National Guideline for Responsible Agricultural Investment in Ethiopia

Prepared by Ministry of Agriculture in collaboration with GIZ- Support to Responsible Agricultural Investment project in Ethiopia

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Contents

Part 1 2
1. General Overview 2
1.1. Introduction 2
1.2. Short title of the Guideline 4
1.3. Purpose and Objectives of the guideline 4
1.4. Scope of the guideline 5
1.5. Target Users of the guideline 5
Part 2 6
2. Creating an Enabling Environment for Responsible Agricultural Investment 6
Part 3 9
3. Ensuring the participation of local community in the process of land identification and verification 9
Part 4 12
4. Promoting and implementing clear and transparent recruitment criteria 12
PART 5 15
5. Ensuring natural resources and environmental sustainability through social and environmental impact assessment study 15
Part 6 18
6. Land transfer through lease agreement shall ensure the mutual benefits of all stakeholders 18
Part 7 20
7. Ensuring smooth relationship between local community and investors' relationship 20
Section 8 21
8. Establishing investment incentive packages to enhance agricultural investment productivity 21
Part 9 23
9. Establishing monitoring and evaluation system in line with RAI principles 23
Part 10 30
10. Applicability of the guideline 30

Part 1

1. General Overview

1.1. Introduction

Large-scale agricultural investment is a development strategy to increase agricultural production and productivity by encouraging private investors to invest in the agricultural sector. If the sector is managed properly with the idea of sustainability, it will generate profit for the investor and enable the country to be self-sufficient in food production and reduce poverty. It also fosters the transfer of knowledge and technology and the creation of market linkages for small holder farmers. The sector can also attract foreign-direct investment (FDI). That is why agricultural investment is identified as a pillar development strategy in Ethiopia. Attention is given to the sector in both the completed Growth and Transformation Plan (GTP I & II) and the recently lunched Home-grown Economic Reform Plan.

Ethiopia has huge potential for agricultural investment. Understanding the importance of agricultural investment, the government of Ethiopia has identified large tracts of land and transferred them to domestic and foreign investors through lease agreements since the mid-1990s. Particularly, large tracts of land have been handed over to investors for agricultural purposes in Gambella and Benishangul Gumz regions, where there is a huge potential for agricultural investment. According to reports and some surveys, about 2.4 million hectares of land have been already leased to about 6,000 foreign and domestic investors so far. Of this, 1.7 million hectares of land have been transferred by regional governments.

According to the international and continental frameworks and guidelines, agricultural investment must be guided by the internationally recognized framework of responsible agricultural investment contextualized to the existing national conditions. Hence, in order to realize the expected benefits from the effective agricultural investment, the implementation should be based on the principles of responsible agricultural investment. The primary objective of the responsible agricultural investment (RAI) package is to protect local communities from displacement and minimize natural resource degradation in the context of promoting agricultural investment. Respecting legitimate land rights of the community is the other important focus of RAI. The framework also promotes collaboration with eligible partners. Therefore, it is time to develop a National Responsible Agricultural Investment (NRAI) guideline based on the existing national context particularly related to the agricultural investment context of Ethiopia.

The initiative to develop the National Responsible Agricultural Investment (NRAI) Guideline was supported by a wide and deep assessment study conducted at the national level. The main objective of the study was to examine the challenges and opportunities in the implementation of agricultural

investment in Ethiopia. It also intended to extract ideas and opportunities for the development of a national RAI guideline. The assessment study covers four regional states of Ethiopia namely; Gambella, Benishangul Gumz, Amhara, and Oromiya. According to the survey, there are differences and gaps in the performance of agricultural investment among the regions. The assessment study also explored that the interest shown by all the regions to attract investors to agricultural investment is very high. Moreover, the findings show that the federal government of Ethiopia and the regional states has been making a great effort to improve the efficiency and productivity of agricultural investment. However, the implementation of agricultural investment at the national level encounters multi-dimensional limitations to realize the expected socio-economic benefits. Besides, the assessment indicates that the process of selecting investors or investment projects has not been transparent and based on the financial as well as human resource capacity of investors and other relevant parameters. Moreover, failure to participate the local community in the land identification process and unable to prioritize the needs of the local community are the key drawbacks in the implementation of agricultural investment in the study areas. More importantly, the investor-local community relationship has not been built on mutual benefit-sharing principles.

Evidence also show that the monitoring and support system expected to be provided by the government to the investors is weak. Lack of adequate infrastructure and market linkage are among the gaps identified in the survey. Hence, the low participation of the local community in the process of land acquisition and assessment of social and environmental impact has made the relationship between the investor and the local community unhealthy. In addition, the assessment shows that a business plan and a social and environmental impact study have not been sufficiently shared with the local community. Land allocation for agricultural investment has not been done based on a land use plan and consequently, environmental degradation has become a visible problem in the agricultural investment project areas. In general, agricultural investment in Ethiopia has not been implemented based on international best practices, frameworks, and guidelines to encourage community participation in the process. It is often observed that disputes and conflicts between the local community and the investors are prevalent.

Apart from identifying the challenges seen in the implementation of agricultural investment, the assessment study proposed solutions. According to the findings of the study, one of the most important recommendations is developing and implementing RAI guidelines at the national level and managing the sector based on international frameworks and standards contextualized to the national interest. Based on the above argument, this guideline is developed by the financial and technical support of GIZ-S2RAI-II project. This national guideline is built on eight principles aligned with internationally and continentally recognized frameworks and guidelines. The eight principles are the following:

Principle 1: Create an enabling environment for responsible agricultural investment;

Principle 2: Ensuring the participation of the local community in the process of land identification for agricultural investment and ensuring land right security and sustainable use of natural resources;

Principle 3: Promoting and implementing clear and transparent agricultural investment project recruitment criteria that are consistent with the principles of RAI ;

Principle 4: Ensuring the sustainability of environmental and natural resources usage by social and environmental impact assessment study;

Principle 5: Ensuring investors' competences and the mutual benefit of the local community in the process of land transfer and contract agreement.

Principle 6: Ensuring that the relationship between the local community and investors is based on principles and mutual benefit

Principle 7: Establishing an investment incentive package that is consistent with the principles of RAI

Principle 8: Establish a monitoring and evaluation system that is consistent with the principle of RAI responsible agricultural investment

Therefore, this national guideline is expected to guide the implementation of agricultural investment in a responsible and sustainable way by giving equal attention to social and environmental issues. It is also expected to create an enabling environment for inclusive and participatory agricultural investment governance system that respects the land and human rights of the local community.

1.2. Short title of the Guideline

The title of this guideline shall be stated as ***"National Guideline for Responsible Agricultural Investment in Ethiopia"***

1.3. Purpose and Objectives of the guideline

This National Guideline on Responsible agricultural investment is developed in response to the concerns of large-scale agricultural land acquisition. The guideline also aimed at addressing the need to realize better livelihood conditions for the local community and proper utilization of natural resources while implementing agricultural investment projects, particularly in the process of land identification, preparation, and transfer to investors. In addition, this national guideline is developed because of the need to clarify the roles and responsibilities of the stakeholders interested in agricultural investment and to promote an inclusive and participatory decision-making process. The national guideline also serves as a reference for the implementation of the Principles for Responsible Investment in Agriculture and Food Systems endorsed by FAO and the Committee on World Food Security in 2012 and 2014, respectively. Specifically, the objectives of the National Responsible Agricultural investment Guideline are:

- To facilitate and recognize inclusive and participatory decision-making processes by concerned stakeholders of the agricultural investment sector. This in turn helps to ensure the local community's priorities are properly handled, their legitimate land rights protected the bottlenecks resolved in the process, and agricultural investment facilitated.
- To support and modernize the land transfer system mainly by establishing predefined and clearly set recruitment criteria that take project/business plan, investors' commitment, capital, human capacity, and other related matters into account;
- To introduce inclusive agricultural investment models that enhance land tenure security of the local community. It also creates an opportunity for an inclusive environment for the local community in the context of agricultural investment that can also be supported by the existing legal and policy frameworks of the country;
- To strengthen the sustainable use of natural resources and protect the environment from degradation with particular attention to biodiversity, wildlife preservation, and proper utilization of soil and water resources in the context of agricultural investment practices;
- To support the establishment of strong monitoring and evaluation system so as to avoid wastage of lands transferred to investors for agricultural investment purposes.

1.4. Scope of the guideline

This guideline shall be implemented at the national level and in all agricultural investment-related sectors such as crop production, horticulture, livestock rearing, and other related areas of investment. It also includes all types of agricultural investment projects executed by both domestic and foreign investors regardless of the amount of finical investment and size of land. In addition, this guideline applies to those lands identified for agricultural investment projects by the federal government as well as the regional states in Ethiopia.

1.5. Target Users of the guideline

The target users of this national guideline mainly include those federal and regional governmental institutions whose roles and responsibilities are connected to the agricultural investment sector. The main stakeholders of this guideline are FDRE Ministry of Agriculture and regional bureaus hosting agricultural investment directorates. Other users of this guideline at Federal level include the Federal Investment Commission, the FDRE Ministry of Trade and Regional integration and the FDRE Environment Forest and Climate Change Commission, CSOs and NGOs which their work is related to agricultural investment. At the level of regional states, Bureaus of Land Administration, Agriculture and Natural Resources, Environmental Protection Authorities, Trade and Investment Bureaus/Commission, Investors' Associations, CSOs, and other NGOS are the main beneficiaries of this guideline.

Part 2

2. Creating an Enabling Environment for Responsible Agricultural Investment

Principle 1: Creating an enabling environment that contributes to the national agricultural investment development which also demands introduction of appropriate legal and policy frameworks, suitable institutional arrangements, and inclusive agricultural investment models as an enabling environment.

Creating an enabling environment outlines how to establish the conditions for fostering investments that safeguard tenure rights, in line with the national legal and policy framework. Creating an enabling environment for responsible agricultural investment shall be the responsibility of the FDRE Ministry of Agriculture in collaboration with the regional governments. Developing and introducing an agricultural strategy that promotes inclusive agricultural investment models and frameworks can be one of the key enabling activities. Providing a supportive regulatory framework, and defining roles and responsibilities of institutions for the promotion, approval, and monitoring of investments can also be considered as an activity for enabling the environment. Developing a land information database at the national level is another enabling environment to foster agricultural investment. To achieve the goal set by the government, close follow-up and support are expected from the government at all levels.To achieve this clear institutional arrangement for agricultural investment, effective governance should be established. The specific sub-principles are stated below:

2.1. Preparing, endorsing, and using legal, policy, and administrative frameworks and guidelines contextualized with the national and international legal and policy frameworks (for example this national guideline);

2.2. Designing and implementing a national agricultural investment strategy that promotes inclusive agricultural investment business models;

2.3. Inclusive agricultural investment models mainly include contract farming, and joint ventures (between the local community and investors), which can be introduced as an enabling environment for responsible agricultural investments. Such investments can safeguard against the dispossession of legitimate tenure right holders and environmental damage, and respect human rights. In addition, it is important to create an orientation forum on inclusive models. It also needs to prepare a detailed regulation mechanism for implementation.

2.4. Identifying relevant and appropriate government institutions or stakeholders of agricultural investment and defining their roles and responsibilities clearly;

2.5. Introducing and promoting a workable governance structure in consultation with concerned stakeholders, and organizing periodic joint forums for consultation and performance evaluation

2.6. Establishing a land information database for agricultural investment. According to this guideline, the land information database refers to collecting land data from the field and storing the data in the computer system. The land identified for agricultural investment purposes which is stored in the computer system must contain at least the following information:

2.6.1. The size of land in a hectare, the topography, the vegetation cover, the soil type, the fertility level, and the elevation above sea level;

2.6.2. The climate, the rainfall distribution and amount, and the temperature of the area;

2.6.3. The infrastructure including; roads (asphalt and paving), electricity lines, telecommunication services, health, education, and water services, and distance need to be indicated;

2.6.4. The region, zone, district, and kebele where the land is located and Northing and Easting coordinates of the land;

2.6.5. The type of investment that can be developed on the land and its suitability by crop type;

2.6.6. Every parcel of land needs to have a map and map identification number;

2.6.7. The identified land must be distinguished as whether it is cultivated by irrigation or rain and; The information should be stored in a digital database such as CAMIS (Commercial Agriculture Management Information System) and on paper;

2.6.8. The database system should be subjected to periodic updating of the land information. The updating process should consider the following information:

2.6.8.1. The land information available at the federal, regional, and the district level should be the same and consistent in size and type;

2.6.8.2. When there is a change in the land information, district-level authorities need to notify it within ten days to the regional authorities. Similarly, it is necessary to link the changed land information at the regional level to the National Rural Land Management Information System by notifying the change in the information to the federal government.

2.6.8.3. Similarly, information about investors should also be updated. New Investors, investors who have terminated contracts, and other related information should also be updated in the same manner and the updated information should be made available to the relevant parties;

2.7. Promotion of land availability for large-scale agricultural investment (LSAI)

The availability of land for agricultural investment should be advertised by different promotion channels. The information should be accessible to potential agricultural investors through the following methods (means):

2.7.1. When the land identified and verified for Large-Scale Agricultural Investment (LSAI) is big enough and suitable for foreign national agricultural investors, information dissemination can be made through the website of the responsible Authority. The information should contain the size of the land, location, and biophysical of the land, and for what purpose the land can be used (i.e. suitability and capability of the land).

2.7.2. The land availability information used to announce and attract investors for development should be similar to the information indicated in clauses 2.6.1 to 2.6.8 in this guideline.

2.7.3. A regional state that has already identified and verified a parcel of land for agricultural investment should provide detailed information to the Ministry of Agriculture to get support to promote the land available and to invite potential foreign national and domestic investors using a website or other means. However, the final screening of investors and the transfer of land will be done by the region.

2.7.4. Similarly, for domestic investors, land availability information can be disseminated through, television, radio, newspapers, and social media and it can also be posted on the public notice board.

2.7.5. To address all interested bodies, the advertisement should stay for up to 60 days.

2.7.6. Registration of investors shall be done in person, by telephone, email, fax, etc. within 60 days of the announcement.

2.7.7. To facilitate the registration process, each parcel of land will be given a unique identification number (ID); and a parcel map will be produced and attached. The registration of investors is carried out based on the interest of the applicant in a particular parcel of land identified by an ID number and a map of the parcel prepared.

2.7.8. Once the registration is completed, applicants shall submit a complete project proposal and social and environmental impact assessment study report (EIA) along with other supporting additional information for the particular parcel of land they are applying for. Investors of foreign national can registor via their local agent.

2.7.9. Based on the project proposal and EIA study report submitted, the screening and selection of investors and notification of results must be completed within 30 days after the registration is completed.

2.8. Establishing an institution or governance structure responsible to support LSAI

In Ethiopia, agricultural investment has a huge potential to improve the livelihood of the farming community by introducing new technology, job creation, ensuring food security, and supplying raw materials to industries. Therefore, it is essential to provide continuous support and follow-up for the investors' activity to achieve the intended goals set by the government.

2.8.1. To provide efficient services to investors, it is necessary to establish an institutione with responsibility and mandate. This decision helps to promote and provide support LSAI from the district to the federal level with a clear role and responsibility.

2.8.2. Similarly , this institution has to be established at district level.

2.8.3. A similar arrangement shall be established at the district level, as indicated in clause 2.8.1 where LSAI projects are operating.

2.8.4. The institutions shall be closely coordinated from the district to the federal level, in planning, technical, administrative support, and reporting. Specifically, the strategic and annual plan will be set at the district level and sent to the region, and the region will compile and send it to the Ministry of Agriculture in the first month of the planning year. Activity reports shall be sent quarterly, by which the districts will send to the region, and regions to the agricultural investment directorate at the federal level. Meetings, consultative forums, training, and workshops can be conducted in person or virtually as demanded.

2.8.5. Organizing training, experience sharing, and technical support can be provided by the federal body to the regions. The regions also can create platforms for the districts when required and the federal government can also organize training and experience-sharing platforms to capacitate the technical staff working at the federal, regional, and district level.

2.8.6. The main responsibility of the institution at all levels is to provide practical training, experience sharing, technical advisory services, administrative support, and monitoring of the LSAI projects. The institutions at all levels are equally responsible to provide efficient service for the investors to solve problems that hinder the achievement of the intended goal of the LSAI.

2.8.7. At all levels, the institution will be equipped with qualified staff mainly those with academic backgrounds such as Surveyor, GIS, land management, land use planning; environmental protection, civil law, monitoring and evaluation, social development

Part 3

3. Ensuring the participation of local community in the process of land identification and verification

Principle 2: Ensuring the participation of the local community in the process of identifying land for agricultural investment, securing land tenure rights, and ensuring the sustainable protection and use of natural resources;

As land is a precious and limited resource, the identification and verification of land for agricultural investment should be ensured by the full participation of the local community. Participation of the local community in the process of land identification and verification helps to reduce land use conflicts between local communities and investors. It also helps to identify suitable land for the proposed agricultural investment. Moreover, attention should be given to the living conditions of the local farmers/pastoralists and land-holding right of the community in the process of land identification. Therefore, the local community's consent should have to be obtained before the specific land is transferred to the investors and this helps to prevent the negative effects of agricultural investment on the economic and social basis of local residents. Therefore, it is necessary to enable the participation of all the stakeholders in the process of land identification and verification, especially the representatives of civil society organizations and the community.

3.1. The main purpose of land identification and verification is to reduce land use conflicts and to prepare suitable farmland for agricultural investment. This can be effective based on the following sub-principles:

3.1.1. Especial attention should be given to the local farmers/pastoralists, women and youth, living conditions, and land right ownership. This enables to avoid of negative impacts on the economic and social base of local residents;

3.1.2. Ensuring active participation of all relevant stakeholders in all steps of the land identification and verification process. Representatives of civil society organizations or community representatives should actively involve.

3.1.3. Utilization of natural resources, such as water, forest, and soil should be based on the principles of sustainable use of resources.

3.1.4. The land identification process should follow an integrated and comprehensive approach, based on different land use options with the purpose to balance the needs of different sectors and communities;

3.1.5. In the land use plan preparation process, all stakeholders, including women and youth should be consulted and their views need to be considered in the draft land use plan of the area.

3.1.6. In general, the identification of land and conversion of the land into agricultural investment services need to be based on prior consent from the local community.

3.2. The best option to identify land for agricultural investment is to use high-quality satellite imagery and indicate where the land is located in the region and the district;

3.3. The land identified from satellite image need to be also verified by field visits and observation;

3.4. It is important to assess the socio-economic and environmental impact of the proposed project on the target land and is necessary to involve partners in the process;

3.5. In some cases, land use dispute may arise between investors on the one hand and farmers/pastoralists on the other hand due to either the inclusion and conversion of community land into agricultural investment or the boundary not being clearly defined. Hence, the land allocated to the investors should be separated from private, communal and public possession/holding. Depending on the type of product/investment, the agricultural land must be separated at least by a 10 meter wide road.

3.6. The size of the land in one area can be transferred to many investors. Thus, the land needs to be divided into blocks and each field should be identified by a street code.

3.7. The land identified for agricultural investment should not be waterlogged, dense forest, cultural heritage sites, religious sites, cemeteries, mining land, a national park, or areas for traditional practice. The local community should participate in identifying the land for investment.

3.8. First, it should be confirmed that the land selected for agricultural investment is free from the private and communal ownership of the local farmers/pastoralists; and the process should mainly respect the land tenure rights of the local community;

3.8.1. Registered communal lands which have been used for animal grazing, traditional mining, and the like should not be included in the identified land for agricultural investment;

3.8.2. Privately or communaly registered lands can also be used for joint investment by individuals or the surrounding community;

3.8.3. If primary or secondary land registration has not been done in the area, private and public holdings/properties must first be identified and registered and then confirmed by public hearings/opinion; and a certificate of holding must be given to the landholders;

3.8.4. Full and meaningful participation of the local community, particularly of of women and youth should be the primary requirement for land identification and verification. Land should not be transferred to investors without the local community's approval or free and prior informed consent;

3.8.5. To realize the Free Prior Informed Consent (FPIC) of the community, continuous community dialogue should be held to practically ensure the participation of the local community and other stakeholders in the land identification and verification process.

3.8.6. A series of discussions and community engagements should be held to ensure free prior and deliberative approval of the investment by the local community.

3.8.7. The amount of land to be transferred to an investor depends on the actual local situation of the area, the type of investment, and the financial capacity of the investor.

Part 4

4. Promoting and implementing clear and transparent recruitment criteria

Principle 3: Promoting and implementing clear agricultural investment project recruitment criteria that are consistent with the principles of responsible agricultural investment strategies;

Responsible agricultural investment should consider and respect the local landowners' rights; ensure environmental security and sustainability. It should also respect and apply principles of human rights, and women's equality and ensure local and national food security. In addition, it is expected to design transparent and accountable criteria to select and recruit investors who are firmly aligned to work ethically and comply with the laws of the country that promote mutual benefit. Therefore, the selection and recruitment of investors should follow a careful, responsible and participatory procedure that encourages investors to develop, promote and implement their businesses in a sustainable manner. Hence, the selection and recruitment of investors should consider the following points:

4.1. Let appropriate stakeholders be involved in the preparation of the required criteria and implement the criteria carefully and responsibly.

4.1.1. Foreign/ local investors should be allowed to select the type of project they want to invest in and their appellants must be registered. They are required to meet the requirements stated in the selection criteria. If their application does not meet the requirements in advance, they will not compete for it;

4.1.2. The criteria for recruiting investors should align with their project proposal plan, the local cultural and social norms, and principles of human rights. It should also enable job creation and technology transfer.

4.1.3. The criteria for recruiting investors should accommodate necessary, sufficient, and reliable information about investors. It should also enable of investigation/inquiry/access to previous project development experiences and practices of the investor; the investor's readiness to develop a project and his/her financial capacity.

4.1.4. The investors' experience and their project plan should align with the national (regional) development strategies and contribute to the success of the national and regional development.

4.1.5. Before the land is transferred to investors, the status of land holding bshould be checked by the concerned body. Investors should be supported to conduct a preliminary survey of opportunities and challenges/ risks related to their project plans. This will support the investors to decide on their own investments.

4.1.6. Investors are expected to meet at least the following conditions inorder to be eligible and to be considered:

4.1.6.1. A complete project proposal based on the local facts;

4.1.6.2. A full environmental and social impact assessment study document prepared by a group of licensed experts with adequate knowledge and experience in the area

4.1.6.3. Written proof of project experience given from the concerned aothority or certificate of agricultural vocational education for the investor;

4.1.6.4. Provide evidence of 30 percent of the planned capital in the bank statement to execute the project;

4.1.6.5. Submit a business license issued by the appropriate governmental organ;

4.1.6.6. Submit a renewed ID or passport;

4.1.6.7. If necessary, submit other relevant written confirmations.

4.1.6.8. **When the applicant is a foreigner; he/should fulfill the following requirements in addition to the above ones:**

a) Submit a work permit issued by the Ministry of Labor and Skills;
b) Submit a residence permit issued by the Ministry of Foreign Affairs;
c) Submit a legal investment permit,
d) Submit a letter of support from the Ethiopian Embassy or Minister of Foreign Affairs in the country of residence,
e) Submit an agreement letter to comply with the laws and guidelines of the country's investment policy.

4.2. A technical committee appointed to compare and evaluate investors' project proposals should do/should be Evaluation of investors project proposal by a technical committee

4.2.1. According to this guideline, a technical committee should be organized composed of different stakeholders from the regional state of the project site. The committee will be chaired by the representative of the institution responsible to manage agricultural investment (which will sign the contract). Regional governments can form a committee according to the actual situation of their regions.

Members:

a) Land Bureau ----------chairman
b) Agriculture Bureau ----------, Member
c) Investment Agency----------, Secretary
d) Environment Protection Authority----------, Member
e) Women and Social Affairs Bureau----------, member
f) And Government Agencies, if needed,

4.2.2. Duties and Responsibilities of the Committee

The committee will have the following responsibilities:

4.2.2.1. Check whether the applicants have submitted all the requireddocuments and examine project proposals;

4.2.2.2. Compare and give values for each investor applied for the investment based on set criteria (capital; project type; experience; intended job opportunities; technology employed; benefits of the project to the local community; the project impact on the community and the environmental mitigation strategies proposed to reduce the impact, etc.)

4.2.2.3. Assist the selected investor to visit the proposed land and conduct his/her own survey;

4.2.2.4. Communicate the values to the selected investors assigned to promote the land development;

4.2.2.5. Ensure that the project proposal and the preparation of the socio-environmental impact assessment document are relevant to the location of the land or project site;

4.2.2.6. Ensure the project proposal and the environmental and social impact assessment reports are done based on real conditions from the project site and of appropriate professional/s.

4.2.2.7. Check the competitors are applying on the same land;

4.2.2.8. The members of the committee have equal votes;

4.2.2.9. The term of service of the committee will be one year. The officer may allow all or some of the members to work for one more year if it is needed ;

4.2.2.10. If the members of the committee have an equal number of votes, the proposal supported by the chairperson will be presented as a joint resolution opinion.

4.2.2.11. The committee prepares a proposal supported by minutes with points given to each investor according to the rules and submits it to the head of the office together with the proposal;

4.2.2.12. The head of the office submits the final documents to the management committee or the investment board (coordinator) for approval

4.2.2.13. The committee will provide the selected investors with the application of international agricultural investment principles and guidelines as well as start-up training.

4.3.T**ransferring Rural land to investors by competition**

4.3.1. Based on the published announcement, when there is more than one applicant on the same land, the bid for competition shall be held twice a year. If there is more than one applicant for the same plot of land, the bid for competition shall be held twice a year

4.3.2. Investors should compete based on clearly defined requirements/criteria which primarily include project proposal/business plan, Social and Environmental Impact Assessment Study, the investor's experience and educational background and experience of the employed professionals and initial capital for investment; and the weight given to evaluation criteria shall be of 25, 25, 20 and 30, respectively. Extra 5 points will be added for female entrepreneur applicants.

4.3.3. If a similar result is scored by the competing potential investors, priority will be given to the female applicants.

4.3.4. If only one investor has applied for a piece of land, the committee evaluates the project proposal and if it is convincing, the government agency responsible for agricultural investment shall submit the project plan to the investment board for decision or approval; otherwise, it should be advertised for another round.

4.4. Notification of bid competition results and submission of complaints

4.4.1. If the list of applicants includes foreign investors, the results shall be announced through public announcements on the radio, television, and the website.

4.4.2. An applicant who has a complaint against the announced result can submit it to the office stating the basis of the complaint within 15 days from the date of publication of the result announcement. A complaint presented after 15 days will not be accepted;

4.4.3. If there is a complaint about the result, the land will not be transferred to the selected investor within 15 days from the announcement of the results. The land on which the complaint was filed will not be transferred until the complaint is resolved. The complaint should be resolved within one month of the submission of the complaint.

4.4.4. The land will be transferred within ten days after the decision is made on the complaint. There will no appeal for a complaint that is not accepted.

PART 5

5. Ensuring natural resources and environmental sustainability through a social and environmental impact assessment study

Principle 4: Ensuring the sustainability of social and economic benefits from agricultural investment by reducing the degradation of natural resources through conducting social and environmental impact assessment studies and implementing mitigation strategies effectively.

In order to ensure the sustainability of social and economic benefits from agricultural investment and reduce the degradation of natural resources, it is necessary to conduct a social and environmental impact assessment study and implement its mitigation strategies appropriately. During the preparation of the social and environmental impact assessment study, issues to be considered are: the composition of required experts, collecting socio-economic and biophysical data from the project site, and designing appropriate mitigation strategies as per national and international regulations. The process should also include how to manage and control the environment with the participation of the local community.

5.1. The following points should be considered during the preparation of a social and environmental impact assessment study

5.1.1. Since the social and environmental issues are wide-ranged, there should be involvement of various experts when required;

5.1.2. Various methods of data collection should be included toidentify the samples;

5.1.3. The working conditions of employees, women and youth issues, their salary, health, and safety conditions should be properly addressed;

5.1.4. When data is collected from the agricultural investment field, environment-related issues such as soil, water, biodiversity, wild animals, forests, wetlands, and other manmade conditions such as settlement sites, tourist sites, burial sites, and other concerns should be considered;

5.1.5. Ensure that basic information related to national and international regulations is included;

5.1.6. Ensure that the intended project does not cause any negative damage to the natural resources and the environment and that it is consistent with land use regulations of the nation and the regions;

5.1.7. Ensure that broad public participation is included when information is gathered to prepare a social and environmental impact assessment study;

5.1.8. Ensure that the planned development activity at its different stages has been analyzed and confirm it does not have any negative effect during implementation;

5.1.9. Ensure that positive and negative impacts are properly identified and explained;

5.1.10. Ensure that the mitigation method is properly integrated into the management plan as well as the monitoring and evaluation systems;

5.1.11. Ensure the inclusion of methods to detect pollution and damage to the ecosystem in any stage of the project operations;

5.1.12. Ensure that composition is given for environmental damage caused by the project.

5.2. During the evaluation of a social and environmental impact document:

5.2.1. Ensure that evaluators take the occupational diversity of professionals into account;

5.2.2. Ensure that experts have worked responsibly through different methods;

5.2.3. Verify that various methods used to collect data are related to the biophysical and socio-economic conditions of the project site;

5.2.4. The social and environmental impact assessment document shouldn't be issued without physical inspection of the land by the concerned party;

5.2.5. Ensure that the basic national and international declarations and principles are incorporated during the preparation of the social and environmental impact assessment;

5.2.6. Ensure that community participation is included using various methods during the preparation of the social and environmental impact assessment study.

5.2.7. Ensure that mitigation methods are carefully defined to avoid the use of imported and banned chemicals by taking international and national regulations into account.

5.2.8. Ensure that a certificate of feasibility is issued to the investor after checking if issues in the social and environmental impact assessment study are properly considered.

5.3. Contents of Mitigation Methods, Environmental Management, and Administration

5.3.1. Mitigation strategies, management, and control systems should be adopted/indicated by considering the organizational structure, planned activities, practices, procedures, and principles of a responsible organization;

5.3.2. Mitigation strategies and management plans should be designed to save natural resources including soil, water bodies, biodiversity, and others resources.

5.3.3. Mitigation strategies should comprise methods of environmental pollution prevention.

5.3.4. Mitigation strategies and management plans should increase efficiency and cost-effectiveness, sustainable production, and productivity.

5.3.5. Mitigation strategies and management plans should promote sustainable livelihoods, wealth, culture, and health of the local community.

5.3.6. Mitigation strategies and management plans should enable better management practices to save and avoid the destruction of scarce natural resources and create a conducive environment for accountability and transparency of destruction.

5.3.7. Mitigation strategies and management plans should enable to identification of relevant laws and regulations and other requirements pertinent to the issue.

5.3.8. Mitigation strategies and management plans should enable the establishment of roles and responsibilities and provide appropriate resources for environmental governance and management.

5.3.9. Mitigation strategies and management plans must ensure that employees are adequately trained and qualified to fulfill their environmental responsibilities.

5.3.10. Mitigation strategies and management plans should enable to identification emergencies and development systems to prevent and respond to accidents if any.

5.3.11. Monitoring key functions and performance including; conducting periodic reviews in accordance with legal provisions and identifying and correcting problems and taking preventive measures to prevent the problems from reoccurring.

5.3.12. Mitigation strategies and management plans should enable the concerned bodies to work in a responsible manner, and take action against licensed experts who submit documents that are not related to the project site and not relevant to the pertinent law.

5.4. Social and environmental impact monitoring and support process

5.4.1. The monitoring and support processes should address inclusive community participation.

5.4.2. Investor's monitoring and evaluation performance should include implementation of both agricultural productivity and environmental management mitigation strategies

5.4.3. The monitoring system should enable checking the fulfillment of investors' environmental responsibilities and ensure that they received appropriate training for environmental protection.

5.4.4. To ensure the effectiveness of operating procedures, the monitoring system should be able to maintain information about environmental management.

5.4.5. The monitoring system should align with the organization's policy, objectives, plan of project activities, and management operations.

5.4.6. The monitoring system should enable to carry out of periodic reviews in accordance with legal provisions.

5.4.7. The monitoring system should enable to identification and correct problems and should take preventive measures.

5.4.8. The monitoring system should be continuously implemented and sometimes allow the investor to self-evaluate.

5.4.9. The monitoring system should be able to collect information so that documents can be updated.

5.4.10. The monitoring system should ensure that the social and environmental impact study is subjected to regular audits as specified in the decrees and regulations.

5.4.11. Compensation for the environmental damage will be paid if the damage is verified by the audit report.

Part 6

6. Land transfer through lease agreement shall ensure the mutual benefits of all stakeholders

Principle 5: ***Land transfer through lease contractual agreement to the investor shall be based on investors' competence, financial and technical capacity, and commitment, and by ensuring the mutual benefits of the local community from LSAI projects.***

The government of Ethiopia has given emphasis on agricultural investment for the private sector which has the potential to create employment opportunities for the local community and generates foreign earnings, introducing new technology to the local community. The land that is well identified and verified is supposed to be transferred to the investors who have the capacity and commitment to invest as per the plan and the contractual agreement made. During land transfer to the investor, it is essential to screen due diligence and carefully those who have the capacity and experience to run the project effectively and efficiently. Many projects fail or are struggling because of actors that could have been identified by better pre-investment screening, feasibility studies, and due diligence. An investment approval process has to be clear and transparent to all parties. The land transfer has to benefit parties, the investor, and the local community; it is also the responsibility of the investor to protect the natural resource while increasing production and productivity. Screen and select prospective investment projects to ensure they maximize the social,

economic, and environmental benefits while minimizing the risks. The contract agreement should be binding and enforceable based on the national law that protects the rights and obligations of both parties equally, be clear and consistent, and free from any ambiguity.

The content of the contract agreement should mainly focus on the following basic points:

6.1 **Contracting parties**: The lessor and the lessee's full name and address should be written correctly.

6.2 **Description of the property**: The property should be sufficiently described to allow a stranger to identify the location of the property, the location of the lease object, the region, zone,district,Kebele, and Parcel GPS reading North-and eastshould be defined.

6.3 **The purpose of the contract**: The agreement should be clearly defined, for what purpose, the kind of agricultural investment and the technology used, and when to start production

6.4 **Duration of the contract**: This should include the start and end dates and any option for extension or renewal and how long the contract will last

6.5 **Annual lease price**: Payment must be specified. The amount of the lease price and the period of payment and under which condition the lease rate should be adjusted should be clearly indicated.

6.6 **The rights and obligations** of the lessor and lessee should be provided in a clear manner as well as the consequences for non-compliance.

6.7 **The contractual obligations** of the lessee shall be stipulated by considering the existing conditions of the area. The contract should ensure the mutual benefit of the local community from the large-scale agricultural investment (LSAI)

6.8 **The consequences** of non-compliance with the contract should be s tated and should be consistent with the terms of the contract, not subject to misinterpretation to the benefit of one party.

6.9 **Special obligations**: EIA and Business plan submitted by the lessee and approved by the lessor should be considered as part of the contractual agreement

6.10 **Dispute settlement**: When there is a dispute between contracting parties including the local community, the contract agreement shall indicate the process to be followed to resolve the dispute.

6.11 **Incapacity of the lessee**: the contract agreement shall specify the procedures to be followed in the event of lessee incapacity or non-performance to develop the land.

6.12 **Contract Termination**: The contract agreement shall stipulate clear termination clauses in the investment agreements to safeguard the tenure rights of the community when the investment is to be ceased . The agreement should also stipulate the conditions in which the land should be returned to the community at the end of the lease agreement.

6.13 **Contract renewal**: It should be specified under what circumstances and conditions to renew the contract.

6.14 **Contract agreement signed**: The parties must sign the contract agreement freely; it is deemed the contract is made when the lessor and the lessee sign in the presence of the

witnesses, and the contract must stipulate the registration and distribution of copies of the contract.

6.15 **The lessee right**: the lessee may have the right to transfer the lease use right on the land to a third party after it is approved by the lessor when the lessee has developed the lease object at least 50% and above.

Part 7

7. Ensuring a smooth relationship between the local community and investors relationship

Principle 6: Ensuring a smooth relationship between the local community and the investors based on standards and principles to help to realize mutual benefit and improve the productivity of agricultural investment and food security

Efficient communication between the investors and the local community is very important to increase productivity and ensure food security. It is also better to establish a smooth relationship between these parties based on the principles of mutual benefit from the agricultural investment. The primary purpose of agricultural investment is to benefit the investor from project profit and the local community by creating jobs, technology transfer, and improving food security. Hence, investors should create a strong relationship with the local community by creating a good understanding and stating clear conflict resolution methods using the local experience and culture. The relationship between the local community and the investors should be guided by the following important issues:

7.1. Ensuring job opportunities for the local community and adhering to the national and international labor laws regarding the employment and treatment of workers.

7.1.1. Investors engaged in agriculture should create job opportunities for the local community;

7.1.2. Job opportunities should first involve the local community.

7.1.3. Jobs/daily work should give priority to the local community, especially women and the youth, and hire professionals through clear job vacancies based on equality and non-discrimination principles.

7.1.4. Capacity-building training on job accidents and other issues should be provided to the local community.

7.1.5. The labor law and social regulations of the country should be respected and services including shelter, food, and access to medical services should be provided.

7.2. **Agricultural technology transfer**

7.2.1. Investors should encourage agricultural technology transfer based on the need, capacity, and socio-economic situations of the local community.

7.2.2. The investors and the local community should create a good understanding based on mutual benefit principles.

7.3.**The relationship between investors and the local community**

7.3.1. Facilitate conditions in which the investors and the local community can realize their roles and fulfill their responsibilities;

7.3.2. When disputes arise between investors and the local community, clear conflict resolution methods should be considered based on the local experience and culture.

7.3.3. Investors should consult the local community when extracting forest and other natural resources.

7.3.4. When investors extract forests and other natural resources from the area or remove them in various ways, the process should be closely monitored by the relevant government body and local leaders.

7.3.5. The relationship between the local community and investors should be based on principles and mutual benefit.

7.3.6. Inclusive discussions between the local community and investors should be held in order to maintain a healthy and sustainable relationship.

Part 8

8. Establishing investment incentive packages to enhance agricultural investment productivity

Principle 7: Establishing agricultural investment incentive packages consistent with the principles of responsible agricultural investment

Establishing an investment incentive system is an expected measure by the federal and regional governments. An investor (including small-scale producers) for a new or expanded investment should benefit from the incentives with the goal of influencing the size, location, impact, and behavior of such investment. It is mainly targeted to attract and retain investors in the sector and to increase the social and economic benefits expected from the sector. It is necessary to ensure that the incentive system has clear objectives that are consistent with the national and regional priorities and the principles of responsible agricultural investment. The investment promotion system needs to be built up on the following four incentive packages: professional, technical, and capacity-building support; financial incentives; input resource provision or supports; and infrastructure development. It should consist of the construction of infrastructure.

8.1. The agricultural investment incentive should have a clear purpose that is consistent with the development priorities of the country and the principles of responsible agricultural investment;

8.2. The agricultural investment incentive system should include the main incentive mechanisms such as professional, technical, and capacity building supports; financial incentives; input/resource provisioning supports, and infrastructure development;

8.3. Professional advice and technical service should be provided for investors as well as for the local community. The capacity-building services should be provided to investors and the local community in a coordinated and planned manner. In addition, organizing and providing accurate information to investors should also be a part of this work.

8.4. Training and experience-sharing platforms on principles of responsible agricultural investment should be organized for investors;

8.5. Technology and inputs needed for agricultural investment such as disease-resistant or other quality seeds; improved varieties, improved fertilizers, and agricultural equipment need to be provided. Training should also be organized on how to use the inputs;

8.6. The financial incentives/supports such as loans; supply of resources, market linkages, tax-free subsidies, and other incentives should be provided to the investors based on their annual performance;

8.7. Tax-based financial incentives such as benefits from partial or full reduction of service fees, full or partial income tax reduction system, should be arranged especially for projects/investors that can encourage more inclusive benefit sharing from the development also based on annual performance;

8.8. For newly established companies and for those interested in participating in the agricultural sector, especially those that can benefit the local community from the development and those that contribute foreign currency enhancement and who bring more inclusive project ideas can be exempted from paying taxes completely or partially for a certain period of time. The implementation can be based on in-depth research and evaluation of the performance of the company;

8.9. The construction of infrastructures such as rural feeder roads, reliable electricity, and warehouses; construction of irrigation canals in areas with rivers; development of convenient roads/railways and other infrastructure need to be considered as an important precondition to facilitate the process of agricultural investment;

8.10. Supporting investors to establish their own association as a common platform for experience sharing, collaboration, and facilitation of market linkages;

8.11. Investors interested to engage in forest development should be given priority for the mentioned incentive package;

8.12. Investors who have achieved the best performance during the production period, especially their performance in terms of sustainable development standards mainly in terms of biodiversity protection and benefiting the local community, should be recognized and rewarded by organizing a recognition program.

Part 9

9. Establishing a monitoring and evaluation system in line with RAI principles

Principle 8: Establishing a monitoring and evaluation system consistent with the principle of responsible agricultural investment

Monitoring and evaluation are the responsibility of the government and it is useful to ensure that the implementation of policies and strategies is to realize the intended goals of the sector. Monitoring and evaluation should be done in a well-planned manner, responsibly, regularly, and systematically. Monitoring and evaluation help to assess the effectiveness of agricultural investment. The system also helps to identify the negative and positive impacts of agricultural investment on the local community's property and lifestyle. Monitoring and evaluation provide information to make timely decisions and adjustments. The system also helps the investor to get timely professional and administrative support and make the project successful. Therefore, the investor should be aware of the monitoring objectives before monitoring takes place.

9.1 **The purpose of monitoring and evaluation**: Monitoring agricultural investments is crucial to ensure that a given investment is in line with national policies, laws, and strategies; if tenure rights are respected; and if promised performance goals of the investments are reached. Monitoring is necessary for the government to ensure that its policies and strategies of agricultural investment and tenure rights achieve their stated goals. On the other hand, it shows the investor the success or failure of the investment. Therefore, monitoring provides information for both parties to make timely adjustments. Monitoring also benefits the investment project itself by getting timely technical and administrative support to improve the development of the project. Therefore, it is important to understand that before the monitoring process takes place, the investor can provide the following appropriate information that can support the monitoring process.

9.2 Preparatory activities for monitoring and evaluation

9.2.1 To make monitoring effective, detailed information about the profile of the investorswho are operating in the region (district); a submitted business plan by the lessee, and social and environmental impact assessment study reports; the diligence with which investors conducted, contract agreements, and other relevant documents should be organized.

9.2.2 Checklists for monitoring need to be updated continuously and a new checklist should be developed if needed. As much as possible, the checklist should cover all economic, social, and environmental aspects as well as a contractual agreement. It also should cover field inspection activities, the data collection process, and discussions with the stakeholders.

9.2.3 It is necessary, to identify and list the investors who will be monitored and prepare a detailed work program before going to the field.

9.2.4 The government at different levels, the local community, and other stakeholders are responsible to provide support for LSAI projects. The monitoring system should indicate whether the project needs to be supported .

9.3 **Notifying investors about the monitoring and evaluation program**;

9.3.1 A detailed action plan also important that specifies what is going to be monitored, how monitoring is going to be implemented (method and procedures), how often monitoring will take place, how monitoring is going to be documented, and what monitoring results are used for.

9.3.2 The baseline information for monitoring purposes should be the business plan, EIA, and contract agreement. The above sources of information serve as benchmarks to compare the existing investment and production with the planned business concept. Baseline information for monitoring the impacts of an investment can be collected in a variety of ways including; in household surveys or censuses where such information is not available or incomplete from other sources. The information collected by the investor during the impact assessment can be a useful starting point for impact monitoring. The information can be combined with or benchmarked for information from other monitoring efforts by civil society and/or the government

9.3.3 Monitoring the investment project is an iterative process from the start of the project until the closure of the project and is integral to the life cycle of a project. Monitoring focusing on administrative matters including bank loan settlement and technical support can be carried out during land preparation, input distribution, weeding, etc. This can be done twice a year.

9.3.4 An impact assessment of the project should be carried out when a project ends. The final impact assessment should quantify positive and negative impacts within the terms of the agreement and define how to compensate for these impacts

9.3.5 Some documents, including the business plan, should be assessed for monitoring and evaluation purposes. Monitoring is the comparison of the planned investments (which serve as the benchmark) within a determined time frame with the actual investments made after the mentioned time frame. It serves as an indicator of the extent to which the specific investment was achieved. EIA reveals compliance or non-compliance of the investor with the contract and related documents and enables the responsible institution (lessor) to take action in the case of non-compliance

9.3.6 Mechanisms should be established for monitoring impacts on human rights, land tenure rights, and environmental impacts throughout the investment lifecycle. It is also important to ascertain the investment's potential impacts on social and cultural factors to assess its overall impact on livelihoods

9.3.7 Occasion-related field monitoring (inspections) can be necessary when a responsible body has received any kind of information about an LSAI project that is significant and requires the action of the responsible body. such an occasion can relate to negative social or environmental impacts reported by different stakeholders

9.4 The data collection process for monitoring and evaluation

9.4.1 The monitoring requires comprehensive data collection, from different sources. Data can be collected from stakeholders including social and environmental study reports, project proposals, and financial documents of the investor; the local community and the workers on the investment site are important sources of information. A meeting with the local community has to be an integral part of a field inspection. The investor or a delegate from CSOs from field observation and other relevant sources can also be a potential source of information. The collected data shall be well organized and analyzed.

9.4.2 Remote sensing data and ortho-photos can also be sources of information for monitoring purposes. Land cover changes on investment sites can be detected.

9.5 Establishing a Technical committee for monitoring LSAI projects

Recent assessment reports depicted that most LSAI projects in most regions are not successful to achieve their intended goals, and one of the reasons may be there is no regular monitoring and support system is not in place for the projects by the government. Therefore, it is essential to organize cross-disciplinary teams from the responsible stakeholder institutions that must be formed for field inspections (monitoring). A cross or multi-disciplinary technical committee is established for monitoring purposes of LSAI projects by this guideline. The technical committee can be established at the federal, regional, zonal, and district levels when required

9.6 Members of the Technical Committee

9.6.1 A technical committee shall be established from various stakeholder institutions. Depending on the number of LSAI projects operating in the region/district/, more than one technical committee can be established.

Members of the technical committee:

- Federal/Regional/District/Agriculture Bureau
- Federal/Regional/District/Environmental Protection Authority
- Federal/Regional/District/Land Administration and Use Bureau/Authority/
- Federal/Regional/District/Investment Agency ----Secretary
- Federal/Regional/District/Women and Social Affairs Bureau
- Federal/Regional/District Revenue Bureau/Authority/
- Kebele Agricultural Development agent (DA) responsible for crop production----- member
- Agricultural investors association, representative---- member

9.6.2 The technical committee will be chaired by the team member who represents the institution that has signed a lease contract agreement. The secretary will be from the investment agency, and the rest will be members.

9.6.3 The service term of the committee is unlimited unless there are special circumstances. However, when the head of the institution signed the lease contract and loses trust in the committee member(s) he/she can replace by another professional at any time.

9.6.4 The members of the technical committee should comprise multi-disciplinary professionals and the members should be well experienced, ethical, and responsible to discharge their responsibility honestly.

9.7 **Accountability of the technical committee**

9.7.1 The technical committee is accountable to the head of the institution that has signed a lease contract agreement with the investors.

9.8 **Roles and responsibilities of the Technical Committee**

- The technical committee is responsible to monitor, collect data, and inspect the LSAI project at the field level before the crop is harvested,
- Based on the checklist prepared, the technical committee checks the implementation of the environmental protection performance of the investors against the EIA study report submitted. The committee should take minutes of all field observations, which will support the preparation of the final report.
- Based on the observation made in the field and assessment of the documents, the committee provides rating points for the achievements of the production, environmental protection, and other activities by cross-checking with the plan made by the lessee.
- The members of the committee will have equal votes. When the votes of the committee are equal, the proposal supported by the chairman will be accepted.
- Discussions should be held with the investor and other staff to collect data and other relevant information
- The technical committee will collect data from various sources, by different means. The data will be analyzed and a comprehensive report prepared and submitted to the head of the responsible institution to which the committee is accountable

9.9 Monitoring cycle

9.9.1 Monitoring has to be organized periodically, taking into consideration of the availability of staff as well as required resources for monitoring. However, the monitoring should be carried out preferably before the crop is harvested, as the crop stand can be one source of data.

9.9.2 Field monitoring should be done at least once a year depending on the number of investors found in the region or the district, However, monitoring can take place occasionally when

a responsible body has received any kind of information about the LSAI project that requires an immediate action on the project

9.9.3 As there are a large and increasing number of projects, annual monitoring will be difficult to cover all the projects In this case, self-monitoring can be done to get continuous information about the progress of the project and the challenges. In this regard, the investor will write a monitoring report using the checklist provided by the team. The report, at least, gives information on which project is progressing and which one is not. Based on the self-monitoring report, decisions will be made in addition to identifying the level of development and the problems encountered.

9.10 Notifying Monitoring and Evaluation Program to the stakeholders

9.10.1 During the monitoring process, the presence of responsible stakeholders in the agricultural investment site is mandatory to prove the data collected and to provide necessary information documents needed. Announcement should be made 15 days ahead of monitoring time, and the announcement should be made by the responsible institution who leased the land.

9.10.2 According to the notification sent, the investor himself, the manager, or anyone delegated by the investor can provide the necessary information for the technical committee. If any one of them does not appear during field monitoring, he/she is obliged to accept the monitoring results given by the committee. In the contract agreement, it should stipulate the lessee is obliged to provide necessary information for the monitoring team.

9.11 Conducting integrated and coordinated monitoring and evaluation system

9.11.1 Monitoring of LSAI projects can be carried out by different institutions for the same goal. To this end, integrated/coordinated monitoring is the approach where different technical committees at different levels carry out the monitoring system together. This type of monitoring is good to share knowledge and experiences on how monitoring can take place. This means when the Minister of Agriculture conducts monitoring in the regions, the regional monitoring committee and district representative participates in the monitoring. Similarly, when monitoring is carried out by the regional committee, a representative of the district committee representative and a kebele expert will be involved. But they don't have the right to vote for decisions, they are observers.

9.11.2 The technical committee is expected to discharge its responsibility efficiently and correctly, but when the head of the institution, to which the committee is accountable, loses trust in the technical committee(s), he can replace by another professional, and the committee(s) member will be accountable for the mistake made.

9.12.Technical Committee time of service and professional background

9.12.1. Period of service of the technical committee is unlimited, unless special situation is happened. They are expected to serve for the unlimited time. But if the head of the government agency that formed the committee losses trust, the committee member or members can be replaced by others any time.

9.12.2. Members of technical committee should be from different professional background and they should have to be experienced and responsible people.

9.13. **Reporting/presenting monitoring results and dissemination of the report**

9.13.1. The report is the basis for taking further actions by the responsible authority. After the technical committee returns from the field, within 15 days (fifteen days) the report should be prepared and submitted to the responsible Authority. The report should indicate monitored investors' level of performance by ranking their achievements, supported with suggestions for the next action.

9.13.2. After the report is submitted the head of the institution can organize a discussion with the committee to get additional information about the monitoring process and procedure, finally, the report will be approved by the office head.

9.13.3. An executive summary report will be prepared and shared with all stakeholders, involved in the monitoring process

9.13.4. As feedback, it is recommended to send the report to the investor who has been monitored. The report will clearly show his achievements and weakness. This will encourage the investor if have done a good job, and if not, it shows his weakness to improve.

9.13.5. When monitoring is carried out by the investment directorate at the federal level, the report will be shared with federal stakeholders and with the region and district where the investor is found.

9.14. Notifying the monitoring results and complaints submission

9.14.1. Based on the monitoring findings, investors will be notified of their performance level as feedback, after the report is approved by the responsible official.

9.14.2. An investor who has a complaint about the monitoring result may submit the complaint to the institution that manages the investment within fifteen days from the date the result is announced

9.14.3. The official may review the technical report and also collect additional information from the committee or he can send someone to verify at the filed level that supports him to approve or reject the complaint. The decision made by the responsible official will be final, with no appeal to the next level.

9.15. Follow-up actions after monitoring

9.15.1. An investor who scores 75% points and above in the monitoring report, is ranked as the best performer and will be acknowledged as the best investor for the production season (monitoring period).

9.15.2. An investor, who scores 75-60% points on the monitoring report, is ranked as good and should be encouraged to achieve a better result.

9.15.3. An investor, who scores 59-45%, points on the monitoring report, will be notified in writings to improve the performance for the next production season.

9.15.4. If an investor scores below 45%, points will be warned in writings to improve the performance in a short time, and he will be given special support for improvement.

However, if performance is below 45%, for the next monitoring, with no improvement, action will be taken up to termination of the contract.

9.16. Signing Memorandum of Understanding (MOU) after monitoring and evaluation

9.16.1. During the signing of the Memorandum of Understanding (MOU), in the monitoring process, achievements and failures will be identified by the committee. Discussion can be organized with the project staff and investors to discuss the findings and how to improve them. To formalize the commitment of the investor to implement measures for the improvement a memory of understanding (MoU) can be signed between the investor (lessee) and the responsible body leasing out the land (lessor). The MOU will be taken as part of the contract agreement so that the project is responsible to accomplish within the time and standard given. MOU will be signed after the report is endorsed by the respected official.

9.16.2. The signed MOU will be the basis for the next monitoring activities

9.17. **Organizing Consultation and acknowledgment forums and training programs**

9.17.1. The main objective of the monitoring is to encourage, motivate and support investors to make progress. After the monitoring, the consultative forum will be organized by inviting key stakeholders and investors. In the forum, the monitoring report will be presented to stakeholders and investors. The monitoring report will identify achievements and shortcomings. Based on the findings stakeholders will be responsible for pan and support focusing on shortcomings of the LSAI projects for improvement. In this forum investors who perform best will be recognized and awarded, this may encourage others. The forum will be organized once a year at a different level, federal, regional, and district levels and chaired by higher-level officials.

9.17.2. The consultative forum and acknowledgment program will have media coverage to disseminate the information to share experiences with others, the event will be published in local newspapers and magazines.

9.17.3. Based on the monitoring findings, to fill the identified gaps, cluster-based training will be organized to improve their capacity in the sector in which they have engaged.

9.17.4. Moreover, experience sharing can be also organized, for the investors in such a way that investors will visit and share the experience with those who perform best, this can be done at the federal, regional, or district levels.

9.18. The evaluation system of the large-scale agricultural investment projects

9.18.1. When a given project period ends, final impact assessment should be conducted to quantify positive and negative impacts within the terms of the agreement and define how to compensate for these impacts. The evaluation of the project can be carried out by technical experts of the lessor organization or private environmental protection consultants. This will identify the positive or negative impact of the project on the community and the surrounding natural resources. If there is a significant negative impact identified the investor is responsible to restore the natural resources that were damaged by the project. The restoration cost will be covered by the investor. In the contract agreement, one of the

obligations of the lessee should be, at the closure of the project terminal evaluation will be carried out, if the damage is identified, restoration shall be the responsibility of the lessee.

9.18.2. For monitoring purposes, the required budget should be covered by the office that leased out the land to the lessee.

Part 10

10. Applicability of the guideline

10.1. Parts or articles of this guideline can be changed, updated and modified or repealed by the Ministry of Agriculture, in collaboration with regional land bureaus, considering the country's agricultural investment development and other national laws and policy frameworks.

10.2. This Guideline shall come into effect after it is approved by the Ministry of Agriculture.