

Transformative land investment

How do environmental, social, governance and societal standards add up?

Cecilia Luttrell¹, Anne M Larson¹, George Schoneveld¹, Rowenn Kalman^{1,2} and Emily Gallagher¹

Key messages

- With growing concern over climate, biodiversity and food crises, there is a proliferation of standards, guidelines and principles (simplified here as “standards and guidelines” or just “standards”) aimed at addressing environmental, social, governance and broader societal challenges (the “pillars” of transformative change).
- Across these challenges, different standards and guidelines have multiple priorities and varying concepts of what each pillar encompasses.
- Few initiatives acknowledge or incorporate all four pillars, thereby increasing the potential risk of harm by neglecting trade-offs and overlooking the need for understanding and promoting systemic change.
- Although it is not possible for every standard to “do everything”, investors should identify, assess and plan for the potential consequences and trade-offs; otherwise, “green” projects could impoverish smallholders, and livelihood projects could ignore sustainability, with long-term consequences for both.
- Transformative change in food systems requires investor models that ensure a positive impact, where environmental stewardship, social inclusion, governance and societal issues become part of how investors do business.

Introduction

With rising interest in, and commitment to environmental, social and governance impacts of land investment, there is a proliferation of standards and guidelines (e.g., principles, guidelines, frameworks, regulations) focusing on different priorities. This review focuses on four pillars for transformative land investment: governance; social inclusion; environment; and societal concerns (Figure 1).

The Transformative Land Investment (TLI) project argues that it is not enough to reduce the negative impacts of land-based investments, nor is it enough to only be “inclusive” or “green”. Investors need to consider trade-offs and unintended consequences using a systems perspective and through the co-creation of business models and business ecosystems. To ensure a positive impact, investor models need to be more consistent with sustainable food systems principles, where environmental stewardship, social inclusion, governance and societal issues become part of how investors do business.

This is not just a question of values. Potential negative consequences in one arena can undermine improvements in another. The failure to consider all of the pillars and the trade-offs among them introduces significant investment risks and is an obstacle to the needed transformation of food systems that is at the heart of the sustainable development goals (Schoneveld 2022).

This Infobrief examines the range of issues covered by various relevant standards and guidelines. Many have specific priorities. For example, the Voluntary Guidelines on the Responsible Governance of Tenure of Land, Fisheries, and Forests in the Context of National Food Security (VGGT) focus on **tenure security and rights**. Others have a more **environmental orientation**, such as the Roundtable on Sustainable Palm Oil (RSPO) or commitments such as the No Deforestation, No Peat, No Exploitation Implementation Reporting Framework (NPDE-IRF), with a clear conservation approach. Some, like Fairtrade, have a more **social orientation**, such as certification instruments or 2Scale, an agribusiness incubator programme that focuses on **social inclusion in business**. There is also a group of standards and guidelines focusing predominantly on **governance** (as seen in the legislative processes and guidelines around due diligence).

Although we do not dwell on these distinctions in this Infobrief (but see [Land investment standards and guidelines](#)), the various standards and guidelines have emerged from different arenas, and thus, responsibilities apply to different institutions. The most important point to mention here is the distinction between those that are more policy-oriented and regulatory, such as international principles like the VGGT, and those focusing on corporate or industry frameworks. The main difference is that regulating corporate behaviours is primarily a responsibility of governments.³

1 CIFOR-ICRAF

2 Michigan State University

3 For an interesting typology of ‘supply chain initiatives’, see Verbrugge B and Huyse H. (2019) who distinguish between individual company initiatives, coordinated company initiatives by groups of companies, multistakeholder initiatives, third-party certification, global framework agreements and socially responsible investment.

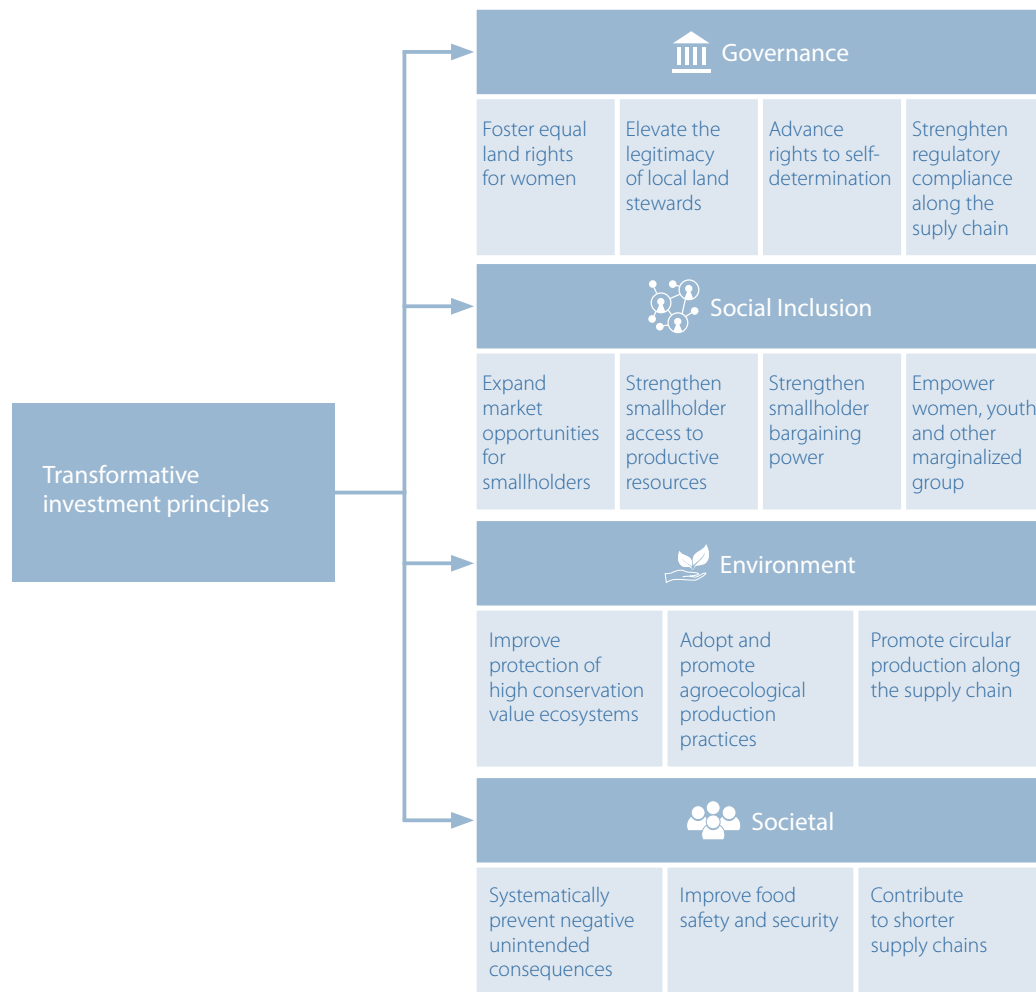


Figure 1. The transformative land investment pillars and priority goals

To explore further, we reviewed the standards in relation to the TLI pillars. We also examined how the range of standards and guidelines approach the pillar themes, and the kinds of issues addressed under them. The results show that even amongst standards focusing on similar pillars, there is a range of interpretations on how those pillars or concepts (such as inclusion or governance) are operationalized. The brief closes with a discussion of trends regarding alignment and the risks of failing to address trade-offs.

Methods

We began with a long list of standards and guidelines that comprise key dimensions of an enabling environment for land-based investments with an emphasis on agriculture and food systems. Criteria for inclusion in this list were:

- Standards and guidelines used by businesses directly to help develop better business models;
- Those with a regional/global scope, including Africa or Asia-specific initiatives;
- Standards and guidelines in the agriculture and forestry sectors (“anything planted”).

From the long list, we: i) selected 25 standards and guidelines to examine in more depth based on the relevance to our project, ii) developed ways of categorizing them, and in so doing, iii) identified the main interactions and gaps in their alignment.

Selected interviews⁴ were conducted with a total of 16 people from 11 different organisations to: i) further scope out the landscape beyond our initial list; and ii) investigate the historical context and relations among standards and the actors behind them in order to understand the strategic implications for TLI.

Results

Table 1 summarizes the range of issues addressed under each pillar in the standards and guidelines reviewed. Table 2 provides an overview of the findings.

What is social inclusion?

There are several ways in which the term ‘inclusion’ is used and measured (see also Box 1). Within the standards reviewed, we see four main approaches, which will be considered in turn:

- inclusion in and access to **markets**
- a **rights-based** approach
- a focus on **marginalized groups**
- a **safeguards** approach.

⁴ Interviews were carried out with Oxfam, Rainforest Alliance, Grow Asia, Swiss Development and Cooperation Agency (SDC), International Institute for Sustainable Development (IISD), Mekong Region Land Governance (MLRG), Land Equity International (LEI), SNV-2Scale, Netherlands Development Organisation (SNV), The Center for People and Forests (RECOFTC), International Finance Corporation (IFC) and Oxfam America.

Table 1. Issues identified under the TLI pillars

Pillar	Range of issues
Social inclusion	Who is included, inclusion in markets, focus on rights, focus on safeguards
Governance	Rights, law compliance, due diligence, corruption, transparency
Environment	Climate, carbon, deforestation, biodiversity, pollution, water, soil
Societal	Food security, poverty eradication, health, education, social welfare, whole of the supply chain, democracy, shared responsibility, societal change

Inclusion in and access to markets: Regarding markets, the 2Scale approach to inclusion uses a Bottom of Pyramid (BoP)⁵ focus on consumers, individual farmers and the BoP small and medium enterprises (SMEs). It focuses exclusively on solving problems through market relationships. This is reflected in its agenda of restructuring markets and relationships to better include and benefit small-scale producers, consumers and SMEs. 2Scale emphasizes criteria such as increases in income, basic services and food security for these actors. The Inclusive Business Action Network (IBAN) guidelines also have a strong focus on the Bottom of Pyramid, smallholders and women. It aims to incorporate them into the value chain regardless of whether they are suppliers, distributors or customers. Although safeguards are mentioned, implicit in their approach is the assumption that any type of inclusion is positive.

The Rainforest Alliance (RA) 2020 Certification Program combines a focus on market inclusion with benefits for farmers and companies. RA's Living Wage approach aims to track premiums all the way to smallholders and workers (which could be challenging for some of the larger buyers). Of those reviewed, RA standards are the closest in alignment to human rights principles. Fairtrade uses 'social inclusion' to refer to improvements for the farmers/producers themselves. However, as it has some of the strictest requirements amongst the certification schemes, it can be challenging for the poorest producers to be included in them. The RSPO and the Roundtable on Sustainable Biomaterials have special certification mechanisms designed to support smallholders to access third-party certification by reducing economic barriers. In the case of RSPO, 'inclusion' is simply defined as "being included within the scheme". The combination of economic growth and social inclusion is also a focus of the Green New Deals we reviewed (such as the US Green New Deal).

Rights-based approach: Other standards and guidelines focus more on rights in their definitions of social inclusion. The VGGT, for example, focus on human rights, full consent, justice, gender equity and informal landholdings. In the African Union (AU) Framework and Guidelines on Land Policy in Africa (F&G), women's rights to land are heavily emphasized, and attention to Indigenous groups and the poor is also mentioned. Under the Voluntary Guidelines on Food Systems and Nutrition (VGFSyN), 'inclusion' refers to gender equity, youth inclusion, inequalities, and issues such as access, hunger and malnutrition. The Committee on World Food Security's Principles on Responsible

⁵ "Bottom of Pyramid refers to a market-based model of economic development that promises to simultaneously alleviate widespread poverty while providing growth and profits for multinational corporations." <https://www.britannica.com/money/topic/Bottom-of-the-Pyramid>

Box 1. What does inclusion mean in business terms?

The main ways in which the concept of 'inclusivity' is used in relation to business^a include:

- i. 'Inclusive business', which enables access to affordable goods and services vital to meeting basic needs; builds secure, sustainable livelihoods; and 'beyond the [value] chain' access to resources that support and enable engagement in enterprise development.^b
- ii. 'Inclusive business financing' is the provision of capital to start or expand a business that addresses one or several aspects of exclusion.
- iii. 'Financial inclusion' refers to traditional access to finance, establishing a relationship that previously did not exist between an individual and a microfinance/ financial institution.^c

Note:

- a <https://www.adb.org/publications/inclusive-business-financing-commercial-opportunity-sustainability>
- b See for example, Ros-Tonen et al. 2015 and Fielden et al. 2004.
- c <https://www.facebook.com/watch/?v=789081648993162>

Investment in Agriculture and Food Systems (CFS-RAI) also refer to gender equality and cultural heritage/traditional knowledge.

Focus on marginalized groups: The third group makes less reference to activities and more to the stakeholder(s) they target for inclusion. For example, from the banking world, the Netherlands Entrepreneurial Development Bank's Sustainable Policy Framework (FMO-SPF) approach to social inclusion follows the International Finance Corporation's Environmental and Social Sustainability Performance Standards (IFC-ESSPS), and mentions women, Indigenous People and vulnerable groups. The International Finance Corporation's Anticipated Impact Measuring and Monitoring (IFC-AIMM) framework mentions the inclusion of 'marginalized groups'. However, it continues to count the number of farmers reached, prioritizing scale as a key approach to impact⁶ (see Box 1 for the various ways financial standards can be influenced by 'inclusivity' goals).

Safeguards: A fourth group refers to inclusion in safeguarding. The World Bank's Environmental and Social Standards (ESSs) refer to the 'inclusion' of Indigenous Peoples. Their standard on land focuses on mitigating the negative impacts of involuntary resettlement and displacement, but not on land rights or protection against land grabbing. Asian Development Bank (ADB)'s funding requirements include very little on social inclusion and focus on due diligence and safeguards assessments; Indigenous Peoples' plans are a part of due diligence.

Other standards do not cover inclusion at all. For the No Deforestation, No Peat and No Exploitation Implementation Reporting Framework (NDPE-IRF), its "No Exploitation" calculation methodology is still 'a work in progress'. On a broader scale, inclusion is often ambiguous, as in the European Green Deal (EGD), which talks about ensuring a just and inclusive transition, but does not explain this. There appears to be an assumption that changes in industry, food systems and general environmental

⁶ IFC (2019) AIMM Sector Framework Brief <https://www.ifc.org/wps/wcm/connect/d29cd796-5426-4dc8-bc20-6ae4400a034e/AIMM-SFB-Agribusiness-Consultation.pdf?MOD=AJPERES&CVID=nmTfdX4>

Table 2. Approach to the pillars by initiative

Name of initiative	Governance	Environment	Social inclusion	Societal	Comments
Committee on World Food Security Principles on Responsible Investment in Agriculture and Food Systems (CFS-RAI)	Yes (emphasis on states doing their job to protect rights across all principals)	Yes	Yes (social and economic)		Strong focus on rights frameworks
Voluntary Guidelines on the Responsible Governance of Tenure of Land, Fisheries and Forests in the Context of National Food Security (VGGT)	Yes (high)	Yes (low)	Yes (high – human rights, full consent, justice, gender equity, commons and informal landholdings)	Yes (medium/low/unclear)	Legalistic, tenure and displacement risks – more emphasis on rights, less on environmental impacts
African Union Framework and Guidelines on Land Policy in Africa	Yes (state commitment to adopting and coordinating these policies)	Yes (general assertion of a range of resources that need to be protected)	Yes (special attention to women's rights; Indigenous and pro-poor is mentioned)	Yes (democracy and participation)	Since this is a broad, general framework, each pillar is addressed but without much detail
Inclusive Business Guidelines	Yes (accurate and transparent accounting under ESG)	Yes	Yes (higher emphasis than others; 'part of value chain' whether suppliers, distributors or customers)	Yes	Heaviest focus on inclusion, specifically smallholder, Base of Pyramid, gender/women
Voluntary Guidelines on Food Systems and Nutrition (VGFSyN)	Yes (transparency, democracy)	Yes (sustainable supply chain, climate change)	Yes (gender equity, people-centred; women and youth inclusion in supply chains from production to consumption; access inequalities)	Yes (health, education, hunger, malnutrition)	
European Green Deal (EGD)	High	High	Low	Medium, unclear	Due to the nature of this as a multi-country policy agreement, there is a broad focus on environment and governance (policies, etc.)
European Union Deforestation-Free Regulation (EUDR)		Yes (deforestation)			Less of a focus on social inclusion
European Union Timber Regulation (EUTR)	Yes (corruption, legality, compliance and record-keeping)	Yes (deforestation)			Nothing on inclusion or changing society to prevent illegal deforestation
No Deforestation, No Peat, No Exploitation Implementation Reporting Framework (NDPE-IRF)	No	Yes	Yes ('no exploitation')	No	Fairly silent on social inclusion issues; not focused on governance or societal-level changes
Behind the Brands (BTB)	Yes (transparency, rights)	Yes (climate, water, sustainability)	Yes (women, workers, farmers)	Yes (encourages companies to use their power to change supply chains)	Many issues not addressed because they are not directly observed (e.g., working conditions, actual treatment)
Mission Support Packard Foundation		Yes (conserving and restoring Earth's natural systems)		Yes (improving lives of children, enabling the creative pursuit of science, advancing reproductive health)	

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Table 2. continued

Name of initiative	Governance	Environment	Social inclusion	Societal	Comments
Rainforest Alliance (RA) 2020 Certification Program	Nothing specific to the state	Yes (high – deforestation, climate smart agriculture, biodiversity)	Yes (high – social and economic; gender equality, human and Indigenous rights, living income)	Yes (shared responsibility model)	Less of a focus on governance
Fairtrade Standards	Promoting democracy in producer organizations		Yes (socioeconomic inclusion, agriculture/producer focus)	Some societal ambition (through advocacy)	Less attention to the environment, and inclusion may be limited for some
Roundtable on Sustainable Biomaterials	Yes (legal rights and law adherence, management approach)	Yes (preservation of water, soil, pollution, climate change mitigation)	Yes (human and labour rights, rural/social development)	Yes (food security)	Less on poverty
Roundtable on Sustainable Palm Oil (RSPO)^a	Yes (low)	Yes (medium)	Yes (medium/high – smallholder inclusion; gender, community and Indigenous rights)		Corporate oriented – smallholder inclusion is emphasized, but this is defined as being certified
International Finance Corporation Sustainability Framework: Environmental and Social Sustainability Performance Standards (IFC-ESSPS)	Yes (standards 2, 5)	Yes (standards 1, 3, 4, 6)	Yes (standards 1, 5, 7, 8)	Yes (standard 2)	Emphasis on environment and inclusion (Indigenous People, cultural heritage as specific categories)
International Finance Corporation Anticipated Impact Measuring and Monitoring (IFC-AIMM)	Emphasizes market governance ('market outcomes' = improved structure and function of markets)	Avoid damage, support climate sustainability	Emphasizes market inclusion; mentions 'marginalized groups'	Improvements in social welfare more broadly	Heavy emphasis on economic viability; economic, environmental, societal benefits are subsumed as market-related aspects
World Bank Environmental and Social Framework (WB-ESF) – focus on Environmental and Social Standards (ESSs)	Yes (support of rights and laws, incl. labour and working conditions; land acquisition, restrictions on land use and involuntary resettlement; financial intermediaries)	Yes (biodiversity, resource management, pollution management)	Yes (Indigenous Peoples / traditional local communities; land compensation)	Yes (health and safety concerns; social risks; stakeholder engagement)	Framework also includes "Directive on Addressing Risks and Impacts on Disadvantaged or Vulnerable Individuals or Groups"
Asian Development Bank (ADB) – focus on funding requirements		Yes (management plan required)	Little information, includes social assessments and Indigenous Peoples' plans as part of due diligence		Limited to due diligence/safeguards – safeguards aim to avoid adverse impacts on environment and people where possible; and minimize, mitigate, compensate when not possible
Entrepreneurial Development Bank (FMO) Sustainable Policy Framework	Yes (supported through land rights/human rights)	Yes (IFC standards, Paris Agreement, climate neutral operations)	Yes (IFC standards, mentions women, Indigenous Peoples, vulnerable groups)	Yes (anti-corruption, transparency)	Applying any number of relevant international standards, including IFC, OECD, UN principles
Netherlands Development Organisation (SNV) 2Scale		No	Yes (high – Base of Pyramid actors: consumers, individual farmers, SMEs; women's empowerment explicitly included)	Yes (high – changes in the nature of doing business)	No environment focus – strong market solutions orientation

Note:

a Based on analysis by Voora et al. 2020

mitigation will benefit everyone, but without particular attention to marginalized actors.

Approaches to governance

Almost all the standards and guidelines reviewed have some explicit focus on governance, but exactly what they refer to varies widely. First, a few take a **rights-based approach to governance**, which overlaps to some extent with social inclusion. These include the CFS Principles on Responsible Investment in Agriculture and Food Systems (CFS-RAI) and the VGGT. The IFC-ESSPS and the CFS-RAI also include the protection of Indigenous rights and cultural preservation (Voora et al. 2022). The FMO Sustainable Policy Framework mentions governance as specifically being supported through land and human rights.

However, the governance emphasis of many standards is on broader and more instrumental elements (e.g., rule of law, transparency, accountability) of governance. These include the need for states to commit to adopting and coordinating their policies and principles (e.g. AU F&G). Others see governance through a **legalistic focus** on legal rights and law adherence. For example, the CFS-RAI refer to compliance with environmental laws and regulations such as labour rights (Voora et al. 2022). Fairtrade is the most advanced in terms of workers' rights and participation. The consumer country mechanisms we reviewed, such as the European Union Timber Regulation (EUTR), heavily emphasize import and due diligence requirements. The EUTR and FMO-SPF make explicit mention of corruption.

Many standards focus on **transparency and transparent governance** structures e.g., BTB, FMO-SPF, CFS-RAI, VGFSyN, Fairtrade, WB-ESF. Fairtrade, WB-ESF and VGGT emphasize the importance of a management systems approach, and others (such as IBAN) prioritize the need for accurate and transparent financial accounting methods linked to Environmental, Social and Governance (ESG) principles.

A distinction is made in the way in which different standards speak to different governance actors. For example, some focus on the state, others on businesses, some on corporate governance and policy and others on the consumer. Notably, the government has an obligation to regulate corporations, and multiple actors can play complementary roles in fostering corporate accountability.⁷

Which environmental problem?

Standards focusing on environmental issues emphasize a range of different concerns. These include: **deforestation** (RA, EUTR, NDPE-IRF,⁸ CFS-RAI); **biodiversity** (RA, IFC-AIMM, WB-EFS,⁹ EGD); **pollution** (AIMM, Fairtrade Standards, WB-EFS); **water and soil** (Oxfam, Fairtrade); and **climate** (e.g., VGFSyN, AIMM, FMO-SPF, Oxfam).

With regard to climate, RA focuses on climate-smart agriculture, whilst Fairtrade and FMO-SPF focus on farmers' and workers' resilience to climate change. In the finance sector, only a few investment principles directly relate to climate adaptation and mitigation (Voora et al. 2022). The IFC-ESSPS and the CFS-RAI address climate change, and Principle 10 of the Equator Principles asks clients

⁷ See <https://globalcommonsalliance.org/components/accountability/>

⁸ No deforestation, no peat calculations are based on mills and suppliers, and their commitments to NDPE; systems to address sustainability issues; progress made on their estates; their monitoring and remediation efforts; estimates of deforestation free allocations; and no peat allocations.

⁹ WB-ESF however does not go beyond basic considerations regarding environmental impacts.

to publicly report greenhouse gas emission levels for projects. Amongst the consumer country mechanisms (e.g., the EGD), we see a focus on carbon reduction commitments. The EGD also combines green energy strategies (investment pledges with a focus on a neoliberal approach to economic growth and job creation). The South Korea Green Deal and Association of Southeast Asian Nations - Responsible Agriculture Initiative (ASEAN RAI) have a more technology-innovation focus.

The societal pillar

The societal pillar goes beyond specific approaches to social inclusion to address societal concerns more broadly, though there may be some overlap between this pillar and both inclusion and governance. The emphasis, however, is on society-wide concerns, such as poverty, nutrition, or ways of 'doing business'.

Under this pillar, we see an even wider range of interpretations and emphases. These include food security (Fairtrade), poverty eradication (CFS-RAI), health and education (VGFSyN) and social welfare (AIMM). Some focus on the importance of the whole supply chain (Fairtrade, BTB, VGFSyN).

Fairtrade emphasizes the need for "advocacy and dialogue with civil society" and working with national Fairtrade organizations for different countries. The AU F&G and the VGFSyN focus on democracy and participation. Fairtrade emphasizes democracy within its producer organizations, and the RA uses a shared responsibility model.

Transformative goals such as societal change (through advocacy) to "drive policy action on power imbalances in supply chains/radical collaboration" are emphasized by Fairtrade. IBAN also states the need for systemic change. Oxfam's Behind the Brands campaign calls for companies to use their power to change supply chains. Mission Support Packard Foundation refers to improving the lives of children, enabling the creative pursuit of science and advancing reproductive health.

On the other hand, others, such as EUTR, are notable in their silence on addressing underlying societal and structural drivers that could help prevent deforestation.

Discussion: Trade-offs and trends in alignment

Few of the standards and guidelines reviewed address all four pillars, or explicitly reference the interrelationships or trade-offs among them. The VGGT and 2Scale, for example, give little attention to environmental issues; the European Union (EU) Regulation on Deforestation and NPDE-IRF have little coverage of social inclusion issues; and RSPO has low coverage of governance issues. A notable exception is the VGFSyN, which has good coverage across the pillars. Amongst the finance institutions, the FMO Sustainable Policy Framework adheres to all four pillars and, to some extent, promotes transparency. However, they take a tailored approach, which means that from project to project, the standards they choose to apply may differ, as will monitoring and reporting. The type of ESG coverage is applied in each separate contract.¹⁰

Generally speaking, there is a failure to recognize how these various arenas are interconnected, which risks narrowly solving one problem while creating others. Even if there has been some movement

¹⁰ See p.9 of The FMO Sustainability Policy (available at <https://www.fmo-im.nl/en/investment-policies>)

from business as usual in agricultural investment, the change is still insufficient to address the social problems and biophysical limits at the core of a transformational sustainability agenda. Although it is not possible for every standard or guideline to do everything, potential consequences and trade-offs should be clearly identified, assessed and planned for. Otherwise, 'green' projects will impoverish smallholders and livelihoods, and projects will ignore sustainability, with long-term consequences for both.

Overall, we can identify several broad alignment trends:

- i. **Alignment is high on the agenda for certification bodies** such as RA, as many commodities have double certification with different standard schemes for the same commodity. In addition, many participating farmers are growing multiple or rotating crops, thus requiring adherence to several schemes for different commodities. The wide range of certifying schemes is also challenging for the consumer, and most certification companies are looking to decrease the number of audit requirements and the duplication involved. These challenges have fostered a move to develop more integrated standards, including for several commodities at a time. For example, the UTZ and RA certification schemes have been combined.¹¹ RA has a 2030 goal to develop an integrated agriculture standard with additional indicators related specifically to integration.¹² To deal with frustration over the proliferation of standards in ESG, the International Integrated Reporting Council (IIRC) and the Sustainability Accounting Standards Board (SASB) formed the Value Reporting Foundation (VRF), which was announced at the United Nations Framework Convention on Climate Change Conference of the Parties 26 (UNFCCC COP26). This involves the consolidation of an Integrated Reporting Framework aimed at driving "high-quality corporate reporting and connectivity between financial statements and sustainability-related financial disclosures".¹³
- ii. Attempts at **bringing together environmental and social standards are seen in the emergence of landscape approaches** such as the one being developed by Landscale.¹⁴ These approaches originated from the conservation arena and began primarily with an environmental focus. More recently, land rights and human rights have been added into landscape approaches, focusing on avoiding land use conflicts, and on Indigenous Peoples and gender. This trend is also seen in legislation such as the EU Deforestation-Free Regulation (EUDR), which brings in a landscape and carbon/climate component. Landscapes for a Billion People¹⁵ and the Dutch Fund for Climate and Development (DFCD) are working on mobilizing finance for landscape approaches.¹⁶
- iii. Recently there has also been a **trend in development finance institutions (DFIs) and donors adding concerns around gender equality and social inclusion (GESI) and human rights into financing requirements**. This has also helped to refocus attention on land rights issues at the same time as human rights. The trend aims to address the lack of consumer confidence in sourcing from certain jurisdictions, given a perceived crisis in many national governance systems. Some companies are also interested

in demonstrating the achievement of the Sustainable Development Goals (SDGs).

- iv. There is increased emphasis on **the importance of showing impact amongst certification bodies and financial institutions**, leading to moves towards alignment and harmonization. For example, the International Sustainability Standards Board (ISSB) is trying to ensure connectivity between account standards and climate disclosure¹⁷ standards. In the case of DFIs, there has been a recent wave of new tools reflecting the demands that they should better orient their activities towards clear developmental impacts.¹⁸ These include IFC's Anticipated Impact Measurement and Monitoring (IFC-AIMM) system, the Inter-American Development Bank (IDB)'s Development Effectiveness, Learning, Tracking and Assessment (DELTA) tool,¹⁹ and US International Development Finance Corporation (DRC)'s Impact Quotient (IQ) tool.²⁰ In most cases, these new monitoring frameworks generate a single metric or score, which means it is hard to tell which factors are contributing (as in the case of the IFC-AIMM), or whether significant negative environmental or social impacts could be 'cancelled out' by other positive impacts. To address the proliferation of monitoring metrics, several new initiatives are focusing on harmonizing and aligning indicators used in monitoring. For example, in 2021, Harmonized Indicators for Private Sector Operations (HIPSO)²¹ and IRIS+²² launched the "Joint Impact Indicators" (JII)²³ – a catalogue of impact metrics that align HIPSO's and IRIS+ metrics on jobs, gender and climate. The JII was launched with the endorsement of more than 50 leading impact investing institutions, including DFIs and private impact investors, calling on other finance providers to adopt these harmonized metrics (GIIN 2020; HIPSO 2021).
- v. **There is a push to move beyond indicators of 'numbers reached' to add more indicators focusing on quality of impact**, following criticism in this respect. However, Global Impact Investing Network (GIIN)'s 2020 survey of private and philanthropic impact investors shows that many were still measuring the number of beneficiaries and goods and services provision, ignoring the benefits accrued to beneficiaries and the extent to which the investment contributed to these benefits. For example, HIPSO's agribusiness indicators focus on: i) average yield; ii) export sales; iii) farmers reached; and iv) total sales.²⁴

17 Climate disclosure refers to publications regarding a company's climate risk and carbon footprint.

18 <https://www.publishwhatyoufund.org/2022/01/the-illusory-promise-and-real-potential-of-new-dfi-impact-management-tools>

19 https://idbinvest.org/en/impact-management-framework?_ga=2.222589659.1750563688.1641473608-488600174.1641473608

20 <https://www.dfc.gov/our-impact/impact-quotient-iq>

21 HIPSO is an initiative by a group of DFIs to create a set of harmonized indicators that could be used by clients to reduce the reporting burden associated with impact measurement. There are 27 DFI partners within HIPSO, although the indicators are freely available for any organization. https://www.publishwhatyoufund.org/app/uploads/dlm_uploads/2020/10/DFI-Transparency-Initiative-WS2-Impact-Management-v2.pdf

22 IRIS+ is the generally accepted system for impact investors to measure their impact. It is a publicly available resource managed by the Global Impact Investing Network (GIIN), the 'global champion of impact investing' Stocktake of Approaches that Leverage Private Sector Investment in Sustainable Infrastructure

23 Towards harmonised management and measurement of impact: the experience of development finance institutions | OECD

24 Harmonized Indicators for Private Sector Operations (HIPSO) | Agribusiness

11 UTZ Certification (Now Part of the Rainforest Alliance)

12 <https://www.linkedin.com/pulse/sustainable-farming-practice-comparison-rain-forest-alliance-behera/>

13 <https://www.integratedreporting.org/news/integrated-reporting-articulating-a-future-path/>

14 Landscale is developing a baseline for the impact of investment in a landscape.

15 1000 Landscapes for 1 Billion People

16 Investments through the DFCD will seek to improve the wellbeing, economic prospects, and livelihoods of vulnerable groups

Conclusions

The review of standards and guidelines demonstrates a complex landscape across pillars and specific, varied conceptualizations of those pillars – and few attempts to address all four arenas. This also leads to a failure to address the interrelationships among these different challenges or goals and, thus, the trade-offs that may arise among them. Landscape approaches and the VGFsYN appear to be the most integrated, with the latter the only initiative reviewed that addresses all four pillars. There is a trend to integrate gender equity and social inclusion principles and goals into donor and DFI guidelines. Efforts to harmonize across standards are underway among many certification schemes and DFIs.

Recommendations

- Current efforts to harmonize standards, noted here among multilaterals and some standard-setters, are laudable; wider efforts are needed by both regulatory bodies and corporate and financial actors to identify and promote standards that are more integrative and comprehensive, and better able to respond to emerging challenges.
- Conceptual framing and definitions should be spelled out more clearly to seek commonality; this would also support a common accountability system where multiple actors play distinct and appropriate roles.
- Greater understanding, including scientific evidence, is needed regarding how standards work, how they are monitored and reported on, how much information is disclosed and how 'non-compliance' is addressed. Evidence should include successes, enabling conditions, capabilities and political will of corporate, financial and public actors, challenges, and failures.
- Further evidence should be generated on the interrelationships among the pillars, including the costs of addressing and failing to address them.
- There is a clear need for better indicators on the *quality* of results, which likely calls for more qualitative indicators rather than those that are easy to measure.
- Better information is needed on which certification or standard is the most appropriate under which conditions, with tools to support implementation.

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This Infobrief is based on the review and analysis of global standards and other guidelines and principles related to land investments, primarily concerning agriculture and food systems. The review was undertaken by the Transformative Land Investment project <https://tli.cifor-icraf.org/>. A short introductory flyer on [Landscape investment standards and guidelines](#) presents the classification of the standards. Also see [Infobrief 405 Transformative Land Investment: Trends in transnational governance](#).

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