

# Field Survey of the Principles for Responsible Agricultural Investment (PRAI) with Investors and Local Communities

Hafiz Mirza

Chief, Investment Issues Research

UNCTAD

Inter-Agency Working Group: FAO,  
IFAD, UNCTAD and the World Bank



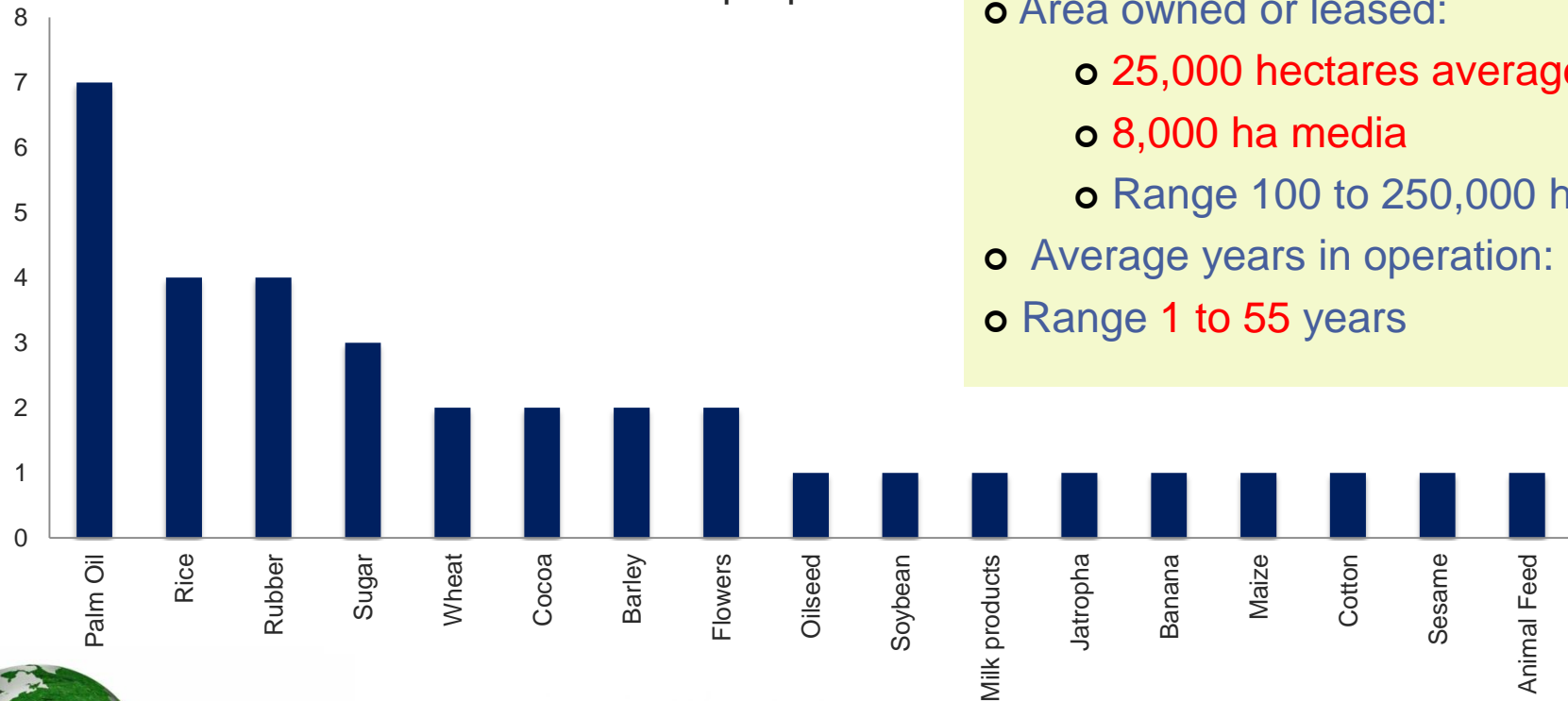
# Aims of the Survey

- Assessing:
  - 45-50 Investment projects, across **Africa** and South East Asia
  - What **investors** are doing to promote economic, social and environmental gains and sustainability (and **consequently** degree of consistency with the PRAI).
  - How **communities** living around the investment perceive and are affected by it.
- Key aims:
  - Understand what the **main issues are on the ground**.
  - Test **feasibility of the PRAI** and translate principles into actions for investors, governments, donors and international agencies.
  - Explore how differences in size, business model, type of investor, local capacities and circumstances etc. can influence the impacts of an agricultural investment. **Context matters**.



# Sample

## Principal product

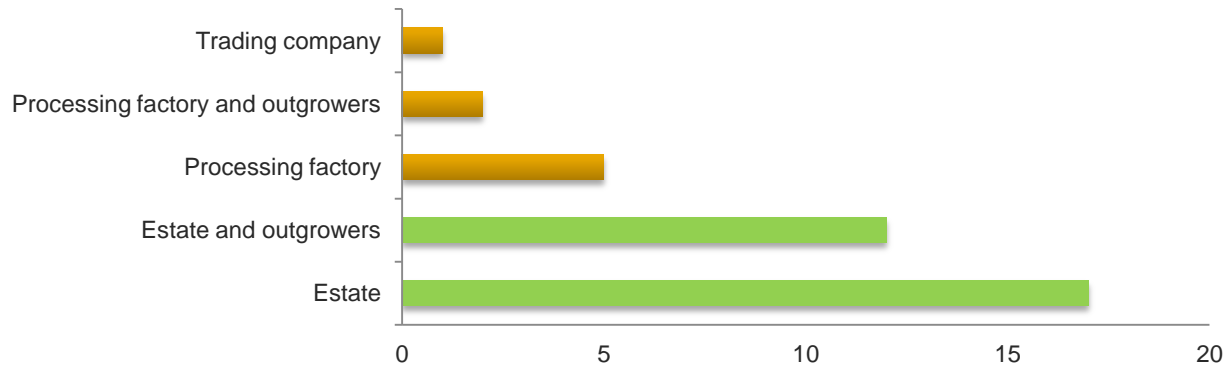


- Area owned or leased:
  - 25,000 hectares average
  - 8,000 ha media
  - Range 100 to 250,000 ha
- Average years in operation: 15
- Range 1 to 55 years

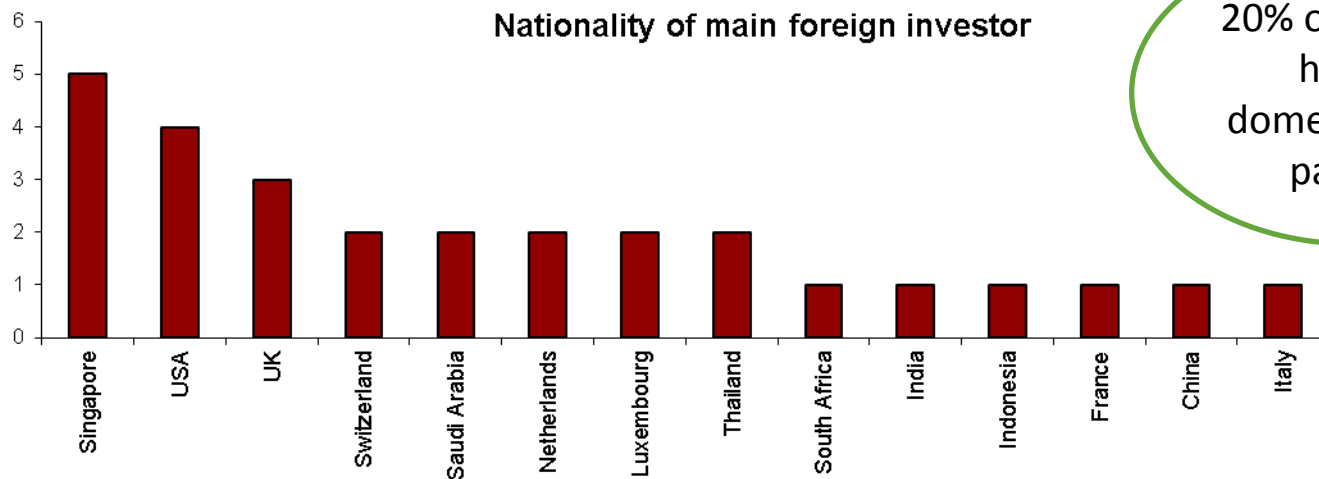


# Sample - Investors

## Business model



## Nationality of main foreign investor



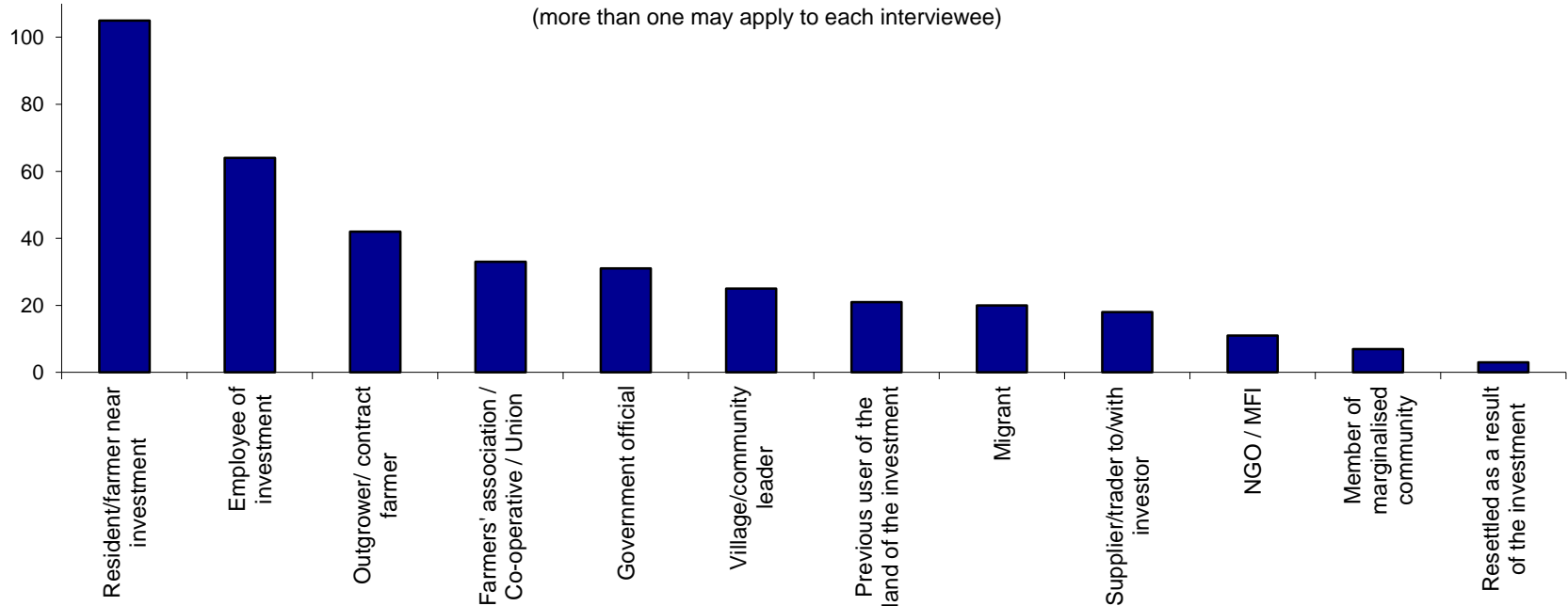
20% of projects  
have a  
domestic main  
partner



# Sample – local stakeholders

**Classification of critical incidents**

(more than one may apply to each interviewee)



- Over 200 “critical incident” responses, encompassing interviews with a wide range of stakeholders. One CI response often consist of views of multiple number of people (focus groups, several members of a family, etc.), so the number of people spoken with is even larger.





# Selected key outcomes: Employment



- ☐ Jobs, indirect jobs
- ☐ Stability of formal employment
- ☐ Higher wages, training, careers
- ☐ Shift from subsistence farming
- ☐ Less migration from rural areas
- ☐ Jobs for underprivileged groups



- ☐ Investment may fail
- ☐ Wages can be low
- ☐ Casual, seasonal jobs
- ☐ Land for jobs “deals”

	Sum of all investments	Mean	Maximum
Total formal employment	36,833	1,023	5,278
Permanent	19,485	541	3,086
Temporary/Casual	17,348	482	3,700
Outgrowers	149,638	13,603	120,000
Total <b>direct</b> employment	<b>223,304</b>		



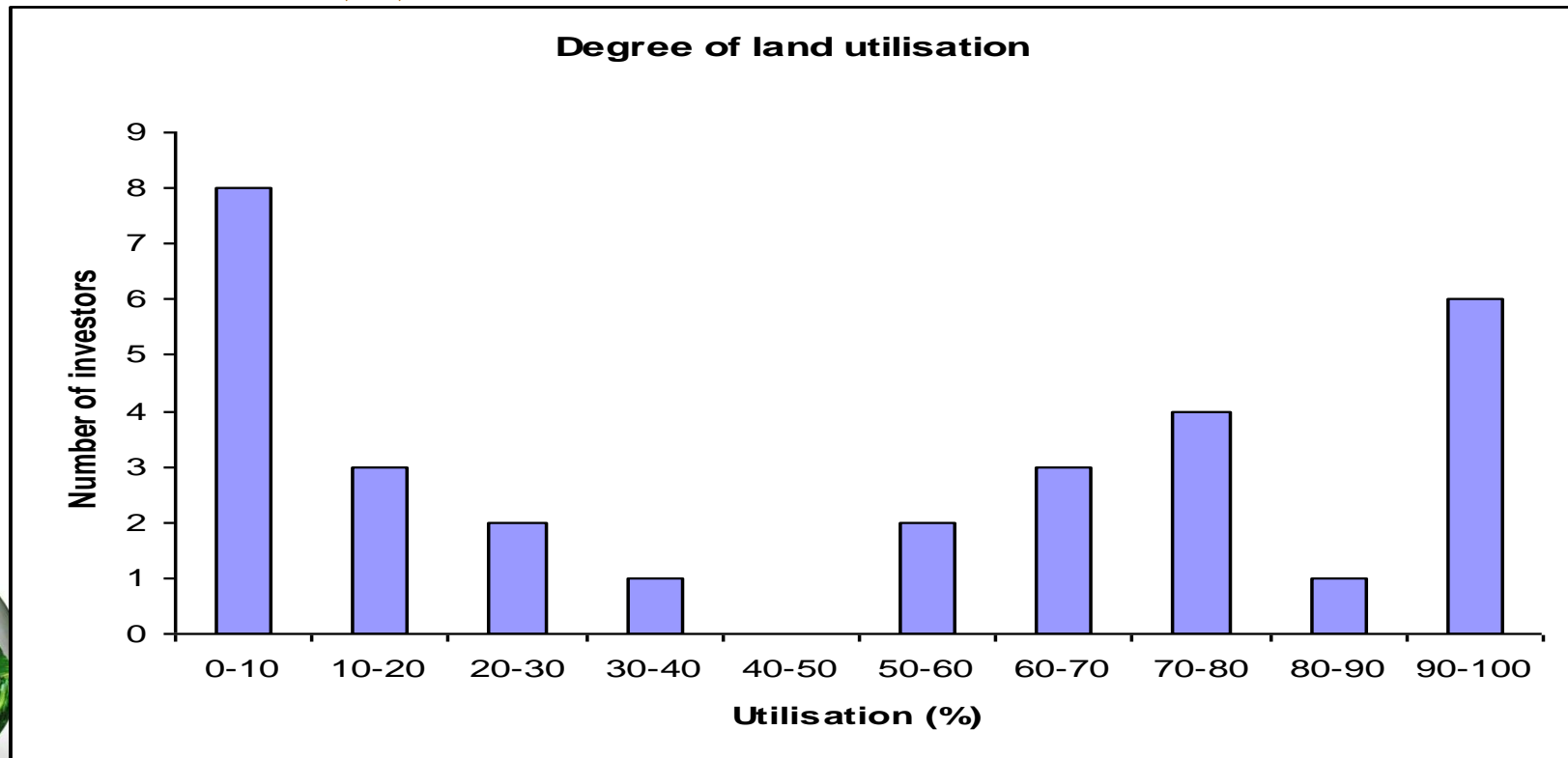
# Selected key outcomes: Land Utilisation

- ☐ Most land acquired is used...
- ☐ ...for purpose
- ☐ But much is not...
- ☐ ...In 25% of cases on 10% of land acquired is used.



## WHY? - AND IMPLICATIONS

- ☐ Adverse conditions (due diligence?)
- ☐ Lack of finance (inadequate screening?)
- ☐ Inappropriate use of land, speculation
- ☐ Tensions between investors and communities
- ☐ Deleterious impact on economic plans



# Selected key outcomes: Food Security

- ☐ National food production
- ☐ Production for urban markets
- ☐ Employment and income
- ☐ Ancillary benefits associated with employment
- ☐ Productivity of food crops
- ☐ Knowledge transfer to local farmers
- ☐ Community food programmes

- ☐ Non-food crops dominate, esp. for foreign investors
- ☐ Mix of crops grown changes
- ☐ Land for subsistence farming is lost
- ☐ ...Land disputes are intimately tied to food security issues.



All investors		
	Principle market for output	
Crop	Foreign	Domestic
Food crop	9%	26%
Non-food crop	46%	20%
Foreign investors		
	Principle market for output	
Crop	Foreign	Domestic
Food crop	8%	23%
Non-food crop	58%	12%
Domestic investors		
	Principle market for output	
Crop	Foreign	Domestic
Food crop	11%	33%
Non-food crop	11%	44%



# How investors can influence the outcome: Good and Bad Practices

1. **Inclusiveness**, completeness and credibility of pre-investment consultations and on-going dialogue with stakeholders.
  - o **Bad practice**: Assuming prior investors or Governments have dealt with issues.
  - o **Good practice**: Full and early consultation of local communities
2. **Credibility** of impact assessments, due diligence and other pre-investment procedures.
  - o **Bad practice**: cursory, “box-ticking” exercise.
  - o **Good practice**: Thorough impact assessments, reflected in business plan.
3. **Recognition of existing rights** to land and other natural resources.
  - o **Bad practice**: Failure to deal adequately with informal claims to and usage of land and other natural resources.
  - o **Good practice**: Full survey, recognition, registration and resolution of existing rights to land prior to commencement of operations.



# How investors can influence the outcome: Good and Bad Practices

4. **Transparency** and disclosure of information on the investment.
  - o **Bad practice:** Opaque terms of land acquisition / concession agreements.
  - o **Good practice:** Spending time to make information available to stakeholders
5. Investor's **access to finance** and working capital.
  - o **Bad practice:** Acquisition of land as a means to raise capital ad hoc
  - o **Good practice:** Up-front capital required to fund all pre-operational processes prior to approval of concession.
6. **The business model** (e.g. benefits or revenue sharing arrangements).
  - o **Bad practice:** Enclave-type development with few interactions with local communities.
  - o **Good practice:** Explicit revenue-sharing or benefit-sharing arrangements negotiated and contractually agreed with local communities.



# BACKUP SLIDES



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# The Principles: What do the PRAI consist of?

1. Land and natural resource rights of existing land users are respected
2. Investments do not jeopardize food security – rather strengthen it
3. Policy framework ensures transparency & accountability
4. Agreements based on extensive consultations with all potentially affected communities
5. Investors respect human rights and other best practices (e.g. regarding working conditions)
6. Investments generate broad social benefits for all surrounding communities
7. Investments are environmentally sustainable

