Background document on
Principles for responsible agricultural investment (rai)
in the context of food security and nutrition
Zero Draft

Background and rationale

As the world population grows and incomes increase, diets and consumption patterns shift towards higher value agricultural products the production of which requires more natural resources. In the face of dwindling quality and quantity of the natural resource base, increasing agricultural productivity is essential. Agricultural investment is a key element in increasing agricultural productivity. More and better investment is critical to enable agriculture and food systems[1]to meet a number of present and emerging challenges. In particular, it is key to enable agriculture to better contribute to food security and nutrition (FSN) for all, thus supporting the universal realization of the right to food. [2] At the same time, investment needs to support agriculture to continue driving poverty eradication, create decent jobs and livelihood opportunities on farm and all along food supply chains, and contribute to environmental sustainability. When explicitly responsive to such challenges and accountable for doing so, the activities of agricultural investors can be defined as “responsible.” The contribution of agricultural investments to food security and nutrition is the central concern of this document, as previously decided by the Committee on World Food Security (CFS).

Investment in and for agriculture – including pastoralism, fisheries and forestry – is carried out by a multitude of actors, both private and public, and both in production and at other stages in agriculture and food supply chains. For agriculture to better contribute to FSN, all these actors must invest more and more “responsibly” according to their respective roles. Given the role of small scale food producers and processors – women and men - in investing on-farm, as well as their key contribution to food production and processing in most developing countries, it is particularly important that their capacity to invest responsibly be strengthened. Doing so however does not require only a focus on these actors, but also engaging and enhancing the responsible investment capacity of other actors, including foreign and domestic investors, both large and small, all along the value chain.

Accordingly, these principles speak to all actors who make, enable, or promote responsible investment in food and agriculture. However, they also recognize that interests will not automatically converge towards these goals – hence the need for principles to inspire and complement normative tools and enabling actions in different contexts.

Objective, nature and scope

The principles aim to promote responsible agricultural investments involving a wide range of stakeholders, including small, medium and large-scale farmers, non-farm enterprises, States, financial institutions, multilateral organizations, and research institutions, so they can all better contribute to FSN and the universal realization of the right to food. They are in line with the overall focus of the CFS on small scale food producers, but recognize the important roles of other investors on farm as

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[1] Food systems overlap with agricultural systems in the area of food production, but also comprise the diverse set of institutions, technologies and practices that govern the way food is marketed, processed, transported, accessed and consumed. Food systems influence not only what is being consumed and how it is produced and acquired, but also who is able to eat, and how nutritious their food is.
[2] Universal Declaration of Human Rights, Article 25; International Covenant on Economic, Social and Cultural Rights, Article 11.

well as in upstream and downstream segments of the value chain, both for their own contribution to FSN and for their ability to enhance small producers' investment capacity and contribution.

As noted, the Principles assume that investment is "responsible" when mindful and supportive of the need for agriculture to help ensure FSN and support the universal realization of the right to food in a sustainable manner. Accountability is also part and parcel of what makes investment responsible. In line with the VGGT (para 12.4), the Principles recognize that agricultural investments need to contribute to a diverse set of goals, including "*poverty eradication; food security and sustainable use of land, fisheries and forests; support local communities; contribute to rural development; promote and secure local food production systems; enhance social and economic sustainable development; create employment; diversify livelihoods; provide benefits to the country and its people, including the poor and most vulnerable; and comply with national laws and international core labour standards as well as, when applicable, obligations related to standards of the International Labour Organization."* All these are important complementary aspects of investment that seeks to contribute to FSN – including its dimensions of availability, access, stability, and utilization. As such, they will receive attention in these Principles, although their primary focus is on FSN.

The Principles are neither detailed guidelines nor legal norms. Rather, they are a reference point for States and other stakeholders, to reinforce the validity of existing legal frameworks at country or international levels, and potentially develop new legal provisions. In addition, they presuppose a number of broader principles and values that should inspire any specific guidelines. These include human rights (understood as universal, indivisible, interrelated and interdependent), including in particular the right to adequate food. They also build on the human rights and good governance principles of equity and non-discrimination, gender equality, social inclusion, accountability, the rule of law, transparency and meaningful participation in decision-making.

The Principles can be used by any stakeholder group for different purposes, in a voluntary manner. In particular, they are meant to encourage investors at all levels to make provisions to invest responsibly, and identify key areas where States and other actors should focus their efforts to put in place an enabling environment for responsible investment. They may be used to develop guidelines appropriate to different issues and contexts, with the participation of different categories of investors and of the groups affected by investments. All stakeholders are expected to have a role in advocating application of the Principles for their constituencies, monitoring implementation of normative provisions in the areas covered by the Principles, and in some cases building the capacity of actors to translate the Principles into action. All stakeholders also have a key role in monitoring and reporting on implementation of the Principles or any guidelines and legal frameworks developed on their basis at the local, national, and international levels. The CFS itself should provide a global forum where actors learn from each other's experiences in taking inspiration from the Principles.

PART I
PRINCIPLES WITH REGARDS TO THE IMPACTS OF AGRICULTURAL INVESTMENT

PRINCIPLE 1:
Responsible agricultural investment enhances food security and nutrition for all.

WHY IT MATTERS AND WHAT IT IS ABOUT
This principle builds on recognition of key links between investment in and for food and agriculture and food security and nutrition. Food security exists when all people, at all times, have physical, economic and social access to sufficient, safe and nutritious food to meet their dietary needs and food preferences for an active and healthy life. The four key dimensions of food security thus include availability, access, stability and utilization (leading to appropriate nutrition). Investments in agriculture and related supply chains, as well as the environment where investments take place, make an essential contribution FSN in all its dimensions. However, due to the multiple and inter-related effects of agricultural investment and with new challenges surrounding agriculture and food systems, there can be trade-offs, competition, and negative impact of investments on one or more dimensions of food security. Responsible investment should avoid or minimize trade-offs and seek to prioritize positive FSN impact.

SUB-PRINCIPLES:
1.1 Responsible agricultural investment ensures the production of sufficient and nutritionally adequate food.

To respond to growing food demand, it is essential to develop local and national food production capacity, which in turn requires increased and good quality investment to raise productivity, improve nutritional quality and diversity of locally available foods, and improve supply chain efficiency, including generating value in production and processing. Given the primary role of small scale food producers and processors in ensuring food availability and maintaining diverse local food systems in most developing countries, responsible investment by and in support of these actors is critical. However, different production and investment models may serve to secure nutritionally adequate supply in different contexts.

1.2 Responsible agricultural investment ensures stable food supply, and resilience.

Local food supply results from production and access through markets – with appropriate links among local, national, regional and global food supply chains. In an increasingly challenging and often volatile natural and market environment, responsible investment should contribute to the stability of supply particularly at local level. In areas where food supply is insufficient responsible investment is expected to contribute to raising food supply. This is a function of more efficient, sustainable, and resilient production, a predictable policy environment, well developed supply chains, and stable and well functioning markets.

1.3 Responsible agricultural investment improves access to food, especially by the most vulnerable

Access to food is a function of income, prices and ability to produce one's own food – when relevant - as well as of physical access, while adequate utilization contributes to good nutrition alongside other factors like clean water and sanitation, good food preparation practices, healthcare, education, and women's empowerment. Investments that increase income and access, including through enhanced productive capacities and improved access to markets by the food insecure – who often include small scale food producers and processors, particularly women – are critical in this regard. This includes investments by public and private actors along food supply chains, especially when these are inclusive and supportive of the investment capacity of poor producers and processors. Investments that improve quality and value generation at different stages in food supply chains are key both to creating income opportunities and to improving nutritional value. Furthermore, investment which increases agricultural productivity and the efficiency of the value chain contributes to lower and more stable prices for consumers and improved incentives for producers.

1.4 Responsible agricultural investment supports resilience of food systems before, during and after shocks and crises.

In an increasingly volatile environment and climate, and with continued social and political fragility affecting many parts of the world, an important dimension of responsible investment is contributing to resilience particularly of local food systems, as well as reducing the occurrence and likely impact of production and market shocks. This may entail different types of considerations and actions depending on context. The Agenda for Action on addressing food insecurity in protracted crises to be developed by the CFS in 2013-2014 provides the context to address some of the relevant issues. Notably, how to promote responsible investments that adapt to rapidly changing circumstances so that they can enable beneficiary communities to build greater resilience and avoid relying on negative coping strategies., and how to manage a more integrated approach to transitioning from humanitarian to development investments after-shocks.

ROLES AND RESPONSIBILITIES

States have obligations to respect, protect and fulfil the right to food, including through actions related to food and agriculture. Therefore, they are the main actors called upon to promote an enabling institutional and policy environment to incentivize investments in line with Principle 1. In the crucial area of land governance, States should implement policies in line with the provisions set out in the VG GT. To address this Principle, States can develop tools to ensure that agricultural and value chain investments are encouraged, that they are designed and conducted with a view to enhancing FSN, and that investors – women and men alike, and domestic SME investors in particular - have the needed institutional, policy and service support to contribute to this goal. States are also the main investors in public goods required for agricultural and food supply chain private investments, including R&D (especially for production and processing of nutritious food and nutrition-sensitive agriculture), infrastructure, and education (including gender- and socially-inclusive agricultural and rural education).

Private actors (including small scale food producers and processors) are the main investors in food and agriculture everywhere. They are therefore key actors investing for FSN and thereby contributing to realizing the right to food. Under this Principle, private actors are encouraged to prioritize positive FSN impact from their investments, looking at a combination of the four main dimensions of food security mentioned above. Depending on the type of private investor, this may be ensured ex ante by explicitly factoring expected FSN impacts in investment plans. Where applicable, ex ante considerations for investors may include explicit alignment with national and regional FSN strategies. Investors are also encouraged to monitor the impacts of their investments in relation with major goals and integrate lessons from ex post impact assessments into their activities.

Investors in agriculture upstream and downstream of food production – from research institutions and input and technology providers to financial institutions, processors and distributors have a key role to play in improving FSN. This Principle encourages these actors to direct their investments towards more nutritious foods, well suited to local needs, demand, and preferences while improving sustainability and resilience of food production and supply.

PRINCIPLE 2:

Responsible agricultural investment is environmentally sustainable.

WHY IT MATTERS AND WHAT IT IS ABOUT

Agricultural investment by definition seeks to enhance the capacity of an investor's asset base to generate value. As environmental assets are critical in agriculture and food systems, investments are in turn key to enhancing their capacity to generate value. However, how this is done can present trade-offs for the capacity of environmental resources to generate value in the future – in other words, investments can have both negative and positive impact on environmental sustainability (e.g. availability and quality of water, land, energy, fisheries, forests, ecosystems and biodiversity, as well as GHG emissions). The impact of climate change will increase the risks for many investments and therefore a careful risk analysis based on the best understanding of climate change impacts is necessary. Practices through which environmental sustainability of investments can be enhanced are context-specific. In general, however, balancing food security and environmental sustainability requires investments to focus on sustainable agricultural intensification and on environmentally sustainable approaches to food processing, transportation, marketing and consumption.

SUB-PRINCIPLES:

2.1 Responsible agricultural investment uses natural resources in the most sustainable and efficient ways possible, given existing knowledge, technologies, and capacity.

Agricultural, fisheries and forestry production and processing require use of natural resources such as land, water and energy – all of which are increasingly scarce or becoming degraded in many areas. The appropriate technologies, practices, and institutional and policy arrangements for ensuring efficient use of the natural resource base and to avoid negative environmental externalities in any segment of food supply chains (including food waste and losses and pollution) vary across contexts. While no general blueprints are available, the traditional knowledge, expertise, skills and practices related to food security and to food and agricultural production and diversity accumulated by women and men of local communities, as well as the increasing scientific knowledge and practices on environmentally sustainable food production provide important inputs and reference points that should be used by investors as well as by promoters and enablers of investment to shape their respective activities in and around food supply chains.

2.2 Responsible agricultural investment sustains ecosystems and related services.

Productive soils, clean air, fresh water, forests, trees, animal life and other renewable resources together constitute ecosystems that are vital to humankind’s survival and prosperity. Responsible agricultural investment should not only efficiently use natural resources but also privilege practices that improve ecosystems and their services, including the pursuit of synergies in the efficient use of different resources, and harnessing ecosystem processes for production of nutritious food.

2.3 Responsible agricultural investment contributes to climate change mitigation and adaptation.

Agricultural production, food processing and the transport of agricultural, fisheries and forest products result in GHG emissions through different impact pathways. However, it is increasingly recognized that there are win-win opportunities for increasing agricultural productivity, resilience, sustainability, and contribution to climate adaptation and mitigation. More efficient supply chains can also bring an important complement to better climate- adapted and low emission agriculture. Given the likely impact of climate change on food supply systems in different parts of the world, investments in production systems and food supply chains which are climate-adapted and produce mitigation co-benefits are critical for FSN going forward. These investments require complementary and enabling investments already today in a number of areas - from infrastructure to R&D, human capital development, institutions, markets, and services.

ROLES AND RESPONSIBILITIES

States have obligations to apply binding international agreements on the environment that they ratified, including relevant provisions into their policies and laws concerning investment and the environment. In addition, this Principle encourages States to establish policies and other measures to promote and reward sustainable use of natural resources in agricultural investments (e.g. financial incentive systems, information gathering and dissemination, guidelines and sanctions as appropriate). It encourages them to harmonize their investment and agricultural policies with environmental policies and programmes (including the promotion of sustainability-oriented R&D agendas and investment models and adequate pricing for natural resources involved in food production), providing clear signals to investors about where to focus their investment choices to contribute both to FSN and to environmental sustainability. States are expected to promote and ensure effective enforcement of relevant policies and laws, including safeguards to protect the environment from risks associated with investments and assessing and acting upon evidence of negative impact. The Principle also encourages States to collect and base policy making on sound evidence concerning the environmental constraints and impacts of agricultural investments, and to make this widely available to investors and other stakeholders. As States also have a role in investing in food supply chains, this Principle calls them to integrate environmental sustainability considerations into their investments – e.g. in R&D, infrastructure, education, and services, with recognition of gender roles and inequalities and particular attention to groups living in vulnerable ecosystems.

Under this Principle, private investors are called to pay special attention to improving the environmental impact and sustainability of their investments along food supply chains, and to seek opportunities to generate value from enhancing sustainability. Investors are reminded of their responsibilities to comply with relevant laws and regulations and to apply international environmental standards, supported by measures undertaken by States in this regard. While assessing environmental impact ex ante may not always be possible for all investors, the Principle suggests that they should, at a minimum, follow a precautionary approach by aiming for efficient use of natural resources, including energy, and avoiding land conversions that may undermine ecosystems. Large-scale investors should carry out meaningful and participatory environmental impacts assessments at the early stage of any project. Depending on the capacity of investors, the Principle encourages them to establish a system of environmental management to avoid, monitor, minimise and remedy possible adverse environmental impacts, using appropriate practices and technology, with transparent disclosure and accountability for addressing evidence of adverse impact. When investments involve collaboration of corporate actors with small scale food producers and processors, corporate actors are encouraged to promote sustainable practices and use of technology by small scale actors, supported by States and others (e.g. development institutions, CSOs). Research and educational institutions are encouraged to place sustainability of food supply chains at the centre of their agendas and reward systems, complemented by enabling policies and investments by States and collaboration with private investors. Supporting the capacity of small scale food producers and processors (notably women) to have the skills and technology to invest in sustainable and climate adapted agricultural intensification and food processing is also key to implement this Principle. At the same time, traditional knowledge and practices of local communities can also be a valuable asset to take into account by investors, as well as by research and innovation institutions.

PRINCIPLE 3:
Responsible agricultural investment sustains or improves livelihoods and sets in motion inclusive growth.

WHY IT MATTERS AND WHAT IT IS ABOUT
In many countries, in particular developing countries, agriculture is the mainstay of the livelihoods of rural populations, particularly the poor. Agricultural investment, therefore, has high potential to contribute to reducing poverty and drive inclusive growth. This however requires that investment directly involves and benefits the poor who are often a large part of small scale food producers and processors. This means that investments expand opportunities for these groups to have secure livelihoods. In addition, there is today increasing competition among actors for access to shrinking natural resource base for market share in food supply chains. Given that secure livelihoods are critical for FSN, responsible investment must have a positive impact on the livelihoods of those directly affected by it. This includes in particular those who have legitimate entitlements on the natural resource base used by investors, those whose livelihoods depend on the markets that these investments target, and food insecure people in the areas where investments take place.

SUB-PRINCIPLES:
3.1 Responsible agricultural investment generates desirable socio-economic and distributional impacts.
Investment creates not only benefits for investors – so long as it is financially and economically viable, but also livelihood opportunities for others, through job creation and by strengthening the capabilities and market opportunities of other investors. This is not only true of large corporate investment but often also of medium-size commercial investment in food chains. In countries facing high rates of rural un(der)employment and poverty, labour intensive investments can play a critical role for FSN through their impact on livelihoods – including for small scale food producers and processors, agricultural workers, traders, those employed in transportation and other services. As

opportunities are often gender-specific, women's and men's livelihoods are typically affected in an unequal manner, with positive or negative impact on FSN. For positive impact on livelihoods and FSN, investments should strengthen women's livelihoods opportunities both as producers and investors in their own right and as part of the workforce both in agriculture and in food processing.

3.2 Responsible agricultural investment respects internationally recognized labour rights and promotes decent work for all.

Internationally-recognized labour rights must be a reference point for investors as well as for national policymakers in creating an environment for responsible investment that contributes to FSN through decent job creation recognizing that both the quantity and the quality of employment are essential. Hence, when investors create job opportunities, they have a responsibility to treat male and female workers fairly and in a non-discriminatory manner, provide equal opportunities, provide wages and social benefits that ensure a safe and decent standard of living and create a healthy workplace.

3.3 Responsible agricultural investment respects legitimate tenure rights and safeguards tenure right holders against being dispossessed of their legitimate tenure rights.

When investments affect tenure or access to land, water, and other natural resources, relevant guidance should be sought in the *Voluntary Guidelines on the Responsible Governance of Tenure of Land, Fisheries and Forests in the Context of National Food Security* (VGGT).

ROLES AND RESPONSIBILITIES

This Principle has implications for all categories of investors involved in food and agriculture investment, but these implications are most relevant for States and medium or large-scale investors who can affect livelihood opportunities. The Principle encourages States to incorporate internationally recognised human rights and social standards relevant to agricultural investment and labour into their legislation, providing clear information to investors in this regard. They are called to ensure a stable incentive and service system to facilitate the financial and economic viability of investments by different types of investors, facilitating equal, non-discriminatory access to productive resources, capital and markets. States are also called upon to ensure that enabling policies and institutions promote gender equality in access to investment opportunities and markets. When investment involves land acquisition by private investors, local or non-local, States are called upon to develop enabling policy and institutional environments based on the VGGT and relevant international legislation and principles, including the UN Declaration on the Rights of Indigenous Peoples. They may also consider encouraging forms of organization of food supply chains and investment schemes that do not involve large-scale transfer of tenure rights, thereby reducing investment risks for all stakeholders. States can also play an important role creating an enabling environment that promotes the creation of inclusive and efficient producer´s organization and cooperatives which strengthen their negotiation power. Finally, States are called upon to ensure a competitive and transparent market environment.

Investors have an important role in generating sustainable livelihood opportunities for other stakeholders - including food insecure and vulnerable people relying on the same natural resource base or markets as the investors. This Principle calls investors to respect internationally recognized human rights, labour rights and other legal provisions, as well as national laws and VGGT provisions. Research institutions and development organizations, as well as CSOs, can play complementary role in generating data, information, good practices, and guidelines to assist States as well as private investors in assessing and managing impact on local livelihoods of planned or on-going investments.

PRINCIPLE 4:

Responsible agricultural investment respects cultural norms, is compatible with universal human rights and is considered legitimate by relevant stakeholders.

WHY IT MATTERS AND WHAT IT IS ABOUT

Agriculture contributes to shaping and it is shaped by rural lifestyles and landscapes, local cultural systems, and individual and collective identities. Agricultural investment can change all this in ways that are positive or negative depending on the perspective of different stakeholders. At present, food systems all over the world are evolving towards increasing uniformity of production and consumption patterns. In general, those who identify with local cultural systems and practices are entitled to decide on the desirability of changes that may alter cultural functions and meanings around food production or consumption. In practice, even within local communities there may be different views about how to integrate, for instance, technological changes to improve productivity or sustainability in food production into "culturally acceptable" practices. Moreover, arguments about the cultural acceptability of specific changes are always also about changes in power and knowledge distribution brought about by new modalities of production, processing, and distribution of food – which is one main reason why this issue is important for impact on FSN. While decisions about appropriate change vary across contexts, local stakeholders have a number of tools available to address this, including the UNESCO Convention for the Safeguarding of Intangible Cultural Heritage and the Convention on Biological Diversity.

ROLES AND RESPONSIBILITIES

This Principle encourages States and international actors to undertake measures to ensure the safeguarding of cultural heritage and landscapes, including religious sites, from adverse impacts of agricultural investments. It also encourages them to find concrete ways to value and support traditional knowledge and cultural heritage around local food systems, in partnership with and support to local stakeholders, and with due consideration for all principles outlined so far, including environmental sustainability. Local actors – investors and civil society included – have a key role to play in promoting culturally adapted practices and helping them evolve in ways supportive of responsible agricultural investment and improved FSN. When investors are not part of local communities, in particular, they should work with local stakeholders, including traditional or religious institutions, to ensure that their investments do not actively or inadvertently impact negatively on cultural heritage, landscapes and lifestyles, especially when these have significant potential in terms of environmental sustainability. Non-local investors are also called upon to recognize local entitlements over use of traditional knowledge and cultural heritage and to work with States relevant stakeholders to devise acceptable mechanisms for benefit sharing. . Research and educational institutions are encouraged to promote research on traditional food production methods and systems, spreading good practices and teaching the knowledge and skills to strengthen them, and helping build capacity of local communities to promote and protect their heritage.

PART II
PRINCIPLES IN SUPPORT OF ENABLING ENVIRONMENT

PRINCIPLE 5:
Responsible agricultural investment is supported by enabling, facilitating, and regulatory structures based on internationally-recognized good governance principles.

WHY IT MATTERS AND WHAT IT IS ABOUT
Good governance is a prerequisite to enable responsible agricultural investment, and it is generally characterized by institutionalized principles of rule of law, equity, fairness, participation, accountability, transparency, efficiency and effectiveness. Respect for human rights and active promotion of gender equality are also key elements of good governance. Institutional and policy systems governing agricultural investment in food and agriculture need to take into consideration internationally agreed principles/norms conventions and agreements.

SUB-PRINCIPLES
5.1 Responsible agricultural investment is actively supported by states in their multiple capacities as enablers and regulators of investment in food and agriculture.
The implications of the role of States as enablers of investment are reviewed in a number of areas in principles 1-4.

PRINCIPLE 6
Responsible agricultural investment is supported by policies and legislations consistent with each other, and addressing all aspects of responsible investment as described in this document.

WHY IT MATTERS AND WHAT IT IS ABOUT
A distinct challenge in establishing policies and governance systems is the harmonization and coherence of relevant policies and regulations which also represent the interests of legitimate constituencies, including vulnerable groups, small scale food producers and processors, and rural women. Coherent policy and programme implementation across government is key in shaping an enabling environment for responsible investment, including investment by national investors in other countries. While divergences among different interests, sectors, and policies may emerge in different contexts, these should be resolved in such a way as to promote responsible investment and therefore with priority given to impact on local and domestic FSN.

ROLES AND RESPONSIBILITIES FOR PRINCIPLES 5 AND 6

These Principles encourage States to promote an enabling governance environment for responsible investment, to develop and enforce appropriate policies and norms, to put in place incentive systems, risk management and mitigation measures, to support services and investments, and to ensure respect for rights and entitlements – notably those of the most vulnerable or marginalized. States are encouraged to identify areas where governance reforms or specific measures are needed to promote responsible investment or to ensure that it better contributes to FSN, in line with Principles 1-4. An enabling governance system requires that States, supported by other actors, develop the evidence base for their policies and programmes, learning from experience and remedying negative impact when necessary, accountably and transparently. Appropriate governance also requires that policymaking institutions reflect and enable inclusive decision-making, representing the interests of legitimate constituencies – including vulnerable groups, and women and men equally. In many cases, an enabling governance environment includes sectoral policies and programmes with specific provisions for enhancing investment by different actors and clear and consistent messages for investors about State priorities and policies in different sectors (e.g. agriculture, trade, environment). States should coordinate the various public-sector institutions that are relevant to agricultural investment in an effective manner in order to create synergy and avoid duplication and conflicting measures.

It is not only States however that contribute to an enabling governance environment for responsible investment. Civil society organizations have an important role in engaging in dialogue with State authorities on institutional and policy matters related to investment. Intergovernmental and regional organizations also have roles to play in establishing policies and governance mechanisms beyond the country level to promote and regulate responsible agricultural investments, striving for policy coherence from the country to the broader levels with a common focus on the Principles outlined so far. Private investors are also encouraged to contribute to policy dialogue and to good governance and to strive to promote respect for good governance principles in their own activities and interaction with public officials, including transparent sharing of relevant information, respect for rule of law, and preventing corruption in all forms, at all levels, and in all settings.

PRINCIPLE 7:

Responsible agricultural investment that affects local communities requires active, free, informed, and effective participation of stakeholders.

WHY IT MATTERS AND WHAT IT IS ABOUT

Agricultural investments are at times realized against the will of those who have legitimate entitlements over the natural resource base used by the investments, or those whose livelihoods are affected by the investment. Aspects of this issue are addressed in the VGGT. This Principle complements the provisions of the VGGT by emphasizing the importance of investment planning and implementation through processes aiming to ensure that legitimate rights and interests in addition to those of tenure, including those of the most marginalized and vulnerable stakeholders, are properly represented and influence decision-making and negotiation processes. Processes are also needed to avoid negative impacts in all areas highlighted in Principles 1-4 and to ensure fair and timely compensation to those negatively affected –. These processes should allow for substantive and meaningful participation and negotiation with legitimate stakeholders, through their chosen representatives. This may include traditional or local government institutions as well as other institutions (e.g. organizations of farmers, pastoralists, forest communities and fishers.).

ROLES AND RESPONSIBILITIES

This Principle encourages States to define clear procedural requirements for decision-making in regard to agricultural investments, particularly when these impact on the livelihoods of individuals and communities. Appropriate representation mechanisms should be devised to enable substantive participation of stakeholders, women and men alike, and provisions made about minimum quorum of local attendance, minimum content of the agreement to be reached, documenting and signing the agreement by all parties, grievance mechanisms and sanctions for non-compliance. With regard to Indigenous People, the principle of free, prior, informed consent (FPIC) should be respected in all cases and by all actors. In their roles as regulators and enablers, States are called to work together with investors at all parts of food supply chains to ensure that procedural requirements for participation and negotiation in decision-making on investment planning and implementation are respected, as appropriate in different situations. In all cases, avoiding damage to stakeholders holding legitimate rights can warrant modification or cancelling of a given investment. The FPIC principle should be respected in all cases and by all actors. Research institutions, civil society organizations, and development institutions can play an important role in identifying possible impacts of investment and advising about possible alternatives in investment design and implementation planning.

PRINCIPLE 8:
Responsible agricultural investment is accompanied by mechanisms for regular review and improvement of agricultural investment-related governance instruments and policies.

WHY IT MATTERS AND WHAT IT IS ABOUT
Part II and III of this document include public and private processes, mechanisms and tools to enable, facilitate, and regulate private and public agricultural investments. These need to be reviewed regularly and adjusted if need be to reflect international standards and best practices.

Sub-Principle:
8.1 Responsible agricultural investments are based on transparent and participatory assessment and monitoring of their impacts before, during and after an investment takes place, with remedial actions if shortcomings are identified.
Part I dealt with intended impacts of agricultural investments. To ensure that these will materialize and negative impacts are avoided, the potential and actual FSN, environmental, social, economic and cultural impacts of agricultural investments and investment policies as well as those on human rights and tenure rights need to be assessed. Assessments need to be independent, involve all stakeholder groups, and lead to remedial actions and remedial changes in the policy/governance frameworks in case of negative impacts. Practical application of this Principle may vary depending on the nature and size of investments.

ROLES AND RESPONSIBILITIES
States are encouraged to establish rules and procedures for monitoring, evaluation and impact evaluation of agricultural investments which will enable them to undertake improvements or remedial actions.. Investors along the value chain are encouraged to follow these rules and good practices as applicable to their situation, and to make the necessary adjustments. Research organizations and development institutions have a role in evaluating agricultural investments and investment policies, related governance instruments, drawing lessons learned and providing recommendations.

PRINCIPLE 9:
Responsible agricultural investment is accompanied by non-discriminatory access to justice grievance procedures and fair and effective remedy mechanisms.

WHY IT MATTERS AND WHAT IT IS ABOUT
The availability of independent and accountable conflict resolution and grievance mechanisms is a prerequisite to ensure that rights can be claimed. However, these are not always in place, are ineffective and/or are not equally accessible to everybody, or do not provide justice. Where customary dispute resolution bodies exist and provide fair conflict resolution services they should be recognized and used. All individuals or groups potentially affected by investments should have access to equal non-discriminatory justice to claim their rights. Justice mechanism should be available, accessible and affordable to all. Innovative approaches, support measures and affirmative actions might be required to ensure that justice mechanisms could be effectively used by marginalized groups, and by women and men alike.

ROLES AND RESPONSIBILITIES
States are encouraged to establish impartial and competent judicial and administrative bodies for timely, affordable and effective resolution of disputes related to agricultural investment, provide effective remedies as needed, ensure that these are enforced (including restitution, indemnity, compensation and reparation), and ensure equal and non-discriminatory access to relevant bodies and mechanisms for all affected individuals and groups. Investors are encouraged to cooperate in non-judicial mechanisms to provide remedy, to set up operational-level grievance mechanisms that are effective, legitimate, accessible at no costs, scaled to risks and impacts, predictable, equitable, transparent, timely, understandable, consultative, culturally appropriate and accountable; and to ensure that operational-level grievance mechanisms are not a substitute for, or act as an impediment to, legal alternatives.

PART III
PRINCIPLES FOR COORDINATION, COOPERATION, PARTNERSHIPS AND ACCOUNTABILITY

PRINCIPLE 10
Responsible agricultural investment is facilitated by clear mechanisms and institutions promoting coordination, cooperation, and partnership among the actors involved.

WHY IT MATTERS AND WHAT IT IS ABOUT
Agriculture and the food system in general can only fulfil its different functions if all actors working in and around the sector harmonize their respective efforts and better integrate their respective activities. The existence of mechanisms and rules for coordination or simply collaboration is also important to reduce transaction costs and risks, improve their information base, and foster trust, all of which are especially important considerations for investors of any size. As food supply chains evolve towards greater integration and modernization, and given the primary importance of small and medium scale food producers and processors in developing countries, mechanisms and institutions facilitating collaboration and coordination between them and other actors in food supply chains are particularly important to ensure that responsible investment is promoted.

ROLES AND RESPONSIBILITIES
Under this Principle, States are encouraged to develop institutional mechanisms to ensure coordination in and for agricultural investments within the different branches of the government. States are also encouraged to promote and facilitate coordination among stakeholders so that agricultural investments meet the different objectives and interests of different actors in food supply chains. As this is an area where policy and institutional innovation is often needed, to harness and respond to on-going changes in supply chain drivers and modes of organization, other actors also have roles to play in the development of such mechanisms and institutions. This includes the investors themselves, but also research institutions, development agencies, and civil society organizations.

PRINCIPLE 11
Responsible agricultural investment is supported by multilateral international and regional organizations that comply with these principles and primarily support small-scale food producers and processors in a perspective of local and national FSN.

Multilateral international and regional organizations involved directly or in a supportive role in agricultural investment are invited to orient their activities around the Principles proposed in this document, in addition to serving their respective mandates and to respecting international and country-level laws and norms (including human rights norms).

PRINCIPLE 12
All actors involved in agricultural investment are accountable for their decisions, actions and the impacts thereof.

WHY IT MATTERS AND WHAT IT IS ABOUT
Neither the Principles outlined so far nor existing legislation and international norms affecting investment can have the desired impact on FSN if the actors involved – including but not limited to investors – are not accountable for their actions and for the impact they have on others, their livelihoods, and the natural environment. Accountability – the practical possibility to hold other, even powerful, parties to account – deserves a dedicated Principle.

SUB-PRINCIPLES:

12.1 All actors involved in agricultural investment follow State regulations and recommendations concerning transparency and disclosure of meaningful information about proposed, on-going and concluded projects.

Stakeholders affected by investments as well as investors can only hold decision makers to account if accurate and transparent information is available about investments as well as the key factors that influence them (e.g. policy decisions). Therefore transparency is a key precondition for accountability in agricultural investment, and it needs to apply to the actions and information held by all actors involved.

12.2 Transnational responsible agricultural investment is supported by States of origin respecting, applying, and promoting extraterritorial obligations under international law and striving to introduce mandatory reporting and independent monitoring of investment.

Governments of countries that invest, promote investments abroad or are home base of private transnational investors generally have multiple stakes not only in ensuring the financial viability of investments but also in ensuring that their conduct is consistent with the protection of human and legitimate tenure rights in line with the provisions set out in the VG GT, promotion of FSN and their own development policies and commitments. They also have an interest in developing and applying high standards of transparency, disclosure and accountability, whether for reputational or other reasons. Voluntary initiatives of the private sector in developing such standards are important and should be recognized and built upon. However, they are not a substitute for national and international laws and regulations, in which they should be embedded.

ROLES AND RESPONSIBILITIES

Based on this Principle, States are encouraged to take the initiative, supported as appropriate by other actors (e.g. research institutions, development agencies, and others) to ensure that clear and sound regulatory and enabling measures are in place to signal to investors their obligations and those of other actors. These should include clear, legally binding regulations concerning transparency and disclosure of information and mandatory reporting and monitoring. States should also define measures – and ensure relevant information is available to all actors involved – about the accountability of staff working on agricultural investments and their right to be protected from retaliation when reporting corruption or other violations. They should enable and support CSOs to contribute relevant information. As for States of origin of trans-national investments, this Principle calls them to respect, apply and promote extraterritorial obligations under international law, including when negotiating investment treaties with other countries. It encourages them to introduce mandatory reporting and monitoring on investments and to enshrine the right to food and other human rights and corporate social responsibility in bilateral investment treaties and international investment agreements, alongside investor protection. It also encourages them to ensure that companies operate according to the highest human rights and environmental management standards such as the guiding principles on business and human rights, ISO 26000, OECD guidelines for multinational enterprises, IFC performance standards, CFS voluntary guidelines and principles, and commodity standards such as those of the Forest Stewardship Council, Roundtable for Sustainable Palm Oil and Roundtable for Sustainable Biofuels. States are called to require companies investing overseas to fully disclose their activities and ensure that standards and safeguards are implemented to protect small-scale food producers, local communities and livelihoods, and the environment. All States are further called upon to promote responsible foreign investments through strong, internationally-applicable policies, laws and standards, and to remove national or regional policies or programmes that may encourage directly or indirectly “irresponsible” investments, particularly land-based.

Investors along the supply chain, whether public or private, and including international financial institutions, are encouraged under this Principle to hold themselves to high standards in terms of accountability principles and norms, not only by respecting legal and human rights but also by adhering to internationally recognized ethical standards and undertaking due diligence to the best of their ability. Investors have a primary role in collecting and disclosing all relevant information about their investment plans and activities, including process and impact information, in a timely, accessible, and easy to understand form. Accountability lines will vary depending on the nature of each investment and also on the length of the impact chain upstream and downstream of each investment, however at a minimum investors should look 'one-step backward and one-step forward', to their immediate suppliers and buyers.

Civil-society organizations have an important role in providing information on investments, including their likely and actual impacts. They are accountable for the information they publish and should provide objective and reliable information that is based on verified facts.

ANNEX 1: RELEVANT EXISTING INSTRUMENTS FOR FURTHER GUIDANCE

These principles take into account existing guidance frameworks such as the Universal Declaration of Human Rights, the International Convent on Economic, Social and Cultural Rights, the International Covenant on Civil and Political Rights, the UN Charter, the Convention on Biodiversity (CBD), the Akwé: Kon guidelines, the UNESCO Convention for the Safeguarding of Intangible Cultural Heritage, the UNESCO Convention on the Protection and Promotion of the Diversity of Cultural Expressions, ILO instruments, , the UN Declaration of the Rights of Indigenous People, the UN Global Compact, the Voluntary Guidelines on the Responsible Governance of Tenure of Land, Fisheries and Forests in the context of national food security (VGGT), the Voluntary Guidelines to support the progressive realization of the right to adequate food in the context of national food security, the Guiding Principles on Business and Human Rights implementing the United Nations "Protect, Respect and Remedy" Framework, the OECD Guidelines for Multinational Enterprises, ISO 26000 – Guidance on Social Responsibility, the Principles for Responsible Agricultural Investment that Respect Rights, Livelihoods and Resources (PRAI) developed by FAO, IFAD, UNCTAD and World Bank and IFC Performance Standards as well as Roundtable on Sustainable Biofuel (RSB) and Roundtable on Sustainable Palm Oil (RSPO) Standards, the Extractive Industries Transparency Initiative (EITI) and the Fairtrade standards. When readers of these principles seek to improve agricultural investment, they are encouraged to regularly review such instruments for their applicable obligations and voluntary commitments, and to gain additional guidance.

Principle 1:

- International Covenant on Economic, Social and Cultural Rights, arts 2 and 11, General Comment 12, and Right to Food Guidelines provides some general guidance on the States' obligations and roles and investors' responsibilities.
- VGGT paras 12.1, 12.4, 12.10 and 12.12 address States' and investors' roles in regard to food security.
- PRAI, Principle 2 provides some guidance on how large-scale agro-investment should be handled to improve food security.
- UN Global Compact on Food Sustainability lines out investors' role in increasing the supply of safe and nutritious food.
- Roundtable on Sustainable Biofules Criterion on Food Security.

Principle 2:

- OECD Guidelines for Multinational Enterprises and IFC Performance Standards 3 and 6 provide more detailed guidance on environmental management systems, including management of ecosystem services.
- IFC Performance Standards 3 and 6 also provide guidance on resource efficiency, pollution prevention and biodiversity conservation.
- RSPO Principles provide particular guidance for investors.
- FAO 2011: Save and grow. A policymaker's guide to the sustainable intensification of smallholder crop production.
- CSA sourcebook (to be published on-line end of April 2013)

Principle 3:

- CBD Addis Ababa Guidelines, Practical Principle 12 and PRAI 6.2.2 on benefit sharing arrangements,
- Guiding Principles on Business and Human Rights and OECD Guidelines for Multinational Enterprises on private sector's responsibility to respect human rights,
- Report of the Special Rapporteur on the right to food, Olivier de Schutter: *Large-scale land acquisitions and leases: A set of minimum principles and measures to address the human rights challenge* on establishing and promoting sufficiently labour-intensive farming systems,

- ILO instruments, IFC Performance Standard 2, PRAI 5.2.1, Art. 23 of UDHR, Arts. 7, 8 of ICESCR, Arts. 8, 22 of ICCPR and Arts. 11, 25, 26 if ICRMW on labour rights and employment,
- VGGT for all matters of tenure,
- Guiding principles for responsible contract farming operations (FAO 2012),
- Arts. 5, 13 and 14 of CEDAW on gender equity and women's empowerment,
- PRAI, Principle 6, on measures to ensure that *Investments generate desirable social and distributional impacts and do not increase vulnerability*

Principle 4:
- IFC Performance Standard 8 on protecting cultural heritage and the equitable sharing of benefits from its use,
- UNESCO Convention for the Safeguarding of Intangible Cultural Heritage on respecting cultural heritage, including social practices, knowledge and practices concerning nature and cultural spaces (incl. religious sites),
- CBD, ITPGRFA and Akwé: Kon Guidelines on benefit-sharing for the use of traditional knowledge,
- UNESCO Convention on the Protection and Promotion of the Diversity of Cultural Expressions,
- ILO Convention No. 169 (Art. 4 and 23) and UN Declaration of the Rights of Indigenous People (Art. 8, 11, 31 and partly 24) in case of indigenous peoples,
- International Convention on Civil and Political Rights in case of minorities.

Principle 5:
- OECD Guidelines for Multinational Enterprises, VII on combating bribery, bribe solicitation and extortion.
- VGGT, paras 3.1 and 6.9 on preventing and fighting corruption.
- Guiding Principles on Business and Human Rights, the state duty to protect human rights on the state as regulator.
- SOFA 2012 on investment.
- PRAI, Principle 3 about transparency, good governance, and a proper enabling environment.

Principle 6:
- Guiding Principles on Business and Human Rights, principle 8 on policy coherence.

Principle 7:
- VGGT on active, free, effective, meaningful and informed participation of individuals and groups in decision-making processes related to governance of tenure.
- IFC Performance Standard 7 on ensuring FPIC of affected communities of Indigenous Peoples.
- UN Declaration of the Rights of Indigenous People.

Principle 8:
- VGGT on assessments of impacts on tenure rights, food security, the progressive realization of the right to adequate food, livelihoods and the environment.
- Report of the Special Rapporteur on the right to food, Olivier De Schutter on Guiding Principles on Human Rights Impact Assessments of Trade and Investment Agreements.
- PRAI, Principle 3 on making sure that an independent system to monitor progress towards a better investment climate is in place, Principle 5 about fair assessments of economic viability and Principle 7 on independent environmental impact analysis

Principle 9:

- Guiding Principles on Business and Human Rights, part 3.
- International Covenant on Civil and Political Rights,
- VGGT, paras 3.2, 4.9 and 12.14.

Principle 11:

- UN Charter (Arts. 55 and 56) on international social and economic cooperation,
- Guiding Principles on Business and Human Rights, principle 10 on states' duties when acting as members of multilateral institutions that deal with business-related issues,
- Updated Comprehensive Framework for Action (UCFA) of the HLTF on global food security, a UN-system wide common approach, endorsed also by OECD, containing action points that are specifically encouraging focussing on smallholders.

Principle 12:

- Guiding Principles on Business and Human Rights, in particular principles 15, 16 and 17 on policy commitment and human rights due diligence.
- PRAI 3 on transparent, monitored processes ensuring accountability.
- PRAI 3.2.1 on the availability of meaningful information about proposed, on-going and concluded projects.
- PRAI 5.2.1 on the accountability for impacts caused by up-stream and down-stream segments in the value chain (looking 'one-step backward and one-step foreword').
- Guiding Principles on Business and Human Rights, part I on the state duty to protect human rights (including principle 9 on international investment agreements), part II on the corporate responsibility to respect human rights and part III on access to remedy.
- VGGT, paras 3.1, 6.9, 8.9, 9.12, 16.6 and 17.5 on preventing and fighting corruption.
- VGGT, para 12.3 on transparency of all forms of transactions in tenure rights.