Ministry of Foreign Affairs of the Netherlands

Radboud University

Special Working Paper Series on 'Unintended Effects of International Cooperation'

Working Paper No. 2017/13

The developmental impact of private sector investments in East-Africa: a bottom up assessment of intended and unintended effects

R.M. Santpoort , R.M.M. Bosch, G. Betsema and E.B.Zoomers*

Abstract

In recent years, development cooperation has moved from traditional development assistance towards an 'aid and trade' agenda with businesses becoming important agents of change within development. Despite the widespread adoption of these new policies, there is little empirical evidence about the developmental impact of private sector activities in developing country contexts, including unintended effects of the interventions at the local level. To the extent that attention is given to the developmental impacts, reference is usually made of the employment and/or income impacts for directly affected communities which are often presented as closed containers (Zoomers and Otsuki 2017), without taking into account the impacts for bypassed groups or the extra-local effects. Outcomes, intended and unintended effects whether positive or negative, are not limited to local groups - but are renegotiated through social interactions between all those involved. In this paper, based on field research carried out between 2015 and 2016 in Kenya, Uganda, Ethiopia and Tanzania (conducted by Shared Value Foundation and Kirigia et al. 2016), we aim to gain a better understanding of the developmental impact of private investment by focusing on different types of investments: focusing on Dutch business interventions in the field of horticulture and technology, we realized a bottom up assessment of intended and unintended development impacts. We argue that for private sector interventions and investments to have a positive impact on development, we need to understand the complexity and the variety of effects the private sector has on local realities. Based on surveys, interviews and focus group discussions, we show that in order to optimize the developmental impact of business interventions more attention should be given to assisting local groups to deal with risks and opportunities. The success or limitations of private business to contribute to local development cannot be explained in simple terms of linear causalities or attribution. In assessing the risks and opportunities of private sector interventions we recommend to (1) take the local context as a starting point, (2) analyse local development impact by assessing changes in livelihoods and associated risks and opportunities, (3) and foster long-term engagement in stakeholder platforms.

Key words: local contexts; impact research; private sector investment; interventions; (un)intended consequences; causal chains; creating shared value; multi-stakeholder platforms.

1. Introduction

In recent years, development cooperation has moved from traditional development assistance towards an aid and trade agenda with businesses becoming important agents of change within development cooperation (Schulpen and Gibbon (2001); Verwer et al. 2014; van Westen et.al 2016). Through concepts of *Corporate Social Responsibility, Bottom of the Pyramid Business Models* and *Shared Value Creation*, the private sector is expected to positively contribute to societal problems. In addition to responsible businesses, new categories of social entrepreneurs have entered the scene, as well as large groups of impact investors and different types of new charities. Thus, throughout the last decade, private sector investments are seen as a 'powerful catalyst for innovation, economic growth and poverty reduction' (McAlexander & Taylor-Clark, 2006) Increasingly, official development assistance (ODA) is being used to subsidize and stimulate private sector investments in developing countries. For example, the DFID budget for private sector development has doubled up to £1.8 billion in 2015-2016 (DFID, 2014). The Dutch budget for development cooperation has been suffering severe cuts in all focus areas between 2014 and 2016 apart from the Dutch Good Growth Fund, which invested an additional € 250 million annually to private sector development (Minister voor Buitenlandse Handel en Ontwikkelingssamenwerking, 2013).

However, despite these new trends and an increasing role of the private sector in international development, little is known about both intended and unintended effects of this new way of development cooperation, nor about the long-term impacts. In this paper, we argue that for private sector interventions and investments to have a positive impact on development, we need to understand the complexity and the variety of effects the private sector has on local realities. Illustrated by empirical evidence from investments in the floriculture sector and technology sector in East-Africa, this paper further argues that instead of the contemporary linear and *backward-looking* approaches to development interventions and the emphasis on attribution (linking cause and effect), we should have a more forward-looking approach looking at the full picture of impacts while acknowledging that local realities are complex. Collecting real time data about (changing patterns of) risks and opportunities will help businesses and organizations to optimize their developmental impacts. Whether local groups can benefit from businesses and vice versa will very much depend on mutual engagement and consent (and not merely the type of outside interventions). To minimize risks and optimize opportunities we put emphasis on the need for a better alignment with local dynamics. Not the intervention itself – but how this fits into local complexities will be crucial for developmental impacts.

Starting with a few notes on impact assessment of investments, this paper will assess the socio-economic impact of business interventions from a bottom up perspective (i.e., taking local livelihoods and aspirations (and not the business goals or interventions) as our point of departure. We will illustrate the difficulties we run into when conceptualising consequences, with preliminary empirical experience from case studies in which we have undertaken extensive fieldwork around private sector interventions. These examples will be focused on two thematic area's: investment in land-based agribusiness and investment in the agricultural technology sector. Finally, in an attempt to meaningfully contribute to the ongoing debate on the conceptualisation of consequences (intended or otherwise), we'll use these illustrations to build on the idea of diffuse consequences in complex realities.

2. An increasing role of the private sector in development

New trends, new challenges

With its new role in development cooperation, private sector (foreign) investments in developing countries have been increasingly controversial and linked to unintended negative effects, such as displacements within land-grab debates (Zoomers, 2010) and unsustainable exploitation of local labour and resources. Slowly, it becomes clear that subsidizing and stimulating private investments and activities in low- and middle income countries does not necessarily mean economic growth and poverty reduction in a locality and that more attention must be given to inclusive and sustainable growth. As a response, principles such as 'do not harm' are shifting in the direction of more ambitious goals: 'doing good' – helping to solve societal problems – and creating shared value. Focusing on Africa, Asia and Latin America, large investments are currently made in making value chains (coffee, cacao, soy, oil palm etc.) more sustainable and inclusive. Investors are increasingly forced to act in accordance to OECD guidelines or other types of voluntary rules and regulations (e.g., the VGGT in the case of water/forest and land); are aware of the need to inform and consult local communities (FPIC) and -in case of harm- offer them fair compensation. In addition, huge investments will be made to achieve the Sustainable Development Goals; the creation of safe, resilient and inclusive cities (the new urban agenda - Habitat III); and solving the global food, climate and energy crisis.

But despite these new trends, and the increase of new players, flows of funding, subsidies and investments, there exists very little empirical evidence on whether private sector investments in Asia, Africa and Latin America accomplish the intended effects and impact on local level. Practices of evaluation, monitoring and impact assessment have for a long time been limited to government interventions and development projects carried out by NGOs and international organizations in the context of development cooperation. In the case of large scale investments (e.g. infrastructure), environmental and social impact assessments are common practice by OECD-guidelines, but analysis is often fragmentary and narrow, limited to economic and/or environmental costs and benefits of those directly affected within the intervention area. Hallaert (2013) gives three reasons for this absence of more thorough evaluations in his analysis on aid for trade practices, which may also be applicable to broader private sector investments. First, the complexity and diversity of the interventions (in this case, investments) make it methodologically difficult to create a uniform framework for monitoring and evaluation. Second, the causality chain to accomplish the intended effects is longer than for 'traditional' aid projects and would require a very thorough assessment on how the investment has contributed to development beyond economic indicators. As Carter (2015, p. iv) argues: 'the benefits of investment are often indirect and only emerge over time, even the best impact evaluation exercise is likely to provide only a partial picture'. Third, Hallaert (2013) argues that there are few incentives for private companies to make such thorough assessments. Impact assessments are often done by donors for accountability reasons, whereas accountability is not a driving factor for investors themselves. Instead of sticking to this narrow assessment of impact through the lens of the intervention and assessing linear relations between a cause and effect within the project areas, we would propose to recognize the complexities of local livelihoods and identify the many risks and opportunities surrounding an investment from a local perspective, creating possibilities for generating value, and therefore an incentive for the company to understand the local context. Thus, we argue that instead backward looking lineair approach h to development intervention and accountability, we should place emphasis on a more forward looking analysis based on real time data about risks and opportunities, while taking local initiatives, local values and local consent as our point of departure.

3. Aligning interventions with the local context

The complex local realities

Throughout recent fieldwork projects, we have identified a need for a reconceptualization of intervention consequences and associated terminology. In our case studies, we view private sector investments as outside interventions. From our experience, many investors have limited knowledge about the local circumstances in which they invest and know little about their effects, both intended and unintended on these local circumstances. When assessing impacts, preconceptions about what the poor do and what their livelihood strategies are, are often based on untested assumptions (e.g. support agriculture on the assumption that the poor are farmers living in villages) – and little or no attention is given to the fact that local communities will not exist as closed containers: people are diverse in their interests and capabilities, and any intervention will generate flows of newcomers while pushing others aside. This knowledge gap between the local communities and the investment often results in misunderstanding, conflicts and unintended negative consequences. For interventions to be successful while at the same time having a positive impact on local development, being aware of the impact and effects (both positive and negative) of the intervention on the local context beyond economic performance is crucial.

What private sector and public interventions have in common is that their existence has consequences and that these consequences play out in highly complex social situations. In line with the work of Elinor Ostrom (2011), we assume that interventions take place in certain ‘action situations’, in which actors negotiate outcomes in their physical, social and institutional contexts, within a complexity of social interactions, existing power relations and knowledge positions (Poteete, Janssen & Ostrom, 2010. McGinnis (2011) names these action situations the black box of development. We start from this idea of the local black box and emphasise that this is where local communities renegotiate their responses to outside intervention, consequently shaping the impact of these interventions and thus embedding them in the local context. This is where intentions and information are translated into local effects. Only by appreciating the intricacies of this process, can we try to capture opportunities for making our actions more compatible with local opportunities and needs.

The international development field has long emphasized the importance of the intricacies that these local situations and local contexts contain, but as of yet this has not regularly been reflected in fundamental changes in intervention-thinking. In light of private sector involvement and the changing 'politics of interventions' it is therefore useful to reconceptualise intervention consequences in a way that leaves more room for local opportunities and entrepreneurship. Much of the literature focuses on direct consequences and categorization of different types of consequences. While these are constructive contributions to understanding interventions, they rely to a large extent on interpreting consequences through the lens of the intervention's goals and interests. These pre-set goals and conditions determine how local realities are interpreted in all stages of the intervention. This approach leads to attribution *after the fact*, while we've already highlighted the benefits that lie in having a more forward looking analysis of risks and opportunities based on real time data. Attribution afterwards limits the opportunities for wrong assumptions to be corrected and leaves too little room for input from local perspectives, that could attach very different meanings to events. When thinking of consequences within complex social situations, it doesn't suffice to merely focus on first-order effects. Most of these effects will have spill over effects, if not short-term then at least in the long run. And even these spill over effects will cause other effects through feedback loops and even more spill over effects. This makes the impact of the intervention more and more diffuse and makes it nearly impossible to trace the pre-set development targets, which were formulated in light of the intervention's goals. The case studies posited in this paper show some examples of this chain of consequences, with effects moving further away from the original interventions goals (and intentions), while remaining just as relevant to those who are impacted (Zoomers and van Westen, 2011).

4. Case studies: unintended effects of private sector investments in East-Africa

The first case study that will be used as empirical evidence in this paper draws from a 2-month fieldwork conducted by Shared Value Foundation (SVF) in 2016 on the impact of a single land-based investment in horticulture on surrounding communities in Uganda, in combination with the results of a comparative study conducted by LANDac in collaboration with the Food and Business Platform in 2015 on the impact of the floricultural sector on food security in East-Africa, based on data collection on 20 farms in Ethiopia, Kenya, Tanzania and Uganda (Kirigia, Betsema, Westen, & Zoomers, 2016). The second case contributing to the observations in this paper draws from a four-month qualitative impact study undertaken by SVF in 2015, in collaboration with a Dutch private company involved in soil services in Eastern Africa. The goal of both field research projects was to investigate actual and potential impact of the company's involvement in East-African agriculture, by looking at employees, customers, and surrounding communities.

Case Study I: Unintended effects of land-based investments: evidence from floriculture in East-Africa

Over the past decade, many foreign investors have acquired plots of land in developing countries for agricultural production in different sectors. A major driver for these land acquisitions is the demand for biofuels and the cultivation of biofuel feedstocks (Schoneveld, German, & Nutakor, 2011; Zoomers, 2010). Other land-based investments are made to produce food crops, such as sugarcane, rice, wheat and cocoa; and non-food crops such as oil palm, rubber and flowers. On the one hand, as discussed in the introduction, these foreign investments are encouraged to contribute to the local economy, create employment and alleviate poverty. However, in many cases, land-based investments are related to unintended negative consequences at the local level, such as food insecurity, displacement of local groups that do not have access to formal land rights, environmental damage and the undermining of local businesses (Cotula Vermeulen, S., Leonard, R., Keeley, J., 2009).

Through empirical research, this section will show a range of consequences: unintended (unanticipated, anticipated, positive and negative), spill over effects and unavoidable effects of such investments in the horticultural sector in East-Africa. Due to a warm and humid climate, East-Africa provides a very suitable environment to produce flowers and flower cuttings. In the past two decades, many foreign-owned flower farms have opened businesses in East-Africa and bought land to grow flowers or flower cuttings for export, mainly to the Netherlands (Kirigia et al., 2016). In all countries, the main and intended effect of these investments is local employment creation, particularly for women who are often employed as pickers. Indirectly, as an unintended and positive effect, Kirigia *et al.* (2016) show that this has a positive impact on food security: through their salaries, employees can buy food from the market, which is welcomed by the local economy. Other unintended but positive effects emerged from in-depth research on a single flower farm in Uganda: extra shops and stalls have opened along the way to the farm and each month, on the day employees receive their salaries, a large market emerges in the nearest town.

However, the fact that employees have access to the local market through their earned salaries, can lead to a diffuse set of unintended, negative and spill over effects that are more difficult to assess. Kirigia *et al.* (2016) conclude that because of the floriculture investments, local groups lose access to land, which in turn leads to weakened food production in the region. This spill over effect in turn may lead to a range of other unintended effects, both positive and negative: higher food prices, an increase in trade with other regions and a boost for the local market. Thus, the effects that come with employment creation and weakened food production play out differently for different groups of people. For some groups (employees of the flower farm or local traders) they may be positive and lead to an increase of assets and capital, while for other groups (non-employees), they may be negative and lead to food insecurity or limited access to resources and livelihood capitals.

A second empirical example of an unintended effect of employment creation in the case of floriculture investments is migration. In all countries, an important unintended, but probably anticipated, effect that is observed is that many employees have migrated from different parts of the country. On the farm in Uganda, most workers (59%) originate from the same district in which the farm was located, while 41% of the employees migrated from other districts all over the country. These migration flows in turn have several diffuse effects. On the one hand, it means that the effect of the flower farm is trans-local and positive, perhaps a spill over effect: many workers send part of their salaries home as remittances, increasing incomes in other localities and impacting non-target groups. On the other hand, this inflow of labour migrants and investors to the district was perceived by local communities to be a negative effect. According to the community, the inflow of migrants has led to increased land scarcity and limited access to land for local communities and the youth. In turn, this scarcity has led to an increase in land price and the population growth in the area resulted in increased pressure on existing resources such as land, water and sanitary facilities.

Case study 2: Improving soil maintenance practices in Kenya

For Dutch businesses in the agricultural sector, Kenya appears to be a country of high interest. The fact that agriculture is the main economic activity in the region, with economic growth between 5 and 7 percent over the past few years (World Bank, 2015), and considering that technological innovation and leapfrogging is currently making a big impact, make the agricultural sector in Kenya highly attractive for Dutch technological companies (James, 2009). The company in case is an example of such investment in technological innovation. The company offers a range of soil management services, particularly dealing with soil amendment and health. By adapting recent technological advancements in soil testing services (STS) to the everyday situations of smallholder farmers in Africa, the company aims to tap into a significant potential customer base, while making a positive impact on low-income farmers by increasing their yields. In Kenya this could consist of millions of smallholder farmers lacking basic soil services, where soil testing is a new phenomenon for all but the large scale, and mostly foreign, agricultural companies. Because of increasing land degradation, soil maintenance is a recognised priority issue as part of the Vision 2030 strategic plan for the Kenyan Ministry of Agriculture, Livestock and Fisheries (MoA) and smallholder farming in the country in general (Willy & Holm-Müller, 2013; MoA, 2016). Furthermore, soil depletion and acidification due to repeated use of the same fertilizer (most often the acidifying diammonium phosphate or DAP) and increased mono-cropping contributes to environmental degradation and decreases yields for farmers. The company in case markets a technological solution particularly suitable for use by smallholder farmers, because it is sufficiently mobile to provide in-the-field advice on soil quality (as opposed to a more common waiting time of several weeks to months). With this technology, the smallholder farmers can be advised on how much of which fertilizer they should use and the degree in which they can use organic matter to improve their soil quality and ultimately, their yields. Through these intended outcomes (i.e. increased yields, as a result of better soil maintenance and knowledge of soil quality throughout Kenya) the company aims to both contribute to agricultural development in Kenya and, primarily, create a sustainable base of repeating customers. While the diffuse effects of most interventions are innumerable, it seems worthwhile here to point out just a few interesting examples of the benefits of assessing projects through the lens of the local context.

One unintended effect of this particular intervention is that the current state of soil nutrient value becomes more diffuse as a direct consequence of the intervention. Farmers in a specific area used to have very similar soil nutrient value, due to geographical similarities and the fact that all farmers use the same fertiliser in only small quantities. Because of this, government extension staff can provide blanket advice based on general soil tests in the area. Now, a limited number of farmers are advised to drastically change the nutrient value. While this benefits their yields, this will make blanket advice by government extension staff much harder in the future, and makes farmers more reliant on individual and commercial soil testing services. Interestingly, this consequence seems to negatively affect local development, while not affecting (or even positively affecting) the commercial interests of the intervention agent. More research is needed on how private entities deal with incongruences in short-term and long-term self-interest vs. local interest. Another unintended effect shows the need for assessing how local interpretation can distort intended messages. When testing her/his soil, the farmer pays a fee and in turn receives a report with details about her/his soil, including advice on the crop type that would require the least amount of inputs for that particular plot. Farmers were subsequently advised to divert their attention to this ‘more suitable’ crop. The reasoning behind this advice was that, in order to decrease the intensity of fertiliser use in Kenya (for environmental purposes) and reduce the input costs for customers, smallholder farmers needed to specialise in those crop types best suited to their location and assets. During fieldwork interviews in collaboration with local researchers, the SVF-team observed how some farmers were switching from subsistence crops to cash crops, and several smallholder farmers reported to have trouble selling their new crops to local markets. Farmers wrongfully assumed the suitable crop advice included information on market demand and local conditions. Especially for those that opted for mono-cropping on large parts of their land, this removed their safety net of household food production and negatively impacted food security. Through the feedback process of extensively interviewing customers and government support staff, this unintended consequence could be addressed: farmers are currently advised simultaneously to diversify and reserve initially only a portion of their land for cultivating the advised suitable crop.

Many other unintended consequences as a result of translational difficulties were observed. Translational difficulties arise when information or best practices are somehow distorted during the adoption in a new context. These situations are often labelled as misinterpretation (placing emphasis on how the receiving end wrongfully adopts the information) or miscommunication (whereby the sender makes mistakes in adjusting to the local context). Following earlier conceptualisations, we prefer to avoid this dichotomy and study how embedding of interventions in the local context can distort good intentions in such a way that they lead to unexpected consequences. One such example of translational distortion lies in the soil test interpretation. The soil test report formulated fertiliser advice in the chemical NPK notation, while farmers in Kenya are accustomed to using brand names. Confusingly (or, through the eyes of the manufacturer, transparently) two fertiliser types use the NPK notation as a brand name. In many instances farmers opted for one of these two fertilisers instead of the one they were advised to buy, asking for “NPK fertilizer” at their local shop. Even shopkeepers in the smaller agro dealers made this mistake, as a consequence of a lack of trained staff (while the intervention was based on the assumption that local agro dealers would be able to provide direct support to farmers). Interestingly, initial evaluations did not uncover this problem, as farmers were asked whether or not they were able to “find the right fertiliser”, and subsequently reported positively. Only when farmers were accompanied to the agro dealers and asked to show both the report and acquired fertiliser, this unintended consequence was identified. We think this shows the benefit of studying consequences within their contexts, with local researchers accompanying the target groups throughout multiple stages of the intervention.

These empirical examples of land-based investments and technology show just some of the different and complex effects such an investment can have on local communities, mobility flows, the local economy and (natural) resources. They bring along important, but a very diverse range of changes in people’s livelihood capitals and are very context-specific. The examples show that unintended effects are very difficult to categorize and measure: what may be a positive and intended effect for one group, can be a negative unintended effect for another group simultaneously. Also, for outsiders it can be hard to assess the range of impacts of an intervention due to translational difficulties. Therefore, we argue for an approach and definition of unintended consequences that leaves space for these complexities. Instead of a focus on attributing effects to specific causes, we propose to focus more on the outcomes of transformative processes that are brought about by investments and interventions and to focus on the risks as well as opportunities that might result from them. In short, this means that interventions or investments should be aligned with local realities, risks and opportunities before, during and after the investment is being made.

4. Conclusion & the way forward

An unforeseeable number of consequences will inevitably surround any outside involvement. These consequences can be either positive or negative. More plausibly, they are both simultaneously, varying per group, location or time frame. Certain consequences have a positive impact on one group, while negatively impacting another. Furthermore, whether the consequences were intended or unintended is not always relevant. The distinction is only relevant from the intervention’s perspective. It is mainly in the interventionist’s interest to trace how project goals are manifested in (un)intended consequences, while the recipients, or beneficiaries and others somehow involved must deal with all consequences, intended or otherwise. The distinction serves evaluative purposes more than it does developmental purposes. Through empirical examples, this paper argued that instead of emphasizing and categorizing links between a cause and effect, the focus should lie with helping all stakeholders identify consequences early on and strengthen their capacity to minimize negative consequences and consolidate positive consequences as opportunities arise.

When discussing the intensity and benefit of local involvement with Dutch businesses during LANDac's landforum (www.landgovernance.org), business owners indicate to be willing to link up with local opportunities and better align their investment with local development, but are hindered by the misperception that t that surrounding communities do not have ideas and/or are relatively passive. We argue that looking at these surrounding communities with a renewed perspective can uncover entrepreneurial potential that has until now mostly remained under-the-radar. It requires investors and evaluators to look beyond consequences and causal effects and focus on complex local realities. This links closely to a second, more general, assumption that positive change needs to come from the outside. The rationale behind many interventions is a continuation of this notion. We argue that while direct outside intervention can incite change, this doesn't mean that it is the only driver of change. Recent private sector involvement in the Global South considering the 'aid and trade' agenda has shown how indirect contact and economic relations contain great potential for stimulating change. This underlines the need for tools to measure the much more diffuse impact that these companies are having, not only for the directly affected, but also beyond the direct sphere of influence.

As a 'black box of development' (McGinnis, 2011), a locality in which an investment or intervention takes place is a complex set of actors, interests and negotiation processes that are in constant change. If one would only focus on those directly involved in an intervention or investment (e.g. beneficiaries of a project or employees of a flower farm), one would easily overlook those who are indirectly or at a later stage affected by the intervention or investment. In this, we acknowledge that even the most thorough impact and evaluation studies only provide a partial picture and will never account for all the complexities involved. This doesn't mean, however, that we shouldn't aim to optimise the link between investments and local development needs: maximise positive developmental effects as well as minimise unintended negative effects. We argue that it is not the investment or intervention itself, but the quality of engagement and interaction between the investor and local communities that are crucial for positive development results.

In addition to existing methods for measuring consequences, the following three aspects should be taken into account when researching effects and impact and assessing risks and opportunities of private sector interventions: (1) not looking back through the lens of interventions but looking forward at the full picture of impacts from the bottom up; (2) Not focussing on financial and economic costs and benefits but assessing the consequences in terms of livelihood risks and opportunities; (3) not putting the intervention at the centre of the stage, but local initiatives and ideas while mainstreaming mutual engagement between stakeholders.

More specifically, instead of paying much attention to learning from 'best practices' and looking at the impact through the lens of business goals and interventions, we recommend to adapt evaluation practices in the following ways:

1.Looking forward at the full picture of impacts from the bottom up

We assume that for sustainable investments to have a positive effect on local people's livelihoods, investment plans should always be in line with local realities. To align an investment or intervention with the local context, we should take local people, their needs and aspirations, as a point of departure instead of looking through the lens of the intervention or investment. What plans, needs and aspirations do people have (individually and collectively) and how do these match with the investment plans? What do people know about the investment plans? In answering these questions, we recognise that people, communities and groups are not homogeneous: dependent on their assets, people have different livelihood portfolios, strategies, expectations and aspirations and will thus respond differently to any intervention. In addition, it is important to recognise that no locality, intervention or community is isolated from its surroundings. When looking at the impact in a certain locality, what are the consequences for people in other places (i.e. spill over effects), and how will they react (e.g. migration). It is important that interventions-impact relationships, intended and unintended effects are analysed, not in isolation, but in a broader context of feedback loops (as discussed in the above through the work of Ostrom (2011)) trans local linkages, development corridors and development chains. In doing this, we stress the importance of not doing research about stakeholder, but with the stakeholders by involving local groups in data collection and analysis: building people drive systems for monitoring and accountability.

2. Assessing effects and consequences in terms of livelihood risks and opportunities

After acknowledging how development involvement is reinterpreted locally, it is important to focus on risks and opportunities for the different livelihoods configurations around the intervention (Zoomers and Otsuki 2017). Analysing the development impact of investments, the sustainable livelihoods framework may provide a useful tool that leaves space for people's agency: it is not what people lack, but what they have that forms the basis of analysis. Whether people can have 'the life they value and aspire' and/or 'sustainable livelihoods' will very much depend on access, use and control of different types of resources: natural, human, social, financial and physical capital. Local development impact will then be expressed in terms of changes in the access, use and control of livelihood capitals by local groups. A person possessing different capitals, and thus having a more resilient livelihood, is better able to cope with stress and negative impact. When studying an intervention, we prefer to start with assessing livelihood capitals from the perspective of the local community. Observed changes in these capitals are only afterwards linked to outside involvement and its role in influencing these changes. In this way, we can prevent the blindsiding effect of looking through the lens of the intervention and can be more sensitive to the many diffuse possibilities for the intervention to generate impact.

3. A focus on local initiatives and ideas while mainstreaming mutual engagement between stakeholders

To align investments or interventions with the local context, both research and action is needed: while doing research, there will be ample opportunities to improve engagement – providing communities with more information about business operations and informing investors about what is happening under the radar. For this, engagement between investor and local groups is crucial. Given that realities are changing within local contexts, good communication (and ongoing monitoring) of how interventions fit into local realities is a *sine qua non* for successful implementation. Improved communication will help to reduce risk of unintended negative effects and prevent conflicts, while opening new spaces for discussing benefit-sharing and shared value creation. For this purpose, multi-stakeholder platforms can be useful in exchanging knowledge and stimulating processes of communication. In many multi-stakeholder processes, however, the perspective of local communities and groups is often underrepresented. Only when sufficient attention is paid to the local perspective, and business investment being brought in line to local priorities, will business interventions contribute to local development. A way to achieve an improvement of business-community relations are establishing learning platforms in which different stakeholders are involved in doing research and informing each other. This new type of citizen science might help to improve development impacts and show new routes for bottom up investment plans and benefit sharing. It will help to make expectations of different stakeholders more realistic; and provide a structure for capturing ‘local’ ideas, possibly creating shared value.

REFERENCES

Amankwah-Amoah, J. (2014). Solar Energy in Sub-Saharan Africa: the Challenges and Opportunities of Technological Leapfrogging. Thunderbird International Business Review, 57(1), 15/31.

Arvesen, A., Bright, R.M., & Hertwich, E.G. (2011). Considering only first-order effects? How simplifications lead to unrealistic technology optimism in climate change mitigation. Energy Policy, 39(11), 7448-7454.

Carter, P. (2015). *Why subsidise the private sector?* London: Overseas Development Institute

Cotula, L., Vermeulen, S., Leonard, R., & Keeley, J. (2009). Land grab or development opportunity. *Agricultural investment and international land deals in Africa*, 130.

DFID. (2014). *Operational plan 2011-2016 Private Sector Department*. London. Retrieved from https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/389291/Private-Sector-Department.pdf.

Hallaert, J. J. (2013). The future of Aid for Trade: challenges and options. *World Trade Review*, (April 2013), 1–16. https://doi.org/10.1017/S1474745612000730.

James, J. (2009). Leapfrogging in mobile telephony: A measure for comparing country performance. Technological Forecasting & Social Change, 76(7), 991-998.

Koch, D.J., & Schulpen, L. (2017, forthcoming). *Unintended effects of international cooperation: a preliminary literature review*. Paper presented at the ‘Unintended Effects of International Cooperation’ conference, organised by the Ministry of Foreign Affairs and Radboud University.

Kirigia, E., Betsema, G., Westen, G. Van, & Zoomers, E.B. (2016). *Flowers for food ? Scoping study on Dutch flower farms, land governance and local food security in Eastern Africa*. Utrecht.

McAlexander, M. A., & Taylor-Clark, T. (2006). *Promoting Private Investment for Development the Role of ODA*. *Oecd* (Vol. 704). https://doi.org/10.1007/978-94-007-0265-3_50.

Minister voor Buitenlandse Handel en Ontwikkelingssamenwerking. (2013). *Beleidsnota "Wat de wereld verdient: Een nieuwe agenda voor hulp, handel en investeringen."* Retrieved from https://www.rijksoverheid.nl/onderwerpen/ontwikkelingssamenwerking/documenten/beleidsnota-s/2013/04/05/wat-de-wereld-verdient-een-nieuwe-agenda-voor-hulp-handel-en-investeringen.

Ministry of Agriculture, Livestock and Fisheries. (2016). *National Agricultural Soil Management policy-draft*. Retrieved from http://www.kilimo.go.ke/wp-content/uploads/2015/05/KILIMO-ASMP.pdf.

Schulpen and Gibbon (2001). Private Sector Development: Policies, Practices and Problems. *World Development* vol. 30, no.1. p.1-15

Schoneveld, G. C., German, L. a, & Nutakor, E. (2011). Land-based Investments for Rural Development? A Grounded Analysis of the Local Impacts of Biofuel Feedstock Plantations in Ghana. *Ecology and Society*, *16*(4), 10-. https://doi.org/10.5751/es-04424-160410.

van Westen, A.C.M. & Zoomers, A. (2016). Beyond friend or foe; Foreign investment, responsible business and local development in Africa. *Local governance, economic development and institutions* Palgrave MacMilland.

Verwer S. and L. Schulpen & R. Ruben (Eds.) (2014), *Hoe nu Verder? 65 jaar Nederlandse ontwikkelingssamenwerking* Arnhem: LM Publishers.

World Bank, World Development Indicators (2015). *GDP Growth (annual %)* [Data file]. Retrieved from http://data.worldbank.org/indicator/NY.GDP.MKTP.KD.ZG.

Zoomers, A. and G. van Westen (2011) (eds). Special Issue: *Translocal development, development corridors and development chains. International Development Planning Review*. Vol. 33, number 4 (2011). 377-509.

Zoomers A. and K. Otsuki (*submitted 2016*) Addressing the impacts of large-scale land investments: Re-engaging with livelihood research. Geoforum special issue *From landgrabs to inclusive development?* K. Otsuki, G. Schoneveld, A.Zoomers (eds).

Zoomers, A. (2010). Globalisation and the foreignisation of space: seven processes driving the current global land grab. *Journal of Peasant Studies*, *37*(2), 429–447. https://doi.org/10.1080/03066151003595325