

Global food systems, local impact: the role of agribusiness and development partnerships in advancing African agriculture

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Overview of agribusiness in Africa: trends, new opportunities and alternative investment models

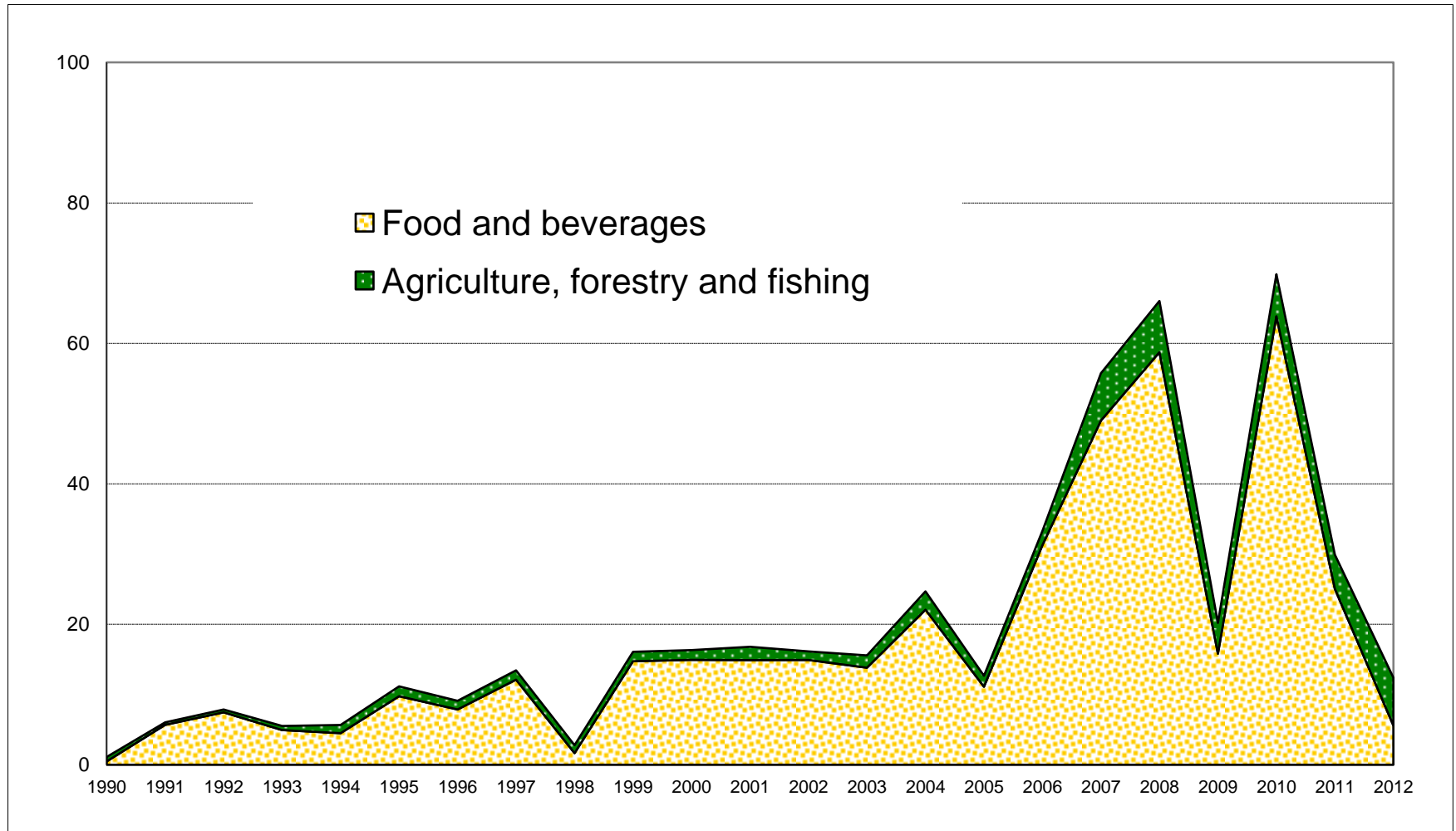
Hafiz Mirza

Chief, Investment Issues Research

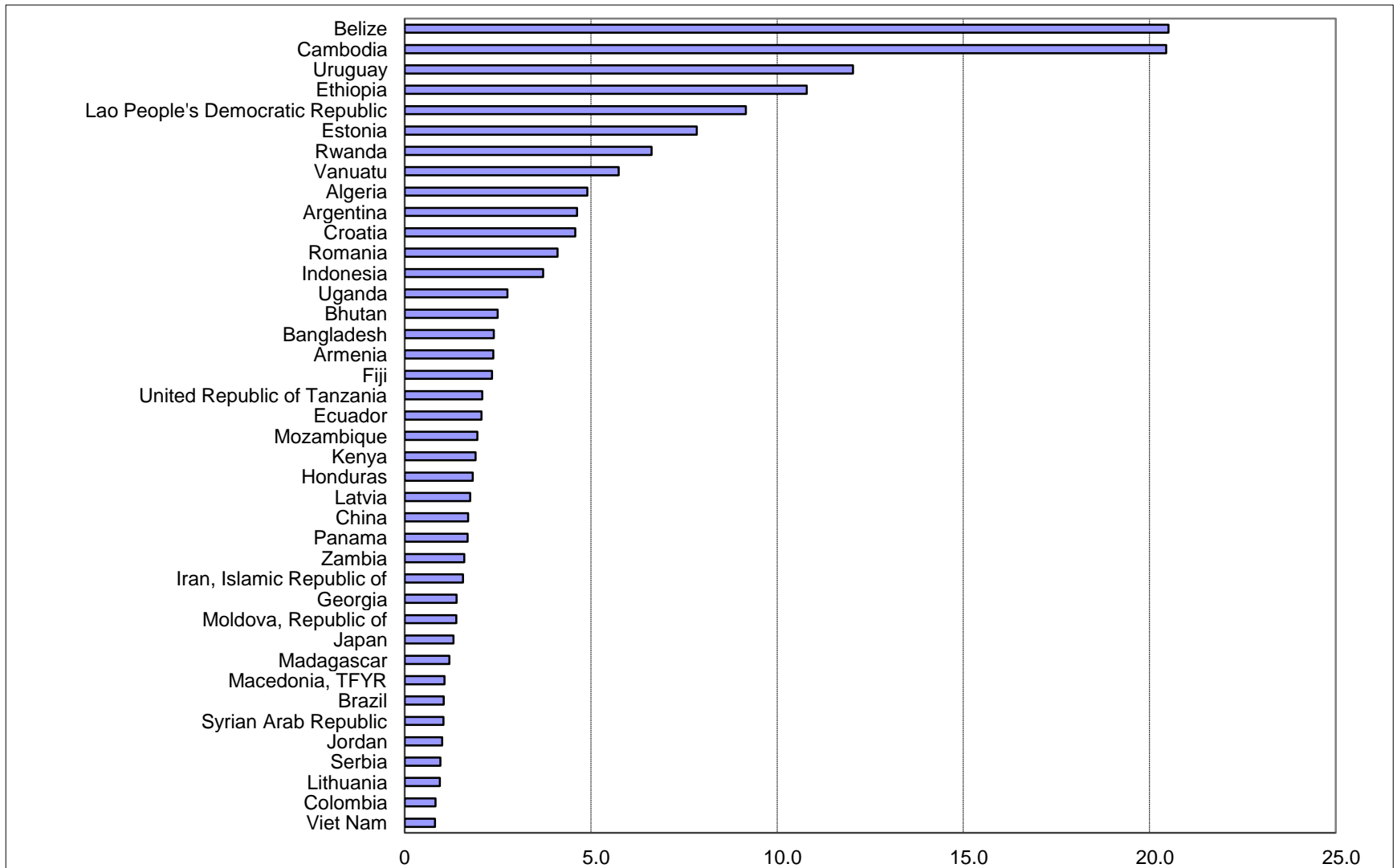
UNCTAD



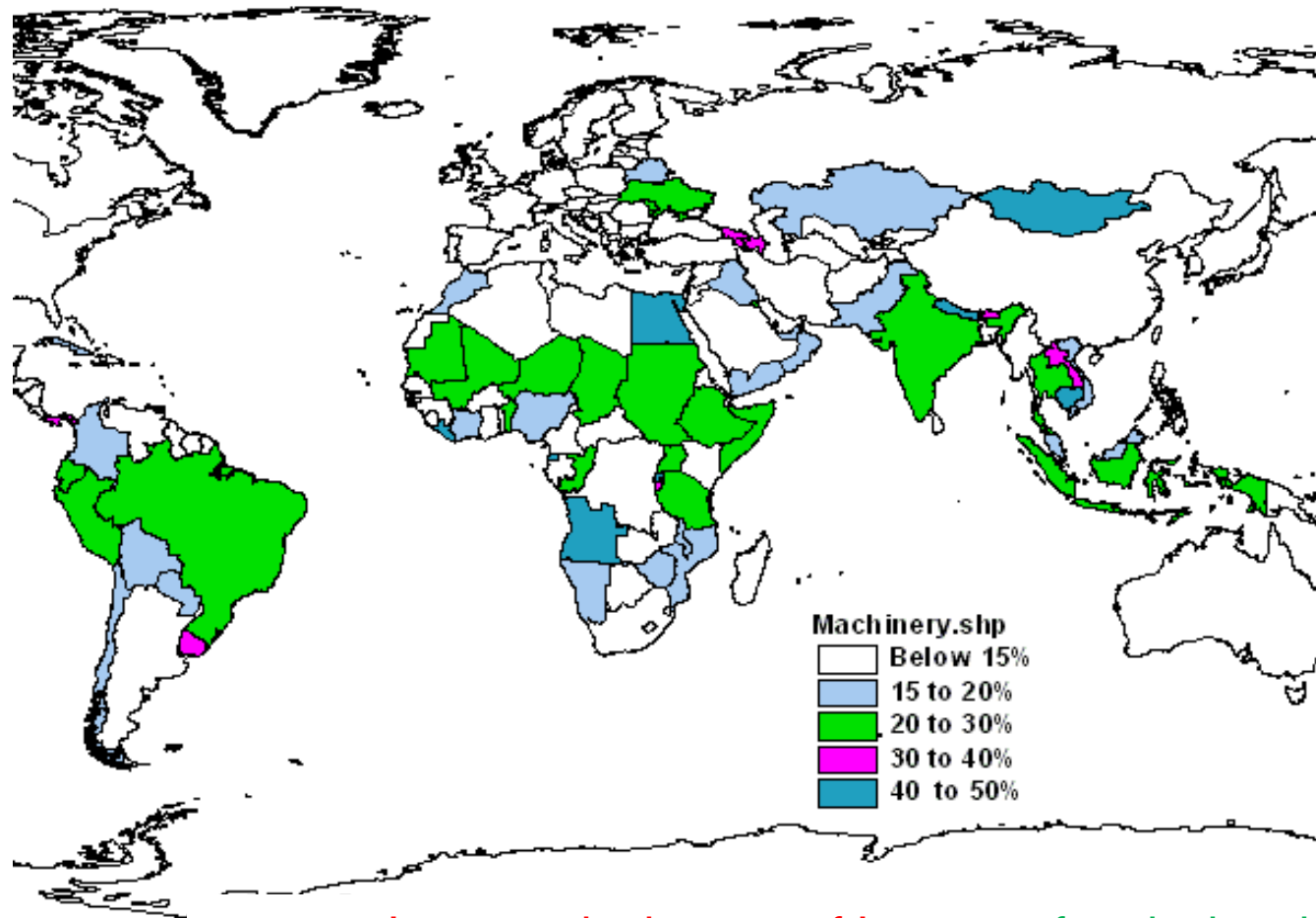
Flows of foreign direct investment in agriculture and related industries (billions of US dollars)



Flows of foreign direct investment in agriculture and related industries, by country 2010-2012 (millions of US dollars)



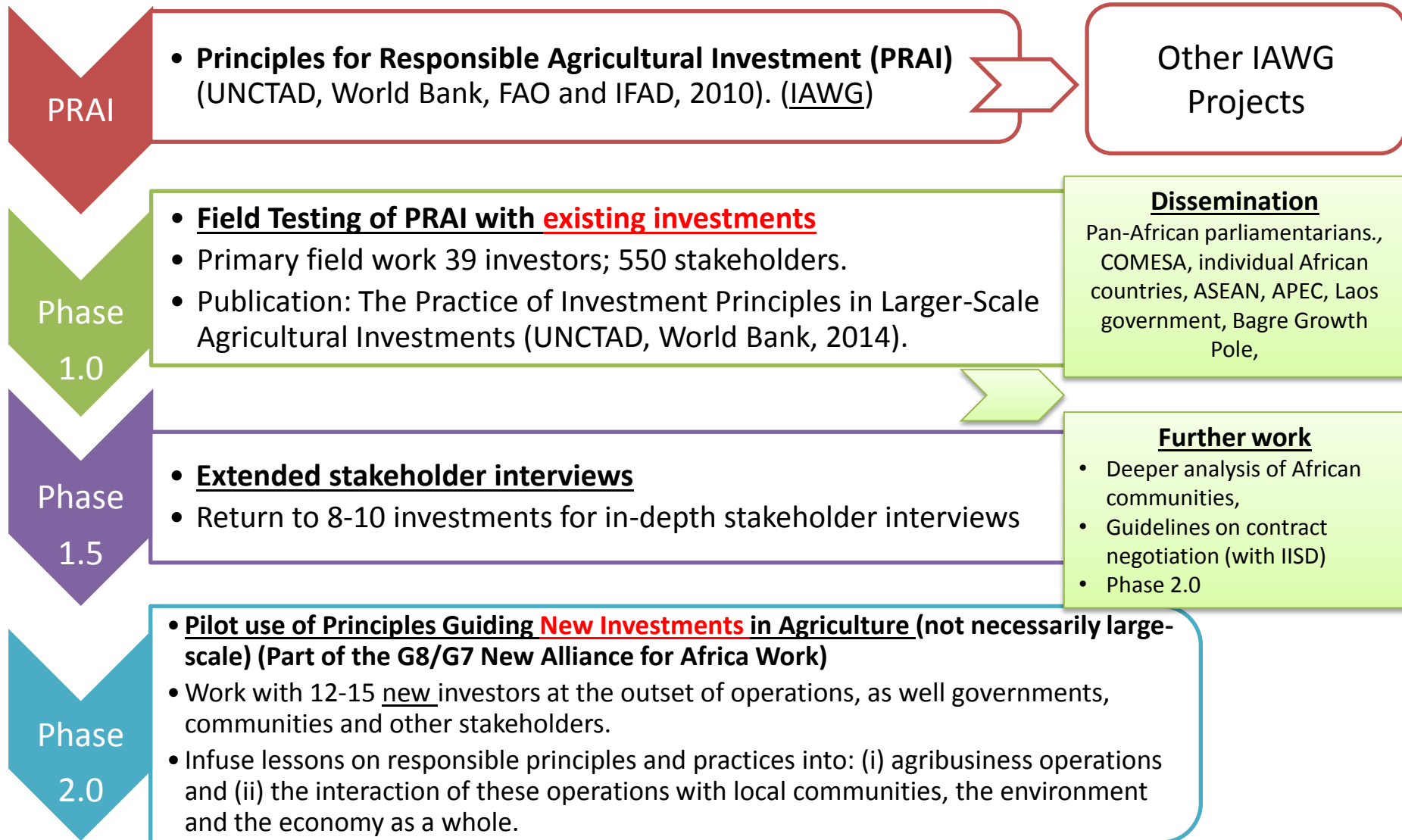
Following the tractor trail...



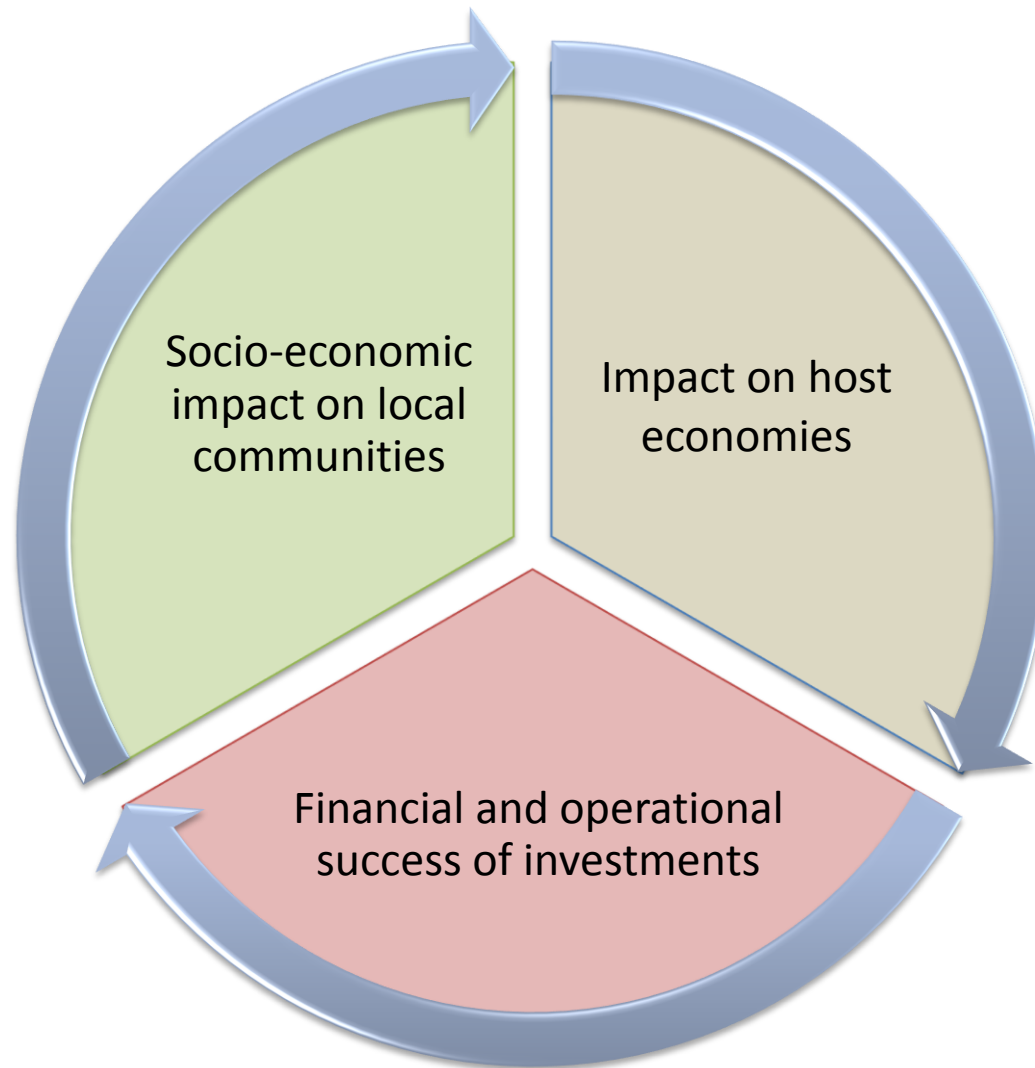
Increase in the rate of Imports of agricultural machinery into developing and transition economies, 2003-2012

The Impact of Larger Scale Agricultural Investments

Research Design and Process



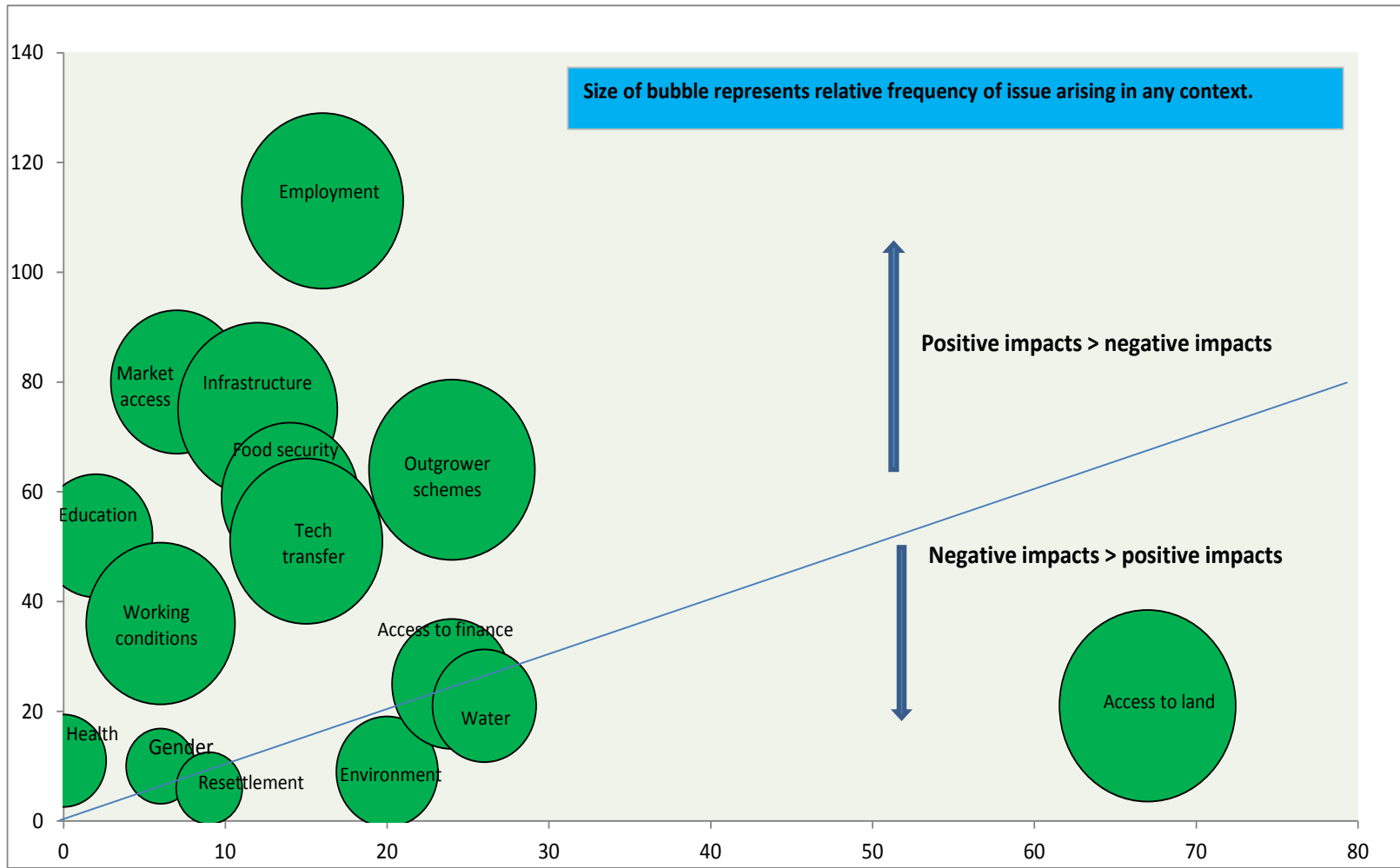
Summary findings from field work



Share of positive vs negative socio-economic impacts, ranked by investor

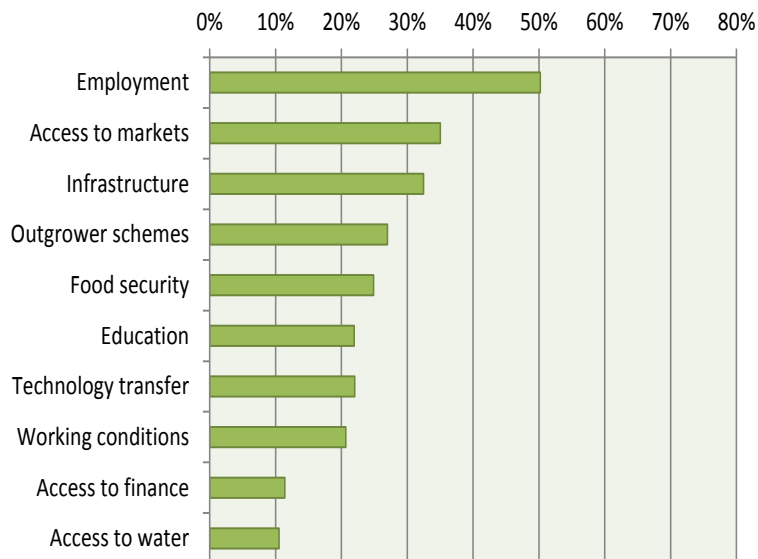


Stakeholder perceptions, by issue

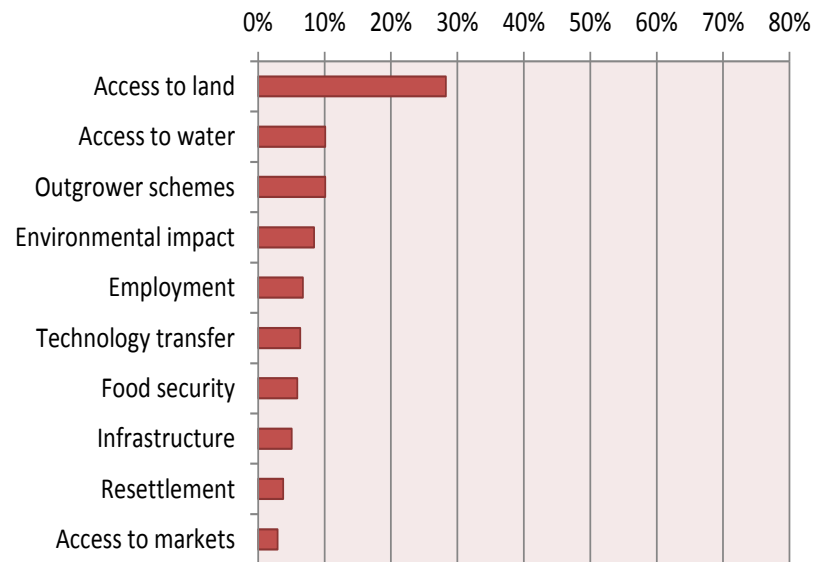


Stakeholder perceptions, by issue

POSITIVE IMPACTS



NEGATIVE IMPACTS



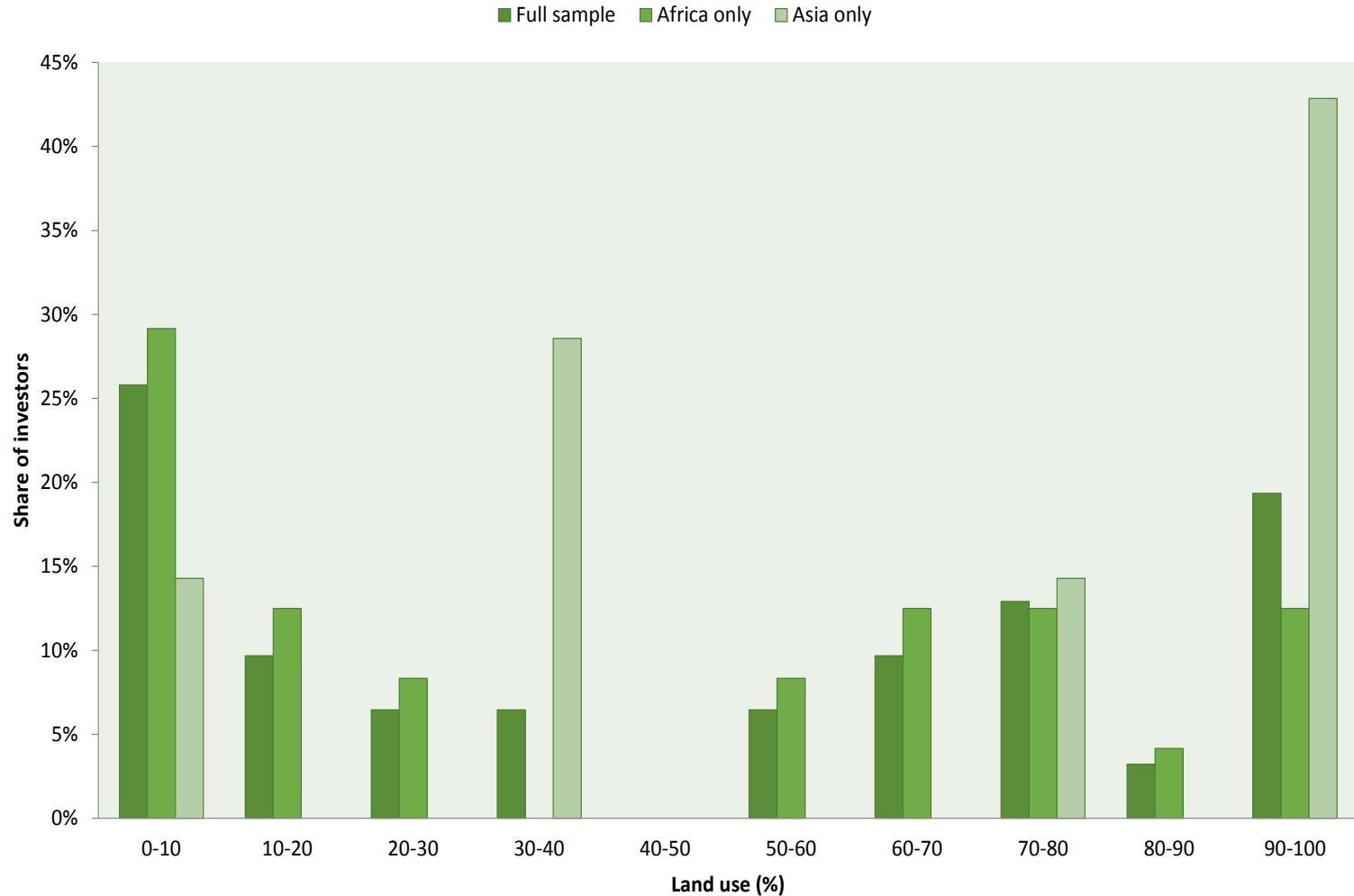
IMPACT ON <u>DIRECT EMPLOYMENT</u>	Sum of all investments	Average	Maximum
Total formal employment	38,810	979	5,278
Permanent	19,832	509	3,086
Temporary/Casual/Seasonal	18,348	470	3,700

Financial and operational health of investments

Type of investment	Share that are profitable	Share behind schedule or operating below capacity
New processing	71%	29%
New cultivation	18%	64%

Size of investment (ha)	Share that are profitable	Share behind schedule or operating below capacity
< 1,000	70%	10%
> 50,000	33%	67%

Land Use



KEY POSITIVES TO ENHANCE AND NEGATIVES TO REDUCE

KEY POSITIVE IMPACTS	KEY NEGATIVE IMPACTS
EMPLOYMENT	LAND DISPUTES
ACCESS TO MARKETS FOR OUTGROWERS	UNCLEAR TERMS OF LAND DEAL
SOCIAL DEVELOPMENT PROGRAMMES	RESETTLEMENT
FINANCIALLY INCLUSIVE MODELS	FAILURE TO USE LAND
FOOD SECURITY	LACK OF CONSULTATION
TECHNOLOGY / INNOVATION	FINANCIAL FAILURE OF INVESTORS
	LACK OF DISPUTE MECHANISMS
	ENVIRONMENTAL IMPACT, INC. WATER

LESSONS TO REDUCE NEGATIVE AND ENHANCE POSITIVE IMPACTS

- Explicit agreements for socially or financially inclusive business models, including job and training commitments.
- Fairly designed outgrower schemes.
- Assessment of all food security implications.
- Early and full engagement with local communities and land users, especially if resettlement is proposed.
- Publicise information on terms and process of land acquisition.
- Pre-screening, selection and monitoring of investor, including preparing for failure.
- Staging of the investment; encouraging innovation but not at scale.
- Proper conduct of social and environmental impact assessments.
- Establish grievance and redress mechanisms.

ADDITIONAL SLIDES

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