▪ State implements the RAP ▪ Upon completion of RAP, MoL issues CofO for investor 	and/or any other appropriate body
5. Follow-up	<ul style="list-style-type: none"> ▪ State implements livelihood restoration programme ▪ M&E audit commissioned by SAC confirms that NALFI POLICY objectives are met, process is declared to be closed and State protects investor against further claims 	SAC / HCC

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The NALDA act has recognized the importance of the large-scale investments and has the seeded chairmanship of the committee to the Commissioner of Agriculture. The SAC composition is also cross cutting across all MDAs to ensure it functions efficiently and effectively. As previously stated, the LUA has precedence over the NALDA and recommends the establishment of a Land Use Allocation Committee (LUAC), which has similar functions to the SAC. The State Governor thus has the prerogative to establish the appropriate committee tasked with implementing the NALFI principles.

2. Compensation Eligibility and Entitlements – Principle 3 and 8

It is widely acknowledged that Large scale investments which involve the acquisition of large parcels of land result in the displacement of persons. These persons should be compensated to minimize the impact of the displacement. To ensure that all potential persons are covered, the screening and land identification process mentioned above is critical, alongside the Environmental Impact Assessment. The engagement of the Local Government and indigenous persons of the potentially affected area is also of high priority to:

- Avoid settlements, food crop farms, grazing areas, forest reserves etc.
- Recognize and respect existing land rights and critical habitats
- Avoid jeopardizing the food security of people in the area as well as
- Avoid harming important natural environments.

Compensation is calculated and disbursed at replacement value for assets owned prior to expropriation. The rates to be paid must be agreed having considered current economic realities as observed in the market place. In assessing the valuation, consultation should involve the State MDA responsible for Lands; the Surveyor General and the Community representatives.

- (i) Displaced persons can be classified into one of the following three groups:
 - a) Those who have formal legal rights i.e. CofO or similar titles.
 - b) Those who do not have formal legal rights at the time the compensation survey begins, but have recognizable rights or claims to the land (user rights), improvements (preparation for agricultural) and/or the assets on the land (buildings, trees).
 - c) Those who have no recognizable legal right or claim to the land, improvement or assets they are occupying i.e. "squatters".
- (ii) Persons covered under (a) and (b) are entitled to compensation for land and improvements they lose, allowances for associated costs and livelihood restoration assistance if applicable. Persons covered under (c) are entitled to resettlement assistance.

(iii) Persons who encroach on the area after the cut-off date are usually not entitled to compensation for assets they do not own formally or informally.

(iv) Entitlements may include all or some of the following:

- a) Compensation is provided in compliance with Nigerian law and international standards to offset loss of recognized or recognizable land, improvements and assets. Compensation may be provided either in cash or in kind (provision of a resettlement house to offset the loss of a house or a similar amount and quantity of land to replace productive land lost).
- b) Allowances are generally provided in cash to offset disturbances, inconveniences and costs associated with the displacement and resettlement process.
- c) Livelihood restoration assistance is provided to support vulnerable PAPs (the elderly and vulnerable) to restore affected livelihoods. Livelihood restoration is generally delivered in kind and/or in the form of various services, including training and capacity building.
- d) Supplemental assistance to different categories of vulnerable people so they can restore their pre-project standard of living and livelihood.

The SAC (the LUA committee may be expanded to form the SAC) is designated to administer this process of calculating and administering the compensation. To ensure transparency and accountability, all financial commitments shall be jointly administered by the SAC and the investor, with representatives of the community also being members of the committee responsible for the process. All monies to be paid will be paid into the banks accounts of all identified community members. As part of the M&E framework, the community represented by selected leaders, through the HCC, will also be required to confirm agreement with the payments and signoff the process.

3. Grievance Redress Mechanism (GRM) – Principle 3 and 8

Communities are significantly affected by large scale investments and it is common for disputes to arise. It is proven that sensitization and discussion throughout the acquisition process is successful in preventing disputes, however, in the event of any dispute, a formal process outside existing legal structures is can be effective.

The principle requires that a comprehensive grievance redress mechanism be created to allows the community to voice all concerns easily, taking into consideration socio-cultural and religious factors of communities. The approach advocated is one that follows international Arbitration guidelines that are simple; straightforward and transparent for all parties. The GRM should be easily accessible by concerned parties, operate within set time limits for resolution and should be cost effective.

Since the GRM is non-binding, where a resolution to a dispute is not successful, parties do not lose the right to resort to normal judicial proceedings.

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4. Resettlement Action Plan (RAP) - Principle 7

The investment may require the physical relocation of houses and thus the State must acquire the land whilst developing resettlement sites in line with applicable national standards for residential areas and international good practice.

A Resettlement Action Plan is thus required and it would contain actions such as:

- i) sufficient space for access roads, public squares, buildings and other public infrastructure (about 20% of the total residential and commercial space).
- ii) Development of appropriate infrastructure such as roads, water, electricity, waste management and communications systems.

5. Livelihood Restoration Plan (LRP) - Principle - 7

Where there is significant land acquisition, a well-articulated LRP is critical to the success of any large-scale investment.

A key policy theme across the APP – “Green Alternative” is to develop an Agribusiness ecosystem, with the SCPZ and Cluster approach being championed to lead the initiative. It is now globally recognized that economic development is sustained with the involvement of small-holder farmers. The LUAC/SAC will serve as the link between the Federal initiatives and the State and could assist in the preparation of the RAP and LRP such that the implementation is harmonized and seamless.

Typically, the main features of the LRP will be engagement either as a contract farmer or as independent farmer. In addition, access to training in improved agricultural practices and possibly finance may be added. To ensure that the LRP is truly representative, it is recommended that a committee comprising the State government; the investor and a panel of independent experts be established. The committee will be responsible to develop, implement and monitor the LRP programs.

Other activities supported under a LRP are: (i) Technical and Vocational Education; (ii) Basic Business and Marketing skills; and (iii) Light manufacturing such as processing.

6. Environmental Sustainability and Management – Principle 6

Agricultural development is strongly dependent on environmental resources such as land, forest, air and water. Sustainable utilization of these resources in agriculture is vital to safeguard the environment and ensure food security. Although the intensification of agriculture exerts pressure on natural resources it also contributes to the natural carbon pool and hence increasing agriculture’s contribution to climate change mitigation.

An Environmental Impact Assessment (EIA) and subsequent Environmental and Social Management Plan (ESMP) avoids and mitigates potential negative environmental impacts. The promotion of sustainable agricultural practices must be enshrined into the investment.

Commented [H51]: As expressed at the validation workshop, consideration should be made for capping consultancy for EIA (using a measurable and fair scale). This is key to managing cost of doing agri-business.

7. Gender – Principle 7 and 8

A significant proportion of Nigerian farmers are women. In many cases, women are involved in the post-harvest activities (cleaning, bagging, etc.). Most of these jobs involve strenuous, manual and highly time consuming undertakings. However, there are inadequate skills and knowledge among women; inequitable access to productive resources; inappropriate technologies; and inappropriate social-cultural practices and beliefs.

Equitable participation of men and women in the production of goods and services in agriculture will be central to state governments actions. This will be through the promotion of: (i) Equal access to land to both men and women; (ii) Utilization of appropriate labour saving technologies; and (iii) awareness creation and sensitization of communities on negative cultural attitudes and practices

8. Community Identification, Engagement and Sensitisation – Principles 3; 7 and 8

As part of the large-scale land acquisition process, existing communities within the area of interest must be identified and their current and future land utilization assessed. The land assessment should also include designation of buffer zones that cater for the communities sustained livelihoods over the lifetime of the investment, by taking into consideration their projected growth and food security requirements.

It is important that the projections are as realistic as possible and have the full engagement of the community throughout. Stakeholder consultations should thus be fully participatory with at least two community representatives being appointed as members of the committee (LUAC and/or SAC) responsible for the land allocation and investment appraisal.

To achieve the overall objectives, consultation meetings must have a defined format and follow a regular schedule such that all issues are adequately addressed within a defined period, say 6 months.

The success of any investment will rely upon the collaboration of these parties and thus early recognition of each party's inter-dependence should be encouraged. It cannot be understated that state governments have a critical role in fostering harmonious relations between the investor and the community. However, states must also not be authoritarian in their actions, having been entrusted to promote the welfare of their citizenry above everything else.

9. Community Inclusive Business Models – Principles 5; and 7

Faced with constant productivity and market pressures, the "new agriculture" needs new tools to enhance its competitiveness and innovation capacity. This could suggest that large

scale investments are the answer, however, evidence has shown that the community inclusiveness produces desired and/or better results²².

There are a wide range of models for community inclusiveness in agriculture, which include multiple combinations of small, medium and large-scale farming and models that equitably include local producers such as suppliers, shareholders and business partners.

The promotion of an agro-based cluster - concentration of producers, agribusinesses and institutions that are engaged in the same agricultural or agro-industrial subsector - is an example of such community inclusiveness. The cluster approach recognizes that all the actors in the agricultural value chain are often more innovative and successful when they interact with supporting institutions and other actors in the supply chain. By promoting vertical and horizontal links between local agricultural enterprises, as well as supporting relationships between them and facilitating organizations (e.g. local governments, research institutes and universities), cluster policies promote the diffusion of innovation, as well as the use and generation of important local externalities. Clusters can also enhance access to markets and information and are crucial for small-scale farmers and agribusiness. They enable them to engage in higher productivity, and more market-oriented and higher value-added production. Accordingly, central and local governments have discovered that cluster promotion is a valuable tool to support agricultural enterprises and help them link to global agricultural value chains in a more efficient and sustainable manner²³.

Another example of community inclusiveness is the staple crop processing zone (SCPZ) approach. The approach is for the government to identify zones of high food production, attract private sector agribusinesses to set up processing plants in the zone to process commodities into food products. This would be enabled by government by putting in place appropriate fiscal, investment and infrastructure policies for Staple Crops Processing Zones. The Nigerian government in 2015 approved the policy²⁴ for the setting up of SCPZs across the country and engagements with both local and foreign investors has begun. A loan of US\$ 200 million from the World Bank to support the project development across the country is currently undergoing processing.²⁵

It is opined by development experts that investment models that involve smallholders as business partners in production and other related activities have the potential to minimize risks and maximize the benefits of agricultural investment. The studies show that giving local farmers an active role and leaving them in control of their land tends to result positively on local economic and social development. Successful projects combine the strengths of the investor (capital, technology and expertise in management and marketing) with those of local farmers (labour, land, traditional know-how and knowledge of the local conditions). This combination can provide the basis for win-win outcomes. When farmers are in control of their

²² impacts of foreign agricultural investment on developing countries: evidence from case studies <http://www.fao.org/3/a-i3900e.pdf>

²³ Agro-based clusters in developing countries: staying competitive in a globalized economy: Eva Gálvez-Nogales: FAO 2010

²⁴ <http://www.vanguardngr.com/2015/02/fg-approves-national-policy-staple-crops-processing-zone/>

²⁵ <http://projects.worldbank.org/P148616/7?lang=en&tab=overview>

land, they have incentives to invest in land improvement that are more likely to raise the level of agricultural productivity and investments²⁶.

Overall, it is important for States to promote more inclusive models, by providing necessary public investment, securing local land rights, addressing power and capacity imbalances in relations between investors and local communities and properly valuing land to discourage excessive land acquisition. It is also desirable that the options accelerate the incorporation of smallholders into primary and processing production, rather than competing with and leaving them in poverty. In addition, short to medium term leases are generally, more advisable than land acquisition in perpetuity. The land resource is not infinite and thus judicious management is paramount and highly encouraged.

10. Information Communications Technology and Agriculture – All Principles

The application of Information and Communication Technologies (ICTs) in agriculture is becoming increasingly important. E-Agriculture is an emerging field focusing on the use of ICTs for improving efficiency in agricultural development processes and services. It involves the conceptualization, design, development, evaluation and application of innovative ways of using ICTs in the agricultural value chains.

The success of the GESS²⁷ program for fertiliser is evidence of the improvements that technology can bring to the operations and efficiency of the sector. Under the programme, over 10 million farmers participated in the voucher redemption scheme using simple cell phones for purchase of farm inputs. When this is coupled with other databases such as GIS, it is envisaged that further significant improvements shall be attained.

The NALFI does not directly insist on the use of ICT, however, there are numerous direct and indirect benefits that could accrue and a nation-wide ICT system to support agricultural development is thus recommended as a tool for modern farming.

Commented [H52]: Someway ICT is insisted cause efficiency in land acquisition and processing can only be ensure through the effective adoption of an ICT system. E.g. improve the turnaround time for land registration, land right geographical mapping for easy identification on a simple monitor etc.

²⁶ FAO (2013) *Trends and impacts of foreign investment in developing country agriculture* (Edited by P. Liu, S. Koroma, P. Arias and D. Hallam); Da Silva, C., & Mhlanga, N. (2009). *Models for investment in the agricultural sector*. Paper presented at the FAO Expert Meeting on Foreign Investment in Developing Country Agriculture, 30-31 July 2009, Rome.

²⁷ <http://fmard.com.ng/ges/ges/> and <http://www.cellulant.com/clients>

CHAPTER FIVE

5. Implementing the NALFI Policy – Roles and Drivers

Implementation of the NALFI policy will be undertaken by relevant State ministries, Local Government Authorities, Non-State Actors, Non-Governmental Organizations, Development Partners and the private sector. Under this policy, several laws and regulations fall under different ministries and have a bearing on agricultural development. The laws and regulations are related to trade, environment, mining, lands, investment, livestock, forests, hunting and water resources.

The NALFI framework aims to support the establishment of standards, rules and regulations and hence is a pre-requisite for the development of a competitive sector. The existing legal and regulatory frameworks do not contain the necessary provisions to ensure the development of a modern, efficient and competitive sector. It is anticipated that the National Agricultural Council will adopt the NALFI Policy.

Under NALDA, the State Advisory Committee is earmarked as the operational vehicle for implementation. Part 1 (General) section 2 (2) and 2 (5) of the Land Use Act provides for the creation of the Land Use and Allocation Committee (LUAC) at state level and the Land Allocation Advisory Committee (LAAC) at the local government level respectively. In order not to create an overlap and because the Land Use Act takes priority over the NALDA Act, the SAC can be streamlined with the LUAC as their functions are very similar.

It must be noted that although NALDA is the focal point, a wide spectrum of actors shall be involved responsible for the implementation of the NALFI – public and private institutions. The functions of each group are as follows:

Public Sector Organizations

5.1.1 Federal Agricultural Sector Lead Ministries (ASLM)

The Federal Ministry of Agriculture and Rural Development (FMARD) is the lead ministry in terms of agricultural development, however, The Federal Ministry of Power Works and Housing (FPWH); The Federal Ministry of Industry Trade and Investment (FMITI) are all prime Ministries that should collaborate for successful application of the NALFI Policy at various levels of Government. They are thus the Agricultural Sector Lead Ministries that shall provide the facilitative environment for the growth of private sector activities in the economy.

5.1.2 State Governments and their respective Ministries

State Governments and their ministries are crucial in linking the agricultural sector with the economy. The Governor is responsible for overseeing all land issues in the State and thus very relevant to the implementation of the policy by ensuring sustainable environmental

Commented [H53]: Advocacy is key; NGF can play a major role in pushing for ownership and coordination at subnational level. This did not feature as part of the implementers of the document, even, under your "private sector organizations"

Also, including a table to briefly identify these key actors and their roles in the implementation of the NALFI would be great.

Commented [H54]:NALFI Policy.....

conservation and equitable use of natural resources for meeting basic needs for present and future generations. It is highly recommended that this function is delegated to the LUAC and/or SAC, chaired by the Commissioner of Agriculture, to domesticate the NALFI in state legislation.

The LUAC and/or SAC shall be responsible for the coordination of government business including policies and the issues that cut across ministries and institutions. It is SAC in collaboration with ASLMs that shall prepare incentive packages for agricultural sector investments and advocate for a more favorable environment for investment. Key state ministries are listed below:

- **MDA responsible for Lands:** ensure equitable distribution and access to land for all citizens; facilitate land accessibility for agricultural investment; and provide land adjudication, registration services and issuance of title deeds for commercial agriculture.
- **MDA responsible for Local Government Administration; Youth and Gender:** shall promote aspects of community empowerment and gender mainstreaming. These are three crosscutting issues, which have great significance in the implementation of the NALFI Policy.
- **Ministry of Finance:** responsible for mobilizing resources for funding the agricultural sector from federal and state resources as well as through both bilateral and multilateral support for the sector. Through fiscal policy, the ministry will rationalize, harmonize and monitor taxes in the agricultural sector, a critical factor in ensuring incentives for increased production and processing.
- **MDA responsible for Works:** responsible for infrastructure development shall oversee improvements of the infrastructure like roads, which are critical enablers of the sector's development as they enable the smooth flow of goods and services.
- **MDA responsible for Environment:** shall support sustainable management of land resources, especially the natural resources that interact directly with many different aspects of agriculture.
- **Ministry of Justice:** ensure adherence to all Nigerian legislation and dispensation of justice as the need arises to protect both life and property. It may also act as an arbitrator in disputes and conflicts.
- **MDA responsible for Water Resources:** responsible for sustainable development and management of water resources and the provision of water rights to facilitate irrigated agriculture.

5.1.3 Local Government Authorities

The LGAs have direct interaction with several actors at community level and are directly responsible for the improvement of rural livelihoods. The role of LGAs in agricultural sector development is recognized in Section 15 of NALDA that establishes a Local Government Project Implementation Advisory Panel ("the Panel").

The functions of the Panel shall be to monitor and ensure an effective implementation of the programmes of the Authority within its area of jurisdiction. Each Advisory Panel shall consist

of the chairman of the local government as chairman and the following other members, that is: (a) the councilor for Agriculture; (b) the councilor for Lands and Surveys; and (c) a representative each of the Traditional Council; the women organizations in the area; (iii) the Local Government Community Development Department; and (iv) the project coordinator who shall act as the secretary to the Advisory Panel.

5.1.4 Other Public Institutions

Other public institutions shall play important roles in research and training, regulatory functions and enforcing standards for quality control. Their mandates fall into the following categories: (i) Conducting training to meet professional needs in the sector including specific tailor-made training programmes for various clienteles; (ii) Conducting research as guided by the National Agricultural Research Agenda, and implementing outreach programmes as one way of disseminating research results; (iii) Providing advisory services to the Government and the private sector through consultancy and other means; (iv) Setting, monitoring and enforcing standards for the quality of agricultural inputs, machinery and products to ensure safety of humans and environment; and (v) Setting academic standards in agricultural training institutes through their registration, accreditation and curricula.

5.1.5 Parastatal Organizations

NALDA is the lead parastatal, acting through the State Agricultural Land Development Advisory Committee. This committee will have established relationships with other parastatals such as the Nigerian Investment Promotion Council (NIPC); Nigerian Export Promotion Commission, Bank of Agriculture (BoA); Nigeria Incentive-Based Risk Sharing system for Agricultural Lending (NIRSAL) and Office of the Surveyor General of the Federation (OSGOF).

5.2 Investors

NALFI is an essential policy to institutionalize agribusiness into the national economy – move from to “potential” to “reality”. NALFI is designed to deepen the capacity of stakeholders, lead policy dialogue and broker the necessary agreements to improve the ease of doing business in Nigeria’s agriculture space. The target outcome is a more engaged agribusiness market space and ecosystem as measured by the direct investment in the sector and resulting increased productivity. Private sector investors are critical to the attainment of these goals and thus States that implement the NALFI policy will be able to offer investors a framework that is simple, accountable and transparent for all stakeholders.

Responsibilities envisaged for the investor are: (i) Prepare a comprehensive business plan demonstrating adequate technical and financial standing; (ii) Preparation of an Economic-Socio Assessment; (iii) Participation in the Community engagement exercise – RAP and LRP; (iv) Prompt payment of agreed compensation; (v) Prompt Implementation of the agreed business activity; and (vi) Compliance with all local legislation; standards and regulations

5.3 Private Sector Organizations

The private sector that include farmers, exporters, processors, importers, distributors and related organizations is directly involved in productive activities; these entities contribute towards raising incomes and improving livelihoods.

Since the private sector is the main engine of agricultural and economic growth, it is the objective of this policy to provide favorable environment for effective participation of private sector organizations in the development of agriculture.

5.3.2 Farmers

The role of Farmers / Farmer organizations is pivotal to the success of NALFI and thus continuous engagement with them is advocated. The most important roles for farmers and farmer organizations include: (i) Providing services such as information on inputs, credit and procurement of produce; (ii) Collecting and disseminating market information to members; (iii) Conducting membership education; (iv) Providing training on technical and organizational issues; (v) Lobbying and advocacy on behalf of their members; and (vi) Participating in the processes of policy formulation, programme planning and implementation.

CHAPTER SIX

6 MONITORING AND EVALUATION

Monitoring and Evaluation (M&E) is essential for improving the implementation of the NALFI Policy. Constant M & E shall provide an assessment of the effect and impact of the policy on implementation. The overall responsibility for monitoring the policy lies with the State Government, supported by the SAC under NALDA. The M&E team should work in close collaboration with State Investment Promotion Agencies, the key ministries with synergies with the agricultural sector, public and private sector institutions and the private sector.

Typical M&E areas are as follows:

- i) Progress monitoring of activities under the LRP (compensation; land acquisition, training; etc.);
- ii) Technical monitoring of activities under the RAP, such as resettlement sites: supervision of plant, infrastructural development;
- iii) Social and economic monitoring;
- iv) Monitoring of Vulnerable People and Gender;
- v) Continual monitoring of the Grievance Redress Mechanism

The results obtained under the monitoring exercise, form action plans that must be implemented by the responsible party within agreed timelines. Depending upon the severity of the issue, the investor may also be subject to sanctions.

It should also be noted that use of ICT would ensure success of the M&E framework as it would facilitate regularity of data collection, accuracy and cost effectiveness. As part of the development of the agricultural ecosystem, it is recommended that FMARD in collaboration with the Surveyor General's Office of the Federation and State Governments maintain a national agricultural database using GIS technology that catalogues the various land areas under cultivation. The multiple functionality of the national agricultural database could also be used to facilitate M&E.

As part of the transparent and accountability principle, publication of the M&E results should be undertaken periodically, at least yearly. The publication should also be followed up by a review workshop by all stakeholder to assess the effectiveness of NALFI and form the basis of the overall NALFI policy where necessary.

Appendix 1 – List of International Guidelines and Frameworks

Major International Guidelines at a glance:

Item	Policy / Principle
a)	Agence française du développement, together with the Comité Technique Foncier et Développement, has its own operational guide to due diligence (2014) for French investors; http://www.foncier-developpement.fr/publication/guide-to-due-diligence-of-agribusiness-projects-that-affect-land-and-property-rights/
b)	CFS Principles for Responsible Investment in Agriculture and Food Systems (October 2014); http://www.fao.org/3/a-au866e.pdf
c)	CFS Voluntary Guidelines on the Responsible Governance of Tenure of Land, Fisheries and Forests in the Context of National Food Security (May 2012) + Operationalizing the Voluntary Guidelines on the Responsible Governance of Tenure: a Technical Guide for Investors (September 2015); http://www.fao.org/docrep/016/i2801e/i2801e.pdf
d)	UK DFID is developing how-to guides on “Responsible Investment in Land and Property” and Landesa (connected to Bill Gates) is the group assigned to produce them; http://www.landesia.org/what-we-do/ripl/
e)	FAO/IFAD/UNCTAD/World Bank Principles for Responsible Agricultural Investment (2009); http://unctad.org/en/Pages/DIAE/G-20/PRAI.aspx
f)	The G8 New Alliance has just adopted (June 2015) an Analytical Framework for Responsible Land-Based Agricultural Investments, which harmonizes donors’ operating principles and aligns them with the CFS Voluntary Guidelines and the LPI’s Guiding Principles; http://new-alliance.org/resource/analytical-framework-responsible-land-based-agricultural-investments
g)	IFC Performance Standards and IFC Voluntary Agro-Commodity Standards: Good Practice; http://www.ifc.org/wps/wcm/connect/2fc71b0042cf55d987c5ef384c61d9f7/2013+IFC+Standards+Study.pdf?MOD=AJPERES
h)	Equator Principles (2006): www.equator-principles.com .

i)	Interlaken Group, a collaborative involving major transnational corporations, governments, UN agencies and NGOs has just released a Land and forest rights' guide on how investors can implement the VGs (2015); http://www.interlakengroup.org
j)	The Land Policy Initiative (African Union, African Development Bank and UN Economic Commission for Africa) Guiding Principles on Large Scale Land Based Investments in Africa (2014); www.uneca.org
k)	The OECD, together with the FAO, due diligence guidance (2015); www.oecd.org
l)	The Roundtable for Responsible Soy certification standards; the Roundtable for Sustainable Biofuels guidelines for land rights; the Roundtable for Sustainable Palm Oil Principles and Criteria to produce Sustainable Palm Oil; Bonsucro production standard for sugar; and several other standards for responsible cotton, coffee, cocoa, etc.; http://www.bonsucro.com/
m)	2009 UN Special Rapporteur on the Right to Food: Large-scale land acquisitions and leases: A set of core principles and measures to address the human rights challenge http://www2.ohchr.org/english/issues/food/docs/BriefingNotelandgrab.pdf
n)	UN Guiding Principles on Business and Human Rights; http://www.ohchr.org/Documents/Publications/GuidingPrinciplesBusinessHR_E_N.pdf
o)	UN PRI Principles for Responsible Investment in Farmland as of September 2014; http://unctad.org/en/PublicationsLibrary/wb_unctad_2014_en.pdf
p)	USAID Operational Guidelines for Responsible Land-Based Investment (March 2015); https://www.land-links.org/wp-content/uploads/2016/09/USAID_Operational_Guidelines_updated.pdf
q)	World Bank safeguards and standards, revised (as of August 2016) https://consultations.worldbank.org/consultation/review-and-update-world-bank-safeguard-policies

Appendix 2: The National Agricultural Land Development Authority Act 2016

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