Draft UNIDROIT/FAO/IFAD Legal Guide on Agricultural Land Investment Contracts (ALIC)
Consolidated Report

Consolidated Report - Raising awareness and seeking feedback

(prepared by the UNIDROIT Secretariat)

1. As part of the elaboration process of the UNIDROIT/FAO/IFAD Legal Guide on Agricultural Land Investment Contracts (ALIC), the ALIC Working Group, in collaboration with the Food and Agriculture Organization of the United Nations (FAO) and the International Fund for Agricultural Development (IFAD), agreed that a consolidated draft of the future Guide – the ALIC Zero Draft (UNIDROIT 2019 – S80B - Doc. 6) – should be submitted to broad and extended consultations to raise awareness of the Legal Guide and to seek further input from stakeholders, in order to ensure a high-quality product that responds to actual needs and complies with ascertained best practices. This course of action was endorsed by the Governing Council of UNIDROIT (C.D. (98) 5(a) rev.) at its 98th session (Rome, 8 – 10 May 2019). The consultations included regional events in Asia, Latin America, and Africa, as well as an open online consultation.

2. This document provides an overview and summarizes the key recommendations that have been gathered throughout the course of the consultations and classifies the issues and comments received based on the Guide’s chapters most likely to be impacted.

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I. OVERVIEW

3. The first section of this consolidated report provides a brief explanation of each consultation event that took place in 2019 to raise awareness of the ALIC Zero Draft. For more information on the feedback received please refer to the specific report for each consultation event available at the UNIDROIT website.

First Regional Consultation (Beijing, China)

4. As part of a high-level conference entitled “UNIDROIT and China: The Cape Town Convention, Investing in Agriculture and UPICC”, UNIDROIT delivered its first regional consultation on the ALIC Zero Draft in Beijing on 9 July 2019. The event was hosted by the University of International Business and Economics (UIBE) and co-sponsored by the United Nations Food and Agriculture Organization (FAO) and the International Fund for Agricultural Development (IFAD). The event brought together governmental representatives, academics, legal experts, international organisations and private sector stakeholders to examine the key issues addressed by the future Legal Guide. Session 1 of the workshop focused on introducing the Guide, addressing issues relating to land tenure rights and responsible investments as founding principles and discussing the Chinese legal context of agriculture and land investment. Session 2 further explored other key issues including the parties’ obligations, IFAD’s experience in the Asia Region, and remedies for non-performance and dispute resolution.

Second Regional Consultation (São Paulo, Brazil)

5. The second regional consultation on the future UNIDROIT/FAO/IFAD Legal Guide on Agricultural Land Investment Contracts (ALIC) was held on 9 August 2019 in Brazil at the University of São Paulo’s Faculty of Law (USP) and co-sponsored by the United Nations Food and Agriculture Organization (FAO) and the International Fund for Agricultural Development (IFAD). As part of the finalization of the future Legal Guide, the workshop was designed to facilitate feedback on the "ALIC Zero Draft" from stakeholders in Latin America, including investors’ legal counsels, government officials, non-governmental organisations, academics and private sector representatives. Simultaneous interpretation was provided at the Workshop in English and Spanish. The workshop was organized in two sessions with speakers and key discussants sharing their views on Agricultural Land Investment Contracts in Brazil and Latin America (Session 1) and presenting their comments and inputs for improvement of the Guide (Session 2).

Third Regional Consultation (Nairobi, Kenya)

6. The third regional consultation on the future UNIDROIT/FAO/IFAD Legal Guide on Agricultural Land Investment Contracts (ALIC) was held on 23 October 2019 in Kenya at the Strathmore University Law School and co-sponsored by the United Nations Food and Agriculture Organization (FAO) and the International Fund for Agricultural Development (IFAD). As part of the finalisation of the future Legal Guide, the workshop was designed to facilitate feedback on the "ALIC Zero Draft" from stakeholders in Africa, including investors’ legal counsels, government officials, non-governmental organisations, academics and private sector representatives. The workshop was organized in four sessions: to provide an overview of the Guide and its primary objectives (Session 1); to delve into the key issues of drafting and implementing responsible agricultural land investment contracts (Session 2); to strike the right balance between the rights and obligations of the parties in Africa (Session 3); and to explore remedies and dispute resolution in the context of agricultural land investment contracts (Session 4).
Online Consultation

7. A dedicated UNIDROIT online consultation webpage was established to provide background information on the project’s history and links to the relevant texts and material. Parties interested in the proposed Guide were invited to send feedback, including public authorities/state counsels, private sector/businesses, civil society organisations, academic institutions, and the public at large. Contributors were also invited to send comments concerning the general approach of the Guide or on specific chapters, sections or issues, in particular with respect to redundant content, insufficient treatment or gaps in the addressed issues. Comments were sent electronically to alic@unidroit.org.

II. SUMMARY OF ISSUES AND COMMENTS

General Comments

8. [Online UNIDROIT/United States of America] - Include an executive summary that highlights the key points of each section instead of several introductory sections, such as a preface, executive summary and introduction.

9. [Online UNIDROIT/United States of America] – Streamline the content. Eliminate unnecessary repetition and duplication of issues through internal cross-references and references to existing guidance. For example, the discussion of the treatment of legitimate tenure right holders in Chapter 2, section I and II.C is repeated in the Introduction, section II.B.

10. [Online FSN Forum/Yixin Xu] - Adopt a consistent structure across all sections. It would be useful to give guidance from different perspectives and follow the same order of discussion on every issue. For example, in Part I Chapter 2 about legitimate tenure rights, the Guide can start with the rights and responsibilities of the investors, then move to local tenure rights holders, the grantor, the local or national regulator, NGOs and third parties afterwards. This order could be followed always throughout all chapters.

11. [Online FSN Forum/Wei Yin] – Review order of content and keywords of each paragraph. As a Guide for different stakeholders and to be adopted by different parties, its structure and content needs to be clear and easy to read and follow. Although the table of contents follows a clear order, in the chapters, the content is not always in a proper order and the main point of each paragraph is not presented in a reader-friendly way.

12. [Online FSN Forum/Wei Yin] – Review the emphasis placed on human rights. The instruments forming the basis of the Guide mainly focus on human rights, while other relevant social and environmental elements are not as prevalent.


14. [Nairobi/Joseph Kieyah] – Include considerations of mismanagement of public land, invisible commercial value, and undefined property rights. Regarding land investment contracts, the following law and economic issues should be further considered: internalization of externalities, land grabbing, mismanagement of public land, invisible commercial value of the assets, and undefined property rights.
15. [Online UNIDROIT/United States of America] – Highlight prior UNIDROIT work to demonstrate the rationale for UNIDROIT’s work in this area and the relationship between Guide and prior work.


Preface


18. [Online UNIDROIT/Dima Abdallah] – “Preface 1. Introduction”. Restate how the right to adequate food is linked to other Human Rights most importantly the right to health, right to life, right to education, as well as Employment Rights.


20. [Online Unidroit/Jeannette Tramhel] – “Preface 3. Investment options”. Clarify the investment options. Preface 3 says “investments involving transactions of tenure... are not the preferred option...” and Preface 4 says “The guide focuses on [ALIC]s involving a transaction of tenure...” This is very confusing for the reader. Maybe something to clarify – “Nonetheless, such [ALIC] continue to be popular and therefore, in order to promote more responsible investment, this Guide...” etc.


22. [Nairobi/Elizabeth Gachenga] – “Preface 5. Purpose”. Include reference to the Brundtland report and reiterate from the beginning that the guidelines are not a minimum standard but rather a tool for achieving the sustainable development aspiration.

23. [Nairobi/John Bosco Suuza] – “Preface 5. Purpose”. Clarify to what extent the Guide is intended to be a tool for influencing policy and law regarding land ownership and management.

24. [Online Unidroit/Jeannette Tramhel] – “II. Approach and how to use the Guide”. Review content presented in this section. Some of these would fit better under Part I. (e.g., target audience)

25. [Online UNIDROIT/University of Washington Students] – “Preface 6. In general”. Further explain why pursuing sustainable investments is mutually beneficial to the company and the local community by adding the following sentences: “Pursuing sustainable business objectives is essential in agricultural land investment contracts, as short-term objectives may lead to diminished resources, complex litigation, market failures, or weakened rapport with both consumers and communities. This Guide provides essential considerations that will allow investors to meet long-term business objectives by taking into account the needs of the local communities in which they invest.”

in the current scenario of multiple sources of regulations, that is, in a scenario marked by state, interstate, as well as private regulation instruments.

27. [Online UNIDROIT/José Manuel Schütt] – “Preface 6. In general”. **Clarify that the Guide does not address foreign mandatory rules.**


29. [Beijing/Yongmin Bian] – “Preface 7. Generality”. **Provide more detailed guidelines for the implementation of topics with existing general guides.**

30. [Beijing/Yongmin Bian] – “Preface 8. References”. **Compile references of best practices to help people understand how the Guide may work in different regions and countries.**


**Introduction**

32. [Online Unidroit/Jeannette Tramhel] – “Intro 1. The need in general”. The need for agricultural investment could be expanded upon, with SDG #2 as the overarching goal. Make reference to the specific indicators, specifically 2A to increase investment and 2.3 to double productivity, but in balance with 2.3 to ensure secure and equal access to land, and particularly 2.4 to ensure sustainable food production systems. Then you can refer back to that later in the sections on EIA, etc.


34. [Online Afronomics/Tomaso Ferrando] – “Intro. 2. Forms and impacts”. **Pay more attention to the context of global value chains** and how they can multiply the relevant spaces of engagement and challenge the traditional notion of jurisdictional spaces and fragmentation.

35. [Online FSN Forum/Wei Yin] – “Intro. 5. Improving contracts”. **Clarify reference to "other international instruments"**


37. [Online UNIDROIT/Federica Violi] – “Intro. 12. Key terms”. **Include definition of the notion of agricultural land** specifying that the scope of “agricultural land” includes land used for the growing (and in certain cases the processing of) agricultural produce destined both for human consumption and for other uses (such as cotton, rubber, jatropha).

38. [Online Afronomics/Bayo Majekolagbe] – “Intro. 12. Key terms”. **Clarify if the Guide includes, for instance, lands for agricultural bioenergy or if it is limited to food agriculture.**

40. [Online Unidroit/Jeannette Tramhel] – “Intro. 16. Key terms”. Definitions need work. For example, perhaps instead of “government” as defined, it appears to intend to define “government land granting authority”?

41. [Online FSN Forum/Fabiano de Andrade] – “Intro. 16. Key terms”. **Include definition of responsible investments.** It is necessary to provide a definition of the term “responsible investments” and to maintain consistency, as “responsible investment” and “responsible and sustainable” are used interchangeably. Suggested definition: Responsible agriculture investment is the “creation of productive assets and capital formation, which may comprise physical, human or intangible capital, oriented to support the realisation of food security, nutrition and sustainable development”. It requires “respecting, protecting and promoting human rights, including the progressive realisation of the right to adequate food in the context of national food security”, and “entails respect for gender equality, age, and non-discrimination and requires reliable, coherent and transparent laws and regulations” (CFS RAI Preamble). The VGGT further adds that responsible investments should “do no harm, safeguard against dispossession of legitimate tenure right holders and environmental damage” (VGGT 12.4). In addition, the VGGT notes that while States “should promote responsible investments in land, fisheries and forests” (12.1) and “provide safeguards to protect legitimate tenure rights, human rights, livelihoods, food security and the environment” (12.6), investors also have a “responsibility to respect national law and recognize and respect tenure rights of others and the rule of law” (12.12).

42. [Online Unidroit/Jeannette Tramhel] – “Intro. 16. Key terms”. **The notion “responsible investment” could be defined by adding a quote directly from the source documents, to explain that, “Responsible investment in agriculture means investment that complies with the RAI Principles. It is investment in agriculture that ‘enhances food security and nutrition and supports the progressive realization of the right to adequate food in the context of national food security; that makes a significant contribution to enhancing sustainable livelihoods, etc.”**

43. [Online FSN Forum/Wei Yin] – “Intro. 16. Key terms”. **Include definition of sustainable investments.** It would be helpful if the Guide can provide a definition of “sustainable investment” and “responsible and sustainable investment”. In academic papers, policy papers and some international soft law instruments or statements, these terms do not have a shared or unified definition, but usually there are some key elements that could be used to define these terms.

44. [Nairobi/Robert Kibugi] – “Intro. 16. Key terms”. **Include definition of sustainable development.** Clarify what sustainable development refers to in the Guide, is it ecologically sustainable development? What are the key aspects and interests that need to be balanced: social, economic, environmental, cultural, political, and others and what should be the outcome of the balancing?

45. [Online Unidroit/Caitlin Ryan] – “Intro. 16. Key terms”. **Clarify what the term “responsible” entails since it can be defined differently by different parties, depending on their interests.**

46. [Online FSN Forum/Wei Yin] – “Intro. 16. Key terms”. **Include a definition of local community.** The definition of “local community” in the ALIC Guide is not clear. In addition, it should be noted that in some countries, such an entity would not be in the legal position to sign a land contract with investors.
The Legal Framework (Chapter 1)

47. [Beijing/Zangchun Gan] – “1.1. Overview”. Further explain some legal terms for precise translation, such as for “tenure rights”. The word ‘tenure’ comes from the Common law system, and we could not find a word for it in the Chinese legal context.

48. [Beijing/Yongmin Bian] – “1.2. Interplay between domestic law and the contract”. Adapt legal terms and concepts used in the ALIC Guide to the domestic legal context, for instance, “tenure rights” is a term that does not exist in the Chinese legal context.

49. [Online UNIDROIT/José Manuel Schütt] – “1.2. Interplay between domestic law and the contract”. Expand more on the application of extraterritorial jurisdiction and foreign law when compliance with public policy and mandatory rules of other State(s) is necessary and not available in the host country; when the application of foreign law could result from the enforcement of a foreign judgment that relates to or has effects on the contractual relationship of the parties; and under a choice of law agreement.

50. [Online Afronomics/Tomaso Ferrando] – “1.2. Interplay between domestic law and the contract”. Highlight that private and public investors cannot disentangle their actions from the extraterritorial obligations that their home States have to guarantee that no national is involved in the violation of human and environmental rights abroad.


52. [Online UNIDROIT/Caitlin Ryan] – “1.6. Roadmap”. Advise investors to understand not only the gaps in law, but also the host State’s capacity and political will for implementation of law.

53. [Online FSN Forum/Fabiano de Andrade] – “1.8. Domestic legal system in general”. Clarify role of the national laws of the investor’s country. The VGGT (12.15) say that when states invest or promote investments abroad, they should ensure that their conduct is consistent with the protection of tenure rights, food security, etc.

54. [Online UNIDROIT/José Manuel Schütt] – “1.8. Domestic legal system in general”. Mention that some domestic legal systems are also based on grounds of “cultural criteria”, such as “intercultural interpretation”, “intraculturalism”, and “pluriculturalism”.

55. [Online UNIDROIT/Federica Violi] – “1.9. Sources of law”. Include information related to “choice of law clauses” and “clauses of prevalence” to further explain the implications they may have when the most powerful contracting party might, for example, push for the selection of a law of a third country that is highly favourable to him/her, but has no connection whatsoever with the investment.

56. [Online UNIDROIT/Jeannette Tramhel] – “1.9. Sources of law”. Include a section on choice of law and a “governing law clause”. “Choice of law”. Seems odd that no reference at all is made to the choice of law, or “governing law clause”. Even though it may be self-evident that a contract involving land will almost always be governed by the law of the state in which it is located, it could at least be acknowledged. See the contract farming guide, it makes brief reference but it is important.
57. [Online UNIDROIT/Jeannette Tramhel] – “1.10. Legal rules”. Recommend that “States are encouraged to develop stable and long-term national food security and nutrition strategies” contained in CFS-RAI (Principle 10.35). Consider a recommendation that investors ensure the ALIC is consistent with any such National Strategic Plan and if none, perhaps recommend that investor support such an initiative.


59. [Online UNIDROIT/Federica Violi] – “1.14. Custom and general principles”. Further explain the information on “general principles” to acknowledge the uncertainty surrounding this category in both doctrine and case-law. Such an open-ended wording in the Guide might refer to general principles of international law or to general principles applicable to commercial transactions (lex mercatoria).

60. [Online UNIDROIT/Jeannette Tramhel] – “1.14. Custom and general principles”. Customary international law” (1.14) and “custom” in the local context (1.11-1.12) are two different concepts and are explained therein. But in a few places throughout the Guide, it is unclear which is being referenced; consistent terminology would make for greater clarity.

61. [Online UNIDROIT/Jeannette Tramhel] – “II. Relevant areas of law”. Consider re-ordering; perhaps group together those areas of law that are strictly domestic and those with an international element. Then briefly describe those areas of law and why relevant, rather than getting into the issues to be addressed, which is done later (to reduce duplication).

62. [Online UNIDROIT/Jeannette Tramhel] – “1.18. Introduction”. Review the use of the term “applicable law”. This is a term often used in private international law when referring to a choice of the law of a state that should be applicable (in this case, to the contract). In the ALIC Guide, the term is used in this sense but also to refer to relevant areas of the law that might be applicable, which is confusing. Therefore, she suggested using “applicable law” in the first sense and “relevant areas of the law” in the second.

63. [São Paulo/Francisco de Godoy] – “1.19. Land tenure and administration”. Consider the overlap between ownership, property and the legitimation of territories. The ALIC Guide poses interesting questions for reflection, nevertheless, it needs to be adapted to the challenges faced in Latin America, which are different from those faced in Africa. The different history of land tenure and ownership methods adopted in each country should be further highlighted. The ALIC Guide should consider the issue of legitimation of property from different legal perspectives.

64. [Online UNIDROIT/José Manuel Schütt] – “1.20. Unsolicited bids, tendering and investor screening”. Include reference to other instruments that may provide valuable guidance in cases of corruption offences, such as the Inter-American Convention Against Corruption and the United Nations Convention against Corruption, as well as the UN Guiding Principles on Business and Human rights.

65. [Online UNIDROIT/Federica Violi] – “1.20. Unsolicited bids, tendering and investor screening”. Clarify if the transparency requirements that apply to the investor both at the phase of screening and later on in the project include also (international, public and private) lenders and financiers.

67. [Online UNIDROIT/Jeannette Tramhel] – “1.22. Human rights”. Difficult to imagine where an ALIC that could negatively affect food security should go ahead. How could it be consistent with VGGT/RAI?

68. [Online Afronomics/Omoyemen Lucia Odigie-Emmanuel] – “1.22. Human rights”. Include environmental rights in the list of human rights mentioned and note that States have a duty to assess the potential negative impact their investment may have on rights and establish precautionary measure to avoid such negative impacts.

69. [Online Afronomics/Michael Fakhri] – “1.22. Human rights (Food security and the right to food)”. Incorporate notions related to the right to food and agroecological practices. Not only would the ALIC Guide better align with human rights if it incorporated some these of particular notions, but it would also provide businesses and local communities better tools to manage their negotiations and potential relationship.

70. [Beijing/Jia Yao] – “1.22. Human rights (Gender)”. Include discussions on women’s customary rights to land, especially after her marriage with a non-community member. The issue whether or not a woman has rights over land after her marriage with a non-community member is affected by local customary rules which can vary across regions in a country.

71. [Online UNIDROIT/Caitlin Ryan] – “1.22. Human rights (Gender)”. The gender equality issue should be addressed as a political question and not only as a technical matter.


**Parties, Contractual Arrangements, Due Diligence and Formation (Chapter 2)**

75. [Online UNIDROIT/Argentine Republic] – “2.7. Importance of due diligence and consultation”. Consider the use of the term “good practice” instead of “best practices”. Taking into account that this expression does not prejudge the greater relevance or effectiveness of a public policy and would allow various measures to achieve the objectives within the framework of a given policy.

76. [Beijing/Virgilio de los Reyes] – “2.8. In general”. Consider mentioning that investors may have dual roles, as rule-taker and as rule-maker.

77. [Online UNIDROIT/FIAN International] – “2.12. Corporate organisation”. Further explain non-contracting parties’ responsibilities and give guidance on how to hold these other actors accountable for negative land investment impacts. The Guide should not base its demand for accountability exclusively on the contractual relationships since it risks missing the fact that complex and opaque investment webs are used deliberately by transnationally operating actors to distance themselves from any type of liability for the impacts of their operations.

79. [Online Afronomics/Nicolás Perrone] – “2.12. Corporate organisation”. Provide more detailed examples of participatory and cooperative structures considering that a transactional model may limit the participation of local communities.


81. [Beijing/Virgilio de los Reyes] – “2.15. Government as grantor”. Consider the issue of double hatting of host state government both as a grantor and as a regulator of land policies. This makes it complicated to define the parties. Regulations regarding governments’ property and land would be relevant.

82. [Beijing/Virgilio de los Reyes] – “2.18. The local community and private landowners as grantors”. Clarify the boundaries of the power and rights of the representatives of local community, highlighting these may not be clear under some domestic laws.

83. [São Paulo/Francisco de Godoy Bueno] – “2.19. In general (Legitimate tenure right holder)”. Include the distinction between possession and property rights and further explain their implications for the definition of legal and legitimate tenure right holder. This is particularly necessary for the implementation of the ALIC Guide in the Latin American context.

84. [Nairobi/Joseph Kieyah] – “2.19. In general (Legitimate tenure right holder)”. Present more information on the informal systems of ownership.

85. [Nairobi/FAO Kenya] – “2.21. Lack of Protection and risk”. Clarify how the Guide addresses the involvement of marginalized groups. To what extent are they being consulted in practice?

86. [Nairobi/Robert Kibugi] – “2.21. Lack of Protection and risk”. Clarify how to ensure the accurate representation and avoid community elitism and state coercion. In terms of the freedom of contracting, the representation should be accurate.

87. [Beijing/Yongmin Bian] – “2.24. Indigenous peoples”. Include reference to “minorities”. The legal notion of “indigenous peoples” does not apply in every country but may be similar to “minorities”, such as in the Chinese legal context. It would be useful if the ALIC Guide draws attention to the differences between indigenous peoples and minority groups.

88. [São Paulo/Juan Jorge Faundes Peñafiel] – “2.24. Indigenous peoples”. Include the notion of self-determination of indigenous organisations. The “self-determination” notion may also be included under the definition of local community in “Intro 16. Key terms”.

89. [Online FSN Forum/Jefter Mxotshwa] – “2.26. Other stakeholders”. Add more information on the role of political groups. While not being policy makers, they are key in influencing decisions and may affect the implementation of the ALIC Guide.

90. [Online Afronomics/Sam Szoke-Burke] – “2.30. Legitimate tenure right holder as a contracting party”. Highlight that governments may lack the incentive to cede power and bear the cost to include communities in negotiations and include innovative ways of funding technical support to ensure that informed negotiations are also culturally sensitive and accessible to communities.
91. [São Paulo/Flávia Trentini] – “2.37. Negotiation of a related agreement”. Include reference to family farming contracts besides community development agreements, as associated contracts.


94. [Online UNIDROIT/Jeannette Tramhel] – “IV. Due Diligence”. Re-structure and take Part IV. Due Diligence and make it into a separate Chapter on “Pre-contractual Issues.”

95. [Online UNIDROIT/Caitlin Ryan] – “2.50. In general”. Address the stakeholder mapping not only as a technical and legal challenge but also as a political matter.

96. [Nairobi/Elizabeth Gachenga] – “2.57. Meaningful consultation”. Include additional reference to safeguards to address the comprehensive information. The issue of free, prior and informed consent (FPIC) is not a simple issue because of the identification of all legitimate stakeholders. Consider using FAQs to streamline the information, vernacular radio notices, local advisors (for disconnected communities), and consider the risk of political manipulation. Also note that sometimes giving too much information to the communities can be overwhelming.

97. [Online UNIDROIT/University of Washington Students] – “2.61. Equitable”. Emphasise the importance of adequate translation, both in the negotiation process and in documenting consultations. Additional information relating to language barriers could be provided. The Guide should focus on two key points: a) the use of neutral translators, and b) the need to ensure that translated documents reflect the intent of both parties.

98. [São Paulo/Juan Jorge Faúndes Peñafiel] – “2.68. In general (Identification of land and potential impacts)”. Include the distinction between the concepts of land and territory. The ALIC Guide currently addresses the concepts of land and territories interchangeably. The Guide should underline the existence of this distinction in some domestic legislation and maybe include the definition of indigenous territory according to articles 13 and 14 of the ILO Convention no.169.

99. [Online UNIDROIT/Federica Violi] – “2.68. In general (Identification of land and potential impacts)”. Include more guidance on the extent of land that might be subject to the investment contract since the same investor or any of its affiliates may have already acquired tenure rights in the same country/area. Therefore, the Guide could mention that during the screening phase (under the transparency requirements) it is advisable to evaluate the risk of over-accumulation of land.

100. [Online UNIDROIT/University of Washington Students] – “2.74. Impact assessments”. Include that investors should obtain consent prior to publishing personally identifiable information. The impact assessments should have a legitimate basis for collecting individuals’ data and should not collect more than necessary. The Guide recommends increasing transparency by making relevant documentation like the impact assessments publicly available. However, in light of the growing trend to control personal data in various legal regimes, the investors should be mindful of this and either seek consent from the individual or redact such personally identifiable information prior to it being published. The EU’s General Data Protection Regulation (GDPR) could be a reference point.
101. [Online Afronomics/Titilayo Adebola] – “2.77. Rationale”. Clarify whether the food crops produced under agriculture land investment contracts would be for domestic consumption or export markets.

102. [Online FSN Forum/Aklilu Nigussie] – “2.79. In general (Suitable land availability and valuation)”. Include the distinction between irrigated and rainfed land and how it may affect tenure rights.

103. [Online UNIDROIT/Jeannette Tramhel] – “2.79. In general (Suitable land availability and valuation)”. These RAI Principles are critically important – highlighting these is possibly the most important contribution of the Guide. Therefore, this needs to be emphasized and explained, not buried here. Conventional ALIC is typically not consistent, what RAI requires is a land systems approach and a shift towards sustainable ag. RAI Principle 6 has been cited – elaborate – ALIC that contributes to the restoration of ecosystem functions, including agro-ecological approaches.

104. [Online UNIDROIT/Caitlin Ryan] – “2.80. Valuation”. Include an evaluation of how the economic activity is gendered.

105. [Online UNIDROIT/Jeannette Tramhel] – “2.87. Access to resources”. This appears to be duplicated later in Chapter 3.

106. [Online UNIDROIT/Jeannette Tramhel] – “2.87. Access to resources”. The land systems approach should be emphasized. RAI, 6 and VGGT, Principle 3B, 5. Holistic and sustainable approach recognizes that natural resources are interconnected and adopts an integrated approach to their administration.

107. [Online UNIDROIT/José Manuel Schütt] – “2.90. Governance of water”. Exemplify risks with actual national conflicting cases, such as the management of water risk and the “Guerra del Agua” case in 2000 in Bolivia.

108. [Online UNIDROIT/Caitlin Ryan] – “2.90. Governance of water”. Highlight that changes to water rights should not increase women’s labour burden.

109. [Online Afronomics/Elizabeth Gachenga] – “2.91. Addressing water rights”. Include the right to water from irrigation furrows based on contribution to labour and fluid grazing rights in times of drought.

110. [Online Afronomics/Michael Fakhri] – “2.95 Four types (impact assessments)”’. Include an integrative human rights impact assessment. It is more legally sound, analytically useful, and logistically efficient for all parties to work together to produce an integrated human rights impact assessment on a regular basis instead of a disjointed set of impact assessments at different times of year.

111. [Online Afronomics/Bayo Majekolagbe] – “2.95 Four types (impact assessments)”’. Adopt the “Sustainability Assessment” approach and not the four distinct types of impact assessments to provide a platform for the integrated consideration of the various layers of impact assessments. The identification of context specific sustainability objectives should be jointly done by grantors, tenure right holders, community stakeholders, and the investors.

112. [Online Afronomics/Titilayo Adebola] – “2.95 Four types (impact assessments)”’. Include the assessment of intellectual property rights among the types of impact assessments that are relevant to agricultural land investment.
113. [Online Afronomics/Chidi Oguamanam] – "2.95 Four types (impact assessments)". Consider the implications of intellectual property rights, for instance the implications that the World Trade Organization (WTO) TRIPS Agreement and the breeder-focused protection regime proposed by the International Union for the Protection of New Varieties of Plants (UPOV) may have on agricultural land investment projects.

114. [Online UNIDROIT/Jeannette Tramhel] – "2.96. Importance". Impact assessments are to be conducted by independent experts”, but who pays? Investor? Still seen as “independent and objective?” Would also be helpful to outline when, during in the ALIC process, such assessments should be done. (VGGT 12.10 refers to "prior" – not helpful.) Increasing direction is towards participatory impact assessment, where the stakeholders are not merely passive, but take an active role, and later in M&E.

115. [Nairobi/James Gathii] – "2.97 Complementary role and accountability". Clarify whether contracts are the sole basis for investor accountability.

116. [Online UNIDROIT/FIAN International] – "2.105 UN Guiding Principles and their endorsement". Recommended extending the duties and responsibilities arising from a contract to all the existing business relationships. The complex investment structures – or investment webs – that involve several actors and subsidiary companies need to be taken into account to prevent and address human rights issues.


119. [Online UNIDROIT/Argentine Republic] – "2.111. Environmental assessments". Change the terminology used: "environmental disaster" to be replaced by "environmental risk". Consider the Principles for Responsible Investment in Agriculture (PRAI).

120. [Online UNIDROIT/Jeannette Tramhel] – "2.111. Environmental assessments". Concern is that even in states that do have legislation that guides EIA, it is “old school” – frequently it is a box-ticking exercise; instead, we need to encourage cumulative effects assessment. EIA should be done in a manner consistent with RAI, 6 and VGGT and emerging international standards that emphasize a systems approach.

121. [Online UNIDROIT/Caitlin Ryan] – "2.115. Economic assessments". Focus also on informal economic activity when assessing the impact of investment deals. There seems to be an "(unspoken) underlying assumption that treats economic activity as primarily formal economic activity" in the Guide.

122. [Beijing/Yongmin Bian] – "2.116. Key concepts and criteria". Include more information about the economic impact assessment. Currently the ALIC Guide does not include any reference to rights, but it mostly measures effects in terms of price, value, and profit. An economic impact assessment, in order to be more complete, must include an institutional analysis. Such an analysis examines how certain large-scale transactions may alter existing economic institutions such as households, local and global markets, and public administration. Such an evaluation should also look to how a project may exacerbate or create new inequalities that cut across categories of gender, race, and class (and not just a measure of income difference or a matter of advantages/disadvantages). The way the ALIC Guide is now drafted, parties are still able to rely on
economic assessments that treat things like human rights, environmental, and social concerns as externalities; this can create a narrow assessment of parties’ interests.

123. [Online Afronomics/Michael Fakhri] – “2.116. The general interest as means of analysing a project’s effects”. Include not only reference to local rights, but also an institutional analysis to examine how certain large-scale transactions may alter existing economic institutions such as households, local and global markets, and public administration, as well as may create new inequalities (gender, race and class).

124. [Nairobi/Robert Kibugi] – “2.141. Local communities”. Clarify what are the situations under which misrepresentation can vitiate a contract. A clear representation of benefits/value/safeguards is important.

125. [Online FSN Forum/Aliou Niang] – “2.143. Content in general”. Include ethics, as a value, should be the foundation of these types of contracts, which include economic aspects, market values and non-market values such as food security, nutrition and environmental protection.

126. [Online UNIDROIT/José Manuel Schütt] – “2.143. Content in general”. Further analyse the principles of “party autonomy” and “freedom of contract”.

Rights and Obligations of the Parties (Chapter 3)

127. [Online UNIDROIT/Federica Violi] – Explicitly include an additional section on human rights in the Chapter related to “Rights and Obligations of the Parties”.

128. [Beijing/Jia Yao] – “3.3. Role of domestic law”. Include examples of crop restrictions for foreign agricultural investments. It should be noted that certain restrictions may apply when it comes to foreign agricultural investments. For example, in China corn and wheat seed production projects cannot be controlled by foreign investors.

129. [Online UNIDROIT/Federica Violi] – “3.4. Supplementing domestic law”. Include “compatibility clauses” to mandate the compatibility of the contract with all relevant international law rules, rather than the direct application thereof, thus favouring a corrective rather than an integrative approach. Adopt a more nuanced approach when indicating that certain parts of international law might apply to the contract as a “supplement” to the applicable law.

130. [Online UNIDROIT/Jeannette Tramhel] – “3.10. Additional land”. Consider the need for a shift towards a land systems approach, where land management decisions are made on the basis of ecosystems, watersheds, etc.


132. [Online UNIDROIT/People’s Republic of China] – “3.36. Import”. Delete the information that states that “most governments seeking agricultural land investments have specific legislations for facilitating importation, exempting investors’ operations from duty tax”, as most countries have comparatively strict restrictions on the tax reduction and exemption during the import.

133. [Nairobi/Joan Kagwanja] – “3.46. Indicators of performance”. Include a mechanism that is not government lead to track international standards and mention that these standards generally have to be domesticated and enhanced at the country level.

134. [Online FSN Forum/Fabiano de Andrade] – “3.55. Introduction (Social and Economic issues)”. Include reference to the right to adequate food. Contrary to the CFS RAI, the section on the
rights and obligations of the parties (Chapter 3) does not mention the realization of the right to food among the social/economic issues. Also suggested adding a cross-reference to Chapter 2 that also addresses this issue under the due diligence topic.

135.  [Online UNIDROIT/Caitlin Ryan] – “3.57. In general (Monetary contributions)”. Further explain the importance of everything involved in the lease negotiation process regarding what currency the lease payments will be paid in.

136.  [Online Afronomics/Tomaso Ferrando] – “3.66. Timing and form”. Contracts should not be considered a tool to establish safeguards to ensure that taxes due are indeed paid, as proposed by the ALIC Guide in paragraph 3.66.

137.  [Beijing/Virgilio de los Reyes] – “3.83. Link to monitoring”. Include methods to keep transparency throughout monitoring.

138.  [Online Afronomics/Titilayo Adebola] – “3.85. Considerations”. Consider the adoption of a “two-step distribution strategy” according to which meeting domestic consumption demands should be compulsory and an explicit provision should be included in the contracts to specify the percentage of production destined for domestic consumption.

139.  [Online FSN Forum/Alilou Niang] – “3.95. Variety of contract farming arrangements”. Include standard model of contractualisation. For example, include reference to the FAO/IISD Model Contract Farming Template.

140.  [Online FSN Forum/Yixin Xu] – “3.111. Applicable international and regional law”. Include a footnote with relevant cases references. The Guide refrains from making specific references to States, identifying particular domestic legislation, citing case studies or quoting contract clauses. Does this mean the Guide refrains from citing domestic cases as well as cases from international courts or arbitration panels?

141.  [Online FSN Forum/Martin Zerfas] – “3.112. Relevant corporate social responsibility instruments”. Draw attention to the benefits of farm animal welfare in terms of food quality, food safety, environmental impact, resource usage, labour conditions and financial viability. He suggested adding references to best practices such as the Farm Animals Responsible Minimum Standards (FARMS) Initiative’s Responsible Minimum Standards (RMS).

142.  [Online Afronomics/Bayo Majekolagbe] – “3.114. Introduction (Issues and obligations)". Recommend the adoption of clauses which will protect the environment for its own sake and not necessarily for the environmental services humans benefit therefrom.

143.  [Nairobi/James Gathii] – “3.115. Environmental impact assessments and contractual obligations”. Clarify how environmental impacts should be measured and if there should be an integrated environmental sustainability approach.

144.  [Nairobi/Elizabeth Gachenga] – “3.115. Environmental impact assessments and contractual obligations”. Include the following issues in the EIA: feasibility of land study, disclosure and public participation in EIA, safeguards of ecosystems, sustainable waste management, and consequences of non-compliance.

145.  [Online FSN Forum /Abdesslam Omerani] – “3.119. Conserving biodiversity and safeguarding ecosystem services”. Include environmental obligation on payment for ecosystem services. The inclusion of payment schemes for eco-systemic services (PES) in investment contracts for agricultural land would promote the regulation of agricultural and forestry activities by ensuring the internalisation of environmental externalities.
146. [Online FSN Forum/Fabiano de Andrade] – “3.119. Conserving biodiversity and safeguarding ecosystem services”. Include public health and phytosanitary standards. Public health (e.g. pest control) and phytosanitary standard concerns are not mentioned but could also be contemplated under a contract (CFS RAI 8).

147. [Online FSN Forum/Brandon Eisler] – “3.119. Conserving biodiversity and safeguarding ecosystem services”. Include more guidance on agro-redesign directives related to permaculture, as well as further highlight the pedagogical function that contracts may acquire for disseminating information about the harms of using certain chemicals in agriculture and the benefits of adopting natural organic farming techniques.

148. [Online Afronomics/Bayo Majekolagbe] – “3.120. Mitigating and adapting to climate change”. Climate obligations included in the contracts should be updated according to the actualization of a State’s nationally determined contributions (NDCs) adopted under the Paris Agreement. In addition to the Guide’s current recommendations on low to zero tillage and multi-cropping, he suggested including the improvement of soil carbon, soil health and fertility, as well as improved nutrient use as other obligations. He mentioned initiatives including the Koronivia Joint Work on Agriculture and the 4 per 1000 initiative could be used as references to further explain the “obligation to embark on climate-enhancing agricultural practices catering both to net zero emissions and/or the sequestration of GHG”.

149. [Online Afronomics/Selvankumar Thangaswamy] – “3.120. Mitigating and adapting to climate change”. Highlight the benefits of cultivating different varieties of land and include guidance on sustaining soil fertility and restoration of soil microbial community.

150. [Online Afronomics/Bayo Majekolagbe] – “3.120. Mitigating and adapting to climate change”. Add an expression of discouragement of deforestation and the cultivation of agricultural areas with high and long-term carbon sequestration potentials like peatlands.

151. [Online Afronomics/Sara Seck] – “3.120. Mitigating and adapting to climate change”. Further mention the link between climate change and human rights and highlight the findings of the 2019 IPCC report entitled Climate Change and Land: an IPCC special report on climate change, desertification, land degradation, sustainable land management, food security, and greenhouse gas fluxes in terrestrial ecosystems.


153. [Online UNIDROIT/Federica Violi] – “3.125. Introduction”. Include a deeper consideration of the following topics: regulatory authority of host States; stabilization clause; and expropriation.

154. [Online Afronomics/Tomaso Ferrando] – “3.137 Security clauses”. Clarify the role of the State since it seems the Guide takes for granted that it is the role of the State to defend the private property of the investor against any disturbance, but also recognizes that physical protection of the investment should occur within the limits set by the Voluntary Principles on Security and Human Rights (s. 3.137) and that the investor’s contribution to the State’s breach of duty shall be taken into consideration to reduce the recoverable damages or – if provided in the contract – to deny the possibility of an action (s. 4.45).

156. [Online UNIDROIT/Caitlin Ryan] – "3.165. Mechanisms for sharing information". **Include an alternative method for sharing reports** in cases where people in rural communities may not have a good level of literacy and access to technology.

157. [Beijing/Yongmin Bian] – "3.169. Unauthorised disclosure". **Consider non-confidential information that is subject to protection according to domestic law**. While the ALIC Guide promotes transparency, documents containing certain types of information, even though not confidential, may nevertheless be subject to protection under domestic law and an investor shall not be in the position to disclose them, especially when a State-owned enterprise is involved.

**Contractual Non-Performance and Remedies** (Chapter 4)

158. [Online FSN Forum/Joanna Grammatiki] – "4.1. Overview". **Clarify what are the proposals and ideas for achieving cooperation between parties and stakeholders.**

159. [Online UNIDROIT/FIAN International] – "4.1. Overview". **Consider not focusing solely on "contractual non-performance" as the basis for remedies** since this may limit the access to remedy by affected communities or individuals, either because they are not contracting parties, or because the harm suffered does not refer to the object of the contract.

160. [Online UNIDROIT /José Manuel Schüt] – "4.14. Lack of or invalid contractual clauses". **Further explain rules of private international law or conflict of laws for those who may not be familiar with them.**

161. [Online Afronomics/Tomaso Ferrando] – "4.85. Introduction (Breaches and related remedies)". **Clarify why the ALIC Guide did not suggest the inclusion of a human rights' clause** allowing the State and the victims of human rights' abuses to immediately terminate a contract, noting this could be linked with the innovative proposal of a clause in favour of third-party beneficiaries.

**Transfer and Return** (Chapter 5)

162. (no recommendation received)

**Grievance Mechanisms and Dispute Resolution** (Chapter 6)

163. [Online FSN Forum/Wei Yin] – "6.6. In general". **Reconsider the classification of dispute resolution mechanisms and their presentation order.** Grievance mechanisms can also be regarded as a kind of dispute resolution mechanism, both judicial and non-judicial.

164. [Online UNIDROIT/FIAN International] – "6.6. In general". **Advise contractors to prefer using state based quasi-judicial and judicial mechanisms** and to include a statement in their contracts to avoid corporate investors using their own mechanisms that may impede communities to access justice.

165. [Online FSN Forum/Yongmin Bian] – "6.13. Best practice". **Include more concrete case studies/examples to illustrate grievance mechanisms.**

166. [Online UNIDROIT/FIAN International] – "6.13. Best practice". **Mention that grievance mechanisms may include a gender-sensitive criteria** to verify that access to justice is adapted and appropriate to the needs of women including those who face multiple and intersecting forms of discrimination.

168. [São Paulo/Nitish Monebhurum] – "6.16. Introduction". Clarify the situation of “double hatting” of the host State. Explain whether or not it should distinguish between the different functions of the State (grantor or/and regulator) when acting in non-performance with the contract, and to which extent its position may affect the outcome of the case.

169. [Beijing/Yuhua Li] – "6.21. Forums and non-party participation". Include the role of the parent company in the dispute resolution. It is unclear, in the ALIC Guide, whether the parent company should be able to invoke the dispute settlement clause in the case of international agriculture investments, noting international arbitration practice permits this.


172. [São Paulo/Nitish Monebhurum] – "6.39. Special substantive aspects of treaty-based arbitration". Explain the counter-claim possibilities in arbitration and further elaborate on the implications of the umbrella clauses and not only present this topic in a footnote.

173. [Beijing/Hongrui Chen] – "6.40." Address how stakeholders' rights can be protected during arbitrations that are conducted in private.

Checklist of Issues (Annex I)

174. [Nairobi/Elizabeth Gachenga] – Include an annex of contract law aspects and various applicable laws within a particular jurisdiction. The target audience of ALIC being legal counsels, perhaps an annex would be useful for the communities, to look at the contract law aspect and various applicable laws within a particular jurisdiction.

175. [Nairobi/Robert Kibugi] – Include a checklist to ensure that all public law requirements are met. Some bilateral investment treaties (BITs) freeze law related to labour and environment. These are among the dangers that investors may encounter and contracts may be nullified. Hence, some sort of checklist would be very useful to ensure that all public law requirements are met.

176. [Online FSN/Fabiano de Andrade] – Include a summary by topic focusing on the different stakeholders. To make the document a bit more "digestible" for readers, as it is quite long and complex, the inclusion of a summary with quick guidance by topic focusing on the different stakeholders could be developed, building on the checklist already prepared at the end of the draft, and including potential "model clauses".

Additional Resources (Annex II)

177. [Online FSN/Yixin Xu] – Include appendix with relevant national legislation. Considering that ALIC's audience is international, it would be beneficial to have an appendix at the end showing the available online sources of relevant countries' national legislation.

178. [Online UNIDROIT/FIAN International] – Further take into account the policy guidance developed by the UN Committee on World Food Security (CFS) in terms of what investment is best...
suited to benefit small-holder farmers, in particular the CFS Policy Recommendations “Investing in smallholder agriculture for food security” and “Connecting Smallholders to Markets”.


**Index**

180. (no recommendation received).