INTER-AGENCY WORKING GROUP ON THE FOOD SECURITY PILLAR OF THE G20 MULTI-YEAR ACTION PLAN ON DEVELOPMENT

"Options for Promoting Responsible Investment in Agriculture"

REPORT TO THE HIGH-LEVEL DEVELOPMENT WORKING GROUP

3 June 2011

KEY MESSAGES

The agriculture sector in low-income countries has suffered from serious underinvestment for decades. Any investment – public or private, domestic or foreign investment, can contribute to long-term solutions to food security and development, provided that such investment is socially responsible economically and environmentally sustainable. Criteria defining different facets of responsible agricultural investment can guide private investment, including from smallholders themselves, towards desirable outcomes while minimising the potential risks. FAO, IFAD, UNCTAD and the World Bank have proposed one such set of criteria in their *Principles for Responsible Agricultural Investment* (PRAI).

The expected benefit of the PRAI is that their application to agricultural investments will reduce the generation of negative externalities and raise the likelihood of positive impacts. The principles, based on detailed research on the nature, extent and impacts of foreign investment and best practices in law and policy, are intended to distil the lessons learned and provide a framework to which national regulations, international investment agreements, global corporate social responsibility initiatives and individual investment contracts might refer. The G20 can play a leadership role in the application of the PRAI.

Beyond endorsing an appropriate set of criteria, the G20 Governments can, individually or collectively, promote responsible investment in agriculture by:

- supporting consultation and communication among all stakeholders concerning the definition and implementation of appropriate criteria.
- advocating and supporting the application of these criteria by investors, governments, international organizations and civil society;
- establishing mechanisms to monitor progress in the implementation of and compliance with the criteria;
- furnishing technical assistance in capacity- and institution-building in low income countries to ensure responsible investment in agriculture; and
- aligning their development policies to encourage responsible investment in agriculture.

The G20 has proposed a twin track approach as the way forward comprising piloting the PRAI (first track) and using the lessons learned to inform a consultation process (second track). The overall strategy envisages: first, the elaboration of the PRAI in the light of field experience, other similar schemes and the ongoing consultation process; secondly, developing guidance for host Government on policies and investors on the practical implementation of the PRAI; thirdly, a capacity building program especially targeting key host countries; and fourthly, creating a sufficient level of support, commitments and understanding that the PRAI are acknowledged as the benchmark with which to guide more responsible investments in agriculture.

I. Introduction

This report was prepared by the Inter-Agency Working Group (IAWG) that was formed to support the G20 High-level Development Working Group with respect to the Food Security Pillar ("Pillar 5") of the Multi-Year Action Plan on Development. The IAWG comprises representatives from FAO, IFAD, UNCTAD and the World Bank. While commissioned under Pillar 5, this report is also directly relevant to Pillar 4 on Private Investment and Job Creation, in particular bullet points 1 (on promoting standards for responsible investment in value chains) and 2 (on identifying indicators for measuring and maximizing economic value added and job creation arising from private sector investment in value chains), which is aimed at increasing responsible investment in low income countries, including in agriculture.

At its Seoul Summit, 11-12 November 2010, as part of its multi-year action plan on development the G20 encouraged:

> "*all countries and companies to uphold the Principles for Responsible Agricultural Investment. We request UNCTAD, the World Bank, IFAD, FAO and other appropriate international organizations to develop options for promoting responsible investment in agriculture*."

A preliminary report on such options was submitted in March 2011. The preliminary report was discussed by representatives of G20 Governments at their meeting in Paris on 19-20 March. The IAWG has subsequently prepared this final report which takes into account comments received from G20 representatives at the Paris meeting. This report comments on the broader context for the promotion of responsible agricultural investment and the role that criteria defining responsible investments might play. The FAO/IFAD/UNCTAD/World Bank *Principles for Responsible Agricultural Investment that Respects Rights, Livelihoods and Resources* are presented as a model set of criteria. The report elaborates on their nature and outlines approaches to their operationalization.

II. Background and need for principles for responsible investment in agriculture

The agricultural sector in low income countries has suffered from serious underinvestment for decades, with considerable consequences for long-term food security. Vast amounts of investment from all sources are required in the sector in order to achieve food security and effective development (FAO 2010a, UNCTAD 2009). It is estimated that additional investments of $83 billion annually are needed in agriculture and downstream activities if developing countries are to meet their food needs in 2050; but developing countries themselves have a limited ability to fill that gap, even if official development assistance is included (FAO 2009).

Investment from the private sector in agriculture is vital if food security and rural poverty alleviation objectives are to be achieved. These investments, including those in owner-operated smallholder agriculture, can significantly lift productivity, close yield gaps and generate rural employment (FAO 2010a,b,c). It is estimated that private sector investment in agriculture, including FDI, will need to increase by nearly 50% overall to meet the increasing level of need (from some $142 billion per year to $209 billion). At the same time, policy measures are needed to ensure that the private sector's involvement occurs in a responsible way, with full regard to sustainable development. For instance, there are dangers and evidence of weak consultation with local communities, a lack of transparency over the terms of investments, and poor or non-existent mechanisms to redress grievance over exploitation of natural resources, large scale land acquisition, loss of livelihoods in rural communities and economic problems arising out of business failures and lack of host country capacity. Inappropriate production systems and business models may lead to land degradation, which is one of the important long-term factors affecting food prices (GTZ-TerrAfrica 2009).

Given the increased level of investor interest, there is a real opportunity for host countries to be more selective about business models used in agricultural investments by the private sector. There is increasing evidence from case studies that large-scale land acquisitions in developing countries to create “mega-farms” are a type of investment which is the least likely to generate significant net benefits to the host country and the local community in terms of agricultural development (LDPI 2011). Other business models that include smallholders such as contract farming, outgrower schemes and joint-ventures with farmer organizations are viewed as more conducive to sustainable economic development (FAO-IFAD-IIED-SDC 2010).

Such models show a range of ways for investors and local smallholders to collaborate that can be mutually beneficial and include: contract farming, management contracts, tenant farming and sharecropping, joint ventures, farmer-owned business and upstream/downstream business links. No single model emerges as the best possible option for smallholder farmers in all circumstances and in order to benefit smallholders, while still remaining attractive for investors, each specific project must take into account the local land tenure, policy, culture, history, and biophysical and demographic considerations. There are many ways for the private sector to do business in more inclusive ways whilst minimizing risk, involving closer working relationships with local partners, landholders and farmers, and more sharing of the value generated by the investments. These alternative business models can share value — in terms of risk, reward, ownership, and voice in influencing business decisions — between the investor and local partners.

The *Principles for Responsible Agricultural Investment that Respects Rghts, Livelihoods and Resources* (PRAI) developed by FAO, IFAD, UNCTAD and the World Bank (annex 1) address these crucial issues. The overriding benefit of the RAI process and its principles is that when applied to agricultural investments, PRAI will significantly reduce the chances of generating negative externalities and raise the likelihood of positive impacts. The principles, based on detailed research on the nature, extent and impacts of foreign investment and best practices in law and policy, are intended to distil the lessons learned and provide a framework to which national regulations, international investment agreements, global corporate social responsibility initiatives and individual investment contracts might refer and adhere. Experience of similar schemes in other contexts is that such principles will become embedded into host country polices; they are used to inform investors of the approach to investments they should take, for example in relation to corporate social responsibility, and as evidence of their good faith; and provide a checklist used by third parties such as NGOs to assess actual investments. Initially it is the more enlightened investors and countries that commit to such principles, but as they gain a critical mass of opinion their acceptance expands across a wider range of investors and countries and their coverage takes in a greater set of issues.

It is important to stress that such principles should not be seen as restrictions on the behaviour of international investors or the prerogatives of governments, but rather as a way to ensure that investments in agriculture realize their significant potential for making a positive contribution to the development of agricultural output, the stability and security of food production, the well-being of rural communities and improvement in the environmental footprint of agricultural activities.

The PRAI have not been developed in isolation. Similar sets of principles or guidelines have been proposed by other international organizations and national governments in agriculture and other cognate issues such as the impacts of the extractive industry’s investments and the operations of transnational corporations (TNCs). As noted above, there exist a number of international initiatives and instruments which are in one way or another relevant in the context of promoting sustainable investment in agriculture (annex 2). These address some similar concerns though in different contexts, focus and coverage of countries and stakeholders. The first principle (in the PRAI) draws on the FAO *Voluntary Guidelines on Governance of Tenure of Land and Other Natural Resources*. Similarly, the Equator Principles address some of the social and environmental issues referenced in the last two principles in PRAI. The recently updated OECD Guidelines for Multinational Enterprises and various human rights commitments, including the *Voluntary Guidelines on the Right to Food,* also provide model elements. While many of these codes do not focus on investment in agriculture as such, they nevertheless impact on companies engaged in the agricultural value chain. There is thus a need to continue to demonstrate coherence between the PRAI and these other principles, codes and criteria, with a view to maximizing potential synergies, and build on them. In practice, there is little in the PRAI that is not already provided for in various existing international commitments; however the strength of the PRAI is that they are a coherent expression of salient commitments and principles in a cogent form specific to the needs of the agricultural sector.

For instance, one specific and important synergy is between Principle 1 of the PRAI concerning land rights, and the FAO *Voluntary Guidelines on Responsible Governance of Tenure of Land and Other Natural Resources*. These Guidelines and the PRAI are two separate initiatives but they complement each other, since acquisition of land is one of the most critical, sensitive and complex elements in many of the large investment projects in agriculture that are currently implemented or in preparation. FAO issued the first draft of the Voluntary Guidelines ("zero draft") in April 2011. After a process of consultation and negotiation, the Voluntary Guidelines are expected to be endorsed at the 37^{th} Session of the Committee on World Food Security that is scheduled for 17-22 October 2011.

III. Options for promoting responsible investment in agriculture

The value-added of the PRAI is that they provide the most comprehensive guidance for responsible agricultural investments (RAI) founded in extensive research on agricultural investment and best practices in business and policy. The need for agreed criteria that investments should meet is widely recognized, although there is debate on their coverage and whether they should be legally binding or voluntary. Clearly, any proposed criteria to define and promote responsible investment must be founded in a full consultation with all relevant stakeholders, including governments, business and civil society. The PRAI are the only set of criteria to have been subject to any thoroughgoing consultative process (for a summary of key consultations and outreach events organized to date to promote the PRAI, see annex 3); but while much has been done, there is clearly a need to extend and expand this consultation. At the same time, in view of the rapid expansion of investment in poor countries, it is urgent to further pilot the principles and implement them. Therefore, in order to rapidly and concretely further responsible investment in agriculture, a two track approach is envisaged which comprises piloting the PRAI (one track) and using the lessons learned to inform a parallel consultation process (the other track).

Among others, proposals for consultations have been made by the Committee on World Food Security (CFS) which also brings with it the prospect of endorsement by the CFS' broad constituency. At its 36th session in October 2010, the CFS "taking note of the ongoing process of developing Principles for Responsible Agricultural Investments that Respect Rights, Livelihoods and Resources (RAI), and, in line with its role, decided to start an inclusive process of consideration of the principles within the CFS". In May 2011 the Bureau of the CFS adopted a "proposal for process of consultation on principles for responsible agricultural investments within the CFS" (see Annex 4). The proposal envisions two consecutive steps:

a. June to October 2011: establishment of an Open-Ended Working Group to undertake a mapping of existing similar initiatives and prepare the operational details of the consultation process

b. November 2011-October 2012: launch of the actual consultation process with a view to endorsement/adoption/agreement of principles at the 38^{th} CFS plenary session of 2012

At the same time, as mentioned earlier, any criteria for ensuring responsible agricultural investment must be operational, so piloting of proposed principles with investors and governments to test their feasibility and practicality must be undertaken in tandem with the consultative process. In this respect, the IAWG is working on a number projects for piloting the PRAI (see below).

Against this background, the IAWG has devised an overall action plan for promoting responsible investment in agriculture (table 1). In parallel, and aligned with this Action Plan, the IAWG proposes a number of options for the G20 to support the Action Plan and to foster responsible investment in agriculture in general.

The building blocks of the action plan comprise: comprehensive consultation among all stakeholders concerning the definition and implementation of appropriate criteria; advocacy to secure investor and government support; communications and outreach; operationalizing criteria for responsible investment; capacity- and institution-building; and promoting responsible forms of agricultural investment.

1. **Comprehensive consultation among all stakeholders concerning the definition and implementation of appropriate criteria.** To have legitimacy and impact, any criteria to guide investments in favour of socially, economically and environmentally desirable outcomes must be based on comprehensive consultation and command widespread support among all stakeholders. The Committee on World Food Security has proposed such a consultative process in relation to the PRAI (Annex 4). Other consultation processes are also countenanced. The CFS and other processes will be informed by the lessons learned from the PRAI piloting, similar schemes (e.g. finance, mining, commodity roundtables) and field experiences.

2. **Advocacy to secure commitment from investors and governments.** A critical mass of investors and governments must be engaged to sign up to the criteria. The effort to secure investor commitment needs to recognize the heterogeneity of investors. For example, investors range from smallholders to large private domestic concerns; and internationally they include TNCs and other investors (e.g. sovereign wealth funds) engaging in equity and/or non-equity investment. National government support for efforts to promote responsible investment, especially in the case of host governments in relation to foreign investments, is essential to secure domestic stakeholder interests.

3. **Communication, consultation and outreach** with countries, the private sector and civil society are vital to build on their buy-in and to obtain inputs for the development of operational mechanisms and policy recommendations based on responsible investment criteria. This includes expert consultations to enable specialists from all stakeholders to address specific technical issues that the Action Plan has identified as important and sensitive. Communication efforts can be strengthened, among others, through mechanisms such as the web-based PRAI Knowledge Platform and a source book on responsible investment to capture and disseminate best practices for investors and policymakers, as well as monitor trends and issues in responsible agricultural investments.

4. **Operationalizing criteria for responsible agricultural investment.** Statements of criteria alone will not lead to improved outcomes if they are not operational. There is a need for (a) field testing for applicability; (b) establishing compliance mechanisms and guidelines for investors; (c) policy recommendations for governments and stakeholders; (d) monitoring mechanisms and institutional arrangements; and (e) continuing research and cataloguing of best practices.

5. **Capacity and institution building.** The requirements on host countries to ensure the implementation of criteria for responsible agricultural investment will be challenging and complex for low-income countries. Technical assistance will be needed to support them, including a facility to enable host countries to call up technical assistance support on a-when-needed basis. Options include supporting development of regulatory frameworks

6. **Promoting responsible agricultural investment.** In addition to creating a framework for investors to adopt and comply with principles for responsible agricultural investments, the Action Plan also envisages options for governments and other organisations proactively to promote responsible investment in agriculture. These might include the establishment of insurance schemes for responsible investments; capacity building of smallholders to work more closely with larger investors in agriculture; or explicit promotion of investment business models regarded as most conducive to meeting stakeholders' concerns. Research is required into alternative investment business models, such as outgrower schemes or nucleus-smallholder arrangements, to see which are more likely to provide benefits for local stakeholders than investments based on large-scale land acquisitions, and under which conditions.

Table 1. Summary IAWG Action Plan for Responsible Agricultural Investment and Proposed G20 Actions

Building Blocks for Promoting Responsible Agricultural Investment	IAWG Actions	Proposed G20 Actions
1. Comprehensive consultation with all stakeholders	• Organize and implement a comprehensive consultative process on appropriate criteria for responsible agricultural investment	Support to the CFS consultative process, as well as similar processes with all stakeholders.
2. Advocacy to secure commitment from investors and governments	• Commit a critical mass of investors and governments to ensuring responsible agricultural investment • Commit investors and governments to a roadmap for establishing compliance mechanisms • Encourage host and home governments to factor criteria for responsible agricultural investment into their investment policies	Advocate the application of criteria for responsible agricultural investment by all investors and governments, through e.g. consultation, awareness, buy-in (securing commitments) etc.
3. Communication, consultation and outreach	• Continue to build broad stakeholder buy-in including through continued consultation and piloting • Continue development of PRAI Knowledge Platform and a source book to consolidate lessons and best practices • Create synergies and ensure coherence between standards/principles (see annex 2).	Support multi-stakeholder dialogue on development and implementation of criteria for responsible agricultural investment

4. Operationalizing criteria for responsible agricultural investment	• Piloting PRAI with investors and governments • Develop detailed compliance mechanisms and guidelines • Develop detailed policy recommendations for governments flowing from the principles • Develop monitoring mechanisms and institutional framework	Support to the IAWG in piloting the PRAI and developing monitoring mechanisms
5. Capacity and institution building	• Continue research and analysis on best practices in salient areas • Extend technical assistance to low income countries to put in place prerequisites and enablers for the implementation of PRAI • Advise on mainstreaming PRAI into investment policies	Furnish technical assistance in capacity- and institution-building in low income countries; e.g. support and training to host country institutions such as investment promotion agencies (IPAs) to: establish land registries; monitor compliance by investors (e.g. on land degradation issues), including remedies for violations (dispute settlement); use model contracts effectively; conduct negotiations; factor responsible investment criteria into IPA strategies
6. Promoting responsible agricultural investment	• Continue research into alternative business models for investment • Encourage the alignment of development assistance with promoting responsible agricultural investment through PRAI	Support IAWG research on alternative business models; commit to the alignment of development assistance to encourage private sector investment in agriculture; e.g. through investment-insurance schemes; ODA investment support to foster linkages with smallholders in the context of PRAI

As part of FAO, IFAD, UNCTAD and the World Bank's action plan – and in relation to both the piloting and consultation tracks –, a number of projects are underway, including:

Project 1: Capacity gap assessment and strengthening in developing countries. This project will assess key capacity gaps and strengthen institutional capacity in selected developing countries, taking the PRAI as a framework for assessment. The project, led by FAO with support from IFAD and other IAWG members, has developing country governments as its main focus. The project will be carried out in two phases. The *first phase* will focus on assessing how the principles can be applied in practice in specific country contexts and identify capacity gaps for implementation in the associated public, private and CSO and institutions, taking into account their respective roles and responsibilities, and strengths and weaknesses. Countries for assessment will be selected on the basis of significant existing salient agricultural investment, those with greatest potential and greatest need from a food security perspective. The assessment will include consideration of regulatory, monitoring and facilitatory capacity in the public sector; corporate social responsibility measures by the private, as well as state investors; and civil society’s capacity to promote accountability and partnerships, monitor project impacts and implementation of agreements, including procedures for dispute settlements. This assessment is aimed at identifying priority areas for capacity development support, weigh up the costs of implementation and provide concrete and practical inputs for consideration in the international consultation process. The *second phase* of the project would follow-up on the individual country assessments, address key capacity gaps and build on identified potential to strengthen institutional capacity at the country level (national and local) in the public, private and civil society sectors in order for them to fulfil their respective roles to promote sustainable private investment in agriculture.

Project 2: **Calibrating private sector compliance with the PRAI**. This project will retrofit PRAI to a range of different agricultural investment models i.e. outgrower schemes (a nucleus farm coupled with a network of outgrowers), investments in existing (brownfield) farming operations, as well as in new (greenfield) farming operations and new mega farms. The project, led by the World Bank and involving UNCTAD and other IAWG members, focuses on concrete activities of the private sector on the ground, chosen on the basis of significant existing investments and to cover a number of relevant business models. The subsequent analysis will calibrate the levels of compliance to the PRAI against the externalities generated. The results will help validate the potential effectiveness of the PRAI, provide practical examples of its field implementation and focus on the key areas of concern. The results will feed into the consultation process as well as respond to the urgency of the demand for evidence-based guidance for host countries, CSOs and investors. The findings will be used to develop practical ways to better manage investor interest and form a part of the capacity building program for host countries, as well as in providing guidance notes for agricultural investors.

Project 3: **Framing investor commitment to Responsible Agriculural Investment**. This project will create a framework within which to advocate the PRAI and secure investor “buy-in”, commitment and support. The project, led by UNCTAD and involving the World Bank and other IAWG members, will build on communication with all classes of investors, including TNCs, international funds and domestic private investors. Based on the experience of developing criteria, codes and principles for responsible business conduct in related areas, the *first stage* of the project initially aims to obtain commitment from a critical mass of investors – in each investor class – to the PRAI. At the *second stage*, this initial set of investors, or 'founding signatories', will, among others, be asked to commit to a roadmap for the development of detailed operational mechanisms (partly informed by project 2), including bringing other investors on board. Staging posts will include meetings and events, including at UNCTAD's World Investment Forum in Doha in April 2012.

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Annex 1
The Principles for Responsible Agricultural Investment (PRAI)

FAO, IFAD, UNCTAD and the World Bank have developed a set of *Principles for responsible agricultural investment that respects rights, livelihoods and resources* (PRAI). These principles, based on detailed research on the nature, extent and impacts of private sector investment and best practices in law and policy, are intended to distil the lessons learned and provide a framework to which national regulations, international investment agreements, global corporate social responsibility initiatives, and individual investor contracts might refer. The principles (with short annotations) comprise the following:

Principle 1: ***Existing rights to land and associated natural resources are recognized and respected.***
Many investments requiring access to land occur in areas which outsiders consider 'empty' or 'marginal'. Yet it is important to recognize that there are few areas truly 'unoccupied' or "unclaimed", and that frequently land classified as such is, in fact, subject to long-standing rights of use, access and management based on custom. Recognition of rights to land and associated natural resources, together with the power to determine their uses, can greatly empower local communities and such recognition should be viewed as a precondition for direct negotiation with investors. Specific attention to the salient rights of, for instance, herders, women, and indigenous groups that have often been neglected in the past is critical to achieving a fair, inclusive outcome.

Principle 2: ***Investments do not jeopardize food security but rather strengthen it.***
Whenever there are potential adverse effects on any aspect of food security (availability, access, utilization or stability), policy-makers should make provisions for the local or directly affected populations such that: (i) continuing access to food is assured; (ii) opportunities for outgrower involvement and off-farm employment are expanded to protect livelihoods and raise incomes; (iii) dietary preferences are taken into account if the mix of products grown may change; and (iv) strategies to reduce potential instability of supply are adopted. Moreover, whenever the proposed project is large enough to affect food security at the national level, project design and approval should also consider these four kinds of aggregate impact.

Principle 3: ***Processes relating to investment in agriculture are transparent, monitored, and ensure accountability by all stakeholders, within a proper business, legal, and regulatory environment.***
To create a proper enabling environment, policies, laws, and regulations affecting the investment climate should be benchmarked against, and brought into line with, globally accepted best practices, even as institutions responsible for implementing them are strengthened. Specific elements in this regard include: (i) ensuring public availability of relevant information, such as land potential and availability, core aspects of prospective investments, and resource flows or tax revenues; (ii) developing the capacity of institutions that handle investment selection, land transfers and incentives to follow principles of good governance, operate efficiently and transparently; and (iii) ensuring that an independent system to monitor progress towards a better investment climate is in place.

Principle 4: ***All those materially affected are consulted, and agreements from consultations are recorded and enforced.***
Sustainability of investments in agriculture requires that such investments be designed in a participatory manner, consistent with local people's vision of development. To make consultative processes more effective: (i) definitional and procedural requirements in terms of who represents local stakeholders and what is a quorum for local attendance need to be clarified; (ii) the content of agreements reached in such consultations should be documented and signed off by all parties; and (iii) methods for enforcement and sanctions for non-compliance should be specified.

Principle 5: ***Investors ensure that projects respect the rule of law, reflect industry best practice, are viable economically, and result in durable shared value.***
As key players in this sensitive arena, investors have a special responsibility to apply high standards in the design and execution of their projects. Economic viability, which in turn rests on technical feasibility, is a precondition for the generation of benefits that can then be distributed among stakeholders. Fairly assessing likely viability, and then taking steps to make sure it is achieved, are in the interest of all involved, not just the private investor. In addition to conducting due diligence and project analysis, investors should: (i) comply with laws, regulations, and policies applicable in the host country (and ideally with all relevant international treaties and conventions); (ii) adhere to global best practices for transparency, accountability and corporate responsibility in all sensitive areas; and (iii) strive not only to increase shareholder value but also to generate significant and tangible benefits for the project area, affected communities, and the host country.

Principle 6: ***Investments generate desirable social and distributional impacts and do not increase vulnerability***
Economically viable and overall sustainable projects may have undesirable social consequences, including through uncompensated displacement or benefits bypassing vulnerable groups (e.g. in favour of local elites). Among others, social sustainability can be enhanced if: (i) relevant social issues and risks are identified during project preparation, and strategies devised to adequately address them; (ii) the interests of vulnerable groups and women are considered explicitly; and (iii) the generation of local employment, transfer of technology, and direct or indirect (e.g. via taxes) provision of public goods and services is part of the investment design.

Principle 7: ***Environmental impacts of a project are quantified and measures taken to encourage sustainable resource use, while minimizing the risk/magnitude of negative impacts and mitigating them.***
Investors and government need to cooperate so that: (i) independent environmental impact analysis to identify potential loss of public goods, such as biodiversity or forests, is conducted prior to approval; (ii) preference be given to reclaiming or increasing productivity on resources already in use; (iii) the most appropriate production system is selected to enhance the efficiency of resource utilization, while preserving the future availability of these resources; (iv) environmental good practices in agriculture, processing and manufacture are adhered to; (v) provision of desirable ecosystem services is encouraged; and (vi) negative impacts are addressed through regularly monitored environmental management plans and compensated where appropriate.

Annex 2.

Selected international instruments relevant for responsible investment in agriculture and food security

International Instrument	Source
2004 FAO Voluntary Guidelines for the Progressive Realization of the Right to Food	http://www.fao.org/docrep/meeting/009/y9825e/y9825e00.HTM
2006 Equator Principles	www.equator-principles.com.
2006 Extractive industries transparency initiative	http://www.eiti.org
2007 UN Declaration on the Rights of Indigenous Peoples	http://www.un.org/esa/socdev/unpfii/en/drip.html
2009 UN Special Rapporteur on the Right to Food: Large-scale land acquisitions and leases: A set of core principles and measures to address the human rights challenge	http://www2.ohchr.org/english/issues/food/docs/BriefingNotelandgrab.pdf
2011. Voluntary Guidelines on the Responsible Governance of Tenure of Land, Fisheries and Forests. Zero Draft.	http://www.fao.org
2011 updated OECD Guidelines for multinational enterprises	www.oecd.org
FAO Voluntary Guidelines for the Responsible Management of Planted Forests	www.fao.org
FAO Code of Conduct for Responsible Fisheries.	www.fao.org
International Labour Organization: agriculture-related conventions and related instruments	http://www.ilo.org
Better Sugarcane Initiative (BSI)	http://www.bonsucro.com/
4C Association (coffee)	http://www.4c-coffeeassociation.org/en/
Roundtable on Responsible Palm Oil	http://www.rspo.org/
Marine Stewardship Council	http://www.msc.org/
International Cocoa Initiative	http://www.cocoainitiative.org/
Ethical Tea Partnership	http://www.ethicalteapartnership.org/

Annex 3.
RAI Principles: Consultation and Outreach Events

Date	Consultation and outreach event	Stakeholder involvement			
		Govt.	Priv. Sect	Civ. Soc	Int. Org.
18 September 2009	UN General Assembly side event on responsible. agricultural investment, convened by Government of Japan and 4 agencies, New York	x	x		x
7-8 December 2009	Global Forum on International Investment, Paris	x	x		x
10 March 2010	FAO International Symposium on Poverty Reduction and International Investment in Agriculture, Tokyo	x	x	x	
25 April 2010	MCC-GoJ-AU consultation event on RAI, Washington DC	x	x	x	x
26-30 April 2010	Intergovernmental dialogue at UNCTAD's Investment, Enterprise and Development Commission, Geneva	x	x		
26-27 April 2010	World Bank Annual Land Conference, Washington DC	x	x	x	x
5 May 2010	Consultation on responsible investment in agriculture during the FAO Conference for Africa	x		x	
6-7 May 2010	Global AgInvesting, New York		x		x
7-9 July 2010	ADB-FAO-IFAD Investment Forum for Food Security for Asia and the Pacific, Manila	x			x
September 2010	APEC Business Advisory Council workshop on food losses, Bangkok	x	x		
September 2010	APEC Senior Officials Meetings on Food Security, Sendai	x			
17 September 2010	57th Trade and Development Board, UNCTAD	x			
1 October 2010	Consultation on responsible investment in agriculture during the FAO Conference for Asia and the Pacific	x		x	
11-14 October 2010	Formal dialogue on RAI at the 36th session of the FAO's Committee on World Food Security (CFS)	x	x	x	
16 October 2010	APEC Ministerial Meeting on food security and foreign direct investment, Niigata	x			
9-10 November 2010	Global AgInvesting (EU), Geneva		x		x
5 December 2010	Consultation on responsible investment in agriculture during the FAO Conference for the Near East	x		x	
24 January 2011	Briefing session on voluntary guidelines for Land and the RAI principles for FAO's member countries	x			
28 January 2011	Nestlé Breakfast: Foreign Investment in Farmland: Risks and Opportunities, Davos		x		x
2 March 2011	FAO Workshop on Responsible Agricultural Investment for the private sector, Rome		x		
11 May 2011	FAO Consultation on Responsible Agricultural Investment in the Least Developed Countries	x			

Annex 4

Summary of the Roadmap for a process of consultation on principles for responsible agricultural investments within the Committee on World Food Security (CFS)
(Approved by the CFS Bureau on 26 May 2011)

STEP 1: mapping of existing developments, processes and initiatives related to responsible agricultural investment

- June 2011: Establishment of a CFS Open-Ended Working Group (OEWG) to:
  - keep track on the ongoing (CFS and non-CFS) developments, processes and initiatives related to responsible agricultural investment which will serve as input for the broad consultation within the context of CFS (step 2).The OEWG, will do a mapping of related initiatives (step 1) and identify the key issues which need to be addressed.
  - open a web-based working space for facilitating electronic information exchanges
  - work out the concrete details of the CFS-consultation process and prepare a budget
- September 2011: Informal seminar to all the Permanent Representatives and other stakeholders on the state of play as far as the principles is concerned.
- October 2011: CFS plenary session: presentation of HLPE-report and G20-process, general progress report of the CFS Working Group, including results of the mapping exercise, and approval of the foreseen consultation process up to October 2012 as proposed by the OEWG.

(Important to mention is also the foreseen adoption at this meeting of the *Voluntary Guidelines on the Responsible Governance of Tenure of Land, Fisheries and Forests)*

STEP 2: CFS-consultation process

November 2011: start-up of the broad consultation process which can be mirrored to the consultation process which was established for the Voluntary Guidelines on the Responsible Governance of Tenure of Land, Fisheries and Forests. Further details will still need to be worked out by the OEWG in 2011, but the consultation process should include:

- electronic consultations based on the key issues identified in 2011 to prepare the actual working group-meetings;
- consultations in Rome as well as regional consultations;
- 5 to 10 full-day working group meetings between November 2011 and June 2012 with a CFS led open-ended plenary review and finalization of the discussion by end of July 2012.

October 2012: Endorsement/Adoption/Agreement at the CFS plenary session 2012.