

**Review Article:****DOES FOREIGN DIRECT INVESTMENT BOOST AGRIBUSINESS? A SYSTEMATIC LITERATURE REVIEW WITH A FOCUS ON NEPAL****Anoj Joshi<sup>a\*</sup> , Durga Devkota<sup>a</sup> , Kapil Deb Subedi<sup>b</sup>  and Bimala Rai Poudyal<sup>a</sup> **<sup>a</sup>Department of Rural Sociology and Development Studies, Faculty of Agriculture, Agriculture and Forestry University, Rampur, Chitwan, Nepal<sup>b</sup>Department of Management, Saptagandaki Multiple Campus, Tribhuvan University, Bharatpur, Chitwan, Nepal\*Corresponding author: [meanojjoshi@gmail.com](mailto:meanojjoshi@gmail.com)DOI: <https://doi.org/10.3126/jafu.v7i1.95554>

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**ABSTRACT**

Foreign Direct Investment (FDI) is an essential catalyst for transforming agribusiness in developing economies through capital injection, technological circulation, and enhanced market connectivity. Despite agriculture's central role in Nepal's economy, FDI inflows into the sector remain limited and inconsistent. This systematic review synthesizes evidence from studies published between 2000 and 2024 across databases such as ScienceDirect, Google Scholar, and JSTOR to examine how FDI influences agribusiness performance globally, with a special focus on Nepal. Following the PRISMA framework, a total of 26,010 records were initially identified, of which 19,991 were shortlisted after applying date and language filters, screening based on inclusion criteria and removal of irrelevant studies, and 35 studies were included in the final synthesis. Drawing upon Spillover Theory, Linkage Theory, and Dependency Theory, the review analyzes policy evolution, sectoral trends, and empirical experiences from countries including India, Vietnam, Bangladesh, and Mozambique. Findings indicate that while FDI can enhance productivity, strengthen value chains, and promote commercialization, its impact is highly dependent on regulatory clarity, institutional capacity, land governance, and the host country's absorptive ability. In Nepal, policy bottlenecks, land-use restrictions, weak coordination among government units, and inadequate monitoring have constrained potential benefits. Significant evidence gaps remain, particularly regarding project-level outcomes, environmental implications, and long-term developmental effects. The review concludes that maximizing FDI's contribution requires coherent policy reforms, enhanced institutional mechanisms, improved data systems, and targeted incentives for responsible and inclusive investment.

**Keywords:** Institutional capacity, investment policy, rural commercialization, technology spillovers, value chain development

**INTRODUCTION**

Agriculture remains fundamental to the economic and social structure of most developing countries, contributing significantly to employment, rural livelihoods, and national food systems (FAO, 2021; World Bank, 2008). Over the past two decades, structural changes in global food markets, increasing commercialization, and rising demand for technologically advanced production systems have intensified interest in FD as a potential driver of agribusiness transformation (Bluhm et al., 2015; Dunning, 1998). FDI is generally understood as a long-term investment by foreign firms that involves the transfer of not only capital inflow but also managerial skills, organizational practices, and technical expertise (UNCTAD, 2023). In

agribusiness, these inputs can strengthen value chains, expand processing capacity, reduce post-harvest losses, and facilitate access to regional and international markets (Fauzi & Nafisah, 2021). Consequently, governments across Asia, Africa, and Latin America have increasingly positioned FDI as a strategic instrument for accelerating agricultural modernization (Satyanand, 2011).

Despite the global enthusiasm towards FDI, its effectiveness in promoting inclusive and sustainable agribusiness growth remains debatable. Empirical studies highlight both enabling and constraining factors in some countries, FDI has supported improvements in agricultural productivity, food processing, and export competitiveness; in others, it has generated concerns related to land acquisition, environmental stress, and unequal distribution of benefits (Johnston et al., 2014; Sexsmith, 2014). These mixed outcomes underscore the importance of understanding how institutional capacity, regulatory environments, land governance, and local absorptive capabilities shape FDI's developmental impacts (Phuyal & Sunuwar, 2019; Rahman & Inaba, 2021). A growing body of scholarly work suggests that FDI does not automatically lead to agribusiness development; rather, its contribution depends on how well host countries manage investment, negotiate partnerships, and align foreign capital with national priorities (Khatiwada, 2021). Recent evidence suggests that FDI continues to play a pivotal role in transforming agricultural productivity, export capacity, and value chain integration particularly in developing economies (Mabeta et al., 2025; Owens et al., 2025). Notably, emerging global trends highlight that the effectiveness of FDI increasingly depends on sectoral targeting and sustainable investment strategies (OECD, 2026; UNCTAD, 2025).

Nepal provides a particularly pertinent case for examining these dynamics. Agriculture contributes roughly one-quarter of national GDP and employs more than half of the population; however, the sector is dominated by smallholders, characterized by low mechanization, weak storage and logistics systems, and high vulnerability to climate shocks. According to the Food and Agriculture Organization (FAO, 2021), these structural constraints continue to limit productivity growth and the modernization of Nepal's agrifood system, despite its central role in the national economy. Although the Government of Nepal has introduced several policy initiatives such as the Foreign Investment and Technology Transfer Act (FITTA) 2019 and amendments to agricultural land-use regulations to attract foreign investors, actual inflows into agribusiness continue to be marginal (Khatiwada, 2021; Lamichhane, 2022). Most FDI is concentrated in hydropower, tourism, and manufacturing, while agriculture accounts for a very small share of approved projects. Persistent challenges related to land leasing rules, bureaucratic delays, fragmented institutional responsibilities, and insufficient incentives have restricted the sector's ability to absorb foreign capital effectively (MoALD, 2022). As Nepal aims to transition from subsistence-oriented production to a competitive, value-chain-driven agribusiness model, a clearer understanding of FDI's role becomes increasingly important (Wanjere et al., 2021).

Existing academic discourse on FDI in Nepal tends to focus on macroeconomic effects, such as GDP growth or overall investment trends, with relatively limited attention given to agriculture-specific evidence (Bluhm et al., 2015; Rahman & Inaba, 2021). Comparative insights from developing countries such as India, Vietnam, Indonesia, Ghana, and Mozambique are often discussed in isolation rather than in a synthesized way to generate lessons applicable to Nepal (Fauzi & Nafisah, 2021; Satyanand, 2011). There is also a lack of consolidated reviews that bring together theoretical perspectives, empirical findings, and policy developments within a single analytical framework. This gap is significant because agribusiness, unlike other sectors, is shaped by unique institutional and environmental factors such as land tenure systems, rural

labor structures, seasonality, and climate risks that require tailored investment frameworks (ADB, 2018). Understanding FDI in this context requires a sector-specific examination rather than general investment analysis (Lamichhane, 2022).

Considering these gaps, this study conducts a systematic review of the literature to assess the relationship between FDI and agribusiness development and its implications for Nepal. The review synthesizes research published between 2000 and 2024, highlighting global patterns, policy experiences, and empirical outcomes in agribusiness, while situating Nepal within a broader comparative context. The review draws upon key theoretical frameworks including Spillover Theory, Linkage Theory, and Dependency Theory to interpret how investment influences technological change, value-chain integration, and local development outcomes (Hirschman, 1958; Penrose, 1994; Sexsmith, 2014). By consolidating findings across diverse studies and highlighting the institutional and policy conditions that shape investment performance, this review aims to clarify whether, how, and under what circumstances FDI contributes to agribusiness development in Nepal and similar economies (Wanjere et al., 2021).

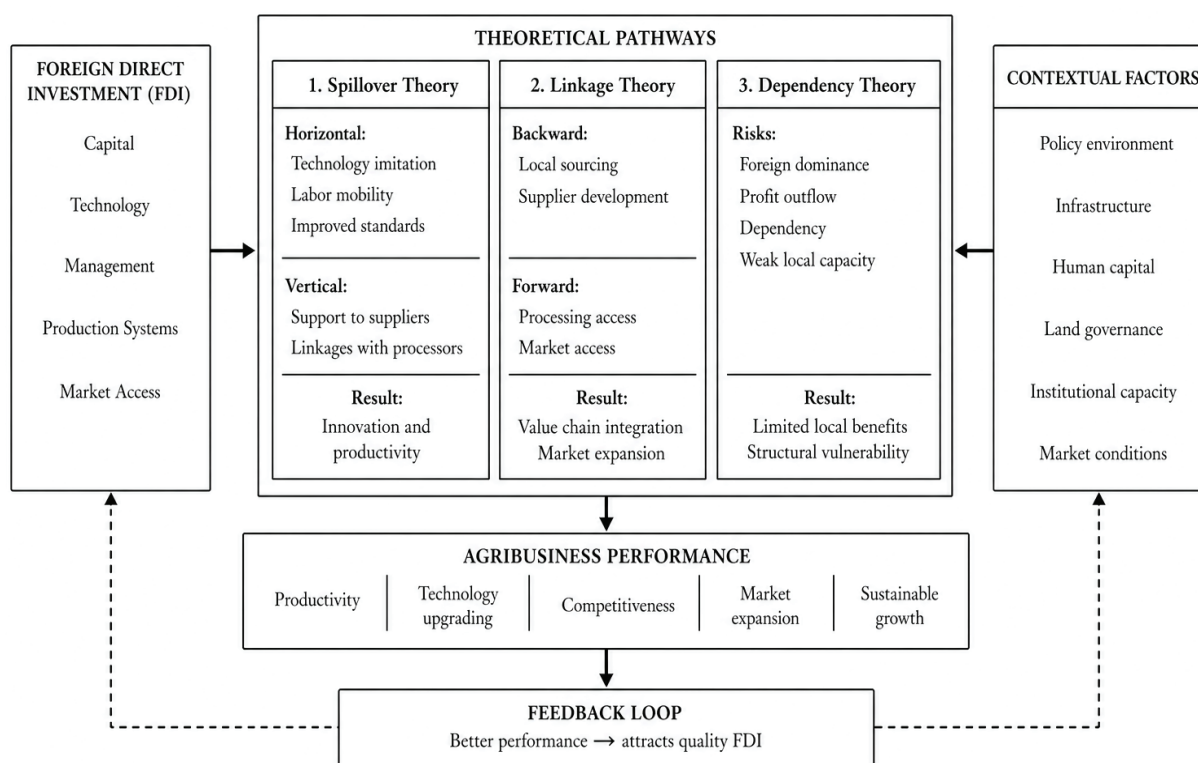
Accordingly, this study aims to systematically review the existing literature on the relationship between FDI and agribusiness development, with a particular focus on Nepal. Specifically, the study addresses the following research questions:

- (1) How does FDI influence agribusiness performance in developing economies?
- (2) What institutional policy and structural factors shape the effectiveness of FDI in agriculture?
- (3) What lessons can be drawn from global experiences to inform agribusiness development in Nepal?

The discussion above highlights the multifaceted role of FDI in shaping agribusiness performance, encompassing capital inflows, technology transfer, managerial expertise, and market access, while also considering moderating factors such as infrastructure, human capital, and the policy environment. To illustrate these relationships clearly, Fig. 1 presents a conceptual framework showing how FDI influences agribusiness performance in developing economies like Nepal. The figure depicts the pathways through which foreign investment contributes to productivity, innovation, and competitive advantage, while also incorporating contextual factors that can enhance or constrain these effects. While these findings provide important insights, a structured conceptual understanding is necessary to explain how FDI influences agribusiness performance.

### **Conceptual framework**

This study is grounded on three key theoretical perspectives i.e. Spillover Theory, Linkage Theory, and Dependency Theory, which explain how FDI influences agribusiness performance. FDI contributes to agribusiness through capital inflows, technology transfer, managerial expertise, and improved production systems, thereby enhancing productivity and competitiveness (Dunning, 1993; World Bank, 2020). Spillover Theory explains how the benefits of FDI extend beyond foreign firms to the broader economy. When multinational agribusiness companies enter a host country, they generate both horizontal and vertical spillovers. Horizontal spillovers occur when domestic agribusiness firms imitate foreign technologies, adopt improved production standards, or benefit from labor mobility (Blomström & Kokko, 1998). Javorcik (2004) argues that FDI generates vertical spillovers through supply-chain linkages, as foreign firms provide technical assistance, training, and quality standards to local suppliers and downstream actors, thereby strengthening the agribusiness ecosystem.



**Fig. 1. Conceptual Framework: FDI and Agribusiness Performance in Nepal**

Note. The framework is based on Spillover Theory (Blomström & Kokko, 1998; Javorcik, 2004), Linkage Theory (Hirschman, 1958), and Dependency Theory (Dos Santos, 1970; Frank, 1967).

Complementing this, Linkage Theory highlights how FDI fosters economic connections within the host economy. Backward linkages occur when foreign firms source inputs locally, stimulating domestic production and upgrading the capabilities of farmers and small enterprises (Hirschman, 1958). Forward linkages emerge when domestic processors, retailers, and exporters benefit from improved processing facilities, quality assurance systems, or access to modern distribution channels. These linkages promote commercialization, value-chain integration, and expanded market opportunities.

However, all scholars don't view FDI as inherently beneficial. Dependency Theory provides a contrasting perspective by highlighting potential risks associated with excessive reliance on foreign investment. It cautions that foreign firms may dominate key segments of the agribusiness value chain, leading to unequal power relations and profit repatriation (Dos Santos, 1970). Such dependency may limit domestic capability development and create long-term vulnerabilities if foreign investors withdraw or reorient their investments (Frank, 1967).

Likewise, these theoretical perspectives provide a comprehensive framework for understanding how FDI shapes agribusiness performance. While FDI can enhance productivity, strengthen value chains, and promote technological upgrading, its overall impact depends on how effectively it is managed, regulated, and aligned with national development objectives.

## RESEARCH METHODS

### Review design

This study employs a systematic literature review (SLR) approach to examine the relationship between FDI and agribusiness development, with a particular focus on Nepal. Systematic reviews enable comprehensive synthesis of existing research, minimize selection bias, and provide a robust foundation for identifying patterns, gaps, and theoretical insights (Petticrew & Roberts, 2006). The review follows the Preferred Reporting Items for Systematic Reviews and Meta-Analyses (PRISMA) 2020 guidelines to ensure transparency, rigor, and reproducibility (Page et al., 2021).

### Search strategy and data sources

A systematic search was conducted across ScienceDirect, Google Scholar, and JSTOR to identify peer-reviewed literature. To incorporate relevant policy and grey literature, searches were also conducted within repositories of the Food and Agriculture Organization (FAO) and the World Bank. These sources were selected to ensure comprehensive coverage of both academic and policy perspectives on FDI and agribusiness in developing countries. The search employed Boolean combinations of keywords including “Foreign Direct Investment” or “FDI,” “Agribusiness” or “Agriculture” or “Agri-food sector,” “Developing countries” or “Nepal,” and “Investment spillovers” or “Technology transfer” or “Productivity.” Searches were limited to English-language studies published between 2000 and 2024. To address potential duplication arising from the use of multiple databases, records were carefully screened based on titles, authors, publication year, and journal source. Duplicate entries were identified and removed during the initial screening phase to ensure that each study was considered only once in the review process. The search period was limited to publications up to 2024 to ensure consistency and completeness of the review process, as studies published in 2025 were still emerging and not fully indexed across databases at the time of data collection.

### Inclusion and exclusion criteria

The review included empirical studies, literature reviews, and policy reports examining FDI and agribusiness or agriculture in developing countries, with relevance to Nepal. Only English-language publications from 2000–2024 were considered. Studies unrelated to FDI or agribusiness, non-peer-reviewed sources (e.g., blogs, opinion pieces), and studies focused exclusively on developed countries were excluded.

### Bias considerations

This review acknowledges the potential for publication bias, as studies reporting significant or positive results are more likely to be published. Additionally, language bias may exist because only English-language studies were included, potentially excluding relevant research published in other languages. These limitations may affect the comprehensiveness of the evidence base.

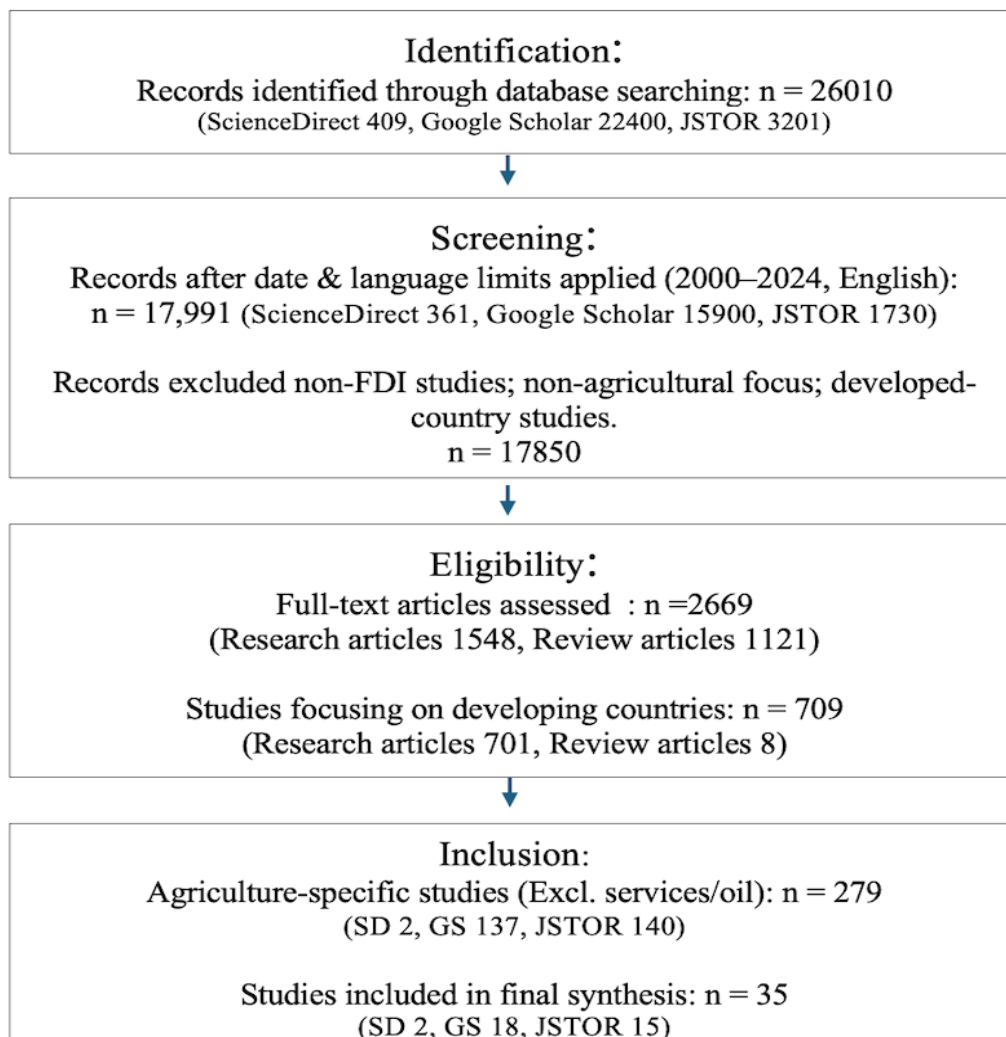
### Study selection process (PRISMA flow)

Following the PRISMA 2020 guidelines, the study selection process was conducted systematically and transparently. An initial search using the keywords “*Foreign Direct Investment*” and “*Agribusiness*” identified a total of 26,010 records across three databases: ScienceDirect (n = 409), Google Scholar (n = 22,400), and JSTOR (n = 3,201). After applying publication year (2000–2024) and English-language filters, 17,991 records remained for screening. Titles and abstracts were then reviewed to exclude studies unrelated to FDI, non-agricultural sectors (such as services, mining, real estate, and oil), and studies focused exclusively on developed countries. This screening resulted in 1,548 research articles and 1,121 review articles eligible for further assessment. Of these, 701 research articles and 8 review articles specifically addressed context

of developing-country. Subsequent full-text screening narrowed the sample to 279 agriculture-specific studies, from which 35 articles explicitly examining FDI and agribusiness/agriculture were retained for final synthesis. These 35 studies formed the evidence base for the thematic analysis. A detailed overview of the screening and selection process is presented in Fig. 2 (PRISMA flow diagram). The PRISMA flow diagram illustrates the step-by-step screening process, including identification, filtering, eligibility assessment, and final inclusion of studies, thereby ensuring transparency and reproducibility of the review.

### Data extraction and synthesis

Data were extracted using a standardized coding sheet capturing authors, year of publication, country context, sector focus, type of FDI, methodological approach, key findings, and theoretical framework. Extracted data were analyzed thematically to identify patterns related to FDI's effects on agribusiness performance, technology transfer, productivity, market access, and institutional moderators. Comparative insights were drawn for Nepal in relation to other developing countries.



**Fig. 2. PRISMA 2020 Flow Diagram of Study Selection Process**

Note. Study selection followed PRISMA 2020 guidelines (Page et al., 2021) to ensure transparency and reproducibility.

### **Methodological rigor**

By adhering to PRISMA guidelines and using a transparent, replicable screening and coding process, this review ensures methodological rigor. Although a formal quantitative risk-of-bias tool was not applied, studies were critically assessed based on methodological clarity, data sources, analytical approach, and relevance to the research objectives. Reporting bias was minimized by including both empirical and review-based studies from multiple sources. However, variations in study design and data quality across the selected literature might influence the consistency of findings.

## **RESULTS AND DISCUSSION**

### **Thematic findings**

The analysis of 35 selected studies reveals several key themes describing how FDI influences agribusiness across developing countries, including policy frameworks, sectoral patterns, benefits, and constraints.

### **Evolution of FDI policy frameworks**

The literature shows that many developing economies initially adopted protectionist or cautious approaches toward agricultural FDI, largely due to concerns over land rights, resource sovereignty, and food security (Byerlee & Deininger, 2013; Hallam, 2011). Over time, countries such as India, Vietnam, and Indonesia implemented more liberal and structured investment policies. India's opening of the food processing sector and the establishment of Mega Food Parks increased foreign participation in agro-industries (Satyanand, 2011). UNCTAD (2012) reports that Vietnam's export-oriented agricultural policies and investments in logistics infrastructure have attracted sustained foreign direct investment in sectors such as rice, fisheries, and rubber, strengthening the country's integration into global agribusiness value chains. In Nepal, policy reforms—including the Industrial Policy (2011), the Foreign Investment and Technology Transfer Act (FITTA, 2019), and the 2021 agricultural land-leasing amendment—represent recent efforts to attract agribusiness investment (Khatiwada, 2021; Lamichhane, 2022). Approximately 18 out of 35 studies highlight the importance of policy liberalization and regulatory clarity in attracting agribusiness FDI.

### **Patterns and sectoral distribution of agribusiness FDI**

Across the reviewed studies, FDI in Nepal remains low relative to other developing economies, with less than two percent of total approved foreign investment projects directed to agriculture (Khatiwada, 2021; Phuyal & Sunuwar, 2019). Existing investments are concentrated in poultry feed production, dairy processing, greenhouse-based horticulture, tea, spices, and high-value crops. Similar sectoral patterns are observed in Asia and Africa, where foreign investors prefer capital-intensive or export-oriented activities such as aquaculture, seed production, and agro-processing (Matteo & Schoneveld, 2016; Pasaribu et al., 2021). Post-COVID-19 literature indicates a modest recovery in agribusiness FDI, driven by renewed food demand and interest in climate-smart technologies (UNCTAD, 2024). Around 12 studies report that agribusiness FDI is concentrated in high-value and export-oriented subsectors.

### **Documented benefits of agribusiness FDI**

The literature consistently identifies technology transfer and managerial upgrading as key benefits of agribusiness FDI. Reported outcomes include adoption of greenhouse systems, automated feed technologies, improved livestock breeds, and modern post-harvest practices (Fauzi & Nafisah, 2021; Wanjere et al., 2021). Studies also document improvements in agricultural infrastructure, including storage facilities, cold chains, and small-scale processing units (Byerlee & Deininger, 2013). Additionally, FDI has facilitated market access through

contract farming and integrated supply chains in countries such as Vietnam, Bangladesh, and Nepal (Foreign Direct Investment and Human Development, 2012). Nearly 22 studies emphasize technology transfer and productivity gains as the primary benefits of FDI in agriculture.

### **Constraints and risks associated with agribusiness FDI**

The literature identifies persistent challenges that limit the developmental impact of agricultural FDI. Land governance constraints, particularly restrictions on land ownership and complex leasing arrangements, are widely reported in Nepal and other developing countries (Khatiwada, 2021; Lamichhane, 2022). According to the Ministry of Agriculture and Livestock Development (MOALD, 2022), institutional fragmentation across federal, provincial, and local government levels continues to cause delays in project approval, coordination, and monitoring of agricultural and agribusiness investments in Nepal. Aryal et al. (2024) find that sector-specific FDI dynamics in Nepal show differential impacts on economic growth across agriculture, manufacturing, and services. Low absorptive capacity among farmers and domestic firms limits effective use of imported technologies, a challenge also observed in African case studies (Sexsmith, 2014). Schoneveld and German (2013) argue that translating legal rights into secure land tenure is often limited in practice, with customary land users bearing the burden of contestation against commercial pressures. About 20 studies identify institutional weaknesses, land governance issues, and low absorptive capacity as major constraints.

### **Comparative evidence from developing countries**

The identified comparative patterns are synthesized in Table 1, which highlights how differences in policy design, institutional capacity, and regulatory oversight shape agribusiness FDI outcomes across selected developing countries. In addition to the countries discussed above, several high-FDI recipient countries such as Indonesia, Brazil, and Kenya demonstrate important agribusiness investment dynamics. Indonesia has attracted substantial FDI in palm oil, fisheries, and agro-processing through export-oriented policies and regulatory reforms. Brazil, as one of the world's leading agricultural exporters, has leveraged FDI in large-scale agribusiness, particularly in soybean production, meat processing, and biofuel industries. Similarly, Kenya has experienced increasing foreign investment in horticulture and floriculture, supported by strong integration with European markets and value chains. These cases suggest that policy consistency, infrastructure development, and global market linkages play a critical role in shaping agribusiness FDI outcomes.

**Table 1. Comparative lessons for Nepal from selected developing countries**

Country	Policy / Investment Approach	Key Outcomes	Relevance for Nepal
India	Liberalized FDI in food processing; Mega Food Parks	Expansion of agro-processing and export capacity (UNCTAD, 2022; World Bank, 2023)	Develop processing infrastructure and targeted incentives
Vietnam	Export-oriented agriculture; logistics reform	Improved efficiency and global competitiveness (UNCTAD, 2022; World Bank, 2023)	Ensure policy stability and logistics integration
Bangladesh	Inclusive PPPs in poultry and fisheries	Employment creation and nutrition gains (Fauzi & Nafisah, 2021)	Promote inclusive FDI models
Mozambique	Weakly regulated land-based FDI	Social conflict and limited spillovers (Gumel, 2024; Joseph, 2025; UNCTAD, 2022; World Bank, 2023)	Strengthen land governance and safeguards
China	Infrastructure-linked outward FDI strategy	Expanded global agricultural footprint (OECD, 2021; UNCTAD, 2022)	Limited applicability due to scale and state capacity
Indonesia	Export-oriented agro-industrial policy; palm oil and fisheries FDI	Strong agro-processing growth and export expansion (UNCTAD, 2020; World Bank, 2020)	Promote sector-specific FDI policies
Brazil	Large-scale agribusiness with global integration	High productivity and global competitiveness (FAO, 2022; OECD, 2021)	Develop scale + commercialization
Kenya	Export-oriented horticulture and floriculture	Strong value-chain integration and employment (UNCTAD, 2022; World Bank, 2021)	Strengthen export linkages

Note: Authors' synthesis based on reviewed literature (2000–2024)

## Discussion

The findings indicate that the developmental impact of FDI in agribusiness is shaped less by the volume of inflows and more by the quality of institutional and policy environments in host economies. Satyanand (2011) shows that in India and Vietnam, stable policy regimes, targeted infrastructure investments, and clear regulatory procedures have enabled FDI to support agro-processing growth and the development of export-oriented value chains. These cases suggest the institutional quality is not merely a facilitating condition but a decisive factor in translating FDI into structural transformation within agribusiness. This interpretation aligns with recent global evidence highlighting that strategic investment frameworks and institutional coherence significantly enhance FDI effectiveness (Mabeta et al., 2025; OECD, 2026; World Bank, 2023).

From a theoretical perspective, these outcomes strongly support Linkage Theory, which posits that backward and forward linkages between foreign investors and domestic firms are essential for generating spillovers and strengthening local production systems. In well-regulated

environments, FDI contributes to the development of integrated value chains, technological upgrading, and market expansion. However, the findings also suggest that such linkages do not emerge automatically; they depend on complementary institutional arrangements that incentivize collaboration and reduce transaction costs.

Nepal's experience presents a contrasting case, highlighting the consequences of institutional fragmentation and policy inconsistency. Despite recent reforms aimed at attracting foreign investment, challenges such as unclear land-leasing provisions, weak inter-agency coordination, and procedural inefficiencies continue to constrain agribusiness FDI. This pattern reflects concerns raised in Dependency Theory, which argues that weak domestic institutions can limit local value capture and restrict technological upgrading (Sexsmith, 2014). Although Nepal has not experienced widespread exploitative investment, the benefits of existing FDI remain concentrated in limited segments of the value chain, suggesting that the primary constraint lies not in attracting investment itself, but in the absence of an enabling ecosystem capable of leveraging it effectively.

The review further underscores the importance of absorptive capacity, a central premise of Spillover Theory. Evidence from Nepal indicates that limited technical skills, weak agricultural extension systems, and insufficient knowledge-transfer mechanisms restrict the diffusion of foreign technologies and managerial practices (Lamichhane, 2022). Similar patterns observed in African contexts reinforce the need for complementary investments in human capital and institutional support if spillover benefits are to be realized.

Recent global trends indicate that while FDI flows remain volatile, agrifood systems continue to attract relatively stable investment due to their strategic importance for food security and economic resilience (UNCTAD, 2025). Moreover, emerging evidence suggests that targeted and sustainability-oriented FDI can play a transformative role in rural development when supported by appropriate governance frameworks (Raeskyesa & Nugraha, 2026). These insights reinforce the argument that the quality, orientation, and governance of investment matter more than its scale.

Comparative evidence from Bangladesh and Mozambique further illustrates how outcomes differ under inclusive versus weakly regulated investment models. Studies of inclusive public-private partnerships in Bangladesh show positive employment and productivity effects, while poorly regulated land-based investments in Mozambique have resulted in social conflict and limited spillovers. These contrasting experiences demonstrate that FDI alone cannot ensure sustainable agribusiness development; instead, balanced regulation, social safeguards, and inclusive governance are essential.

Overall, the findings contribute to the literature by demonstrating that FDI effectiveness in agribusiness is dependent on a combination of institutional quality, absorptive capacity, and governance structures. However, the existing literature remains fragmented and often lacks sector-specific depth, limiting the generalizability of findings across different agribusiness contexts. Rather than viewing FDI as an automatic driver of growth, the evidence suggests a more conditional relationship, where outcomes depend on how well host countries integrate foreign investment into domestic economic systems. This reinforces the need for a more nuanced and context-specific understanding of FDI-led development, particularly in structurally constrained economies such as Nepal.

## CONCLUSION

This systematic review examined whether FDI contributes to agribusiness development in developing countries, with particular emphasis on Nepal. Synthesizing evidence from 35 studies published between 2000 and 2024, the review demonstrates that FDI holds considerable potential to support agricultural modernization, improve value-chain efficiency, and expand market opportunities. Evidence from countries such as India, Vietnam, Bangladesh, and China shows that when supported by coherent policies and strong institutions, FDI can generate technology transfer, infrastructure development, and commercialization of agribusiness. However, the review also highlights that these benefits are not automatic and depend critically on governance quality, regulatory clarity, and the absorptive capacity of host economies.

In the case of Nepal, the impact of FDI remains limited due to institutional fragmentation, land governance constraints, and weak coordination mechanisms, despite recent policy reforms. The findings suggest that FDI can serve as a catalyst for agribusiness transformation only when complemented by effective policies, improved investor facilitation, and investments in human capital and rural infrastructure. Strengthening domestic value chains and ensuring inclusive and well-regulated investment practices are essential to maximize developmental outcomes. Overall, the key message of this review is that FDI is not a standalone solution for agribusiness development; rather, its success depends on how strategically it is integrated within national development priorities and institutional systems.

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## AUTHOR CONTRIBUTIONS

**AJ:** Conceptualization, Methodology, Formal analysis, Investigation, Data curation, Writing – original draft; **DD:** Conceptualization, Methodology, Writing – review & editing, Supervision; **KDS:** Conceptualization, Methodology, Writing – review & editing, Supervision; **BRP:** Conceptualization, Methodology, Writing – review & editing, Supervision.

## CONFLICT OF INTEREST

The authors declare that they have no known competing financial interests or personal relationships that could have appeared to influence the work reported in this paper.

## ETHICAL APPROVAL AND PERMITS

Not applicable.

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