



100+ experts talk about investments for improved land governance and livelihoods:

# Impact investments in agricultural and forestry smallholders: it can be done!

A growing number of investors aspire to make the transition from 'doing no harm' towards 'doing good', said Tropenbos International director René Boot in his opening statement at the seminar ***Towards inclusive investments and business models for improved land governance and livelihoods.*** "The positive news is that this can be done." The seminar yielded a rich harvest of cases, ideas and conditions on how this transition can take place.

There are plenty of examples of where large-scale investments in agriculture have all but destroyed local livelihoods; local traditions have been cold shouldered, rights have been violated, biodiversity ignored. Especially after 2007, when the food crisis emerged, many countries in the Global South were faced with aggressive land grabbing, Frits van der Wal, senior policy advisor at the Dutch Ministry of Foreign Affairs, reminded seminar participants in his presentation. Smallholders and local communities invariably pay the price of such interventions. But protests and failing local support have in many cases also endangered investments.

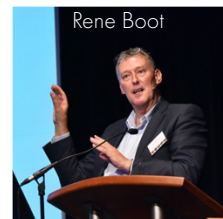
To mitigate the adverse effects of investments, several international organisations have set up guidelines for investors, like the UN's Guiding Principles on Business and Human Rights, the OECD guidelines, the IFC Performance Standards on Environmental and Social Sustainability and, finally, FAO's Voluntary Guidelines on the Responsible Governance of Tenure of Land, Fisheries and Forests (VGGT). These guidelines stress the importance of the principle 'do no harm'. But more and more financial institutions, investors and businesses want to go further than 'not doing harm'. They want their investments to have a positive impact on local communities, on their livelihoods and tenure rights. In other words: they want to go from 'doing no harm' to 'doing good'.

On September 14<sup>th</sup> some 100+ experts and stakeholders on investments in agriculture and forestry convened in Ede, The Netherlands, to exchange views on how investments can 'do good' and how this can be scaled-up.

Often investors perceive working with smallholders as a challenge. But during the seminar several cases were cited where involving smallholders and local communities provided an opportunity. It does require, however, a shift in skills and mind-set by investors. Or as Emilie Goodall, manager development impact and sustainability at FMO – Dutch development Bank, stated in her presentation: "Impact investments require thinking, acting and partnering beyond business as usual."

## Key pointers

The Working paper (see text box) that was discussed during the seminar presented three 'key pointers' that investors should address to improve the positive social, economic, political, environmental and cultural benefits of their investments: 1) **Recognize rights**, 2) **Effectively engage** and 3) **Think 'landscapes'**.



Rene Boot



Frits van der Wal



Emilie Goodall



Jan Willem den Besten



Joost van Montfort



Maryse Hazelzet



Hugo Verkuijl



Leo van de Vlist



Caroline van Leenders

Weak or contested tenure rights can easily jeopardise investments. If investors do not recognize local rights, laws, practices and values they may pay the price; not only financially, but also by reputation damage. Engaging and working with communities, including disadvantaged groups, helping them in establishing legal entities, letting them share in the profits, will go a long way in securing local support. Understanding the broader landscape will easily lead to a diversification in production with positive impact for local food security.

Goodall warned, however, that the key pointers are exactly that, pointers: "They are not a one-size-fits-all model."

## And what about scale?

For most investors scale is important. They are not interested in investing in a smallholder working on a mere one or two hectares of land. Here also a different mind-set is required. Though smallholders are small in size, they are large in numbers; engaging with them effectively, is a potential way to reach scale as some of the cases in the document illustrate. And talking about scale: René Boot reminded the audience that smallholders account for some 75 per cent of the world food production!

Scaling up was one of the issues talked about during the seminar. The cases cited in the Working paper are promising, but they are all still relatively small in size. It was stressed that uncertain financial returns on investment will hold most investor back. The anticipated next '2.0' version of the Working paper, it was recommended, should present some clear and convincing business cases, including transparency on social, environmental and financial returns on investment.

The seminar yielded a rich harvest of suggestions for further action (see box). But maybe the most important message was that, in the words of René Boot: "It can be done."

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[The Powerpoint presentations can be downloaded here.](#)

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The September 14th seminar was the tenth in a series of annual seminars on *Sustainable forest management in the tropics. Are we on the right track?* The series is jointly organized by Utrecht University (Prince Bernhard Chair), Wageningen University (Forestry groups, Centre for Development and Innovation), Tropenbos International, the Dutch Association of Tropical Forests (VTB), and the Ministry of Economic Affairs and Ministry of Foreign Affairs of the Dutch government. This year's seminar is in partnership with FMO – the Dutch Development Bank, KIT- The Royal Tropical Institute, and HIVOS International.

## Working paper 1.0

The three key pointers – recognize rights, effectively engage and 'think landscapes' – are the outcome of a joint exploration of alternative investments arrangements and business models that focus on improving smallholder livelihoods and tenure security. Results of this exploration are presented in the 'Working paper 1.0': [Improving the positive impacts of investments on smallholder livelihoods and the landscapes they live in](#). The authors stress that this is work in progress. One of the objectives of the seminar was to provide input for the '2.0' version of the Working paper.



## A rich harvest

The seminar yielded a great number of recommendations and ideas for the way forward. Some of the suggestions are:

- There is no empty land. Competing claims are always a risk
- Invest in mapping of customary laws and non formal arrangements
- 'Do no harm' and 'do good' are complementary
- Think long term
- Engage with actors (including companies) with local presence
- Scaling up is easier if you can show clear profits
- There is a clear 'missing middle' between small and large investments
- Transparency is vital
- Look for tools to measure social, financial and environmental impact
- Smallholders are big investors (if taken together)
- There is a substantial network of expertise available for operationalizing the key pointers investors could tap into

## Colophon:

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