

# THIRTIETH REGIONAL CONFERENCE FOR ASIA AND THE PACIFIC

Gyeongju, Republic of Korea

Side Event on Responsible Agricultural Investment  
1 October 2010

## Chairman's summary

The side event was chaired by Mr Segfredo Serrano, Undersecretary for Policy and Planning, Department of Agriculture, Republic of the Philippines.

The meeting was opened by Mr Hiroyuki Konuma, FAO Assistant Director-General and Regional Representative for Asia and the Pacific. He welcomed the participants and introduced the objectives of the side-event. He said that investments originating from the public and private sectors to raise productivity of smallholder agriculture has a large impact on growth and poverty reduction. He however drew attention to potential risks associated with international investment. It is for this reason that FAO and its partners took the initiative to elaborate the basic principles that can guide Member States in policy development, standard setting and regulations promoting investment in their agricultural sector. He invited participants to share their views and to the development of recommendations for future action.

### **Presentation on direct investment in agriculture and related activities, and the *Principles for responsible agricultural investment that respects rights, livelihoods and resources***

by Mr Masahiro Miyazako, Project Coordinator, FAO and Mr Pascal Liu, Trade Economist, FAO

Mr Miyazako presented the project “support to study on appropriate policy measures to increase investments in agriculture and to stimulate food production”, which is funded by the extra-budgetary contribution from the Ministry of Agriculture, Forestry and Fisheries of Japan. Since its inception in October 2009, the project has been conducting case studies of 18 countries, analytical work on relevant issues such as capital formation, property rights and financial sources, and data collection for developing databases. The project is expected to produce mainly two outputs: a policy guidance document including policy options and best practices; and databases of capital item data and investment climate information of potential receiving countries of foreign investment.

Mr Liu explained that in order to help governments maximize the benefits of international investment while minimizing the risks, FAO, UNCTAD, IFAD and the World Bank have proposed *principles for responsible agricultural investment that respects rights, livelihoods and resources*. The 7 principles are based on, transparency, good governance and accountability; social, environmental and economic sustainability; stakeholder involvement; recognition of domestic food security and rural development concerns. The contents are based on research and best practices in law and policy. Mr Liu presented the 7 principles and explained that they are completely voluntary and could provide a framework of reference for national regulations, international investment agreements, global Corporate Social Responsibility (CSR) initiatives and individual investment contracts.

FAO and its partner organizations would continue to conduct comprehensive consultations with all stakeholders so as to build consensus in order to translate the said principles into actions for investors, governments, donors and international agencies for implementation at different levels. Based on the results of the consultations, the principles may be used to produce a voluntary international instrument such as guidelines or a code of conduct if there is consensus.

Following the presentations, a **plenary discussion** was held with the participants and experts. The Chairman asked participants for their views on the principles for responsible agricultural

---

investment in agriculture. In order to start the discussion he mentioned the following questions : are the principles adequate for the Asia-Pacific region? How to operationalize them? What kind of international voluntary instruments may be needed? The discussion is summarized below.

### **Summary of the Chairman**

Agricultural investment is a very important factor for increasing agricultural productivity and raising food supply, thus contributing to food security. Investment projects may contribute to poverty reduction and income generation in rural areas.

However, FDI is not a “magic bullet” and these benefits do not arise automatically. Negative impacts of investment have been observed in some cases, in particular when large-scale acquisition of land is involved and there is no adequate institutional framework. Adequate national policies, regulations and institutions must be in place and good governance is essential to maximize the benefits of agricultural investment and minimize the risks. Therefore, efforts should be made to strengthen the capacity of host countries at national and local level.

There is general support for the principles for responsible agricultural investment. The type and scope of investments covered by the principles should be specified. The principles should be further elaborated into more detailed guidance before they can be considered for adoption. In particular, the responsibilities of stakeholders other than the government and investors should be spelled out. The principles should aim to contribute to creating a win-win-win situation where the host government, the local community and the investor all benefit. They should benefit small farmers.

Regarding the consultation process, FAO is requested to continue an open and inclusive dialogue on the principles with all member governments, civil society organizations and relevant stakeholders.

The Chairman thanked the participants for their inputs to the discussion; their views will be taken into account for the further elaboration of the principles. Further inputs after the meeting are welcome and can be sent to FAO. The consultation process will continue. In particular, there will be a special roundtable on Investment in Agriculture during the forthcoming session of the Committee on Food Security in Rome on 13 October 2010, where the draft principles and the *Voluntary Guidelines on responsible governance of tenure of land and other natural resources* will be presented to government representatives.

The chairman closed the side event at 15.40.