



Rai workshop, 2 July

on

Terms of reference for consultation process to develop principles for responsible agricultural investments which enhance food security and nutrition

Compilation of written presentations, statements, and outputs of group discussions

Nature and purpose of document

This document includes written versions of some of the inputs made to the workshop held on 2 July. It starts with presentations, followed by statements, and concludes with a transcript of the outcomes of the discussions held in the five working groups.

This compilation serves as background information when discussing the proposed ToR for the consultation process.

Presentations

- 1. Principles for Responsible Agricultural Investment that Respects Rights, Livelihoods and Resources (PRAI), power point presentation, Brian Baldwin (IFAD), on behalf of PRAI Inter-Agency Working Group (IAWG-UNCTAD, the world Bank, IFAD, FAO)**

Purpose: Why have the PRAI been developed?

- Decades of underinvestment in agriculture in developing countries
 - Additional investments of at least \$83 billion annually are needed in agriculture to meet targets for reducing poverty and the numbers of malnourished (FAO)
- The recent rise of investment in agriculture recognizes that:
 - Growing gap between the demand and supply of food globally – combination of population growth, changing food habits from income increases, rapid urbanization in some areas and biofuels boom = a few of the key drivers
 - Trend accentuated by the food and financial crises, which have made land/agriculture even more attractive as financial markets become ever riskier and food prices remain high

Purpose: Why have the PRAI been developed?

Increase of investment in agriculture needed. But...

- Many recent investments are speculative land holdings or “get rich quick” schemes (e.g. Jatropha)
- Evidence demonstrates that investments have often been detrimental for local communities and the environment
- Major political, social, economic and environmental risks involved – for local communities, host governments and investors

Thus...

- Need for policy guidelines for governments and regulation of investors

Consultation processes: How have the PRAI been developed?

- FAO, IFAD, WB, UNCTAD have always worked on ensuring that investment in agriculture promotes broad benefits for surrounding communities and is environmentally sustainable
 - E.g. UN General Assembly asks UNCTAD and other UN agencies to focus their efforts in this area
 - E.g. G8 and G20 request international agencies to work on responsible agricultural investment
- Given need for urgent action, IAWG members coordinate efforts and agree to the current provisional, (i.e. “living document”) version of PRAI
- Ongoing refinement of PRAI through consultations, research and field-testing

Intended recipients: Who does PRAI address?

- Agriculture and rural development is a complex phenomenon involving multiple actors that require different kinds of guidance, support and/or regulation
- Aim to develop a range of tools including:
 - Principles for investors –a code of conduct with monitoring mechanisms;
 - Guidelines for host governments – a framework for developing laws/regulations to promote pro-poor agricultural investment strategies; and,
 - Model contracts (that recognises the various business models available).

The Principles: What do the PRAI consist of?

1. Land and natural resource rights of existing land users are respected
2. Investments do not jeopardize food security – rather strengthen it
3. Policy framework ensures transparency & accountability
4. Agreements based on extensive consultations with all potentially affected communities
5. Investors respect human rights and other best practices (e.g. regarding working conditions)
6. Investments generate broad social benefits for all surrounding communities
7. Investments are environmentally sustainable

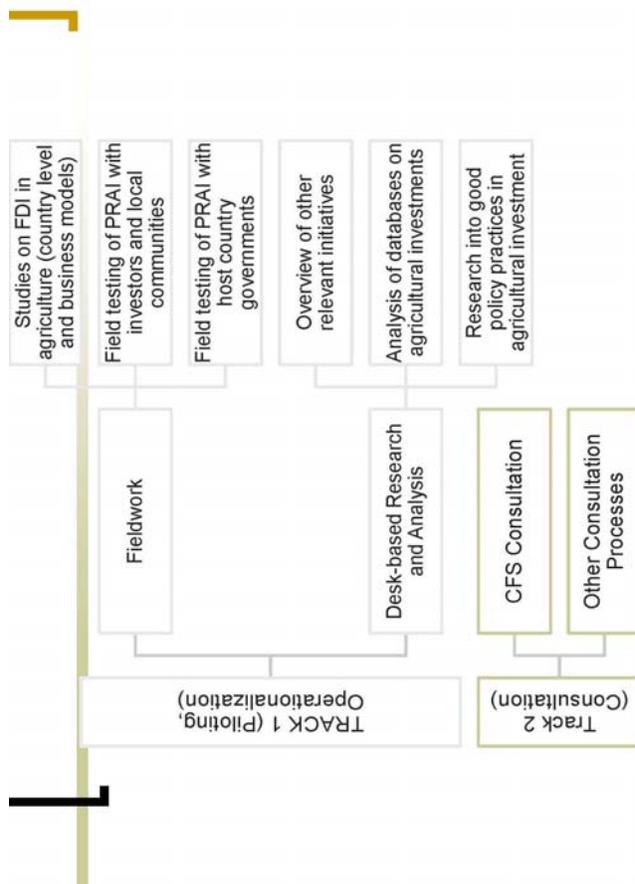
Scope: What do the PRAI seek to seek to address?

- Medium and large-scale agricultural investments and agribusinesses, particularly in Africa, Asia and Latin America
- Large-scale agricultural investments may not involve a transfer of land e.g. contract farming operations
- Thus, the PRAI is not exclusively focussed on investments involving land transfers

1: Land and natural resource rights of existing land users are respected

- Land “grabbing” is a real concern
- Land grabbing involves local and national elites and foreign investors
- It is happening within families and communities, as well as internationally
- Not all foreign (or domestic) land acquisitions are land grabs and there is limited analysis of ‘speculators’ vs. ‘pioneers’

What are we doing at present? The PRAI Action Plan



Field testing of the PRAI with investors and local communities

- Research being conducted on 40+ agricultural investments across Africa and South East Asia
- Assessing:
 - What investors are doing to promote social and environmental sustainability
 - How communities living around the investment perceive and are affected by it
- Key aims:
 - Understand what the main issues on the ground are, both for investors and communities, and ensuring that principles address these issues
 - Test feasibility of PRAI and translate principles into actions for investors, governments, donors and international agencies
 - Explore how differences in size, business model, type of investor, national history and local politics (etc.) can influence the impacts of an agricultural investment

Fieldwork: Studies on FDI in agriculture

- Aims:

- Analyze trends & impacts of agricultural FDI on host developing countries
- Examine investments involving land acquisitions & alternative business models

Case studies:

- Macroeconomic approach, country level:
Brazil, Egypt, Morocco, Sudan, Tanzania, Thailand, Uganda ...
- Field surveys: analysis of inclusive business models
Cambodia, Ghana, Mali, Senegal, Zambia

Desk-based Research and Analysis

- Overview of existing initiatives that can inform discussions on rai principles
- Analysis of databases on agricultural investments (CDC)
- Research into good policy practices in agricultural investment

Overview of existing initiatives that can inform discussions on rai principles

- What resources exist that may be able to provide advice for regulating corporate/gov't behaviour for *specific issues*?

→ E.g. the Extractive Industries Transparency Initiative (EITI) provides useful guidance on promoting *transparency*

→ E.g. Fairtrade provides extensive advice for promoting decent *working conditions* and *benefit sharing arrangements* that support local communities

- What kinds of *monitoring and compliance* mechanisms exist?

→ How can we ensure that rai/PRAI have impact?

→ Self-reporting, external assessment, certification systems, human rights mechanisms

Analysis of databases on agricultural investments

- Study of 179 agribusiness investments made by the Commonwealth Development Bank (CDC)
- Aims to provide greater clarity about the risks and impacts of private sector investments in agriculture business in Sub-Saharan Africa and Southeast Asia
- First study of its kind to have carried out this kind of analysis, with such a large number of investments and over such an extended timeline

Next Steps for the PRAI

- Continue with fieldwork and desk-based research and analysis

- Use ongoing work (e.g. field testing of the PRAI) to feed into rai discussions at the CFS

2. Voluntary Guidelines on the Responsible Governance of Tenure of Land, Fisheries and Forests in the Context of National Food Security (VGGT), presentation by David Palmer FAO, NR

The VGGT are the first comprehensive, global instrument on tenure and its administration to be developed through negotiations by governments through the UN system, and with the participation of civil society and the private sector. They were developed through CFS-led negotiations and endorsed by CFS on 11 May 2012. They were recently endorsed by the G20 and at Rio+20.

The VGGT place the governance of tenure within the context of national food security.

- They are intended to contribute to the progressive realization of the right to adequate food, poverty eradication, environmental protection and sustainable social and economic development.
- They provide a framework that governments can use when developing their own strategies, policies and legislation regarding tenure of land, fisheries and forests.
- They are also intended to give investors and developers clear indications of what constitutes acceptable practice.
- They provide civil society groups with benchmarks to be used in their work on behalf of rural communities.

The draft of the VGGT was built from the ground up. The assessments from each of the 15 consultations were analyzed and issues were grouped into clusters. This work helped to identify the structure and content of the VGGT. In large measure, the early broad acceptance of the VGGT initiative was because of the legitimacy gained through the consultation process.

The draft VGGT was also built from the top down. Other key instruments, including those on human rights, were analyzed. This work helped to identify the core principles, and to ensure coherence between the VGGT and other instruments.

The draft VGGT was prepared with a view to assisting stakeholders to find common ground at time of the negotiations. Each statement made in the initial drafts was prepared with the stakeholders in mind (i.e. individual countries, and their different political, economic, social and religious perspectives, and civil society and the private sector). This was an attempt to have the drafts come as close as possible to “consensus text”.

The VGGT now provide negotiated text on tenure, including on tenure-related aspects of investments.

- They provide guidance for responsible investments that affect tenure.
- They acknowledge that responsible investments by the public and private sectors are essential for improving food security
- They identify safeguards that should be in place so that investments recognize and protect the existing tenure rights of potentially affected communities.

- There is a particular section called “Investments”. However, while each section addresses a particular topic of theme, the sections are not independent or self-standing. Each section should be read and understood in light of guidance given in other sections.

The Principles of Responsible Agricultural Investment (PRAI) includes land tenure as one of its principles.

In supporting an inclusive consultation process for responsible agricultural investment, CFS in 2011 acknowledged that the first step of the consultation process will be to develop terms of reference that take into account existing frameworks, such as PRAI. This suggests that other relevant frameworks will also be taken into account in the consultation and further work of rai.

The CFS has stated that the consultation process for rai should seek to ensure consistency and complementarity with the VGGT.

One option which provides the simplest and most effective way of achieving consistency and complementarity between rai and the VGGT, is for rai to focus on other aspects of investments, and to point to the VGGT for guidance on tenure-related aspects.

Another option is for rai to also address tenure-related aspects. This option is likely to lead to inconsistencies, and the perception that sections of the VGGT are being re-opened for negotiations.

It is for CFS to decide what should be included in rai, and what should be treated in other instruments, in order for there to be consistency and complementarity.

3. Acos Ethiopia case study

Our history

It was only 2005 when Acos Ethiopia came to light from a pioneering idea of forward thinking people, the Pedon family.

Ethiopia then was an even more challenging environment than it is now, both logistically, environmentally and from a human point of view. Years of political tensions, high population density, volatile weather and demographic remoteness had impacted severely on Ethiopia’s development. Agriculture in Ethiopia is still today reliant on smallholder, rain-fed farming systems providing 45% of Ethiopia’s GDP and 85% employment. Main export products such as coffee, chat, white beans and sesame are major, important sources of foreign exchange for what remains one of the world’s poorest countries.

Nevertheless, Pedon saw the development potential in Ethiopia’s agricultural land and committed large investments towards an European standard bean cleaning & processing site facility in Nazreth, in the Rift Valley region, approximately 100Km from Addis Abeba. Acos Ethiopia, a Pedon group company was born.

Our strategy & vision

First of all, we concentrated on providing suitable education opportunities to our workers’ children by building a school next to our sophisticated Nazreth plant. Since our workers are mostly ladies, hence traditionally caretakers, this afforded a caring and professional environment in which to leave their loved ones. Today the school has grown to accept 250

children, offers bus transport, a free canteen service, is open to non-workers children and most of all, is completely free of charge.

Secondly, we established long-term links to various NGOs mainly SFL (Sustainable Food Laboratory) and CRS (Catholic Relief Services), which had a strong presence in Ethiopia, but also Save the children, Oxfam and more recently IFRI (International Food research Institute). As global food company we have always felt the need for a sustainable use of agricultural resources, and especially in Ethiopia the need to be transparent and fair towards our suppliers' market. Beans in Ethiopia are an export product grown by poorer farmers. White pea beans (also known as Navy beans) especially, which are processed in European and American Markets into baked beans, have been exported by Ethiopian smallholders for more than 30 years.

Agricultural background

Although Navy beans were a major export product for Ethiopia, there were no local GAP (Good Agricultural Practices) and training materials to promote better quality and higher yields. To this extent, Acos worked in partnership with CRS and EIAR (Ethiopian Institute of Agricultural Research) to write training materials and disseminate them to farmers' cooperatives. Additionally, there were no bean seed companies based in Ethiopia at the time and farmers continued to plant low quality seed. CRS and Acos worked jointly with researchers from the Ethiopian Seed Enterprise to improve basic seed and distribute it to smaller farmers. 700mt of seed were supplied to 15,000 small farmers; most received 20Kg equivalent to plant one acre.

Acos' market role

By 2008 the main European canning industries and some American ones started to appreciate the Ethiopian product. Acos' main Ethiopian Navy pea beans client in Europe had significantly increased their procurement of beans from Ethiopia and managers had grown confident of Acos' product. Coop was mixing Ethiopian beans in the 400g retail packs and indicating the source on the ingredients. This was a significant promotion for the Ethiopian beans and highlighted that they were a quality product. Consequently, in order to distinguish the Ethiopian beans further, Acos and CRS developed a single variety strategy, the Awash Melka, a larger, flatter and more creamy colour bean variety, which became the single seed supply chain for branded products.

Acos worked together with CRS to build a value chain that boosted bean exports thus creating income for thousands of smallholders. The presence of a strong intermediary to drive procurement, quality and efficiency was key to link successfully informal smallholders to modern markets. In Acos' case, connecting African farmers with high-value markets such as the European canning industry proved to be the most challenging yet rewarding and viable aspect.

March 2012 saw the celebration of Acos' achievements within the Ethiopian navy bean value chain with the visit of Mr Bill Gates as chairman of the Gates Foundation to our Nazreth plant. Gates had been donating heavily for many years into the development of bean seed varieties in Ethiopia, a country very close to his heart. Mr Gates described Acos as "A great example of private investment in developing countries.

Where we are today

Since then Acos has grown to involve 350 employees, creating income for 15.000 families, supporting 10m \$ investments and opening new trade markets.

Currently, Navy export market from Ethiopia exceeds 50,000Mt per annum of which 30,000Mt are sold by Acos.

North & central America, Chile, Europe, Russia, Turkey, India, Saudi Arabia, Yemen, Egypt, Morocco, Algeria, Ghana, Madagascar, South Africa

Today, we are confident and proud in saying that white pea beans from Ethiopia have contributed to the country's recent economic development. They have lifted many families out of poverty and contributed to the modernization of the agricultural sector. Yet the feeling remains in buyers the world over concerning several aspects of trading with Africa: production reliability, food safety issues and most of all the perception by consumers that greedy buyers were taking food out of hungry people. The need to spread this compelling ethical story remains in order to help market Ethiopian navy beans in the future.

4. Ambers capital presentation outline - responsible agricultural investments Presented by Luca Torre

Introduction of Ambers

- a. Ambers&Co Capital Microfinanzas is a fund advisory company focused on impact investing. Its mission is to leverage capital markets to support business models that provide financial returns for investors and enable poor and marginalized people in developing countries to lift themselves out of poverty.
- b. Our final objective is social impact – the financial returns are necessary to tap into large pool of private capital and to foster sustainability of project
- c. Ambers&Co Capital Microfinanzas has raised and manages the GAWA Microfinance Fund - a €21 million fund investing in microfinance institutions and in other companies that promote financial inclusion, 70% of borrower we support are rural.
- d. Our investors are European Private investors who want to put their money to work to improve lives at the bottom of the pyramid while still receiving a return: large family offices, institutional investors, high net worth individuals

Introduction of the Rural Fund for Africa

- a. Rural fund for Africa aims at providing African smallholder farmers with access to capital, technical assistance and markets
- b. We have built a consortium of leading players in their respective fields, to provide smallholder farmers with:
 - (i) **Access to capital** to purchase quality inputs and to make needed investments in infrastructure by investing in either organizations (cooperatives or companies) that aggregate a large number of smallholders or in rural microfinance institutions. Ambers will manage a 20 million Euro fund.
 - (ii) **Technical assistance** (TA) to increase productivity, promote sustainable farming, aggregate producers, link them to markets, and other activities which will strengthen the value chain. Technoserve, a leading TA provider in Africa, will be responsible for delivering technical assistance by managing a grant facility of 4 million Euros.
 - (iii) **Access to markets** by linking farmers with international buyers.
- c. The consortium has started to select the value-chains/ products it will support. These offer the greatest potential for productivity improvements and market demand. We expect to work with producers with whom Technoserve has been working and that have proved their potential to successfully export products.
- d. The project will provide capital to smallholder farmers through:

(i) **Loans/ quasi-equity/ equity investments to rural microfinance institutions** with a clear mission of serving the agricultural sector. The fund will make senior unsecured debt investments and work with institutions to improve products and promote improved and more sustainable farming techniques among their clients.

(ii) **Loans/ quasi-equity to organizations that aggregate farmers** (e.g. exporters, farmers' cooperatives). Loans are collateralized by purchase agreements with well-established international buyers and they will be granted to support various stages of the value-chain.

e. The fund is expected to have 2 classes of shares to distribute risks and returns among different investors:

(i) Class A shares – 2-4% preferred return with priority on cash flows generated by the portfolio

(ii) Class B shares – subordinated to class A with higher risk/ return profile

Introduction of impact investing

a. Impact investments are investments made into companies, organizations, and funds with the intention to generate measurable social and environmental impact alongside a financial return.

b. The impact investing industry has the potential to steer significant sums of money to market-based solutions to the world's most pressing challenges, including sustainable agriculture, affordable housing, affordable and accessible healthcare, clean technology, and financial services for the poor.

c. It is estimated the sector could grow from its current \$50 billion in assets to \$1 trillion in assets by 2020 (JP Morgan estimate)

d. A wide variety of investors has invested in this sector: Development Financial institutions, Family offices, Private Banks, Private Foundations, Wealthy individuals, companies.

e. Investments have been made to meet different social needs: access to financial services (microfinance), access to affordable affordable housing, improving agriculture, SME development

f. The industry has been building clear metrics to measure social impact so that different investments could be compared not only from a financial return but also from a social impact standpoint. The most accepted standard for measuring social impact is called IRIS and it has been developed by a consortium of organizations led by, among others, the Rockefeller Foundation

g. Impact investors are aligned with other stakeholders represented in CSF on alleviating poverty

Need to mobilize investments to support agriculture and strengthen food security by building partnerships

a. A large community of investor interested in investing in sustainable agriculture that strengthen food security and alleviate poverty exists

b. To tap into this community, many agriculture-related risk needs to be mitigated

c. Best way to mitigate risks is to build partnerships among different stakeholders – NGOs, Development Financial Institutions, Governments, Companies

(i) *NGO*: foster aggregation of smallholders through cooperatives or other forms, strengthening value chains

(ii) *Development Financial Institutions*: support project by investing in higher risks and higher return tranches, providing credit guarantees, or helping mitigate FX risk or other risks difficult to mitigate otherwise

- (iii) *Governments*: provide a stable and transparent legal framework and functioning public infrastructure
 - (iv) *Companies*: build market linkages with sustainable product sourcing, supporting information exchange with producers with activities which go beyond limited corporate social responsibility
- d. Partnerships have to be built around clear principles and dialogue and coordination are essential

4. Address by the Civil Society Mechanism Agricultural Investment Working Group to the Committee on World Food Security Open Ended Working Group on principles for responsible agricultural investment

Preface

The Civil Society Mechanism (CSM) welcomes the opportunity to address the CFS Open Ended Working Group as it meets to start determining the terms of reference for a broad, open and inclusive consultation to define responsible investment in agriculture.

Discussions on this issue within the CSM have developed over the past year from the first meeting of its Coordination Committee in May, 2011 through the establishment of a CSM Working Group on Agricultural Investment, participation in the CFS 37th Session Round Table on *How to Increase Smallholder Sensitive Investment in Agriculture* as well as in the negotiations of the *Voluntary Guidelines on Responsible Governance of Land, Fisheries and Forests in the Context of National Food Security*. The following presentation is a summary of the main concepts developed by the CSM Working Group through these processes.

1. Introduction

The CSM delegation brings into this room the voices of millions of small-scale food producers – farmers, fisher folk, pastoralists, indigenous peoples, agricultural workers, landless, women, men and young people – who are the backbone of the world’s food system. In addition, we bring the voices of NGOs working with these groups on agricultural issues. For us, investment in agriculture is not an object of study. It is what we ourselves do every day of our lives. It is what we benefit from when our governments get priorities, policies and regulations straight. It is what we suffer from when it is lacking or, increasingly, when it alienates us from the land, water and other natural resources on which we depend and attacks our resilient food systems. Consultations about agricultural investment are not academic or technical exercises for us. We negotiate about investment in agriculture with our governments, with development partners, with outside investors when we are given a chance. We mobilize about it in our communities and our capital cities when we are not consulted. This is why we have invested so much energy in the CFS’s considerations about agricultural investment thus far.

2. Putting Assertions into Practice and Clarifying Terms

Any consideration of the topic of investment in agriculture within the context of the CFS has to take as its guiding principle the Committee’s mission of promoting the food security and right to food of the world’s population, in the first instance for small-scale food producers who are the most affected by food insecurity, yet contribute most to food security. In its report on the October 2011 Policy Round Table on Increasing Smallholder Sensitive Investment in Agriculture, the CFS acknowledged that farmers and smallholders themselves undertake the bulk of investments.

How do we move beyond these assertions into practice? This, for us, is what the consultation process should be about. For this to happen, as we move into determining the terms of reference for the process to define responsible agricultural investment, we need to be clear about the terms that we use.

“Investment”: When we speak about investment, it must be understood in a broader context than just capital investment. Other forms of investment include labour, knowledge and ecosystem regeneration and community development.

“Responsible”: The term responsible is too subjective to be effective. We need further definition of this term. We will begin to share our ideas about what it might cover if it is felt useful to retain it in the context of our consultation.

“Small-scale producers as Investors”: Small-scale food producers themselves do by far the largest part of the investment in agriculture in terms of labour, knowledge and capital. Small-scale food producers invest in their production. They maintain and build soil fertility, select and reproduce seeds, nurture their lands and water sources, build production and storage infrastructure often in a multi-generational context. These are, and will continue to be the most important investments in agriculture carried out on a day-to-day basis and need to be recognized as such. The recognition of such an assertion will be a very critical starting point of our consultation since it will bring other perspectives in the debates.

“Private Sector Investment”: We need better clarification of the range of realities that the term “private sector” comprises and, in particular, the difference between farmers’ own private investments and large-scale corporate investment. While they are both considered private investments, the scale, model and beneficiaries are significantly different. Returns generated by farmers’ own investment are most often re-invested by the farmer, while a large scale model is often accountable to shareholders first.

“Markets”: Linking producers to markets is one of the buzzwords of today. But we need to be clear about what we mean by markets. What markets are we talking about in our consultation? There are many different levels of markets and they do not all serve the same purpose. What levels of the market from the local, national, regional to global are most important for increasing food security?

“Smallholder sensitive”: The slippery nature of this term was recognized by the 37th Session of the CFS when it enjoined the consultation on responsible investment in agriculture to address the issue of how to define it. We submit that “smallholder sensitive investment” is investment that brings benefits to us and helps us to bring a multitude of benefits to our fellow citizens.

3. Prioritizing Small-Scale Food Production

A key objective of the consultation should be to clarify what needs to happen for smallscale food production to be prioritized to the benefit of the food security and the resilient food systems of our societies. Small-scale food production is the dominant and most important form of food production worldwide. 85% of the food that is grown is consumed within the same local environment or, at least, within national borders and most of it is grown beyond the reach of multinational food chains. The food consumed by over 70% of the population of the world is produced by small-scale food producers: peasants, fisher folk, pastoralists and indigenous people, who are mainly women: women play a pivotal role in producing much of the food worldwide. Small-scale food production also contributes to social, economic and environmental advantages such as creating employment, maintaining good cultural practices, sustainable rural development, preserving ecosystems and strengthening local, national and regional economies in many ways through job creation, wealth mobilisation and redistribution, local and national markets organisation and enhancement. All investments in agriculture need to support this production if future food supplies are to be secured.

Therefore, policies and investments aiming to strengthen food production have primarily to support and facilitate investment by small-scale food producers themselves. This means putting in place adequate price and market policies, which will provide them with fair conditions to reinvest in agricultural production, processing and marketing. It also means policies that ensure small-scale food producers' access and security to land, water, grazing, rivers, lakes and coastal waters, seeds, livestock breeds, aquatic resources, agricultural biodiversity, the productive resources they need to produce food.

Public investment and support for peasant and family-based food production should aim at creating decent conditions for agricultural workers. They should prioritize strengthening local food systems – with special attention to women and young people.

They should support small-scale food producer-led research; strengthen their existing knowledge systems that are essential for innovation; increase local capacity to conserve food producing, ecological and genetic resources on-farm, on the range and in water bodies; strengthen basic services and support local food systems. Agrarian or land reform is crucial and requires public support and investment.

In short, food and agricultural investment policies should be based on food sovereignty that will strengthen local, sustainable food systems, reinforce local, national and regional food markets in order to realise the right to food and increase food security. These policies should enable and support investments by the small-scale food producers themselves with particular attention to women food producers who, as the 37th Session of the CFS acknowledged, face specific difficulties and need specific policies and specific support.

4. Defending Small-scale Food Production from Corporate Takeover

For the reasons mentioned above and recalling the distinction we have made between investments by corporations and by small-scale food producers themselves there is a need to protect the latter from national and international corporate control in production and marketing. To achieve this, we need strong alliances between the governments and CSOs at the national and regional level through social movements. The trend we have today does not show this. The tendency for decision makers to develop public-private partnerships is continuously harming this potential alliance. Processes that are not inclusive harm the construction of good policies and practices. To end up, there is a strong need to rebuild alliances with an accountable, respectful state that cares about human rights issues and that has a code of conduct for good management of public resources.

5. Purpose, Value, Scope and Recipients of the Consultation

We welcome this consultation process, as the CFS is the legitimate platform to consolidate a single set of standards on investment developed through the food security lens and anchored in a human rights framework. Only the CFS can do that, based on its vision to become the foremost inclusive international and intergovernmental platform for a broad range of committed stakeholders to work together in a coordinated manner towards the elimination of hunger and ensuring food security and nutrition for all human beings. The capacity of the CFS to deliver this crucial task will contribute to raise the legitimacy, credibility, and moral authority of the reformed CFS in front of the entire world community.

We expect this to be a valuable, evidence-based process which takes into account concrete, positive, and context-specific experiences, while also bringing evidence on the impacts of different forms/models of agricultural investments on small-scale agricultural producers and agricultural workers, with particular regard to women.

The process should lead to the adoption of a normative document that provides clear guidance on which investments should be permitted and prioritized, based on their capacity to integrate the human rights framework, strengthen food security and local food systems, prioritize

investments by small-scale producers, promote gender equality and empowerment. The process must help to prevent negative kinds of investments that lead to massive land concentration and loss of control over productive resources and production decisions by producers.

The primary focus of this consultation process should be the types of investment by and for small-scale food producers and the pre-conditions for allowing small-scale producers to invest in their own development. It should also look at positive and negative impacts of other form of agricultural investments, at different models of production, at governance, accountability and decision-making processes, at implications for natural resources including land, water, fisheries and forests.

The final users will be the Governments, Inter-governmental organizations and institutions, private sector, small-scale food producers and their organizations, local communities, CSOs, but their different responsibilities, based on their different roles, should be elaborated during the consultation process.

Statements

Bioversity

Responsible agricultural investment must have an eye on long term solutions as well as on short term remedies, in the right balance. Investment in agriculture becomes less responsible if it focuses only on short-term remedies as the fundamental solutions for agriculture.

In this regard responsible agricultural investment needs to cover both investments for direct agricultural development as well as for **agricultural research**. In both domains the need for establishing the right balance in investments for short term and long term deliverables is crucial.

Investment in agriculture also becomes less responsible when it gives inadequate considerations to the effects of the investment on the larger environment and on the lives of smallholders and the poor. Investments must therefore consider the issues of externalities, environmental sustainability, landscapes dimension of research and biodiversity..

Responsible agricultural investment needs to recognize the fact that agriculture operates at multiple scales, and each of these scales has a function and needs investment support. Investment therefore should not be directed only at large-scale agriculture. Smallholder systems have largely been neglected in investment by both public and private sectors; this needs to be addressed and corrected.

Investment in smallholder systems, however, must not be targeted solely on getting farmers to adopt ‘market demand’ products, that could bring income to the farmers but do not address their local food systems or dietary preferences. Some of these kinds of products are actually targeted for the international markets rather than the local market, and could impact negatively on the local food security/systems.

There needs to be more investment in research and development that recognizes the special interests and needs of smallholders and that seeks to improve the productivity and stability and income of smallholder systems, including aspects of diversity and mixed systems of production. The goal should not be simply to transform smallholder systems into micro ‘large scale’ entities, based solely on improved seed, fertilizer and irrigation. These are important but are only part of the puzzle; this needs to be recognized in responsible agricultural investment.

Donor-related considerations

Donor coordination is a critical element in responsible agricultural investment for research. The coordination must be driven by a jointly developed/agreed strategic framework for the research to be undertaken, involving both investors and researchers.

Short term restricted grants do not do much to ensure long term results and impacts. There needs to be more emphasis on long-term, multi-year funding for strategic areas of research.

Private sector links with research are essential. However, these should not be directed solely at the development of improved seeds for selected private sector ‘darling commodities’. Some part of private sector investment, even in the framework of corporate social responsibility, should address what the smallholders consider essential to their interests and livelihood systems. Research should be a key part of this.

Effective monitoring and accountability mechanisms need to be agreed in advance between donors and research institutions. The use of common frameworks for project reporting across a number of ‘coordinated donors’ minimizes the time spent in developing separate reports and reviews for each donor.

Lessons from the CGIAR

The reform of the CGIAR introduced a number of elements for responsible agricultural investment in research, based on best practices and lessons over the years. Some of the elements are given below:

- Development and endorsement of a CGIAR Strategy and Results Framework (SRF), involving both donors (investors) and the doers (Consortium of research centers), indicating the joint and shared research goals, objectives and expected results and outcomes.
- Establishment of the CGIAR Fund - a new multi-donor, multi-year trust fund that supports research aligned with the CGIAR’s Strategy and Results Framework.
- Day-to-day management of the Fund is entrusted to the World Bank as the limited Trustee of the Fund. It is responsible for receiving, investing and disbursing funds to the CGIAR on instruction of the Fund Council, which is responsible for fund governance.
- With respect to reporting to donors on their contributions to the Fund, the Trustee of the Fund provides donors with quarterly financial reports, while the Consortium provides reports on the use of Fund resources towards pre-agreed results and outcomes.
- A robust evaluation mechanism for evaluating the CGIAR, including the Fund, has been developed to monitor fund use and outcome delivery, and assure accountability.

The above elements are provided as examples that could enhance responsible agricultural investments in research in agriculture.

Brazil

1. objective:

To develop guidelines for enhancing transparency in agricultural investments and for ensuring investment processes are more predictable and inclusive, taking into account local communities' needs.

2. scope:

Broad scope, which shall include aspects related to social, environmental and economic issues, taking into account and building upon existing initiatives.

3. main users/recipients:

governments (national, regional, local), private sector, local communities, farmers' organizations, small-holders farmers, investors, academia and research institutions.

4. process:

inclusive process, to be conducted by the Member Countries, with consultations with private sector, CSO and other stakeholders.

Civil Society Mechanism

Purpose and value

The purpose of the CFS-rai negotiations is to produce a normative document, which will provide guidance on agricultural investment and increase positive investments in agriculture.

We define positive investments as those which:

- Integrate the human rights framework: investments in agriculture must be human rights compliant and hence respect, protect and fulfil the Right to Food
- Strengthen food sovereignty, food security, local food production systems and local food production capacity (including infrastructure, knowledge, credit, etc.)
- Recognize and prioritize investments by and for small-scale, family based, peasant agriculture, artisanal fisheries, pastoralist and local, small-scale businesses.
- Strengthen rural livelihoods, income, employment, and rural social security beyond food and employment (health, education, etc.)
- Ensure that control over productive resources and decision making processes remains in the hands of producers
- Are gender sensitive, promote gender equality and empowerment, and nurture conditions that will benefit women
- Emphasize the importance of public investment in the rural sector in order to allocate more public resources to help strengthen local food production systems
- Reduce and prevent negative investments, including those which lead to land concentration and land grabbing

The value of the CFS-rai negotiations is based on the fact that the Committee on World Food Security is the legitimate platform to consolidate a single set of standards on agricultural investment.

As a process, the added value of the CFS-rai negotiations lies in:

- Documenting concrete experiences of investments within different political, socio-economic, and ecological contexts
- Accumulating an evidence base on the impacts of different forms of agricultural investments on small-scale agricultural producers, agricultural workers, and women farmers
- Building on already existing standards, human rights frameworks, and regional initiatives as they pertain to agricultural investment

Scope

The CFS-rai negotiations should include within their scope the following aspects:

- Investments by and for small-scale food producers
- Positive and negative effects of all forms of agricultural investment including i) small-scale, family-based, peasant, artisanal, and pastoralist; ii) state led public (national and sub-national); iii) private small-scale entrepreneurs and businesses; iv) large-scale, private, and corporate led (domestic and foreign)
- Models of production, practices and sustainability in relation to land, water, forests, and fisheries.
- Pre-conditions for allowing small-scale food producers to invest in their own development (e.g. access and control of productive resources including land, regulation on prices, extension services, infrastructure, social services, etc)
- Governance, accountability and decision making processes which affect agricultural investment

* The term small-scale food producers is understood to include farmers, fisherfolk, pastoralists, agricultural workers, indigenous peoples, and landless

Recipients

The CFS-rai process should address all the relevant stakeholders:

- Governments, inter-governmental organizations, and institutions
- Private sector
- Small-scale food producers and producer organizations
- Civil society organizations

Note: The stakeholders have different roles and responsibilities and these should be defined during the CFS-rai negotiation process.

Methodology of the consultation process

The CFS-rai negotiations should follow an inclusive and transparent consultation process, which prioritizes space for small-scale constituencies and marginalized groups, including the participation of women food producers.

The CFS-rai should also allow for national level consultation processes with strong community involved and input to be carried out, drawing on the various platforms, which may already exist.

We would like to see the creation of a Task Team, which includes civil society representation, to draft the terms of reference.

Trade-offs

The CFS-rai negotiations should commit to an inclusive process. It is only through such a high quality consultation process that the CFS can be considered legitimate and ensure positive outcomes for the CFS and all other stakeholders.

China

Thanks Madam Chair,

Thanks for organizing the one day workshop which is very interesting and useful. The Morning's presentations are very informative and the afternoon discussions are helpful to exchange views and concerns over the incoming process of Responsible Agricultural Investment (RAI).

We would like to point out some principles to be considered when carrying out the consultation:

1. Concept/scope of RAI, as a voluntary guideline, be clearly identified, so as to keep the consultation in a right direction.
2. RAI be one of the instruments which facilitate agricultural investment in the developing countries which are lack of investment in agriculture rather than posing an obstacle to it.
3. Support the comments made by USA and Brazil that RAI be not connected with any trade issues.
4. For well consultation, more participation from all stakeholders including researcher be encouraged at national, regional and international levels.
5. Quality of RAI be seriously considered when facilitating consultation and negotiation, rather than pushing it to completion within a certain timeline.
6. Experience and lessons learnt from the completed VGGT be as reference for RAI.

Germany

What is the purpose/value of having principles/guidelines for agricultural investment?

Underlining the importance of increased and improved investment in agriculture for achieving food security and nutrition – including increase of productivity -, the principles should **describe what kind and how responsible investments** should be **initiated** and **conducted** in order to enhance food security and nutrition, especially in countries with prevailing hunger and malnutrition.

What should be the scope of such a document; what themes should be addressed?

- The principles should serve as set of **guidelines that governments** can refer to when making laws and administering investments. They should serve as a **reference guide for private sector** activities in the field of agricultural investments. The principles should address public as well as private investments.
- The principles should **not only focus on large scale investments** but also give due regard to smallholder's investment. In this regard they should **foster small-holder inclusive and small-holder sensitive investments**.¹ The respective CFS-decisions of CFS 2011/Final Report para 29 x² should be taken into account.
- The principles should take existing **human rights standards** and relevant obligations of states as well as responsibilities of non-state actors (such as investors) especially with regard to investments as well as the right to food into account.
- Consistency with VG on land
The principles should be build on the standards set out in the VG on land and neither water them down nor be contradictory to them. This refers to the guidelines (chapter 12) which explicitly address investment issues and the responsibilities of non-state actors (no. 3 A 2.) as well as other guidelines such as the general principles (no. 3A) and principles of implementation (no. 3B).

¹ Definition in CFS 2011/4-paper for Policy Round Table “How to increase food security and small holder-sensitive investments in agriculture” para 5: *Small holder-sensitive means that investments (public and private) are mindful of, and attentive to respecting the rights, interests and potentials of smallholder agriculture and of family farmers. This goes beyond preserving the rights of small holdres vis a vis other investors by highlighting the importance of investment in supporting the potential of small holder agriculture to contribute to food security and nutrition, poverty reduction and key environmental goals.*

² The CFS urged the explicit recognition of small holder-sensitive investment among the criteria for characterizing responsible corporate investment in agriculture. The definition of this term should be specifically addressed in the consultation on responsible investments in agriculture.

In order to ensure consistency between the VGs and RAI in the context of investments in land, fisheries and forests with transactions in tenure rights, access to land and tenure governance, the RAI-principles should contain an explicit reference to the VG on land as the relevant document, which addresses the issues exhaustively.

Furthermore, a number of recommendations in chapter 12 can also be applied to investments without transactions in tenure rights. This refers for example to guideline 12.2. on support to investments by smallholders; 12.4. which names the policy objectives to which responsible investments should contribute and calls for compliance with international labour standards; 12.5. on appropriate consultation and participation; 12.6. on safeguards to protect human rights and livelihoods, food security and the environment; 12.7. on free, prior, informed consent for indigenous communities, 12.8. on national legislation and policies regarding investments, 12.10. on impact assessments on human rights and the environment, 12.10 on investment treaties and negotiations, , 12.12. on non-state actors responsibilities regarding due diligence, 12.15 on obligations of states investing abroad or promoting such investments.

The work of the FAO land tenure unit on the elaboration of the Implementation Guide of the VG on Land on Investments and Acquisitions should be taken into consideration as well (not mentioned in the background doc).

Who are likely to be its main users/recipients?

- Private sector
- Host country governments of investments,
- Governments that are home to international investors
- Donor Governments
- Civil society

Since in international law obligations of states differ from responsibilities of non-state actors, the principles should take these differentiations into account.

What type of consultation process is required to prepare the document (format and timeline of consultation process)?

The findings of the consultation process on the VG on land should be taken into consideration, since investments issues have played a major role in the discussions.

In the negotiations of the VG on land, many participants investment issues have been discussed extensively by all participants. Therefore the negotiation process as well as the final wording of the VG on land should be taken into consideration in the process of elaboration of the principles.

What would be a reasonable trade off/balance between cost and inclusiveness of the consultation process?

An inclusive consultation process on the principles, which includes all stakeholders – also from the national level -, is key for creating ownership and legitimacy of the principles.

IAFN

- Purpose
 - Develop a practical tool for all stakeholders involved in agricultural investment in order to help catalyze and mobilize good investment to improve food and nutrition security.
 - Recognize that investment, foreign and domestic, is a vital source of capital as well as a driver for increased productivity in national markets.
 - Highlight that domestic markets and foreign investment require the same **conducive operating environment**, including: peace and stability, the rule of law, good governance with accountability and transparency, the absence of corruption, adequate infrastructure, an educated workforce, clear property rights and enforceable contracts.
- Scope
 1. This process is not meant to create a long, negotiated set of guidelines. It should be focused on problem solving.
 2. Using the existing Principles of Responsible Agricultural Investment (PRAI)
 3. Use other existing sets of principles, in particular the ones developed by governments (such as the CAADP process) or those developed by business (such as the UN Global Compact).
 4. Identify those existing principles by talking to investors and asking them what tools they are using.
 5. Identify key areas where there are challenges and constraints in responsible agricultural investment.
 6. Identify the role of governments in the creation of a conducive operating environment is important, for instance improved coordination between public and private investment in infrastructure can have a multiplier effect on development assistance.
 7. Identify key activities that governments, investors, private sector actors, and NGOs could undertake to improve the level and effectiveness of investment in key regions.
 8. Types of investment: All forms of private investment should be considered (foreign/domestic, small/large, throughout the value chain from inputs to retailing)
- Format of consultation process
 1. Consultations should be efficient and questions should be pointed to specific issues.
 2. E-consultation is only one part of the process. It should not be over-weighted compared to actually speaking to investors and governments.
 3. Key players are not based in Rome.
 4. The consultation process needs a schedule determined one year in advance and should not be subject to deviations. Critical actors in this discussion have very limited availability.
 5. The consultation should look at key contributions by governments, private sector, farmers, and NGOs.
 6. The structure should understand that there are different types of investors.

Special Rapporteur on the right to food

The Special Rapporteur welcomes the endorsement of the Voluntary Guidelines on Responsible Governance of Tenure of Land, Fisheries and Forests in the Context of National Food Security (VGGT) by the Special Session of the Committee on World Food Security (CFS) on 11 May 2012. He notes with great interest that an inclusive consultation process will soon be initiated within the CFS for the development of principles for responsible agricultural investments which enhance food security and nutrition. He acknowledges the background document prepared by the Secretariat, which lists a number of initiatives relating to responsible investment in agriculture. He commends all those who have joined efforts to allow the discussion to be held in this inclusive format.

Due to earlier commitments, the Special Rapporteur is unable able to attend the workshop to be held on 2 July 2012 in Rome. He is, however, grateful to the Chair for her invitation to present his views to the distinguished delegates that shall be convening in the Open-Ended Working Group. The Special Rapporteur wishes to draw the attention of all CFS members and participants to the following points, in the hope that they will provide useful guidance to the discussions on the elaboration of terms of reference for such a **consultation process**.

1. The Special Rapporteur has identified a set of minimum human rights principles on large-scale land acquisitions and leases (see “Large-scale land acquisitions and leases: A set of minimum principles and measures to address the human rights challenge,” A/HRC/13/33/Add.2; hereinafter “Minimum Principles”). In its resolution 13/4 on the right to food, the Human Rights Council has expressed its appreciation for the Minimum Principles. These Principles are not imposing new norms. They restate existing international human rights obligations of States involved in large-scale investments in farmland, either as host States or as investors, the home States of which also bear a duty to regulate the conduct of these investors abroad.

The Minimum Principles seek to provide guidance to States to ensure that investment agreements on land do not lead to violations of human rights, including the right to adequate food. Indeed, investments by private actors, including investment funds, are increasingly channelled to agriculture, and increasingly involve speculation on farmland that could have a range of impacts on the right to food. In a similar fashion, the Minimum Principles are relevant as well for development banks, including the World Bank and its private sector arm, the International Finance Corporation. The International Bank for Reconstruction and Development and the International Finance Corporation are bound by international human rights law as part of general international law (International Court of Justice, *Interpretation of the Agreement of 25 March 1951 between the WHO and Egypt*, Advisory Opinion (20 December 1980), ICJ Rep. 1980, 73, para. 37), and they should make their support to any large-scale investment in farmland conditional upon compliance with the Minimum Principles.

2. Responsible agricultural investments that directly contribute to the realization of the right to food of local populations should be considered as the highest priority. This priority should be reflected in the scope and purpose of the consultation process.

The Special Rapporteur has consistently insisted on the need for agricultural systems to support, as a priority, the production of food to respond to local needs. It is only to the extent that investments can improve local food security by improving food availability in food deficit countries and by increasing incomes among the local populations, while avoiding an increase in inequalities of incomes in rural areas, that they are justified.

3. The Open Ended Working Group should fully take into account Principle 5 (rural poverty and employment) and Principle 6 (sustainable agriculture) of the Minimum Principles in elaborating terms of reference for a consultation process to develop principles for responsible agricultural investments.

In Principle 5, the Special Rapporteur highlights the importance, for countries facing significant poverty levels, of ensuring that investments be directed at “promoting farming systems that are sufficiently labour-intensive to contribute to employment creation.” In Principle 6, the Special Rapporteur insists that “host States and investors should cooperate in identifying ways to ensure that the modes of agricultural production respect the environment, and do not accelerate climate change, soil depletion, and the exhaustion of freshwater reserves.” The VGGT similarly emphasize the importance of encouraging forms of investment that increase sustainable agricultural production (para. 12.1) and that support smallholders (para. 12.2).

4. Agricultural investments should encourage sustainable agricultural production. In his report on agroecological modes of production and the right to food (A/HRC/16/49), the Special Rapporteur recommended that States:

- a. **Re-orient public spending** in agriculture by prioritizing the provision of public goods, such as extension services, rural infrastructures and agricultural research, and by building on the complementary strengths of seeds-and-breeds and agroecological methods, allocating resources to both, and explore the synergies, such as linking fertilizer subsidies directly to agroecological investments on the farm (“subsidy to sustainability”);
- b. **Support decentralized participatory research and the dissemination of knowledge** about the best sustainable agricultural practices by relying on existing farmers’ organizations and networks, and include schemes designed specifically for women;
- c. **Improve the ability of producers practicing sustainable agriculture to access markets**, using instruments such as public procurement, credit, farmers’ markets, and creating a supportive trade and macroeconomic framework.

In its resolution 16/27 following an interactive dialogue on this report, the Human Rights Council stressed that “improving access to productive resources and investment in rural development” was essential for eradicating hunger and poverty, and that the promotion of investments “in programmes, practices and policies to scale up agroecological approaches” was a means towards achieving that end.

The Special Rapporteur believes that the above listed elements should form a solid basis for the discussion on the scope and purpose of the consultation process on responsible agricultural investments that will be launched.

5. Agricultural investments should be sensitive to the needs of smallholders. In this regard, instead of investments resulting in shifts in land rights that are highly sensitive and politically and socially risky, priority should be given to investments upstream and downstream of production, which have the potential to improve the productivity of and access to markets for agricultural producers, particularly small-scale producers. In his report dedicated to equitable value chains and alternative business models in support of the right to food (A/66/262), the Special Rapporteur recommends that States support small-scale farmers by:

- a. **Providing stable and reliable infrastructure** services such as roads, water, electricity and communications;
- b. **Supporting traditional and wholesale markets;**

- c. **Establishing schemes allowing small-scale farmers to climb up the value chain**, including by identifying at the local or regional level which partnerships could be established between producers, packagers, processors and retailers;
- d. **Creating an enabling environment for the development of local markets** benefiting small-scale farmers and the creation of a range of options for connecting small-scale farmers in rural areas to urban consumers. The more farmers have alternatives for accessing markets, the stronger their position will be in negotiating the terms of agreements with private entities for contract farming or joint ventures;
- e. **Supporting the organization of farmers into cooperatives** and other types of producers' organizations that can improve farmers' bargaining position; and help them to move up the value chain into the produce packaging, processing and marketing operations; and help them to acquire inputs and sell their produce under better circumstances.

The Special Rapporteur believes that these elements should form a central part of the discussion on the scope and purpose of the consultation process on responsible agricultural investments that will be launched. The opportunity costs of large-scale investments in farmland should be considered when examining their impacts, both negative and positive: the question to be asked is whether investments thus conceived are the most effective at reducing rural poverty and at improving food security at the local level, or whether other forms of investment could achieve this better.

6. The consultation process on principles for responsible agricultural investments should respect and promote human rights principles: participation, accountability, non-discrimination and equality, transparency, empowerment, the rule of law, and a focus on the most disadvantaged and marginalized.

The Special Rapporteur urges CFS members and participants to take into account these human rights principles in the elaboration and implementation of the consultation process, in particular when identifying the structure and format of the consultation process, and the intended recipients. Human rights principles should be integrated in order to ensure that future agricultural investments will indeed lead to improvements in the lives of the poor and most marginalized. In addition, CFS members and participants are encouraged to assess the impacts of various kinds of agricultural investments on the most marginalized segments of the population, rather than look merely at their potential impacts in terms of increases in the aggregate production of agricultural products, or in macro-economic indicators.

Finally, the Special Rapporteur maintains that the Minimum Principles are just that – minimum principles. This means that a large-scale investment in land will not necessarily be justified even though it may comply with all the eleven minimum principles. For the reasons outlined above, the Minimum Principles call for Governments to carefully examine the opportunity costs involved in ceding land to an investor (principle 1); to examine alternatives to agreements that have an impact on land tenure (principle 4); and to perform a participatory impact assessment prior to the conclusion of such agreements (principle 9).

In the vast majority of cases of large-scale investments examined by the Special Rapporteur, the benefits of the investment (in terms of creation of infrastructure, marketing opportunities, and access to credit) could be achieved — and work for the benefit of both the investor and the producer — by the use of other business models such as contract farming, without any change being made to the rights over the land. Such alternatives should be explored prior to any shift in rights over the land. Unless such alternatives are prioritized, the development of large-scale land acquisitions or leases will result in nothing less than an agrarian counterreform; such a consequence would be completely unacceptable and run directly counter to the realization of the right to food, further marginalizing the communities that depend on access to land for their livelihoods.

Switzerland

Swiss Position to the guiding questions

Switzerland welcomes the start of this consultation process within CFS for the development and broader ownership of principles for responsible agricultural investments. Switzerland is supportive of this process, which hopefully will lead - as it was the case with the “Voluntary Guidelines on Responsible Governance of Tenure of Land, Fisheries and Forests in the Context of National Food Security” - to a positive result demonstrating as such the CFS capacity to act and deliver as the foremost international platform for food security and nutrition.

Purpose and value of RAI principles

The **purpose** of Principles on Responsible Agricultural Investments (RAI) should be:

- to become **the** internationally recognized voluntary framework for responsible agricultural investment, by setting up internationally accepted standards for responsible practices. taking into account a right-to-food perspective
- to serve as an umbrella for the different frameworks that already exist, by specifying principles and procedural approaches, but also by anchoring them in a human-rights framework (in particular the “protect, respect and remedy framework”)
- to set a benchmark and reference for good practices in agricultural investment and to provide guidance to improve investment practices
- to promote positive outcomes of agricultural investment
- to ensure fair and adequate benefit sharing between investors, governments and directly affected people
- to address different stakeholder groups at the same time and get the acceptance, ownership and buy-in by all stakeholders (governments, international agencies, civil society organizations, farmers organisations, private sector representatives and research institutions)
- to promote sustainable agricultural production practices and systems

To ensure **added value** of RAI principles, they should be accompanied by:

- monitoring of positive and negative effects of agricultural investments, documentation of successes and failures,
- multi-stakeholder exchange and learning platforms and processes for the review and improvement of the principles
- the set-up of non judicial conflict resolution and grievance mechanisms

Scope and themes to be addressed

The scope of the RAI should include all aspects and modes of investment in agriculture. It should address (but not being necessarily limited to) the following dimensions:

- Improving food security in general and in particular for the poorest and vulnerable populations

- Securing tenure rights and access to natural resources (including land and water) of these target groups (incl. temporary rights holders and customary rights)
- Respecting national law and legislation and respecting human rights
- Dialogue and participation in decision making, including the principle of “Free Prior and Informed Consent”
- Fairness of economic deals, including issues like revenue-sharing between investors, states and involved communities, job creation, capacity development, infrastructure development
- Transparency, accountability, good governance
- Sustainable management of natural resources, sustainable agricultural production systems that maintain or enhance ecosystem services
- Promotion, implementation, monitoring and evaluation of the elaborated principles
- Set-up of conflict resolution mechanisms

Main users/recipients

The users and recipients should be all stakeholders that are involved in, benefitting from or affected by agricultural investments, in particular:

- Governments (both in host states and countries of origin of investments)
- Private and public sector investors (including private companies, state funds, pension funds, financial institutions, commodities traders, etc.)
- Civil society organizations, including farmer organizations, indigenous people organizations, transnational CSO networks

Type of consultation process, trade-off between costs and inclusiveness

Characteristics of the consultation process should be:

- The consultation process on the Voluntary Guidelines on Responsible Governance of Tenure of Land ...should be inspiration and point of reference
- The set-up of a transparent, participatory multi-stakeholder process, including, regional and thematic workshops, electronic consultations, structured questionnaires and negotiation sessions
- Facilitation by the CFS secretariat and by a country leading the process (potentially Switzerland), assistance by international organizations (e.g. the ones that developed the first draft of RAI, OECD, etc) and/or CFS HLPE
- Mobilization of sufficient resources for inclusive process

Allocation of sufficient time for the consultation process (there is no real trade-off between costs and inclusiveness, as inclusiveness is a precondition for a successful process).

United States

Why RAI is Important

- Trillions of dollars of *additional* investments in agriculture will be needed to eliminate hunger and meet the needs of a growing and more affluent population by 2050.
- The U.S. is committed to the belief that responsible agricultural investment (RAI) applies to all types of investment accruing economic and social benefits along the value chain for producers, processors, consumers and investors. That includes investments that are foreign and domestic, public and private, small, medium-sized and large scale.
- At the Camp David G8 Summit, the United States and other G8 countries committed to the *New Alliance for Food Security and Nutrition*, a partnership with Africa's people and leaders to increase responsible domestic and international investment in agriculture. The *New Alliance* supports the endorsement and /or development of principles for RAI as an important contribution to creating the conditions for sustainable investments.
- According to UNCTDAD, investment in agriculture accounts for less than 0.5% of all investment flows worldwide, far below the level necessary to achieve food security goals. In the face of growing demand and natural resource constraints, more private investment is needed to fund the research and development that will improve agricultural productivity and reduce post-harvest loss and waste.
- RAI is important to the United States not only because the U.S. private sector invests in agriculture around the world, but also because the United States is a major recipient of foreign private sector agricultural investment which contributes to U.S. productivity.

The Scope of RAI within the CFS

- We recognize that agriculture is more than just the farming sector, i.e., more than just production. It begins with inputs and continues along the value-chain, ending with consumers. In many countries, smallholder farmers are a major source of investment, particularly in the production phase. In other systems larger-scale producers predominate. Smallholders are not necessarily the most significant investors in post-harvest or other phases along the value chain. RAI principles must accommodate the broad diversity of farming systems and agricultural value chains that exist around the world; they must cover all aspects of agriculture from inputs to the farm and to the table. Therefore, "all investment in agriculture" cannot support only a part of agriculture by function or size.
- We note that the RAI outcome within the CFS must be voluntary, non-binding and consistent with existing international rules regarding non-discrimination, open investment, transparency, and rule of law.

- The CFS process and RAI outcome must be transparent and open to stakeholder input, with the aim of including all relevant stakeholders. We recognize the need for greater participation in the RAI process by industry and investors of all sizes as well as initiatives like Grow Africa. Also as pointed out by the representative of the East African Farmers , CAADP and the national investment frameworks should be included as a source of information.
- As Argentine pointed out this morning, the issue of land and other tenure rights was extensively negotiated and is addressed in the recently completed Voluntary Guidelines on the Governance of Tenure of Land, Fisheries and Forests, which included member states and civil society. The Voluntary Guidelines are a valuable tenure reference on their own. Therefore, the RAI should not reopen land tenure issues; rather, it should build on the positive momentum of the Voluntary Guidelines.
- The United States is endorsing pilot implementation of the Voluntary Guidelines in key developing countries as a tool to help governments attract responsible investment and put in place strong governance systems to prevent “land grabbing.”
- While agricultural investment no doubt intersects with trade policy, this is not the appropriate forum to address trade issues. The WTO remains the proper forum for comprehensive discussions on agriculture trade issues.
- Agricultural practices are not homogenous across countries or commodities. An RAI outcome must acknowledge that agricultural markets utilize various organizational structures, sizes and locations. Private sector investors include small farmers, individual proprietors, cooperatives, partnerships, and corporations.
- Governments bear the primary responsibility for protecting their own citizens’ rights. Investors, both domestic and foreign, can contribute towards positive outcomes but cannot take the place of effective governance.
- An RAI outcome should build on pilot studies of the Principles for Responsible Agricultural Investment (PRAI) being conducted by the World Bank, IFAD, UNCTAD, and FAO, and look to future work under the *G-8 New Alliance on Food Security and Nutrition*, which refers to relevant sections of the Voluntary Guidelines and PRAI in pilot projects.

Transcript of the rai Workshop group discussions

Group 1

Question 1: What is the purpose of having principles for responsible agricultural investment, and who are likely to be their main users?

- provide guide AND structural framework for RI
- ensure that more investments lead to food security
- describing what kind and how RI should be conducted
- Clear structure of what is acceptable – clear signals to private investors (helps de- risk through clarity)

- Possible trade-off b/w clarity and generality
- address both public – private sector needs (principles AND guidelines)
- Guidance to harmonize/coordinate position of both host countries of investment AND of investors
- Have value added for end users – NOTABLY farmers + their goals/activities
- trigger ex-ante assessments of proposed investments (info useful also to CSO, as evidence for participatory discussion)
- Help integrate HR framework into notion of “RI”
 - Stronger local food systems
 - women empowerment
- Avoid investments unresponsive of SHA
- Facilitate both investments specifically focused on SHs and those that may do no harm but not be focused on them
- Maximize likelihood of win-win outcomes
- Include investment in both small and large scale agriculture contributing to food security in all its dimensions + enhance the K base on investment in ag.

USERS

- Governments (all)
- CSOs
- (private sector) (any kind)
- development institutions
- Farmers (L + S) + FOs

Question 2: What should be the scope of such a document; what themes should be addressed?

- Build/take into account existing frameworks
- Focus on consensus areas
- Take existing HR standards into account
- Link to VGLT (build + harmonize FULLY w/ their content on L inv.)
- Filling only existing gaps
- Highlight contested nature of this issue
- Where possible propose new ways to build consensus on controversial issues
- Evidence-based arguments on investment in ag (E SHs). Positive examples of investment
- Clarifying key terms like “RI” if possible

THEMES

- Clarification of key terms
- Evidence on positive examples of investment
- Mirror VGLT themes?
- Gender-based analysis of investment in agriculture
- Analysis of trends in agri-systems (production + markets)
- Gender needs to feature – mainstreamed – in all themes
- Governances structures + decision-making processes
- Empowerment (social + economic)
- Partnerships
- Land, water, environment
- Enabling public investment

Question 3: What type of consultation process would be required to prepare such a document, including format and timelines?

- Plenary discussions in CFS WG
- E-discussion
- Regional consultations
INCLUSIVE process / multi-stakeholder
- Learning from VGLT process
- Details depend on \$
- \$ issue to be addresses esp. for CS input (use existing regional platforms)
- Sectoral surveys
- Empowerment: sensitization/awareness creation
- Scope of consultation to reflect timeline for submission.
- (this way require “limited” consultation scope – same as limited CFS / Chain of WG time)

Group 2

The group did not try to find consensus, so what follows was ideas expressed by participants

Question 1: What is the purpose of having principles for responsible agricultural investment, and who are likely to be their main users?

Purpose

Aim : encourage responsible investments able to foster food security and nutrition, secure livelihoods and be beneficial for all

Users : large definition, guidelines for governments to stakeholders including private companies

Added value : the process itself : inclusive : enlarge the field of stakeholders being consulted to the one of CFS, including the small producers, so that it can better respond to their needs.

the legitimacy of the principles, result of a large consultation able to ensure large ownership and implementation

Beneficiaries : everybody with special attention to small producers and urban poors

Question 2: What should be the scope of such a document; what themes should be addressed?

Scope

Include small holders as well as big companies investments, domestic and foreign, public and private, but focus on the benefits for smallholders

Address implementation and measurement

Address governmental implementation in creating an enabling environment

We had a debate on : should the rai be prescriptive/policy guidance or functional / qualifying what a responsible investment is ? How these guidelines can be more focused?

Acknowledge the numerous instruments and guidelines on CSR, including those devoted to agricultural investments, identify gaps and work on these gaps

Define links with other initiatives as well as roles for stakeholders

Question 3: What type of consultation process would be required to prepare such a document, including format and timelines?

Process

Large consultation : which stage?

Liaise with other initiatives

Start with the PRAI and base the consultation on them (one view)

The process should be evidence based : a lot of fruitful projects exist

Idea of a task team working in Rome to prepare a zero draft from what exists already

Be careful of limited resources

Take into account urgency : a lot is already happening, guidelines should be rapidly operative

Group 3

Question 1: What is the purpose of having principles for responsible agricultural investment, and who are likely to be their main users?

not user but stakeholder

- Governments:
 - Executive
 - Legislators
 - Local gov.
- Civil society
- Private sector
- Intergovernmental org
- Smallholders / producers → key for civil society

Purpose:

- ➔ To encourage resp. investment in agriculture (smallholder, infrastructure, value chain (including multinational /SME)) supporting food security, notably by means of good governance.
- ➔ Create Clear rules (or common understanding) for domestic and external investment in agriculture for....

Question 2: What should be the scope of such a document; what themes should be addressed?

SCOPE/THEMES

- Keep scope broad
- Constraint to smallholder investments
→ responsible
- Investment in agriculture
- Redefine the principle or Not redefine them
(→ with a specific focus on smallholders)
- Country level: guidance to enable the right environment to catalyze investments in agriculture

Question 3: What type of consultation process would be required to prepare such a document, including format and timelines?

- Timeline
- October 2013 deadline
- CSF: quickly establish provisional guideline/public then negotiated (→ Post Rio+)
→ use current principles
- Engage all actors/open inclusive
- Finance/budget
- Urgency can lead to lack of implementation/no country adaptation
- Urgency → simplicity
- Fast Process (example of GSF)
- Investors are investing
→ finding AGR increasingly ATTRACTIVE
- if we act fast we can engage with private

Group 5

Question 1: What is the purpose of having principles for responsible agricultural investment, and who are likely to be their main users?

- Public investment key

Purpose: should we have this process?

- Investment going ahead
- Energy implementation
vs.
- lack of consensus

- Rural/urban linkages
- Constrains on investments
- Environmental impact
- Natural resource usage
- Government
- Constrains on/for smallholder food producers

Question 3: What type of consultation process would be required to prepare such a document, including format and timelines?

- Multi stakeholder dialogue
- e-consultation
- face 2 face meetings
- using existing meetings
- task team to develop ToR
- PSM/CSM consultations

Timeline:

For consultation

- 1 year max.
- Normative
- ?sequence
- Task force = ToR's
- Consultation NGO's/Private