



COMMITTEE ON WORLD FOOD SECURITY

Thirty-ninth Session
Rome, Italy, 15-20 October 2012
Item V.d
RESPONSIBLE AGRICULTURAL INVESTMENTS: THE WAY FORWARD

The Committee, having taken into consideration the outcome of the Open Ended Working Group consultative process to prepare Terms of Reference for the process within CFS to develop principles for responsible agricultural investments (rai):

- 1) Approves the proposed Terms of Reference (ToR) for an inclusive consultation process within CFS to develop and ensure broad ownership of principles for responsible agricultural investment (rai);
- 2) Agrees that the consultation process will be implemented by the CFS Secretariat under the oversight of the Bureau and in close collaboration with the rai OEWG;
- 3) Requests that the principles emanating from the CFS consultative process be submitted for endorsement by the CFS at its 41st session in October 2014;
- 4) Emphasizes the important role of the planned consultations on the rai, and encourages all stakeholders to participate actively in the process.

I. BACKGROUND

1. At its 36th Session in October 2010 the Committee on World Food Security (CFS) decided to start an inclusive process of consideration of principles for responsible agricultural investment, within CFS, taking note of the ongoing process of developing Principles for Responsible Agricultural Investments that Respect Rights, Livelihoods and Resources (RAI) undertaken by FAO, IFAD, UNCTAD and the World Bank.
2. During the 37th Session of the CFS, Member states :

"Supported an inclusive consultation process within CFS for the development and the broader ownership of principles for responsible agricultural investment that enhance food security and nutrition; acknowledged that the first step of this consultation process will be to develop terms of reference that include the scope, purpose, intended recipients and structure of these principles as well as the format of the consultation process, taking into account existing frameworks, such as the RAI principles developed by FAO, IFAD, UNCTAD and the World Bank. This consultation process will be initiated promptly after approval of the Voluntary Guidelines on Responsible Governance of Tenure of Land, Fisheries and Forests in the Context of National Food Security, and will be overseen by the CFS Bureau with the assistance of the joint Secretariat and in close collaboration with the Advisory Group and the involvement of all interested stakeholders, with a view to submitting these principles for the consideration of CFS. The consultation process will seek to ensure consistency and complementarity with the Voluntary Guidelines on the Responsible Governance of Tenure of Land, Fisheries and Forests in the Context of National Food Security"
3. Furthermore the Committee "urged the explicit recognition of smallholder-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 investment in agriculture"¹.
4. A multi-stakeholder Open Ended Working Group on rai ('rai OEWG') was established to prepare Terms of Reference (ToR) for an inclusive consultation process. This started with a one-day workshop of the rai OEWG at FAO on 2 July 2012, during which information about other ongoing initiatives relative to responsible agricultural investment was shared, and suggestions and opinions were collected from CFS stakeholders on the preparation of ToR for the consultation process. The outcomes of the workshop were synthesized and discussed at a one day meeting of the rai OEWG on 25 July, at which the main elements of ToR for the consultative process were identified. Draft ToR including details of the consultation process and an overall timeframe, prepared on the basis of inputs from the OEWG, were considered by the OEWG on 6 September and submitted to the Bureau on 7 September 2012, with a view to being approved at CFS 39 in October 2012.
5. The proposed ToR for an inclusive consultative process within CFS to develop principles for responsible agricultural investment are presented in the following section.

II. PROPOSED TERMS OF REFERENCE TO DEVELOP PRINCIPLES FOR RESPONSIBLE AGRICULTURAL INVESTMENT

A. Purpose

6. The expected outcome of the inclusive, consultative process within CFS is a set of principles to promote investments in agriculture that contribute to food security and nutrition and to support the progressive realization of the right to adequate food in the context of national food security.

¹ CFS 2011/FINAL REPORT, page 5, para 29 ix and x

B. Intended users of the principles

7. The principles are intended for all stakeholders that are involved in, benefit from, or are affected by agricultural investments, including among others:
- i) Governments (national, sub-national, local) in host states and states of origin of investments;
 - ii) Private and public investors (both domestic and foreign), such as small – medium - large farmers, farmers' organizations, cooperatives, private companies, joint ventures, chambers of commerce, trade unions, state funds, pension funds, financial institutions, commodities traders, partnerships and corporations;
 - iii) Intergovernmental and regional organizations, including international and regional financial institutions;
 - iv) Civil society organizations;
 - v) Research organizations and universities;
 - vi) Donors;
 - vii) Foundations.

C. Type of instrument

8. The principles will be voluntary and non-binding and should be interpreted and applied consistent with existing obligations under national and international law, and with due regard to voluntary commitments under applicable regional and international instruments. These principles should be interpreted and applied in accordance with national legal systems and their institutions. They should be endorsed by the CFS.

D. Nature of the principles

9. The principles to be developed by the consultative process will take into account existing guidance frameworks such as the RAI principles developed by FAO, IFAD, UNCTAD, the World Bank and build on the Voluntary Guidelines on the Responsible Governance of Tenure of Land, Fisheries and Forests in the Context of National Food Security (VGGT) and the Voluntary Guidelines on the Progressive Realization of the Right to Adequate Food in the Context of National Food Security.
10. The principles will address all types of investment in agricultural value chains and food systems² including by, for and with smallholder producers and including investments in agricultural research, extension and technology transfer. They will include foreign and domestic, public and private small, medium and large scale investments.
11. The principles should take into account the following key considerations:
- i) The broad diversity of agricultural value chains and food systems including smallholder food production, processing and marketing;
 - ii) Recognition of special interests and needs of smallholder producers with respect to research, development and technology transfer;
 - iii) The impact of agricultural investments on environmental, economic, social and cultural aspects, including, but not limited to impacts on:
 - a) Food security and nutrition;
 - b) Food producers;
 - c) The most vulnerable segments of the population;
 - d) Employment creation and labour conditions;
 - e) Gender related aspects including particular obstacles faced by women and girls (see VGGT, 5.4);
 - f) The contribution to the sustainable use of natural resources;
 - g) Improved sustainable agricultural productivity;

² Including forestry and fisheries

- h) Access to productive agricultural resources;
 - i) The functioning of markets;
 - j) Improved access to markets by smallholder producers and processors.
- iv) The relevant obligations of states, and responsibilities of non-state actors conducive to responsible governance of investment such as existing human rights standards and the progressive realization of the right to adequate food in the context of national food security (based on VGGT sections 3B and 4);
 - v) Governance structures and decision making processes to enable and facilitate key elements such as consultation, participation, anti-corruption and conflict resolution;
 - vi) Coordination, cooperation and partnerships among stakeholders;
 - vii) Mechanisms to review, investments and to promote accountability of individuals, state and non-state actors for their actions (based on VGGT, sections 3B and 4, and part 7).
12. Furthermore the principles should:
- i) Build on the VGGT, particularly regarding section 12 on Investments, without reopening issues agreed to and include explicit references to the VGGT;
 - ii) Clarify for the purpose of this process, commonly used terms such as responsible investment, private sector, smallholder producers, smallholder sensitive investment, and;
 - iii) [Not address trade issues that fall under the remit of WTO]

E. Proposed process and timeframe for the consultations

13. The consultation process to develop the rai principles should be open and include all stakeholders that are key to ensure ownership and legitimacy. Adequate participation of CSOs, the private sector (companies and investors of all sizes), of initiatives such as CAADP, UN Global Compact, OECD, Grow Africa, national investment frameworks, and of research organizations, should be ensured.
14. The process should take into account lessons learnt from other CFS led processes such as the VGGT and the Global Strategic Framework (GSF).
15. The consultation and negotiation process should be properly planned, simple and efficient. Regional, national, thematic and/or stakeholder specific, electronic consultations, which enable multi-stakeholder dialogue should be considered. Where possible, appropriate existing forums/meetings should be used, and stakeholders should be periodically informed about the stage of development of the principles.
16. The consultation schedule and relevant documents such as the draft principles should be made available well in advance in all UN official languages in the interests of maximum participation by all stakeholders.
17. The CFS Secretariat will implement the consultation process under the oversight of the Bureau and in close collaboration with the rai OEWG.
18. Adequate financial and human resources should be secured in advance to enable the consultations.
19. The following tentative schedule is proposed:

Task	Timeframe
OEWG meeting to discuss preliminary work on the Zero Draft and prepare a calendar of consultations	Early November 2012
CFS Secretariat to prepare a Zero Draft of the rai principles	Nov 2012 - Jan 2013
Zero draft is discussed in OEWG and CFS Bureau	Feb 2013

Regional multi-stakeholder consultations, e-consultation and consultations within existing regional meetings/fora	Feb 2013 - Jan 2014
CFS Secretariat to prepare Draft One	Feb 2014
Draft One is discussed in OEWG and CFS Bureau	March 2014
Global meeting to be held in Rome to negotiate Final Version	June/July 2014
rai principles are endorsed at CFS Plenary	October 2014

20. Estimated costs to implement the above would be \$2.000.000 and would cover the costs for human resources, organization of meetings and travel expenses for selected participants.