The Role of the International Finance Corporation in Promoting Agricultural Investment and Large-scale Land Acquisitions

By Shepard Daniel

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Abstract

This paper examines the role of the International Finance Corporation (IFC), the private sector branch of the World Bank Group, within the growing global trend of large-scale land investments in developing countries by wealthier, food-insecure nations and private investors. It analyzes the IFC's provision of Technical Assistance and Advisory Services (TAAS) to developing country governments, which seek to promote private sector development and reduce barriers to foreign direct investment in these countries. TAAS include efforts to facilitate investor opportunities to purchase or lease land in developing country markets. This paper argues that by increasing investor access to arable lands, the IFC's TAAS jeopardizes the food security and livelihoods of local populations by potentially infringing upon existing land rights and restricting access to food-producing lands. A number of implications are discussed, with case study analysis focusing on Liberia, Sierra Leone, and Ethiopia. It is concluded that in addition to the currently established revision of IFC's investment services under IFC Performance Standards for Social and Environmental Sustainability, IFC's TAAS must also be held accountable to these Performance Standards as well as to international human rights conventions in light of their potential impacts on food security.

List of Acronyms

A2F	Access to Finance
AS	Advisory Services
BEE	Business Enabling Environment
BOI	Board of Investment
CA	Corporate Advice
CAO	Compliance Advisor/Ombudsman
CASA	Conflict Affected States in Africa Initiative
CIEL	Center for International Environmental Law
CEO	Chief Executive Officer
DFID	United Kingdom's Department for International Development
DRP	Democratic Republic of the Congo
ESS	Environmental and Social Sustainability
FAO	Food and Agriculture Organization
FDI	Foreign Direct Investment
FI	Financial Intermediary
FIAS	Foreign Investment Advisory Services
FY	Fiscal Year
GDP	Gross Domestic Product
GFRP	Global Food Crisis Response Program
IAB	Investing Across Borders project
IBRD	International Bank for Reconstruction and Development
ICF	Investment Climate Facility for Africa
IDA	International Development Association
IEG	Independent Evaluation Group
IEDR	Independent Evaluation of IFC's Development Results
IFC	International Finance Corporation
ILO	International Labour Organization
IMCC	Inter-Ministerial Concession Committee
INF	Infrastructure
IPA	Investment Promotion Agency
IP&P	Investment Policy and Promotion
KM	Knowledge Management
LBBF	Liberia Better Business Forum
LMI	Land Market for Investment program
M&E	Monitoring and Evaluation
MCC	Millennium Challenge Corporation
MIGA	Multilateral Investment Guarantee Agency
MOU	Memorandum of Understanding
MTPDP	Medium Term Philippine Development Plan
NGO	Non-Governmental Organization
NIPC	Nigeria Investment Promotion Commission
OECD	Organization for Economic Co-operation and Development
OIC	Organization of the Islamic Conference
PNG	Papua New Guinea
PPD	Public-Private Dialogue
PS	Performance Standard
PSD	Private Sector Development
R&D	Research and Development
RABI	Removing Administrative Barriers to Investment project
RED	Foreign investment Retention, Expansion, and Diversification
SEZ	Special Economic Zone
SIAP	Strategic Investor Aftercare Program

SLIEPA	Sierra Leone Investment and Export Promotion Agency
TA	Technical Assistance
TAAS	Technical Assistance and Advisory Services
TIC	Tanzania Investment Center
UAE	United Arab Emirates
UN	United Nations
WB	World Bank
WBG	World Bank Group

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THE ROLE OF THE INTERNATIONAL FINANCE CORPORATION IN PROMOTING AGRICULTURAL INVESTMENT AND LARGE-SCALE LAND ACQUISITIONS

Shepard Daniel*

I. Introduction

In recent years, there has been a growing trend of large-scale land investments in developing countries. This paper outlines the role of the World Bank Group (WBG) in facilitating this trend. Specifically, it examines the work of the International Finance Corporation (IFC), the private sector branch of the World Bank Group, and its partner organization, the Foreign Investment Advisory Service (FIAS), in their provision of technical assistance and advisory services to developing country governments, and how these services help foreign investors acquire land in developing countries. It argues that IFC advice to governments increases investor access to land markets and discusses how this can undermine the wellbeing of local communities, both in terms of land rights as well as access to food. Thus, this paper reveals how the promotion of foreign investments in developing country land markets has the potential to threaten local food security and displace local populations, violating the IFC's own Performance Standards as well as several UN Human Rights conventions.

The paper proceeds as follows: Part II discusses IFC and FIAS's Technical Assistance and Advisory Services (TAAS), the debate surrounding the provision of TAAS, and IFC's regional focus of TAAS delivery in Africa. Part III highlights the roles of IFC and FIAS in promoting foreign investors' ability to invest in land markets with the aim of improving the 'Investment Climates' and 'Business Enabling Environments' of developing countries. By examining the particularities of certain IFC/FIAS "products" (such as the "Access to Land" product and the "Land Market for Investment" product) as well as analyzing IFC's specific technical assistance and advisory services to governments (such as creating "investment promotion agencies" and rewriting national laws), this section illustrates how large-scale land investments are facilitated by IFC/FIAS activities. Part IV outlines three case studies – Sierra Leone, Liberia, and Ethiopia – in which IFC/FIAS advisory services have resulted in regulatory and legislative reform, thereby increasing investor entry into land markets. The paper concludes that IFC/FIAS technical assistance and advisory services are facilitating a trend of investor access into land markets, which poses potential threats to land access and food security for local populations, and calls for increased research and discussion regarding the role of international financial institutions within the land grab debate.

II. IFC Technical Assistance and Advisory Services

The International Finance Corporation (IFC) provides both investment lending services ("Investment Services", or IS) and advisory services (AS) to investors as well as state governments.[i] Their work is supported by that of the Foreign Investment Advisory Service (FIAS), an organization under the IFC umbrella, whose specific mission is to develop private sector growth in developing countries through investment promotion. IFC's primary activity is private sector financing,[ii] but less visible is their work in providing Technical Assistance and Advisory Services (TAAS) to developing country governments. The Advisory Services (AS) department of the IFC was established in 1986 and is seen as one factor that distinguishes it from other financiers. The goal of AS is to improve development

* The author is a Research Fellow at the Oakland Institute (www.oaklandinstitute.org). She can be reached at shepard37@gmail.com

impact, enhance capacity and creditworthiness, and assist in project implementation in areas where the IFC feels it has a comparative advantage.[iii]

Oftentimes, even when IFC is not financing a project in a given country, its presence, along with that of FIAS, is felt as the two organizations work with governments to promote investment climate reforms, such as reducing administrative and institutional barriers, developing investment promotion agencies in these countries, and advising governments on changes to tax, customs, and land laws.[iv] It is precisely this TAAS that has encouraged governments to open their land markets to foreign investors.

A. Criticism and Debate Over TAAS

While WBG's Independent Evaluation Group (IEG) noted that Advisory Services help to increase the development impact of IFC and FIAS work (IEG, 2009), it is debatable whether this "impact" is positive or negative, depending on the view of the stakeholders in question. A comprehensive study on technical assistance (TA) by the OECD Development Assistance Committee for its 2005 Development Cooperation Report found that "TA programs have come under repeated criticism for being too costly, inappropriate to recipients' needs, or fostering dependency" (OECD, 2006). According to Sakiko Fukuda-Parr, a professor of International Affairs at The New School and author of numerous reports on TA, "Technical assistance has been notorious in failing to build capacity because, as an instrument, it is precisely taking ownership away from developing countries. At the core of the problem is that the power relationship embedded in TA contradicts ownership" (Bretton Woods Project, 2008a).

Further, TAAS based on rankings such as the IFC's *Doing Business* indicators, have been criticized for having ideological leanings.[v] This country ranking system rewards less regulation, regardless of whether it derives from more efficient or simply inadequate labor laws (Bretton Woods Project, 2008b). "Such universal evaluation methodologies, even if they are not intended to directly inform policy, nevertheless assume this role by being used by donors to rank and compare country performance," one researcher notes. "This ignores whether each indicator is applicable to particular countries, and the extent to which countries at different stages of their development may want to pursue different and tailored public policies" (Griffiths 2010). Furthermore, "it is highly problematic for a multilateral institution to position itself as an objective source of policy advice on matters where they have a direct financial stake in the outcome, particularly in low-income countries that may not have the resources to procure advice from other sources, or in countries where weak democratic processes do not provide adequate checks and balances relative to external donors" (Griffiths, 2010).

B. Expanding TAAS Services: Regional Focus on Africa

IFC and FIAS have greatly expanded their TAAS in recent years, both in terms of staffing and funding. Notably, the IFC has dramatically increased its Advisory Services delivery, with an active portfolio approaching US$1 billion and employing 1,262 staff – a sevenfold increase since 2001 (IEG, 2009, 31). Within the IFC, Advisory Service staff now make up the majority of its presence in the field in developing countries (IEG, 2009, xxiii).

FIAS has followed a similar trend. The largest chunk of FIAS's investment portfolio in FY09 was Investment Policy and Promotion product (20 percent); 56 of the 224 "results" were in the category of Registering Property & Access to Land, the most of any category.

In recent years, IFC and FIAS agendas have increasingly targeted Sub-Saharan Africa. In FY05-07, for example, FIAS increased its combined Africa expenditure from approximately US$2 million to US$10 million per year (FIAS, 2007b, 28). Likewise, IFC expenditures in Sub-Saharan Africa have jumped from US$167 million in 2003 to US$1.8 billion in 2009 (IFC, 2003, 3; IFC, 2009b, 62). FIAS announced that Sub-Saharan Africa would remain a priority during the FY08-11 strategy cycle with the share of client project resources allocated to the region expected to reach 40 percent by 2011 (FIAS, 2007b, 28).

This goal is well on the way to being realized. In FY10, the largest percent of FIAS's portfolio was allocated to Sub-Saharan Africa (42 percent); and of the 177 Doing Business results reported in FY10, 47 percent were achieved in Africa (FIAS, 2010, 2).

In addition, the IFC/FIAS focus on Africa is evidenced by the creation of programs such as the "SWAT team" for Africa (to implement quick response, short-term advisory services) and the Investment Climate Facility for Africa (ICF). A partnership initiative among private companies, development partners, and governments, the ICF is a seven-year initiative supported by pledges of US$170 million (from IFC, other donor partners, and the private sector – specifically targeted to improve Africa's investment climate (FIAS, 2009a, 6). The ICF has 24 projects in 10 African countries, many of which build on or leverage FIAS' activities in Africa.

This multitude of projects, products, and initiatives demonstrate the potency and extent of IFC/FIAS Technical Assistance and Advisory Services. With many governments drawing on IFC/FIAS advice to implement policies and reforms, IFC and FIAS play a powerful role in the shaping of social and economic outcomes in these countries. One critical outcome is the way in which IFC promotion of investor access to land is encouraging land acquisitions throughout the developing world, and especially in Africa, where land is presumed to be vastly "available" for agricultural production. The following section highlights the ways in which IFC/FIAS policies specifically foment this trend.

III. IFC and FIAS: Promoting Investor Access to Land Markets

The following are three FIAS products which have specifically targeted expanding investor access to land over the past seven years, by cutting down on the constraints which "bottleneck" foreign investment possibilities and assisting governments in reforming their land laws and policies.

A. 'Access to Land' Product

In FY04, FIAS greatly expanded the scope of its core products by increasing support for foreign direct investment (FDI) policies that focus on access to land and on contract enforcement and secured lending. In FY08, the **Access to Land** product was officially introduced, and the Access to Land Advisory Services team has focused on assisting governments in implementing achievable short-term reforms to encourage investment and lay the groundwork for longer-term reforms that increase the overall investment climate of the country. Access to Land technical assistance has focused on three areas:

- **Accessing land** – designing and implementing a more effective system for making serviced land available for new and expansion investment;
- **Securing land** – developing simpler and more transparent procedures for investors to acquire and secure land property rights, with lower transaction costs;
- **Developing land** – simplifying and streamlining the multi-agency approvals to reduce the time and cost for investors to comply with the zoning, environment and building safety requirements and obtain the utility hookups.

FIAS has argued that "unclear or unenforceable rights to land inhibit business growth and investment across the developing world" (FIAS, 2007a, 29). One FIAS report states that its teams "frequently encounter land issues in their work on other areas of investment climate, and access to land is a common aspect of FIAS recommendations" (FIAS, 2007a, 29). When land rights are established and registered, it then becomes possible to buy or lease land for commercial use. Therefore, creating land registries is a common part of FIAS's effort to increase access to land.

Examples of work carried out in servicing this product include the following cases:

(i) In **Vietnam**, a multi-year Business Access to Land project was launched in FY07 with project co-financing from Australia. The government issued a decree that clarified the concept of "stable use", thereby increasing the security of tenure for affected businesses. The decree also lengthened lease periods for residential land up to 70 years with a right of renewal and announced the broader use of land auctions (FIAS, 2009a, 29-30).

(ii) In **Benin**, in 2006, FIAS conducted a Land Access survey and identified major constraints affecting access to land for private, commercial, industrial, and residential development and contributed to the conceptualization and implementation of a reform program to improve the conditions for land access for private companies and to establish a secure and fluid land market that promotes private sector development (FIAS, 2006, 18).

At the end of 2009, FIAS decided to phase out the Access to Land product, stating that despite encouraging early results, its management concluded that FIAS did not have the needed critical mass and that others in the WBG and beyond are better positioned to take the lead in this area (FIAS, 2009b). However, FIAS' work on land access has continued through its administration of the following two products.

B. 'Investing Across Borders' Product

Investing Across Borders (IAB) is a FIAS initiative that began in 2009, which falls within its Investment Policy and Promotion (IP&P) product. This new global benchmarking initiative measures the ease of establishing and operating a foreign-owned business in countries across the world. Modeled after the *Doing Business* indicators, the Investing Across Borders (IAB) project aims to compare the quality of investment climates across countries, identify good practices in investment policy design and implementation, and stimulate and advise investment policy reforms in client countries (FIAS, 2009a, 3). However, it expands the scope of *Doing Business* indicators to include foreign ownership restrictions in 20 sectors, the process of establishing foreign companies, access to land, and the use of international arbitration (FIAS, 2009a, 21). In 2009, the IAB team completed project surveys in 87 countries. More than 3,000 expert respondents agreed to complete the surveys, and more than 1,720 had been received at the close of FY09.[vi] Through the Investing Across Borders online database (www.investingacrossborders.org), investors can compare FDI regulations among countries; the website also includes an entire investors guide for "Accessing Industrial Land."

Notably, the information sought to compile IAB indicators is solely comprised of technical regulatory and licensing information – information that determines the time and relative difficulty for investors to access land in foreign countries. As it appears, nothing about the IAB indicators seeks to consider the extent to which local populations in these countries will be affected – whether local populations already occupy the land, whether the land provides water supply or grazing lands for local populations, etc. According to IAB surveys administered to project participants, it is clear FIAS is interested, rather, in information such as:

- the procedures necessary for accessing land in developing countries: in investment climate surveys, FIAS asks survey respondents to identify the number of procedures for accessing land that prove to be obstacle to operating and expanding their business; they then rate countries on the

ease of Doing Business based on the number of procedures necessary;
- how much time the aforementioned procedures take;
- how many different agencies are involved in these procedures;
- the types of land rights available and the security of land rights, e.g. whether the land rights are free from competing interests and whether they can be bought, sold and transferred, etc.;
- whether or not there are maximum sizes (in hectares) for land acquisitions.

C. 'Land Market for Investment' Product

Perhaps the most critical product for increasing investor access to land in the short term is FIAS's 'Land Market for Investment' Product, which was formally introduced in 2010. This product seeks short-term solutions to land access problems for investors. Evidence from Investment Climate Assessments, *Doing Business* Reports, and FIAS diagnoses show that major concerns of investors include accessing land, securing property rights, and the time and cost for obtaining a myriad of permits to develop land, and yet many technical assistance initiatives associated with land have a long-term agenda that can take 10-15 years to complete. Therefore, FIAS designed and piloted the 'Land Market' product to help governments address these specific, "near-term" land issues to meet the immediate needs of investors.

With the Land Market product, FIAS aims to:

- design and implement effective policies and procedures for making serviced land available for new and expansion investment;
- develop simple and transparent procedures for investors to acquire and secure land property rights (or land use rights), at reasonable costs; and,
- streamline the multi-agency approvals for land development, to reduce the time and cost for investors to comply with zoning, environment and building safety requirements.

This comprehensive product will provide not only a 'Knowledge Network' – in the form of an internal website providing staff in all regions a quick access to project design guides, indicators, consultant database, best practice case studies, and links to other sources of information, but also the operational support of FIAS land experts at the ground level. Operational support will include, among other things, the review of project proposals by foreign investors seeking to access land.

Further, at a more selective level, intensive operational support is provided to projects with a "high potential to demonstrate success." According to FIAS, "such projects are being jointly identified with regional managers and project teams, as flagship projects test applying approaches and methodologies that are scalable in the regions once successful." Intensive operational support has been underway since 2008 in Sub-Saharan Africa, namely in Burkina Faso, Mali, Nigeria, and Sierra Leone (see Part IV, Case Studies).

D. Influence on National Legislation

Another aspect of IFC/FIAS technical assistance and advisory services entails assistance to governments in the drafting of national laws. In working to change legislative environments, FIAS assists countries in streamlining the administrative processes that investors must go through to acquire land. In Southern Sudan, for example, FIAS assisted the government in strengthening the regulatory environment by reviewing and revising six business laws, including the investment law, which effectively removed what FIAS considered to be inequitable treatment of investors and the requirement for the investment promotion agency to vet potential new investors (FIAS 2007a, 21-22). FIAS also advised on the drafting of five other bills, one of which proposed a law to allow investors greater investment mobility (FIAS, 2007a, 22). With increased investor access into land markets, more than ten different land deals have occurred since 2008, allocating over a million hectares of land to date to investors from countries including Saudi Arabia and South Korea (see Annex I for land investment database).

Investment Promotion Agencies (IPAs) of individual countries play a key role in this context.[vii] In Mali, Mozambique and Ghana, investment promotion agencies facilitate the acquisition of all necessary licenses, permits and authorizations (Cotula, Vermeulen, Leonard, and Keeley, 2009). Furthermore, Tanzania's IPA, the Tanzania Investment Centre (TIC), is mandated with identifying available land and providing it to investors, as well as with helping investors obtain all necessary permits (article 6 of the Tanzanian Investment Act 1997). The TIC has set up a "land bank": it has identified some 2.5 million hectares of land as suitable for investment projects. Land is vested with the TIC and then allocated to the investor on the basis of a derivative title. After the end of the investment project, the land reverts back to the TIC.

E. Promotion of Land Leasing

IFC has supported leasing development for years as a core component of its Financial Markets Strategy. Over the past 30 years, IFC has financed 200 leasing projects in 50 countries from US$1.4 billion dollars, has set up or improved leasing legislation and regulations in 60 countries, and has operated 30 leasing technical assistance projects (World Bank, 2009c). In April 2009, at an Expert Meeting on Managing Risk in Financing Agriculture in Johannesburg, the World Bank conducted a presentation on leasing as an approach for financing agricultural investment. It is no surprise, therefore, with IFC's increased regional focus on Africa, IFC has provided advisory services to leasing facilities in Ghana, Tanzania, Rwanda, Madagascar, Senegal, Cameroon, DRC, Mali, and Ethiopia (FIAS, 2008). The Ethiopia Access Leasing Company, the first of its kind in Africa, was established with an investment from IFC, and in 2009, similar projects were to be developed in Democratic Republic of the Congo, Madagascar, and other West African nations (FIAS, 2008). With current concern surrounding the rapid occurrence of leased land acquisitions, it is imperative that leasing development and IFC's promotion of leasing companies be critically examined.

F. Investing in 'Idle' Land?

Many governments justify their promotion of land as optimal for foreign investment because the land for sale or lease is "idle" or "underutilized." Because the land is presumably "underutilized," they claim, access to land for locals will not be jeopardized, and the country will benefit from FDI and the production of what was previously "unproductive" land. However, in many cases, land that is described as "idle" is actually farmed and inhabited by locals who lack titled ownership of the land.

The efforts toward privatization by the World Bank Group entities, in general, and the changes to countries' land laws promoted by IFC and FIAS, in particular, threaten to destroy the traditional communal approaches to land ownership in Africa (Baxter, 2010). In many cases, farmers and pastoralists have worked this land for centuries. However, governments are claiming this land is idle in order to more easily sell or lease it to private investors. In a 2010 report, land tenure specialist Liz Alden Wily pinpoints one of the major problems related to large-scale land acquisitions: governments will classify a piece of land as "unused" based on faulty systems of land tenure or simply because the land is not being used for crop cultivation at that given time. She writes,

> "The tendency to neglect existing rights often derives from a legal framework inherited from colonial days … that presumes any unclaimed or unregistered land to be 'empty' and thus available for transfer with few safeguards. This bias can take many forms, including the recognition of rights only to land currently cultivated (i.e. excluding fallow land) or stipulations preventing registration of common property" (Alden Wiley, 2010).

In Ethiopia, land is nationalized and thus cannot be sold to private holders. However, the government has determined that it can lease presumably "idle" lands to foreign investors. Indeed, the country's great "land lease project" has moved swiftly ahead over the past year. In an effort to introduce large-scale commercial farming to the country, the government is offering up vast areas of fertile farmland to local and foreign investors at low rates. By 2013, three million hectares of what the government claims to be "idle" land is expected to have been allotted – equivalent to more than one fifth of the current land under cultivation in the country (The Guardian, 2010a). The Ethiopian government has denied allegations that the deals were causing hunger and said that the land deals were attracting hundreds of millions of dollars of foreign investments and tens of thousands of jobs. A spokesperson said: "Ethiopia has [187 million acres] of fertile land, of which only 15 per cent is currently in use – mainly by subsistence farmers…Investors are never given land that belongs to Ethiopian farmers" (Mail & Guardian, 2010).

Experts in the field, however, affirm that there is no such thing as idle land in Ethiopia, or anywhere in Africa. Ethiopia has one of the world's highest hunger rates with more than 13 million people in need of food aid. Countless studies have shown that competition for grazing land and access to water bodies are the two most important sources of inter-communal conflict in most parts of Ethiopia populated by pastoralists (see e.g. Futterknect, 1997). According to Michael Taylor, a policy specialist at the International Land Coalition, "If land in Africa hasn't been planted, it's probably for a reason. Maybe it's used to graze livestock or deliberately left fallow to prevent nutrient depletion and erosion. Anybody who has seen these areas identified as unused understands that there is no land in Ethiopia that has no owners and users" (Mail & Guardian, 2010).

IFC and FIAS encourage investors to take advantage of acquiring idle, "available" land throughout Africa. In its investment promotion materials, IFC/FIAS provide to potential investors information about the "availability" of land in developing countries. For example, in a Benchmarking FDI Competitiveness Report (which outlined the strengths and weaknesses of the investment climates of different countries) information was provided regarding the relative ease of accessing land to establish export pro-duction in a number of African countries (World Bank, 2007). The Kenya report describes the following "strengths" of the country's horticulture sector:[viii]

- good current export performance
- increased trade competitiveness
- *abundance of arable land*[ix]
- low employment rigidity
- low air transit costs for shipments to Amsterdam
- low container costs for sea transport to Rotterdam

Within this same research effort, it was also found that "low cost of farmland" was a "strength" of the investment climate in Tanzania and Ghana, and "abundance of arable land" was a "strength" in Uganda, Kenya, and Mali (even though Mali has a "high shortage of water supply"). The Tanzania report states,

> "Tanzania enjoys 88 million hectares of arable land of which 60 million hectares are suitable for livestock production. Currently, only 5.5 per cent of Tanzania's arable land is utilized. The country has an abundance of arable land from which horticulture operations can be established. The Arusha area is especially suitable because of the availability of natural water sources. Opportunities therefore exist for large scale commercial farming of a number of horticulture products, including: cut flowers, fresh beans, pineapples, mushrooms, mangoes, passion fruits, oranges, sugar cane, paprika, tomatoes etc. Other opportunities exist in the production of horticultural products, including provision of cold chain facilities and air cargo transport to foreign markets."

This 2007 document states that only 5.5 per cent of Tanzania's arable land – that is, land suitable for crop cultivation – is in use. The definition of "arable" is questionable, however, given that millions of hectares of land fall within national parks boundaries or are used by the Maasai and other pastoralist groups. In Tanzania, 37 million hectares of land are considered biodiversity and protected areas alone (World Resources Institute, 2006). These too are areas that could be considered "arable" or "utilizable" land, and yet it is critical that they be preserved in their current form and use for social and environmental sustainability.

Furthermore, it is unclear how IFC/FIAS qualify land as "available" or "idle" when conflict is common among pastoralists and subsistence farmers who depend on such land. While the pastoral lifestyle has existed for hundreds of years, pastoralists enjoy very few rights when it comes to land access. East African governments reportedly claim to support herdsmen, but their policies are making it increasingly difficult for pastoralists to move across the land, privileging the rights of private farm owners and land investors. In 2006 the Tanzanian government authorized the eviction of pastoralist communities from the Usangu basin in the Southern highlands of Tanzania, without offering them any other land to use. They have since admitted that it was a mistake, but Tanzanian pastoralists continue to live without any policies to support their rights (The Guardian, 2009).

As it appears, IFC and FIAS are concerned with land markets to the extent that they influence investment climates and ultimately, economic growth. One FIAS document entitled "A Diagnostic Checklist for Land Markets" is aimed at helping investors determine the extent to which land market issues are a constraint to their own investments. Specifically, when there are constraints to accessing "customary lands" – unregistered land under the control of indigenous communities – the document notes that customary land still accounts for a large share of landholdings in many developing countries, particularly in Africa and the Pacific Islands. "Such land can be critical to the development of agriculture, agro-industry, and ecotourism, but obtaining rights to use this land is often difficult and risky for private investors, for there is a lack of formal legal frameworks to support such rights." It continues to suggest that investors ask themselves the following questions:

- How much of the **prime land** in the country is under a customary or tribal regime?
- How much of this customary land is **under utilized?**
- Do indigenous communities have the **skills, incentives, and financial resources** to manage their landholdings effectively?
- Do the communities have the **legal right to make land available** to private investors through sales or leasing? Does the national government impose undue restrictions on such transactions – for example, by allowing land to be made available only for ecotourism projects or by preventing communities from claiming a share of future profits or taking part in future decisions?
- Is there a risk of **power struggles** within or between communities that could lead to challenges to the arrangements between private investors and the communities? For example, are decisions on such arrangements made through opaque or hierarchical routes, and do the benefits from such arrangements accrue to only a small minority?
- Is the national government in a position to **protect such arrangements** in case of trouble between private investors and the communities?
- Are there legal or other **barriers to formally titling areas** for high-value investments, such as hotels?

As various IFC 'land access' products and other investment promotion activities demonstrate, the IFC/FIAS priorities lie with the investor, and cooperation with developing country governments is ultimately aimed at facilitating access for the investor.

IV. Case Studies

A. Sierra Leone

More than 70 percent of Sierra Leone's six million people live below the poverty line and the country has the world's highest infant mortality rate. Sierra Leone's civil war, which ended in 2002, left the country's infrastructure and economy devastated. IFC presence in Sierra Leone began in 2003 when it opened a representative and program office in the country. Over the past eight years, IFC/FIAS TAAS and recommended changes to policy and legislature have completely transformed the landscape of Sierra Leone's investment climate, and accordingly, huge investments in Sierra Leone's land market have followed.

In early 2005, FIAS partnered with the UK's Department for International Development (DFID) to conduct a diagnostic study of administrative barriers to investment in Sierra Leone. The government of Sierra Leone decided to act on the results of the analysis, which urged the government to take steps in moving from a post-conflict situation toward growth based on private sector development.

Therefore, in January 2006, FIAS began implementation of the Removing Administrative Barriers to Investment (RABI) project. Under RABI, in June 2007, the Sierra Leone Parliament approved legislative changes reducing the time, number of steps, and costs required to set up a business. The cost of registering a business was cut by nearly 97 percent, from US$1,500 to US$50. New legislation allowing for simultaneous award of work and residence permits was also approved.

Despite the fact that projects such as RABI produce results that could potentially benefit local residents seeking to establish small enterprises, FIAS's primary goal is the improvement of the country's investment climate for the benefit of foreign investors. While IFC/FIAS work has the capacity to promote the 'ease of doing business' for locals, so much of their engagement with developing country governments is directed to enabling business primarily to attract FDI – often before enabling business for locals.

As a result of the RABI project, in 2007, the government of Sierra Leone further implemented 11 of 15 customs simplification procedures recommended by FIAS: reduction of documentation, elimination of unnecessary steps, and the introduction of a risk-based system that eliminates inspections of every shipment. Also in 2007, the government further eliminated the requirement that new businesses pay a quarter of their estimated taxable income before they register as companies. An exemption scheme was developed that allows compliant taxpayers to avoid the 3 percent advance tax at import. The next steps are simplification of the tax system, both its policy and implementation, and creation of a small business regime designed to encourage enterprise formalization. FIAS has been asked by the government to lead this work stream.

The initial diagnostic study of administrative barriers to investment in Sierra Leone further led to the establishment of a public-private sector team. Under FIAS guidance, this team formed working groups to formulate and implement a reform program in order to create a "world-class investment climate." Four areas were targeted for reform: (1) business start-up procedures; (2) land and planning; (3) operating procedures, tax, and customs; and (4) institutional reform, including the replacement of a "non-functional" investment promotion/trade facilitation agency.

To replace this "non-functional" agency, in 2007, FIAS partnered with the International Trade Center of Geneva to design and assist the government in establishing the Sierra Leone Investment and Export Promotion Agency (SLIEPA), which supplies information and facilitation services sought by investors. The agency also provides a forum for the private sector to discuss investment policy with government.

FIAS maintains that public-private dialogue is critical to the success of reforms. Therefore, the Sierra Leone Business Forum was formed in order to "support the government's reform efforts by providing a platform for the private sector to promote investment-friendly policies and to sensitize the government and the general public on important business issues" (IFC, 2010a). Led by the Minister of Trade and Industry, the Forum has become a key source for designing and implementing the investment climate action plan.

With its rapid legislative reforms, the formation of a top-notch IPA, and the newly attractive investment climate, Sierra Leone is a classic FIAS success story. It has been publicized as the number one example of practical application in the Public-Private Dialogue Toolkit Handbook published by IFC (Herzberg and Wright, 2006) and is highlighted among the top reformers in Africa in WBG's *Doing Business* indicators.

WBG entities have worked to highlight Sierra Leone as an attractive destination for investment. One MIGA[x] news release seeks to allure investors, stating, "[Sierra Leone] is enjoying a resurgence of interest from investors looking for first-mover advantage. Sierra Leone offers significant potential in agriculture with high levels of rainfall and vast swaths of arable but uncultivated land." These opportunities were highlighted to more than 600 delegates attending the Sierra Leone Trade and Investment Forum held in London in November 2009, hosted by the Government of Sierra Leone.

Sierra Leone's IPA, the Sierra Leone Investment and Export Promotion Agency (SLIEPA) – which was developed with the guidance of IFC/FIAS in 2007 – highlights agriculture as one of its most promising sectors for foreign investment. Its website advertises that Sierra Leone boasts "opportunities for production of biofuels, biolands, and organic foods," "opportunities in agricultural goods and services," and "proven export potential," among others (SLEIPA, 2010). However, listed as the number one attraction in the sector that Sierra Leone has "ideal growing conditions and large amounts of available land":

> *Sierra Leone is ideal for agriculture. It has over 4.3 million hectares of cultivable land available, plentiful aquatic resources, a tropical climate, rich soil, and lowland and highlands areas. A current base of production in staple foods (rice cassava, vegetables), cash crops (sugar, cocoa, coffee, ginger and cashew), and tree crops (oil palm, coconut), has potential for significant expansion. A communal/chiefdom land tenure system and strong government facilitation makes land easy to obtain in most agricultural areas through secure, long-term leases.*

With such drastic changes to Sierra Leone's investment climate, it is no surprise that investor interest is piquing. In February 2010, the government of Sierra Leone signed a US$400 million biofuel agreement with Addax Bioenergy Switzerland (Cotula, Dyer, Vermeulen, 2008). This is the largest agricultural investment ever to occur in this country. The deal will allow for the cultivation of enough sugarcane to produce 100,000 cubic meters of bioethanol within the next two years alone (World Radio Switzerland, 2010). In addition, Sierra Leone signed a Memorandum of Understanding with Saudi Arabia for Saudi investment in the production of rice for home consumption and export (Sierra Media Express, 2009). In late 2009, the Sierra Leone Trade and Investment Forum in the UK attracted over 1,000 participants, including the Prince of UAE, the Prince of Bahrain, CEO's of reputable companies across the world, the OIC, Saudi Fund etc. As Sierra Leone's Minister of Foreign Affairs and International Co-operation, Haja Zainab Hawa Bangura, explained, the Sierra Leone Investment and Export Promotion Agency was created to assist investors by creating a "one stop shop" for starting a business, and that the International Finance Corporation's "Doing Business" guide ranked Sierra Leone high in terms of ease of doing business in West Africa. Sierra Leone, she added, is also top when it comes to investor protection with flexible tax rates. "A new investment incentive has been put in place creating a level playing field for investors," she assured (Sierra Media Express, 2009).

While the government of Sierra Leone encourages land investments, the deals are often nontransparent for local populations. One reporter who traveled to Sierra Leone visited local villages that are soon to be displaced by the Addax project. While the local project manager claims that only "marginal" and "degraded" lands are being used in the project, a reporter found that dozens of local villages will be moved to make way for the 40,000-hectare sugarcane plantation (Canada Broadcasting Company, 2010). Despite arguments that Addax will bring much needed employment opportunities to the country, to date, Addax has employed only fifty local men to work in its sugarcane nursery, and they are being paid a mere 10,000 *Leones*, the equivalent of US$2.50 a day.

B. Liberia

FIAS began to work directly with the Liberian government in 2007. Drawing from a February 2006 mini-diagnostic report, and in consultation with the Ministries of Commerce, Finance, and the National Investment Commission of Liberia, FIAS conducted three workstreams to assist in reshaping the country's business climate. The first "workstream" focused on reducing barriers to formalization to allow for investors to operate in Liberia. The second focused on improving the public-private dialogue in Liberia to underpin the country's Private Sector Development reform process. The third "workstream" focused on improving the country's investment policy framework, legislation, and institutions.

Through FIAS's 2008 efforts to increase public-private dialogue, the Liberia Better Business Forum (LBBF) was born, a classic example of an Investment Promotion Agency (IPA).[xi] This organization was created with the objective of increasing private sector participation in economic policy-making in Liberia through joint Public and Private Sector Working Groups[xii] partnering to advocate, based on technical analysis of viable options.

The LBBF is also responsible for drafting a new Investment Law. In FY09, the Forum's first priority was the passage of the Investment Law, and subsequently a final version will be drafted by LBBF and submitted to the legislature in collaboration with the National Investment Commission.

In addition, FIAS has supported the Liberian government in its efforts to rebuild the private sector with the launch of the Liberia Investment Climate Reform Program, a demand-driven, multi-year program designed to generate sustained momentum for business reform. FIAS assistance in 2008 consisted of a rapid assessment followed by implementation of comprehensive reforms. FIAS helped the government streamline business start-up procedures, reduce trade barriers through improved port processes, train investment promotion officers, and develop a transparent agricultural concession policy. FIAS' Africa and Doing Business Reform Advisory teams assisted the government in developing standard forms and procedures for business registration and building construction.

With the LBBF and the Liberia Investment Climate Reform Program, Liberia has been at the top of the *Doing Business* rankings for the past three years. Investors look to these rankings to determine where investments will be least risky, most profitable.

In April 2009, Sime Darby, a Malaysia-based multinational entity, signed an US$847 million concession agreement with the government of Liberia to cultivate oil palm and rubber in four counties (Daily Observer, 2010a). Sime Darby effectively took over the Guthrie Rubber Plantation on January 1, 2010 and is expected to employ an estimated 22,000 Liberians over the next 10 years.

Also in January 2010, Indonesian global palm oil giant, Golden Agri-Veroleum, and the Inter-ministerial Concession Committee (IMCC) of Liberia began negotiating what could be the biggest investment in Liberia's agriculture industry (Daily Observer, 2010b). Veroleum has applied to invest more than US$1.6 billion dollars in more than 240,000 hectares of land to boost the country's palm oil sector. They company has expressed optimism that it would begin operations in Liberia in six months, and hoped the legislature would speed up ratification of their concession agreement.

C. Ethiopia

IFC's Advisory Services have been administered within Ethiopia for over a decade. FIAS's first diagnostic work in the country began in 1997 when it reviewed Ethiopia's investment climate and its approval process for foreign direct investment. Then, in 2000, FIAS provided training to the Ethiopian Investment Agency to help strengthen its capacity for investment promotion, and in 2001, FIAS reviewed the country's investment environment with a special emphasis on export-oriented FDI. Also, in FY07, FIAS reported that its "SWAT team for Africa" had conducted an Investment Policy and Promotion project in Ethiopia, yet little public information exists on the details of this project (FIAS, 2007a, 22).

In late 2008, IFC's focus also turned toward Ethiopia as it opened a new office in Addis Ababa in order to "increase activity to support Ethiopia's economic development" (IFC, 2008). An IFC news report stated, "IFC's strategy in Ethiopia focuses on proactively developing new investment projects, supporting public-private partnerships that promote economic growth, and mobilizing direct investments to key sectors of the economy, including agribusiness, financial services, health and education, infrastructure, manufacturing, and tourism" (IFC, 2010b).

IFC is also working to develop Ethiopia's leasing sector through a joint investment and advisory services project that will help establish the country's first leasing company. The new company will be the culmination of IFC's work with Ethiopia's government to help draft a new legal framework for leasing in the country, which started almost a decade ago.

Predictably, the leasing of farmland has increased dramatically in Ethiopia over the past three years. In what has been called Ethiopia's great "land lease project" – in an effort to introduce large-scale commercial farming to the country – the government is offering large areas of fertile farmland to local and foreign investors at very low rates. By 2013, three million hectares of idle land are expected to have been allotted, equivalent to more than one fifth of the current land under cultivation in the country (The Guardian, 2010a).

Karuturi, a Bangalore-based Indian company, has acquired more than 300,000 hectares (741,000 acres) of land in Gambella. It has a 90-year lease on this land. Karuturi has also leased land elsewhere in Ethiopia such as Bako. Under their agreement, Karuturi is exempt from all rental fees for the first six years for its holding in Gambella. Then it will pay only 15 birr (equivalent to US$1.13) per hectare per year for the remaining 84 years of its 90-year lease.

One indigenous Anuak from the Gambella region of Ethiopia stated the following:

> "All the land round my family village of Illia has been taken over and is being cleared. People now have to work for an Indian company. Their land has been compulsorily taken and they have been given no compensation. People cannot believe what is happening. Thousands of people will be affected and people will go hungry" (The Guardian, 2010b).

Ethiopia is one of the hungriest countries in the world with more than 13 million people in need of food aid, but paradoxically the government is offering at least 7.5 million acres of fertile land to foreign entities for food export.

V. Discussion and Conclusion

Despite the prominent role of the World Bank Group in responding to the 2008 and 2009 food and financial crises, the underlying goals of WBG policies – to indiscriminately encourage foreign direct investment and promote private sector development – are leading to trends that arguably increase instability rather than provide security and opportunity. IFC/FIAS Technical Assistance and Advisory Services have not only facilitated large-scale land investments but have deeply influenced the legislation and policy agendas of developing countries, directly shaping social and economic outcomes that affect local livelihoods and food security. In providing both advice to country governments and facilitating investment opportunities for private investors, IFC and FIAS seek a "win-win" solution: that investors turn a profit while governments develop their economies and infrastructures and improve their investment climates.

However, this analysis has shown that IFC and FIAS goals and motivations – as evidenced by their distinctly market-led approach, the nature of their products, and the orientation of their technical assistance and advisory services – are categorically designed to facilitate investors, potentially to the detriment of local livelihoods and local food security. Despite its official mandate to contribute to the alleviation of poverty, IFC and FIAS's Monitoring and Evaluation (M&E) of their products includes no information about the effects of their work on actual poverty and hunger indicators. For example, FIAS measures its overall performance on indicators such as FIAS clients' overall satisfaction, the number of FIAS recommendations implemented, the overall rating of its TAAS Supervision, and the number of Business Enabling Environment reforms involving at least 10 percent improvement in time/cost and number of procedures and/or number of licenses required (FIAS, 2007b, 39). Moreover, FIAS indicators for project-specific "impact" include FDI/GDP statistics, gross fixed capital formation, export performance and/or private investments in specific industries, and the number of new business registrations (FIAS, 2007b, 39). Nowhere within its M&E does FIAS consider, for example, the number of local jobs created, changes to hunger and poverty statistics, the average incomes of local populations, or whether its TAAS complies with IFC's own Performance Standards (see below).

The rapid growth of IFC's Advisory Services (AS) over the past eight years has happened in a largely unchecked manner. This is well illustrated in the emergence of more than 50 AS products, 18 regional facilities covering seven regions, 13 global business units, and about half of AS work being contracted out to short-term consultants (IEG, 2009). Important strategic questions follow. These include whether, in grafting such a substantial advisory business onto a financing institution, does the TAAS provided by the financial institution become largely self-serving?

The Independent Evaluation of IFC's Development Results (IEDR) reveals a number of constraints in capturing the impact of AS, due in part to the "relatively weak application of M&E guidelines to date by IFC staff" (IEG, 2009, xxiv). While IFC is working to streamline and professionalize AS delivery, this task remains a work in progress, as significant organizational issues still persist (such as overlapping and parallel implementation structures in several regions; few well-established products outside of finance and infrastructure; lack of clarity about how AS and IS are best integrated in different contexts, etc.) (IEG, 2009, xxiv).

Civil society groups and the Compliance Advisor/Ombudsman (CAO), the compliance mechanism of the IFC, have challenged IFC lending practices in the past.[xiii] The analysis in this paper suggests, however, that it is equally necessary to vet the Technical Assistance and Advisory Services that IFC and FIAS provide to developing country governments. Just as Investment Services (IS) are held accountable to IFC's Performance Standards for Social and Environmental Sustainability (see Annex II), so too should the Technical Assistance and Advisory Service products be critically examined as they greatly contribute to social and economic outcomes in client countries, potentially jeopardizing food security and land rights of local populations.

It is crucial to note, however, that much of IFC's services are delivered through financial intermediaries (FIs). Increasingly, instead of managing its loans and investments itself, IFC relies on financial intermediaries such as banks and private investment funds. In the 2010 financial year, finance sector lending made up over half of all new IFC project commitments (Bretton Woods Project, 2010).

A 2010 analysis of IFC dealings with FIs found a number of causes for concern, including a lack of transparency, inadequate attention to social and environmental concerns, and a failure to link directly to proven developmental impacts (Bretton Woods Project, 2010). The briefing specifically identifies the following problems with FI business conduct:

- Lack of expertise to conduct assessments: in 2009 there were only five social and environmental specialists, plus six consultants working on FI lending at the IFC, far too few to conduct effective assessments for the 500 or so financial intermediaries in IFC's current portfolio.

- Little analysis of what financial intermediaries actually do: unlike the Asian Development Bank or Overseas Private Investment Corporation (OPIC), IFC review does not normally require analysis of subprojects or companies funded with IFC support after board approval. In contrast to other public financial institutions, including those using IFC performance standards, the IFC delegates most assessment, categorization, monitoring and oversight responsibilities to the financial intermediary and relies on self-reported data.

- Lack of transparency: the IFC does not make public IFC contracts or partnership agreements with financial intermediaries. This raises concerns that the IFC may not routinely require disclosure clauses, binding language on environmental, social or governance issues or exit or veto clauses in its contracts.

- Poor outreach and consultation: outreach to communities affected by the project or sub-projects appears to be extremely limited or non-existent. Claims that affected communities would be able to communicate with IFC staff via the Compliance Advisor Ombudsman (CAO) are based on weak evidence. The CAO has no list of financial intermediary sub-projects, and affected communities are not made aware of this grievance mechanism in any systematic manner, either by the IFC, financial intermediaries or subproject companies.

In order to remedy these problems, FIs must also be held accountable to IFC Performance Standards. Furthermore, there must be increased and enforced transparency standards including disclosure and consultation requirements, in contracts, subcontracts, investment and partnership agreements with FIs and sub-projects or subcontractors. Finally, IFC must ensure proper monitoring and oversight by including binding language in all agreements and contracts specifying the manner by which the IFC may exercise veto power over investments or partners in the case of client (project or sub-project) violation of IFC policy.

Not only have civil society groups challenged IFC's lack of adherence to its own Performance Standards, however; they have also challenged the nature and rigor of the standards themselves in relation to human rights. In its 2010 annual report, the CAO notes that 62 percent of the investigation cases into IFC activities launched since 2000 involve claims of human rights violations or impacts. Following several years of complaint regarding the 2006 version of the Standards, civil society groups are indignant that the latest version of the draft Performance Standards (the draft IFC Sustainability Framework approved by the Board's Committee on Development Effectiveness on December 15, 2010) "takes a step backwards" in terms of human rights (Bretton Woods Project, 2011).

A key concern is that the draft IFC principles potentially undermine the UN Framework on Business and Human Rights, the global standard for how businesses should respect human rights, which was approved by the UN Council for Human Rights and has received widespread support for many governments as well as the private sector. For example, the draft misrepresents the meaning of the "corporate responsibility to respect human rights" as intended under the UN Framework. According to the IFC's draft, any form of environmental and social due diligence is sufficient to meet the responsibility to respect (paragraph 11 of draft Sustainability Framework[xiv]). In contrast, the UN Framework proposes specific steps that are necessary to meet the responsibility to respect, including a human rights impact assessment (CIEL, 2011).

Importantly, IFC's Performance Standards subsequently set the standards for many corporations that invest in foreign markets. Therefore, failure to include adequate human rights protections in IFC's Performance Standards could have serious and far-reaching consequences. A number of non-governmental groups, including Amnesty International, Bank Information Center, International Accountability Project and the Center for International Environmental Law, have mounted critiques of the standards' lack of inclusion of rights and will submit their concerns as part of a final window of consultation to end in early March 2011 before the standards are finalized in April. The NGOs' demand that the IFC make a clear commitment *not* to support activities that are likely to cause, or contribute to, human rights abuses. They also demand a clear requirement that IFC and its clients undertake human rights due diligence (Bretton Woods Project, 2011).

IFC's vision is that market-led, private sector development will lead to economic development for developing countries. However, IFC's and FIAS' indiscriminate support for the private investor, lack of monitoring and evaluation of local social and economic outcomes, and lack of adherence to its own Performance Standards create many causes for concern. In particular, this study has documented IFC and FIAS efforts to categorically increase investor access to foreign land markets, a trend which has been widely criticized by civil society groups and international institutions. Rather than engendering a "win-win" situation, IFC and FIAS are arguably contributing to the generation of threats to local communities in terms of access to land and food security. IFC and FIAS prioritize the improvement of investment climates and promote business-enabling environments and, in doing so, it appears they overlook the more urgent problems of hunger and poverty that persist in their client countries, losing sight of their principle mission, which is to alleviate poverty.

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Notes

[i] IFC also carries out technical cooperation projects in many countries to improve the investment climate, that is, to make investment in these countries more easy and attractive to foreign investors. These activities may be linked to a specific investment project, or, increasingly, to broader goals such as improving the "legislative environment" for a specific industry. IFC's technical cooperation projects are generally funded by donor countries or through IFC's own budget.

[ii] Like a bank, IFC lends or invests its own funds and borrowed funds to its customers and expects to make a sufficient risk-adjusted return on its global portfolio of projects.

[iii] Since 2006, IFC's Advisory Services have been arranged in five business lines: (1) Access to Finance (A2F): Assistance that seeks to expand the availability of financial services to micro and small businesses and low-income households. (2) Business Enabling Environment (BEE): Activities geared toward improving the business environment to allow private sector projects to be viable. (3) Corporate Advice (CA): Activities aimed at improving the business capability of companies. (4) Environmental and Social Sustainability (ESS): Advice and market transformation activities that enable the private sector to deliver environmental and social benefits in developing countries. (5) Infrastructure (INF): Advice on improving access to basic services such as roads, telecommunications, water and energy utilities, and health and education.

[iv] The IFC website contains numerous handbooks that provide guidance on how to communicate the benefits of such reforms and monitor and evaluate progress, as well as advice on how to reform business licensing processes and providing environment, health, and safety advice to businesses.

[v] World Bank Group's Doing Business Indicators are a way for potential investors to decide which countries are apt destinations for overseas investments. Economies are ranked based on these indicators on their ease of doing business, from 1 – 183, with first place being the best. A high ranking on the ease of doing business index means the regulatory environment is conducive to the operation of busines

[vi] See survey: http://www.ifc.org/ifcext/fias.nsf/AttachmentsByTitle/iabindicators_surveyland/$FILE/Countryname _Land.pdf. For more information on Investing Across Borders (IAB) project, see http://www.ifc.org/ifcext /fias.nsf/Content/iabindicators.

[vii] In its "Investment Policy and Promotion" practice, FIAS works with client governments to create or improve existing Investment Promotion Agencies (IPAs). These agencies are developed with close guidance from IFC and FIAS officials and are established to achieve what WBG calls "Public Private Dialogue (PPD)" to increase the role of the private sector in economic development for the given country. Such PPD typically involves government agencies and IPAs working in close collaboration, along with the private sector and civil society, to jointly design and implement programs and create or reform laws and regulations. In recent years, FIAS has helped to create or bolster IPAs in Sierra Leone, Cape Verde, Senegal, and Tanzania, among others.

[viii] Horticulture is defined by FIAS as the production and marketing of highly perishable products destined for fresh consumption with relatively high value per unit (fresh fruits, leguminous vegetables, cut flowers, nuts, spices).

[ix] In this context, "arable" refers to land with potential for crop cultivation.

[x] The Multilateral Investment Guarantee Agency (MIGA), a member of the World Bank Group, promotes foreign direct investment (FDI) into developing countries to help support economic growth.

[xi] For information about Liberia's IPA, the National Investment Commission (NIC), see http://www.nic.gov.lr/index.php.

[xii] The five Working Groups of Liberia Better Business Forum are 1) Legal and Regulatory Framework, 2) Physical and Social Infrastructure, 3) Streamlining Administrative Barriers, 4) Institutional Enhancement (Capacity Building), and 5) Trade and Export Promotion.

[xiii] The Compliance Advisor Ombudsman (CAO) is the independent recourse mechanism for the International Finance Corporation (IFC) and Multilateral Investment Guarantee Agency (MIGA). The CAO responds to complaints from project-affected communities with the goal of enhancing social and environmental outcomes on the ground.

[xiv] Paragraph 11 of the draft IFC Sustainability Policy provides: "IFC recognizes the responsibility of the private sector to respect human rights. Although it is well understood that states have the primary duty to protect human rights, companies meet their responsibility by undertaking due diligence in order to identify adverse risks and impacts of their actions, and by avoiding or addressing them as appropriate. Meeting this responsibility means creating access to an effective grievance mechanism that can facilitate early indication of, and prompt remediation of various project related grievances. IFC's Performance Standards support this responsibility of the private sector. Each of the Performance Standards has elements related to human rights issues that business may face in the

course of their operations. IFC demonstrates its commitment to respect human rights through its due diligence of the level and quality of the risks and impacts identification process carried out by its clients against the requirements of the Performance Standards, informed by country, sector, and sponsor knowledge." The UN Framework on Business and Human Rights describes the key elements of human rights due diligence: (1) human rights impact assessment; (2) a statement of policy articulating the company's commitment to respect human rights; (3) integration of these commitments and assessments into internal control and oversight systems; (4) tracking and reporting performance; and (5) access to remedies through grievance mechanisms. Report of the Special Representative of the Secretary General on the issue of human rights and transnational corporations and other business enterprises.