

Tuesday, 13 October 8:30– 9:30

Iran Room

### Practical guidance on the operationalization of responsible investment principles in large-scale agricultural investments

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#### ORGANIZERS

Inter-Agency Working Group of FAO

IFAD

United Nations Conference on Trade and Development (UNCTAD)

The World Bank

**Abstract:** The inter-agency working group (IAWG) of FAO, IFAD, UNCTAD, and the World Bank will update attendees on progress of its work program to develop practical guidance for host country governments, investors, local communities and civil society on how to ensure the responsible conduct of agricultural investment in developing countries. This includes the ongoing pilot-use of responsible agricultural investment principles with new investments in selected African countries. This involves working with companies, governments, communities and other stakeholders from the outset of a project in order to infuse responsible principles (including those of the CFS RAI) and practices into agribusiness operations and their interaction with local communities, the environment and the economy as a whole. The IAWG will also present findings from two recent reports: 1) findings from interviews with stakeholders on the performance and impact of 8 investments in Ethiopia, Cambodia, Tanzania and Mozambique, a follow up to the publication "The Practice of Responsible Agricultural Investment Principles in Large-Scale Agricultural Investments"; 2) a joint publication with the International Institute for Sustainable development on how contracts between investors and governments can be used to maximize the benefits and minimize the risks of large-scale agricultural investments, including those pertaining to food security and nutrition.

**KEYWORDS:** Responsible Investment , Practical guidance , Contracts

**Languages:** EN

**Summary:** The side event organized by the Inter-Agency Working Group (IAWG) was attended by approximately 100 people. The welcome statement was given by Mrs. Marcela Villarreal and highlighted the relevant work of the IAWG in providing comprehensive, detailed and accessible empirical evidence on investment in agriculture and its impacts, and responsible investment practices. The presentation started with a brief introduction to the work of the IAWG, which was established in 2009 to respond to rising concerns about large-scale land acquisitions in developing countries. The IAWG developed a plan of action that includes analysing trends and impacts of FDI in agriculture, fieldwork research with investors and communities, providing practical guidance, including on the CFS-RAI Principles, to stakeholders (including help to national governments in relevant countries), supporting multi-stakeholder dialogues and disseminating materials. The work has been mandated or endorsed by various bodies, including the UN General Assembly (2009), the G20 (2010), the G8, TICAD and APEC. During the event, representatives from the IAWG described the findings from research and related work and, in particular, the conditions under which investments in agriculture impacted positively or negatively on local communities and economies. Corporate private investments can bring various benefits, such as access to markets, technology transfer, employment generation and development opportunities, but there are possible risks too, such as resettlement, loss of traditionally utilised land, negative environmental impact, and fallout from investments failing. Moreover, some developing countries may have inadequate domestic regulatory frameworks and processes of systematically reviewing and monitoring investments, which may not be conducive to transparent engagement with communities or ensuring that land is used for productive investment. Apart from governance issues and "bad luck", panellists highlighted that investment failure is most frequently caused by the use of flawed concepts or unsuitable concepts or business models. To maximise positive impacts and minimise negative ones, a number of tools are available, such as effective design of contracts. For example, contracts can help implementing mutually beneficial out-grower schemes, addressing equity and gender issues, establishing fair pricing/remuneration mechanisms and enhanced transparency. The Deputy Permanent Representative from the Embassy of Cameroon enriched the session by presenting evidence from his country. Cameroon's rich resources (33 per cent of land not yet classified) have attracted many foreign investors, which brings challenges and opportunities that were described in two case studies. Key points mentioned included: the importance of thorough Environmental Impact Assessments before initiation of an investment; minimization of environmental risks; clear consultation process at all levels; accountability of operations; and understanding customary and national laws. In order to minimize risks and negative impacts, the government has launched a national committee for monitoring new investments together with the national plan for agricultural investment. Participants highlighted the role of "community friendly" contracts as a way to improve transparency and reinforce certification processes. More empirical information about benefits sharing between investors and community (especially outgrower schemes) was requested. The proposal from the government of Cameroon was considered an opportunity to gather ideas from all stakeholders in the process.