AGRICULTURE AND ENVIRONMENTAL SERVICES DISCUSSION PAPER 08

THE PRACTICE OF RESPONSIBLE INVESTMENT PRINCIPLES IN LARGER-SCALE AGRICULTURAL INVESTMENTS

Implications for Corporate Performance and Impact on Local Communities

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UNITED NATIONS CONFERENCE ON TRADE AND DEVELOPMENT
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PREFACE

Higher prices of agricultural commodities in the wake of the world food price crisis of 2007–08 have stimulated renewed interest in agricultural investment following decades of chronic underinvestment. For many working in the field of agricultural development, this "rediscovery" of agriculture as a focus of investment presented a promising and long awaited opportunity to promote the sector within the larger agenda of economic development. For others, this resurgence of investment in agriculture appeared fraught with peril. Investments involving large-scale land acquisition in particular raised serious concerns over their likely negative impacts on local people who have been using that land. A lack of analysis on such investments has meant that much of the debate on this issue has been fueled by anecdotes and one-off case studies.

Responding to both concerns, the Inter-Agency Working Group—consisting of the Food and Agriculture Organization, the International Fund for Agricultural Development, the United Nations Conference on Trade and Development, and the World Bank—resolved to collectively generate a body of empirical knowledge that could be used to identify desirable forms of investment. This knowledge was intended to inform the various ongoing consultations, such as those on responsible agricultural investment as well as the ongoing formulation of the Sustainable Development Goals. It would also be used in capacity building programs for public officials, investors, and other stakeholders in the countries concerned. The Working Group members have now produced a number of studies on matters such as alternatives to large-scale land investments, different forms of contract farming, and trends and impacts of foreign direct investment in agriculture in developing countries. One such study was a meta-analysis of 179 larger-scale agribusiness investments in Africa and Southeast Asia over a 50-year period.

This report, *The Practice of Responsible Investment Principles in Larger-Scale Agricultural Investments,* adds another chapter to this growing body of literature. The study examines 39 mature agribusiness investments in Africa and Southeast Asia and assesses to what extent their activities can be characterized as responsible in terms of respect for local rights, consultation and transparency with stakeholders, support of livelihoods, environmental sustainability, and other criteria. More than 550 community stakeholders were interviewed about the impacts the investments had had on those they represented. This process of consultation with those affected purposefully provided these local com-