Helping to understand and address the complex problem of industrial food animal production around the globe

TINY BEAM FUND

Academic Studies Without Tears

ACADEMIC RESEARCH FINDINGS TURNED INTO INFORMATION THAT ADVOCATES CAN GRASP AND USE EFFORTLESSLY

To learn why we launch this program, read the Explanatory Note placed at the end. Feedbacks welcomed. Contact: min@tinybeamfund.org

• Issue 5 – January 2021 •

Investment from international agencies, development institutions, and foreign governments flowing into developing countries' animal agriculture: An elephant in advocates' room?

Financing and investing in developing countries' animal agriculture by foreign governments, international agencies, and development institutions such as the World Bank is a topic rarely heard in discussions among advocates. Sustained campaigns led by advocacy organizations targeting this issue are as scarce as hen's teeth.

But the centrality of such funds and investment – together with numerous attendant forms of support, from providing technical know-how to expanding access to reliable electricity – in facilitating the production of terrestrial and aquatic food animals in low- and middle-income countries is hard to dispute, as evidenced in various academic papers and these webpages from the World Bank:

https://www.worldbank.org/en/topic/financialsector/brief/agriculture-finance
https://projects.worldbank.org/en/projects-operations/projects-list lists over 500 projects under "Agricultural markets, commercialization and agribusiness"

Is it time for advocates to acknowledge this elephant in the room and come up with some long-range, coherent plans to address it?

1. Agribusiness and aquaculture included in major China foreign policy plan for Middle East

China's highest authority issued a Middle East Policy White Paper in 2016. It sets out a national policy that centers on "exporting production bases in advanced manufacturing industries, and in agriculture and aquaculture" in the Middle East.

It calls specifically for investment in "agriculture and aquaculture cooperation in agribusiness, rainfed agriculture, irrigation, halal food, food safety, animal husbandry and veterinary sciences".

A bit more info:

- "The main Belt and Road multilateral financing instrument for China's investment in the Middle East is the China–Arab Investment Fund. Its USD 10 billion in seed capital was joint-financed by the UAE's state-owned Mubadala Development Company in conjunction with China Development Bank and State Administration of Foreign Exchange."
- "China's state-directed outward direct investment through International Capacity Cooperation and Belt and Road will likely strengthen the industrial economies of the Middle East and provide new sources of both finance capital and fixed capital as Chinese plants are moved offshore."

Kenderdine, Tristan, and Peiyuan Lan. "China's Middle East Investment Policy." *Eurasian Geography and Economics* 59, no. 5–6 (November 2, 2018): 557–584. doi: 10.1080/15387216.2019.1573516

• • •

2. Is it because of a surge in consumer demand for fish in sub-Saharan Africa that the FAO is keen to invest in aquaculture there?

Not really. Per capita fish consumption in Africa has been decreasing, and is much less than the global average.

FAO Committee on Fisheries (COFI) views aquaculture as "an engine for improved food security and economic growth in Africa". That is why it gives high priority to investing in this area.

A bit more info:

- "In a bid to further the development of aquaculture in Africa, FAO introduced an innovative program tagged—the Special Programme for Aquaculture Development in Africa (SPADA). The program among its many objectives aims to provide assistance to African countries to enhance aquaculture production, facilitate producers' access to financial services and markets, promote user-friendly regulatory frameworks, boost investment in aquaculture as well as exchange of knowledge. The program's agenda is in line with the priorities set by The New Partnership for Africa's Development (NEPAD) Action Plan for the Development of African Fisheries and Aquaculture."

Julius Olapade, Olufemi. "The Role of International Donors in Aquaculture Development in Africa." In *Regional Development in Africa [Working Title]*, IntechOpen, 2020. doi: 10.5772/intechopen.86569

• • •

3. Food insecurity in developing countries: Foreign agriculture investment to the rescue?

United Nations Committee on World Food Security requested the High Level Panel of Experts to produce a report: *Multi-stakeholder partnerships (MSPs) to Finance and Improve Food Security and Nutrition in the Framework of the 2030 Agenda*. The report, delivered in mid-2018, includes livestock.

"As a result, many developing countries have begun to introduce foreign agricultural investment in order to increase their agricultural productivity and meet the needs of agricultural development."

But does foreign investment really dampen food crises and improve food security? Just as importantly, are foreign investors flocking to developing countries?

The jury is still out. Academic researchers, in particular, differ in their views. Some have found that although there are strong and positive cases, foreign investors generally do not consider the investment environment to be immensely attractive because of governance and capacity concerns in developing countries.

Jiang, Xiaoyu, and Yangfen Chen. "The Potential of Absorbing Foreign Agricultural Investment to Improve Food Security in Developing Countries." *Sustainability* 12, no. 6 (March 21, 2020): 2481. doi: 10.3390/su12062481

• • •

4. World Bank: Friend or foe?

Critics of the World Bank and its sister organization the International Finance Corporation (IFC) are not hard to find. Among their many criticisms is that the World Bank has chosen to play a key role in the *financialization* of global agriculture and food supply chains.

Financialization – "the growing influence of financial entities (including merchant banks, private equity companies, hedge funds and sovereign wealth funds) in the operation of the global economy" – is considered by some to be a very bad thing.

Financialization (together with globalization and neo-liberalism) has industrialized agriculture, benefited multinational agri-food corporations enormously and dealt severe blows to smallholder farmers who cannot compete, exploited low-wage food workers, and forced billions of animals into factory farms. These are just some of the dastardly deeds the World Bank and its partners in crime are accused of having perpetrated for decades.

In recent years, there seems to be a slight shift in the World Bank's thinking. For example, in 2016 the World Bank announced that its entire agriculture-related undertakings – from lending programs to policy advice – would be "climate smart" by 2019.

As the World Bank is in control of astronomical sums of money, climate smart is much better than climate stupid, right? So perhaps it is a good idea to signal one's approval of this tiny step in the right direction by sending the World Bank a "friend request".

But it is unclear whether the World Bank is a genuinely reformed character and whether its actions actually match its assertions. Consider its Climate-Smart Agriculture (CSA) framework, which is also endorsed by the UN FAO. Those who are not convinced that it will make a difference say it is too vague, it has serious flaws, it is "a façade dominated by a corporate oligarchy under which a business-as-usual approach can proceed."

What is clear is that the World Bank is an 800-lb gorilla that one ignores at one's peril.

Lawrence, Geoffrey. "Re-Evaluating Food Systems and Food Security: A Global Perspective." *Journal of Sociology* 53, no. 4 (2017): 774–796. doi: 10.1177/1440783317743678
Newell, Peter, and Olivia Taylor. "Contested Landscapes: The Global Political Economy of Climate-Smart Agriculture." *The Journal of Peasant Studies* 45, no. 1 (January 2, 2018): 108–129. doi: 10.1080/03066150.2017.1324426
Taylor, Marcus. "Climate-Smart Agriculture: What Is It Good For?" *The Journal of Peasant Studies* 45, no. 1 (January 2, 2018): 89–107. doi: 10.1080/03066150.2017.1312355

• • •

5. The government of which of these European countries offered funds to support livestock systems in Armenia? (a) Austria; (b) Belgium; (c) Ireland.

The answer is: (a) Austria.

A number of livestock development programs in Armenia have been funded and financed by the Austrian Development Agency. For example, the *Animal Health Management in Cross-Border Areas of Armenia and Georgia* is a project that "aims to improve best practices in animal husbandry and health"; it will "also introduce and launch a system of universal cattle numbering and registration in the country".

Winans, Kiara S., and Irina Mkrtchyan. *Large-scale Cattle and Pig Production Systems in Three Regions of Armenia: Engaging Frontline Persons in Assessing the Environmental, Animal, & Human Health Conditions of These Systems.* Tiny Beam Fund, 26 Aug., 2020. https://doi.org/10.15868/socialsector.37329

• • •

6. Hey, Government X: Do you want to win friends, influence people doing agriculture across the globe, and earn loads with your investment capital? . . . . . . Invest in agricultural R&D!

Investment means more – much more – than money and financing. Of the many kinds of agriculture-related investment a country's government can make, few can top the ROI (return on investment) of investing in R&D (research and development).

"Public institutions accounted for about three-quarters of total global spending on agricultural research." And this investment in research conducted by governments and universities has proven to be a compelling and consistent driver of global agricultural productivity growth.

Why is public investment in R&D so valuable? It creates knowledge capital which – like physical capital – is "a long-lived productive asset". "But unlike physical capital, knowledge capital has the potential to generate spillovers – that is, applications beyond the locality or application for which it was originally intended."

For a long time, the U.S. had been the world's premier public investor in agricultural science and technology, the largest generator of agricultural knowledge capital and spillovers. These spillovers were impressive and made their mark all over the globe, especially in developing countries.

When Brazil's new federal research institute, EMBRAPA (Brazilian Enterprise for Agricultural Research) was set up in 1973, it initially adapted technologies developed by the U.S. Some years later, it started conducting its own research. It was EMBRAPA and long-term state investment in R&D that "propelled the development of Brazil's contemporary agro-industrial export sector".

EMBRAPA was in fact so successful and yielded such fantastic dividends that since 1998 it has been "providing technical training and capacity-building to other developing countries and disseminating its technologies and expertise".

U.S. hegemony in agricultural R&D, on the other hand, had faded. China is now the champion. "Chinese government investment in agricultural R&D grew by more than 10% per year between 2000 and 2011", and overtook the U.S. in 2008 as the world's leader in agricultural R&D spending.

(Note from Tiny Beam Fund: Anyone visiting agriculture universities and research institutions in China will immediately notice the many students and researchers from different parts of world there. They learn from and are trained by Chinese experts. In the past, they would have gone to the U.S.)

Fuglie, Keith. "R&D Capital, R&D Spillovers, and Productivity Growth in World Agriculture." *Applied Economic Perspectives and Policy* 40, no. 3 (2018): 421–444. doi: 10.1093/aepp/ppx045
Hopewell, Kristen. "The Accidental Agro-Power: Constructing Comparative Advantage in Brazil." *New Political Economy* 21, no. 6 (2016): 536–554. doi: 10.1080/13563467.2016.1161014

• • •

7. Let's pay some other countries to produce the livestock we need: The case of Gulf states

The Gulf states of Saudi Arabia, the United Arab Emirates, and Qatar tried their hands at developing animal agriculture by following the Western industrial model. But since the late 2000s, they have preferred to outsource the production and make investment in various low- and middle-income countries instead. Such investment led directly to these other countries – from Somalia to Pakistan – to ramp up intensive livestock production for export to the Gulf.

Can international investment standards, export credit standards, bilateral investment treaties, and bilateral free trade agreements help to blunt this problem? Maybe, maybe not. At the very least, these instruments are worth scrutinizing more closely as possible avenues to promote better treatment of the farm animals produced for consumption in the Gulf states.

A LOT more info:

- "Saudi Arabia, the United Arab Emirates, and Qatar are the main investors in farm animal production outside their territory, prompting a mass-adoption of concentrated animal feeding operations in investment-importing states like Iran and Pakistan. Global actors like the International Finance Corporation and the Food and Agriculture Organization espouse the Middle Eastern states' investment strategy by generously supporting it with direct payments and feed."
- "In 2008, the King Abdullah Initiative for Saudi Investment in Agriculture Abroad announced it would acquire some 400,000 hectares of farmlands abroad. . . . By outsourcing production, the Gulf heavily relies on live animal imports from countries in which it engages in primary production. Surrounding states, in turn, benefit from the Gulf's patronage. Somalia, for instance, earns forty percent of its GDP from livestock exports to Saudi Arabia. Other countries like Algeria, India, Morocco, Pakistan, and Sudan willingly compete with Somalia by offering tax exemptions, a hundred percent land ownership, and security forces to protect land."
- "Investment standards, which can be bi- or multilaterally agreed on, are intended to safeguard foreign investments from interference by the host state. . . . Since 2012, IFC recommends that investment and advisory clients meet its Performance Standards for environmental and social sustainability. Because all Middle Eastern states are IFC members, these standards apply to their operations."
- "Guidelines by states or export credit agencies increasingly tie the issuance of export credits to the social performance of corporations, and may require those who carry out projects in the Middle East to comply with progressive animal welfare standards. . . . In 2008, the World Wildlife Fund (WWF) presented scientific evidence that supported their claim that the Sakhalin II project in Russia would increase global warming and threaten endangered Pacific gray whales, salmon fisheries, and migratory birds. The pressure created by the WWF, which partnered with the Corner House, eventually forced the UK Export Credits Guarantee Department to drop the project. . . . Apart from a few examples. . . rules on export credits are, however, still in their infancy."
- Bilateral investment treaties (BITs) "lay down human rights obligations, and some also take into account the parties' concern for animals. . . . current BITs fail to actually make investment contingent on high animal welfare performance. Even global players receptive to animal issues do not concede animals a significant role in BITs. In a minutes meeting in 2014, the European Commission was asked about the role of animal welfare in its investment relations with China. It explained: "(A)nimal welfare is not a part of the Commission's traditional approach to this kind of negotiations. This element is usually present in FTAs which have much broader scope.""
- "FTAs [Free Trade Agreements] can have lasting influence on animal welfare by inducing stricter animal protection standards in the territory of parties that lack laws stipulating obligations vis-à-vis animals. For example, the EU-Chile FTA prompted Chile to pass laws that protect animals shortly before and during slaughter. Chile started collaborating with Uruguay to establish a Center on Animal Welfare, with Argentina to improve animal transportation, and with Canada and the US to engage in training on animal welfare. With these positive developments in mind, the Commission in 2012 decided to continue including animal welfare in bilateral trade agreements and cooperation forums, "to increase the strategic opportunities for developing more concrete cooperation with third countries.""

Blattner, Charlotte E. "Tackling Concentrated Animal Agriculture in the Middle East through Standards of Investment, Export Credits, and Trade." Middle East Law and Governance 10, no. 2 (August 2, 2018): 141–159. doi:10.1163/18763375-01001005

EXPLANATORY NOTE:

- Academic studies are notoriously hard to find, read, and put into practical use by non-academics.
- Super-busy advocates cannot afford to spend a lot of time and effort to dig up, digest, and deploy academic research even though they recognize the value of academic studies in informing and improving their advocacy work.
- *Academic Studies Without Tears* aims to help advocates faced with this dilemma.
- Its target audience are leaders and funders of non-profit advocacy organizations addressing the many negative impacts of industrial animal agriculture in low- and middle-income countries.
- It uses a communication style – reminiscent of quiz or news items – that makes everything a breeze to read.
- Each issue focuses on a particular topic and includes 8 – 10 academic studies.
- It goes without saying that the academic studies featured are *not* the final word. They have flaws and limitations. They are just a tiny selection of perspectives and findings for advocates to consider, to whet their appetite. But every relevant data point and nugget of cogent information adds to one's store of knowledge and has the potential to spark new ideas.