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Small-scale farmers can benefit by working with agriculture investors – UN report



Agricultural investments need to support local smallholders

22 June 2010 – Investments in agriculture in developing countries can be structured in a way that they become an alternative to large-scale land acquisitions to ensure that small-scale farmers do not lose their land rights, according to the findings of a United Nations-backed study released today.

International initiatives on agricultural investments should go beyond trying to minimize the negative impacts of large-scale land acquisitions and, instead, promote investment models that improve opportunities for local smallholders, according to the report published by the International Institute for Environment and Development (IIED).

The study was commissioned by the UN Food and Agriculture Organization ([FAO](#)), the UN International Fund for Agricultural Development ([IFAD](#)) and the Swiss Agency for Development and Cooperation.

It shows how large investors and local smallholders can collaborate in ways which can be mutually beneficial. It discusses these options under six broad headings: contract farming, management contracts, tenant farming and sharecropping, joint ventures, farmer-owned businesses and upstream/downstream business links.

No single model emerges as the best possible option for smallholder farmers. To benefit smallholders, while still remaining attractive for investors, each specific

context must take into account the local land tenure, policy, culture, history, and biophysical and demographic considerations, according to the report.

Companies can work closely with local partners, landholders and farmers by sharing the value generated by the investments.

The report focuses on the way alternative business models can share value, including risk, reward, ownership, and voice in influencing business decisions between the investor and local partners.

The report notes that for more inclusive land agreements to work, companies need to embrace them as a genuine economic component of their business, and not just as part of a corporate responsibility programme. It states that action to strengthen the negotiating power of local farmers is crucial.

Governments and development agencies can help to promote fairer, more inclusive business models, and support smallholders in their relations with governments and investors.

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