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Land investment standards and guidelines

An overview in light of the need for food systems transformation

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*We reviewed and analysed global standards and other guidelines and principles related to land investment. Here's the summary in which we consider a wide range of efforts to set norms for land investment, including standards, guidelines, principles, frameworks and regulations. For simplicity, we refer to them all generically as "standards and guidelines" or sometimes just "standards". Also look out for our Infobriefs that **analyse alignment** across the 'pillars' of transformation and present **trends in transnational governance**.*

Introduction

Since land investment spans a wide range of issues and topics – e.g., land, food, inclusion, business, sustainability – there is a maze of principles, domestic legal frameworks, global standards (Macdonald 2020; Cole 2021) and performance requirements intended to set 'responsible investment' norms. Global standards and guidelines range from financial due diligence rules to zero deforestation pledges, sustainability

certifications, food safety requirements, land and human rights protections, and more. While countries and companies struggle to comply with multiple, and sometimes competing, standards with different priorities, local communities (farmers, Indigenous Peoples and women in these groups) are rarely even aware of their existence. This brief introduction to this complex terrain is intended to support multi-stakeholder discussions, dialogues and strategies aimed at transforming land investment practices.

What good are standards?

Our review and scoping study aimed at understanding the types of standards and guidelines that exist, what each aims to do, and who is behind them. We were particularly interested in trying to identify comprehensive approaches whereby a single standard addresses the key factors that support a new way of doing business on land and across landscapes: conditions that are good for the environment, for local people, for governance and for society at large. (We refer to these as the pillars of sustainable food systems transformation through land investment.)

And if such a standard does not already exist, **what is the potential of harmonization** across standards to take advantage of potential synergies as well as to ensure the consideration of trade-offs?

Do standards even work?

Clearly some do. For example, there is evidence that food safety standards can reduce foodborne illness (Fleetwood et al. 2019). Forest certification standards, at least in some cases (Burivalova et al. 2016), support more sustainable logging practices. Due diligence standards in the banking sector allow for compensation for displaced populations (WBG 2018) – though we would hope that such displacement would stop altogether.

Principles and guidelines can help change the discourse, reorient priorities, and provide a set of goals for supporters to unite around (such as the Agroecology principles, or the Voluntary Guidelines on the Governance of Tenure of Land, Fisheries and Forests in the Context of National Food Security (VGGT)).

At the same time, some standards are simply window dressing. An assessment of zero deforestation pledges found that a number of companies had done nothing more than sign the initial pledge, and only 2 (of 31 studied) were implementing and reporting on specific targets (Burley H. 2019). National environmental impact assessments are often described as box-ticking exercises and seldom establish real conditionalities and accountabilities (Kazemi et al. 2022). Principles may sound good on paper but can be too difficult to implement without a proper plan. Even the independently verified carbon standard Verra has recently been questioned.

Private standards focused on commodity trade may be some of the most important and effective instruments of change. There are serious consequences for commodity sellers who fail to meet standards when buyers withdraw. In this regard, the new European Union (EU) corporate directives (e.g., the Corporate Sustainability Reporting Directive and the EU Deforestation Regulation) are expected to force robust market changes. Similarly, finance and investment

Why do standards proliferate?



standards for loans conditional on sustainability indicators and impacts represent a sea change in a small but growing portion of the global equity market.

Methods

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

- Standards working with businesses directly to help develop better business models.
- Those with a regional/global scope, including Africa- or Asia-specific standards.
- Standards 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 interviews¹ 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 transformative land investment.

Mapping the standards and guidelines

We developed a typology of standards and guidelines based on their main characteristics. We distinguished between principles, frameworks, certification systems and standards, standardizing tools, regulations, and technical support. An important feature is the presence or absence of monitoring and evaluation requirements based on the argument that such mechanisms can increase legitimacy and accountability (e.g., Byerlee and Rueda 2015).



Principles tend to represent intergovernmental, voluntary guidelines with important institutional backing such as the Committee on World

Food Security's Principles on Responsible Investment in Agriculture and Food Systems (CFS-RAI) or the VGGT.

They provide value statements on the importance of a phenomenon and set goals towards broad sustainability outcomes.

They are usually related to a broad political consensus and may only present a declaration in the form of soft law but do not provide guidance for operationalizing the principles or indicators for tracking progress.



Frameworks refer to a broader, contextual 'frame' for information and/or a suite of mechanisms and tools to operationalise a

principle (GRI 2022). Frameworks provide principles-based guidance on how information is structured and what topics are covered but do not define the methodology of collection or reporting. Many are linked to principles but tend to be further developed and have more nuanced systems with criteria and tracking. Principles may evolve into frameworks as a larger suite of tools is developed over time. The African Union Framework and Guidelines on Land Policy in Africa (AU F&G), for example, make commitments and also track progress. The Voluntary Guidelines on Food Systems and Nutrition (VGFSyN) provide a comprehensive approach to food systems with detailed guidelines and mandates for governments, organizations, and the private sector, although they are voluntary and non-binding.² The World Bank's Environmental and Social Framework (WB-ESF) has its Environmental and Social Standards (WB-ESS) fitted within it. The standards are broad but limited in that they are not about goals but primarily about safeguards and risk management. They are third-party verified. Other finance institutions, like the

¹ Interviews have been 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), 2SCALE, Netherlands Development Organization (SNV), The Center for People and Forests (RECOFTC), International Finance Corporation (IFC) and Oxfam America.

² Committee on World Food Security (CFS) Voluntary Guidelines on Food Systems for Nutrition (VGFSyN) See <https://www.fao.org/cfs/vgfsn>.

International Finance Corporation (IFC) and The Netherlands Entrepreneurial Development Bank (FMO), similarly have such frameworks.



Certification systems and standards, which are largely voluntary, refer to more than 400 sustainability standards in land-based investments. In

the agricultural sector, these focus on showing that a product has been produced, processed, and traded according to the criteria of a specific standard. Going beyond a framework, they are actionable, ensuring comparable, consistent disclosure.

Standards are set with specific quality requirements for reporting, and they contain detailed criteria of 'what' should be reported on a specific topic (GRI 2022). Frameworks and standards are complementary and are designed to be used together. In our categorization, this group refers to the systems that set an actual bar to reach as a form of quality control. Most of these systems have monitoring and evaluation information related to specific criteria, and they often reference one or more principles. Some, like the Rainforest Alliance 2020 Certification Program and Fairtrade, generally set a higher bar. Others aim to bring groups into an alliance toward an ideal goal or are trying to develop a code of conduct across a specific industry or commodity, such as the Roundtable on Sustainable Oil Palm (RSPO), which seeks to make all palm oil certified.

There has, however, also been a move away from thresholds and the sanctioning of companies by cutting them out of the market, and more of a focus on 'engaging and leveraging,' requiring companies to have risk assessments, grievance mechanisms and remediation processes in place to themselves identify and address any violations found (Carlile 2019). This step-by-step approach is said to be important to avoid adverse impacts (Rainforest Alliance, Fairtrade, Solidaridad), such as the exclusion of smaller-scale operators.



Standardizing tools, like certification systems, make frameworks actionable and provide specific requirements for what should be reported for

each topic, including metrics. Unlike certification systems, however, they do not create a bar. Several corporate self-regulatory mechanisms fall into this category. These include the No Deforestation, No Peat and No Exploitation Implementation Reporting Framework (NDPE-IRF), which is voluntary. It ranks a company using six levels of compliance. Other certifications (e.g., Indonesia Sustainable Palm Oil (ISPO) and RSPO) are used as benchmarks for achieving higher categories within the framework. NDPE-IRF standardizes reporting so that comparisons can be made and improvements can be tracked, but it does not mean a company has reached the 'no deforestation' bar. One can use the framework without compliance: it rewards simply for being 'aware' of a problem.

Some initiatives combine reporting with advocacy. Behind the Brands (an Oxfam initiative) ranked the 10 largest private agribusiness companies based on publicly available information. Commitments were made and it has been a successful campaign, mobilizing public opinion. Its main weakness is that it is based only on what companies make public about themselves.



Consumer country and regional regulations include a range of domestic trade and consumption policies and directives aimed at assuring

imports meet certain standards. They are mandatory, with reporting requirements and/or audits.







A number of directives from the European Union are prominent here, but the GLOBALG.A.P. farm assurance standards for food safety are common across the world. Although GLOBALG.A.P. is technically a voluntary certification programme, it is often required by the buyer and compliance is audited.



Multi-country technical support facilities are not specifically standards or guidelines themselves but are rather **large-scale**

efforts to provide business support across multiple countries by directly facilitating or financing businesses.

Types of standards and guidelines

Level	Description	Examples
Principles 	Statements of values	Committee on World Food Security's Principles on Responsible Investment in Agriculture and Food Systems (CFS-RAI), the High Level Panel of Experts (HLPE) Agroecology Principles, Voluntary Guidelines on the Governance of Tenure of Land, Fisheries and Forests in the Context of Food Security (VGGT), UN Global Compact (UNGC), The ASEAN Guidelines on Promoting Responsible Investment in Food, Agriculture and Forestry (ASEAN RAI), Guidelines for the Promotion of Inclusive Business in ASEAN, UN Guiding Principles on Business and Human Rights (UNGPs)
Frameworks 	Suite of mechanisms, tools and policies that guide how information is structured, and what topics are covered	Voluntary Guidelines on Food Systems and Nutrition (VGFSyN), African Union Framework and Guidelines on Land Policy in Africa (AU F&G), International Finance Corporation's Environmental and Social Sustainability Performance Standards (IFC-ESSPS) and Anticipated Impact Measuring & Monitoring (IFC-AIMM), World Bank's Environmental & Social Framework (WB-ESF) and Environmental & Social Standards (WB-ESS), Dutch Bank Financierings-Maatschappij voor Ontwikkelingslanden Social Policy Framework (FMO-SPF), UN Principles for Responsible Banking (PRB)
Certification systems & standards 	Bar-setting standards that provide specific, requirements for what should be reported, including metrics ³	Rainforest Alliance 2020 Certification Program (RA), Fairtrade, Roundtable on Sustainable Oil Palm (RSPO), Roundtable on Sustainable Biomaterials (RSB), Forest Stewardship Council (FSC), Programme for the Endorsement of Forest Certification (PEFC), Round Table on Responsible Soy (RTRS)
Standardizing tools 	Common terms, concepts, criteria/ information	Global ESG Disclosure Standards for Investment Products (ESG), No Deforestation, No Peat and No Exploitation Implementation Reporting Framework (NDPE IRF), Behind the Brands (BTB), Consumer Goods Forum (CGF) codes of conduct
Consumer country and region regulations 	Rules for compliance	European Green Deal (EGD), EU Deforestation-Free Regulation (EUDR), EU's Corporate Sustainability Due Diligence Directive (CSDDD), European Union Timber Regulation (EUTR), EU Renewable Energy Directive (EU-RED), Good Agricultural Practices (GAP) for food safety ⁴
Multi-country technical support facilities 	Support for the implementation of standards	2SCALE, Packard Foundation Mission Investing, Swiss Platform for Sustainable Cocoa (SWISSCO)

³ Frameworks and standards are complementary and are designed to be used together.

⁴ Although GAP is technically voluntary, it is often required by a buyer.

Finance standards

Many of our examples of frameworks refer specifically to banks, but banking standards have other dimensions as well. While they may set **environmental, social and governance (ESG) standards** through such frameworks, their priority is due diligence related to risk management.

Multiple actors in this arena – including development, commercial and investment banks; pension funds; insurance companies; and asset managers – have a range of risk assessment frameworks, eligibility/screening criteria, lending conditionalities, performance monitoring metrics, technical support mechanisms and priorities concerning agro investment. Some relevant, sustainable finance frameworks include the UN Principles for Responsible Banking, IFC-ESSPS, Climate Policy Initiative's Framework for Sustainable Finance Integrity (Webb 2021) and the various 'Net Zero' alliances.

Key tools and strategies to support sustainable investment include corporate engagement and shareholder action, the integration of ESG factors, negative screening to exclude investment opportunities that cause harm and positive screening to include investment opportunities in agribusinesses with superior activities (Voora et al. 2022).⁵ ESG investing follows the Global ESG Disclosure Standards for Investment Products, integrating standard criteria to reassure investors they are not investing in companies with a net negative impact. ESG investments look mainly at the company operations and determine whether they have 'positive' environmental, social and governance metrics or, at least, no 'negative' metrics. Complying with this standard does not mean the company has achieved a certain performance bar.

Impact investing is a relatively new approach and may be the most promising to support transformative land investment. It is aimed at creating positive social, economic and environmental impacts. This intentionality⁶ distinguishes impact investing from ESG investing: "Impact investments are investments made with the intention to generate positive, measurable social and environmental impact alongside a financial return" (GIIN 2024). These are measured and disclosed to ensure a net positive impact.

5 According to the latest Global Sustainable Investment Alliance report (<https://www.gsi-alliance.org/wp-content/uploads/2023/12/GSIA-Report-2022.pdf>) the largest sustainable investment strategy globally is corporate engagement and shareholder action (USD8.06 trillion in assets followed by ESG integration (USD5.59 trillion). In 2018, negative/exclusionary screening was reported as the most popular sustainable investment strategy. In 2020, ESG integration was the most popular strategy.

6 For a useful comparison of ESG and impact investing, see https://ssir.org/articles/entry/esg_is_not_impact_investing_and_impact_investing_is_not_esg.



Discussion and conclusions

It is clear from this overview that there is a proliferation of standards, guidelines, principles and tools aimed at fostering 'better' land-based investment. Many are strictly voluntary; some have a clear target or bar to reach; a few are mandatory and include monitoring to measure compliance. They may operate through the state, NGOs, finance institutions or markets. Some aim to prevent harm and to lower business risks, whereas others aim at better outcomes. The financial sector is, of course, an influential player. Although together they still account for a small portion of the global equity market, both ESG and impact investing have been growing rapidly.

Although there are some attempts toward a harmonization of standards and guidelines, this appears to be progressing in only a few exceptional cases (e.g., UTZ's sustainable farming certification is now part of Rainforest Alliance). More often, each approach has its own advocates, adherents and communities of practice, with too much invested to simply merge or allow it to be absorbed by another.

It is important to be aware of the different approaches and options, and to know which are operating where, by whom and with what goals and impacts. Standards that are not holistic might have contradictory outcomes; for example, a standard that is good for the environment may be bad for livelihoods. At the same time, certain standards and guidelines might complement other enabling conditions at the national level and build momentum around the kinds of investments that will drive food systems transformation.

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Recommendations for multi-stakeholder dialogue

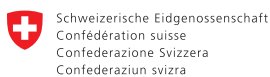
- To what extent are these standards and guidelines being used in your country?
- What challenges do they face in implementation?
- Are they being monitored and reported and, if so, by whom?
- Which ones are successful at meeting their goals?
- How well are they aligned with each other, with different actors' interests and priorities – especially small farmers, local communities, women and men – and with national and subnational priorities?
- Do they have gaps or detrimental effects?
- Even if they have positive impacts in one arena, do they have negative effects in another? How are these trade-offs addressed?
- How could specific standards or guidelines help foster the enabling conditions for transformation in land investments?

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ABOUT TRANSFORMATIVE LAND INVESTMENT

TLI focuses on supporting land-based investment to become more economically, socially and environmentally advantageous by integrating inclusive development, sustainable food systems and agroecology principles, into their practices, policies and business models. In the prioritized countries, TLI contributes to enhanced land and ecosystem health, with equitable and gender-transformative improvements in food and tenure security, livelihoods and resilience.



Transformative
Land Investment