



Food and Agriculture Organization
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OVERVIEW OF THE FAO UMBRELLA PROGRAMME

SUPPORTING RESPONSIBLE INVESTMENTS IN AGRICULTURE AND FOOD SYSTEMS

WHAT IS NEEDED: ENHANCED QUALITY AND QUANTITY OF INVESTMENTS

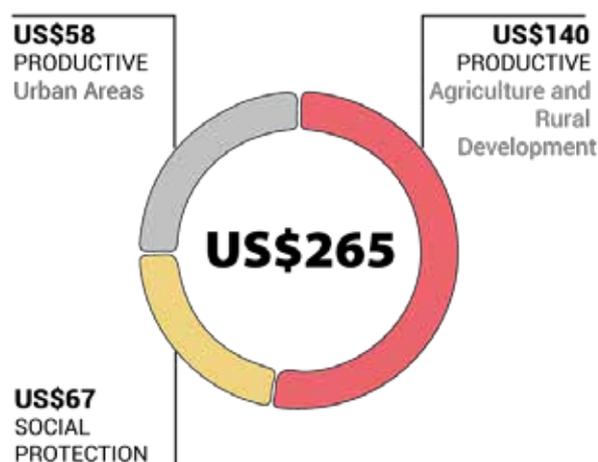
A pressing challenge

The eradication of hunger and poverty is one of the most pressing challenges of our times. This priority is recognized in the first two sustainable development goals (SDGs) of the UN 2030 Agenda for Sustainable Development. As a majority of the world's poor and food insecure live in rural areas of developing countries¹, agriculture and rural development are key for the achievement of both goals. Unfortunately, the agricultural sector suffers from serious underinvestment. This is illustrated by the marginal share of agriculture in government expenditure (below 10 per cent), official development assistance (5.5 per cent), commercial credits (5 per cent) and foreign direct investment (3 per cent)².

Hence, neither a world free of hunger, nor one free of poverty, can be achieved by 2030 without a substantial increase in capital flows in agriculture and food systems. Additional investments of US\$265 billion per year are needed to achieve the first two SDGs³. The bulk of these investments – US\$140 billion – should be spent on agriculture and rural development. Public and private, domestic and foreign investment will have to increase to reach this level. This includes investments by farmers, and particularly small-scale producers⁴, who are the main investors in agriculture.

At the same time, not all kinds of investments are equally beneficial. Quite to the contrary, some investments carry significant risks for all actors involved⁵. For example, large-scale land acquisitions by domestic or foreign investors⁶ conducted without rigorous due diligence and meaningful consultations with all concerned stakeholders can cause hardship for rural communities, including the loss of lands and livelihoods, and are unlikely to generate benefits for investors. Hence, in order to generate sustainable benefits for all, it is essential to ensure not only more, but above all better investments. It is crucial to enhance and promote investments that are responsible, addressing the needs of communities, farmers, investors and the broader environment.

TOTAL ADDITIONAL ANNUAL INVESTMENTS NEEDED TO ERADICATE POVERTY AND HUNGER BY 2030 (IN BILLIONS)



1 Karlsson. 2014. Challenges and opportunities of foreign investment in developing country agriculture for sustainable development. FAO Commodity and Trade Policy Research Working Paper, 48.

2 FAOSTAT. 2016; <http://www.fao.org/economic/ess/ess-economic/credit>; and Fiedler & Iafrate. 2016. Trends in Foreign Direct Investment in Food, Beverages and Tobacco. FAO Commodity and Trade Policy Research Working Paper, 50. The period measured is 2009-14, except for credit to agriculture (2009-13). Percentages are approximate values.

3 FAO, IFAD & WFP. 2015. Achieving Zero Hunger: the critical role of investments in social protection and agriculture. Rome, FAO.

4 For the purpose of this document, and due to the current unavailability of a recognized standard definition of "smallholders", the term "small-scale producers" will be used. It encompasses smallholders, family farmers, artisanal fisherfolk, indigenous peoples, pastoralists, foresters, and others. FAO, IFAD and World Bank are expected to provide a first suggestion of a recognized definition of smallholder agriculture in the context of the Agenda 2030.

5 Liu. 2014. Impacts of Foreign Agricultural Investment on Developing Countries: Evidence from Case Studies. FAO Commodity and Trade Policy Research Working Paper, 47.

6 While much attention has focused on large-scale land acquisitions carried out by foreign investors, research has shown that domestic investment may also contribute to an increase in large-scale land transactions at national levels. See for example: Cotula, Vermeulen, Leonard & Keeley. 2009. Land grab or development opportunity? Agricultural investment and International land deals in Africa. Rome/London, IIED/FAO/IFAD; Liversage. 2010. Responding to 'Land Grabbing' and Promoting Responsible Investment in Agriculture. IFAD Occasional Paper, 2.

Overcoming challenges

Enhancing responsible agricultural investment is a complex and multidimensional task. Currently, many factors impede responsible investment. These include lack of awareness, governance challenges, as well as capacity and information gaps. In order to overcome these limitations, all relevant actors, including governments, the corporate private sector, small-scale producers and rural communities, as well as civil society organizations, have to be engaged.

FAO has developed a needs-driven Umbrella Programme that addresses these challenges. The programme will provide support to enhance responsible investment in agriculture and food systems, including through the application of guidance instruments such as the Principles for Responsible Investment in Agriculture and Food Systems (CFS-RAI).

The CFS-RAI principles, which were developed through an inclusive multi-stakeholder process in the Committee on World Food Security, are the most comprehensive international guidance instrument for agricultural investments. The Umbrella Programme will be strategically interlinked with the implementation processes of the Voluntary Guidelines on the Responsible Governance of Tenure (VGGT) and the OECD-FAO Guidance for Responsible Agricultural Supply Chains to increase efficiency and promote the uptake of different instruments. By applying the CFS-RAI, this programme contributes to, and is aligned with, the UN 2030 Agenda⁷.

⁷ FAO (forthcoming). Responsible investments in agriculture and food systems: Applying guidance instruments to achieve the Sustainable Development Goals.



DEVELOPING THE UMBRELLA PROGRAMME: AN UNPRECEDENTED APPROACH

The development of the Umbrella Programme has followed an unprecedented approach. It is based, on the one hand, on the outcomes of an inclusive and extensive multi-stakeholder capacity assessment process. On the other hand, it is grounded in the long-standing experience and expertise of FAO.

An inclusive process to develop a needs-driven programme

Recognizing that enhancing responsible investment in agriculture and food systems, including in fisheries, forests and livestock, *is the collective responsibility of all stakeholders*⁸, FAO organized eight capacity assessment events in 2015 and 2016 involving government, private sector and civil society representatives to identify key stakeholders, their needs and priorities.

Who are the key stakeholders?

Through these events, three key stakeholder groups have been identified for the programme – policy makers, government staff and parliamentarians; small-scale producers and their organizations; and the corporate private sector.

Policy makers, government staff and parliamentarians who are working in relevant sectors must understand and play a key role in enhancing responsible agricultural investment. These roles include improving regulations and policies to ensure that investments benefit communities and contribute to national food security and nutrition.

As major investors in the agricultural sector and as key contributors to food security and nutrition, small-scale producers and their organizations, including civil society organizations and cooperatives, are also key stakeholders. Responsible investment includes priority investments in, by, and with small-scale producers and processors, including pastoralists, artisans, fishers, communities closely dependant on forests, indigenous peoples, and agricultural workers⁹. Hence, it is particularly important that their capacity to invest and to benefit from investments be strengthened and institutionalized.

⁸ Committee on World Food Security. 2014. Principles for Responsible Investment in Agriculture and Food Systems. Rome, FAO, IFAD, WFP, § 31.

⁹ Ibid, §4.



The corporate private sector, including both domestic and foreign investors, plays an important role in value chains and is key for providing much needed capital. Corporate private investment can generate benefits such as higher productivity, increased food availability, employment creation, poverty reduction, technology transfer, as well as increased access to capital and markets for small-scale producers. Therefore, the corporate private sector constitutes the third key stakeholder group of the Umbrella Programme.

What are their key priorities?

During the capacity assessment events, each of the key stakeholder groups identified existing capacities and capacity needs. While some of these are specific to a particular group of stakeholders, others are important for more than one group. Generally, the needs fall under three different categories: awareness-raising and advocacy; capacity development; and monitoring and evaluation (see table below).

	GOVERNMENTS	SMALL-SCALE PRODUCERS & CIVIL SOCIETY ORGANIZATIONS	PRIVATE SECTOR
AWARNESS-RAISING & ADVOCAY	<ul style="list-style-type: none"> ■ Role of country champions and their awareness, knowledge and skills about CFS-RAI 	<ul style="list-style-type: none"> ■ Awareness raising about responsible investment in agriculture 	<ul style="list-style-type: none"> ■ Awareness raising about CFS-RAI ■ Sharing success stories
CAPACITY DEVELOPMENT	<ul style="list-style-type: none"> ■ Institutional set-up that provides for cross-sector ministry collaboration to enhance responsible agricultural investments ■ Participation of non-state actors in decision making ■ Effective implementation of existing policies, guidance and laws relevant to CFS-RAI ■ Processes for screening, reviewing and negotiating investments ■ Tools and resources 	<ul style="list-style-type: none"> ■ Capacity development for small-scale producers and their organizations ■ Participatory and inclusive mechanisms for engaging small-scale producers and CSOs in agricultural investment decision making 	<ul style="list-style-type: none"> ■ Improving business processes ■ Leveraging CFS-RAI for investment ■ Animating CFS-RAI champions from the private sector ■ Supporting investors to assess and prioritize ■ Developing tools and platforms
MONITORING & EVALUATON	<ul style="list-style-type: none"> ■ Monitoring and evaluation of investments 	<ul style="list-style-type: none"> ■ Data ■ Information monitoring 	<ul style="list-style-type: none"> ■ Check list for assessment, monitoring and evaluation of investments

FAO's expertise: an essential keystone for the development and implementation of the Umbrella Programme

The Umbrella Programme is furthermore based on FAO's long-standing expertise and research on agricultural investment. With more than 50 years of experience, FAO has substantial internationally recognized technical knowledge on public and private, domestic and foreign agricultural investment, as well as on investment related data. Moreover, FAO was one of the first organizations to specifically work on responsible agricultural investment, including on specific sectors, related rights challenges and social dimensions (see illustrative text box)¹⁰.

FAO is a strong partner of state and non-state actors alike. FAO provides technical assistance and capacity development support, carries out advocacy work and engages in sustainable partnerships. This includes supporting parliamentarians, notably on the right to food and food security, enhancing existing

collaborations with the Parliamentary Front against Hunger (PFH) in Latin America and the Caribbean, the new Pan African Parliamentary Alliance for Food Security and Nutrition and the European Parliamentary Alliance "Fight Against Hunger". The implementation of the programme will benefit from FAO's strong expertise in providing support to the development and application of investment strategies and frameworks, such as National Agricultural Investment Plans.

Finally, this Umbrella Programme builds on lessons learned from the successful conception and inception process of the VGGT implementation programme. Both the VGGT and the CFS-RAI are products of the CFS, and support to their implementation was entrusted to FAO. In both cases, FAO developed a global Umbrella Programme that provides a broad outline of the planned outputs and components, prior to developing subsidiary project documents that contain information on specific activities following discussions with resource partners.

FIVE KEY OUTCOMES OF FAO RESEARCH ON RESPONSIBLE INVESTMENTS IN AGRICULTURE

- **Farmers**, most of whom are small-scale family farmers, are the largest investors in developing country agriculture. It is therefore crucial that their capacity to invest and to benefit from investments is strengthened¹¹.
- **Inclusive business models** are more likely to be beneficial for local communities than large-scale land investments which are risky for all actors involved, especially when local land rights are not clearly defined and governance is weak¹².
- Important factors impacting on an investment are **the legal and institutional framework** in the host country, the terms and conditions of the **investment contract** and the **social and economic conditions** in the investment area¹³.
- Agricultural investment may impact differently on **women and men**. It is important to enable women and men to benefit equally from investment and agro-value chains¹⁴.
- **Meaningful consultations** with communities tend to contribute to the financial success of investments¹⁵.

10 Cf. FAO library of FAO and IAWG publications: <http://www.fao.org/economic/est/publications/investments>

11 FAO. 2012. The State of Food and Agriculture 2012. Rome, FAO.

12 Liu. 2014. op.cit.

13 Ibid.

14 See for example: FAO. 2013. The Gender and Equity Implications of Land Related Investments on Land Access and Labour and Income-Generating Opportunities: A Case Study of Selected Agricultural Investments in Lao PDR. Rome, FAO; FAO. 2016. Enabling women to benefit more equally from agrifood value chains.

15 FAO. 2013. Trends and Impacts of Foreign Investment in Developing Country Agriculture: Evidence from Case Studies. Rome, FAO. See also: UNCTAD & World Bank. 2014. The Practice of Responsible Investment Principles in Larger-Scale Agricultural Investments. Geneva, UNCTAD.

THE UMBRELLA PROGRAMME: A COMPREHENSIVE SET OF PLANNED ACTIVITIES

Based on the outcomes of the eight capacity assessment events and its vast expertise, FAO has developed a comprehensive Umbrella Programme containing planned activities which will be carried out following the successful identification of external resources.

The implementation of the programme is expected to enhance responsible investments in agriculture and food systems in member countries, thereby contributing to food security, nutrition and sustainable development. Initial support will focus on selected 'champion countries'. Outreach will expand as the programme develops and additional resources are mobilized.

The overall objective of the programme will be achieved by delivering three clearly distinguished, yet interlinked outputs, which will respectively lead to:

1. increased awareness and joint action on responsible investment in agriculture and food systems;
2. an improved enabling environment and strengthened capacities to enhance responsible investments in agriculture and food systems by and for all stakeholders; and,
3. improved monitoring and assessment of trends and impacts of investments in agriculture and food systems.

Output 1: Raising awareness and promoting joint action

Under the first output, FAO plans to enhance awareness and joint understanding on, and support joint action to, enhance responsible investment in agriculture and food systems. Supporting all relevant stakeholders, FAO will:

- Organize multi-stakeholder events at global and regional levels that aim to:
 - raise awareness about responsible investment, the CFS-RAI, the OECD-FAO Guidance for Responsible Agricultural Supply Chains and the VGGT
 - promote multi-stakeholder dialogue and collaboration
- Develop information and advocacy tools
- Launch and maintain an online global knowledge platform

FAO will furthermore work with specific stakeholders to promote responsible investment, notably through:

- Collaborating with development partners and organizations to promote a coordinated and coherent approach towards the integration of the CFS-RAI into operational activities
- Contributing to the development and strengthening of research agendas and academic curricula on responsible investment, including through the sponsoring of scholarships
- Promoting a sector-wide uptake of instruments such as the OECD-FAO Guidance or the CFS-RAI among the corporate private sector, working in partnership with committed companies and investment funds



Output 2: Improving the enabling environment and strengthening capacities

In line with its Corporate Strategy on Capacity Development, FAO plans to provide support at country level that will address all three dimensions of capacity development – the enabling environment, organizational and individual dimensions. The programme will thus lead to:

- a conducive enabling environment for investments in agriculture and food systems, encompassing both institutional frameworks as well as the availability and the implementation of relevant policies and rules for investments
- performing organizations with more effective investment processes and systems in place, including processes to screen, review, negotiate, monitor and evaluate investments
- capable and performing individuals with the appropriate knowledge and the skills to apply responsible investment principles to their areas of work

Supporting the improvement of the enabling environment, FAO plans to:

- work with governments to support the set-up or improvement of inclusive institutional frameworks for responsible investment at country level that support the engagement of all relevant stakeholders
- facilitate inclusive multi-stakeholder dialogue to identify, review, develop and implement policies, incentives and legal frameworks that promote responsible investment at country and regional level

Strengthening organizations and individuals, FAO plans to support:

- governments:
 - to implement investment policies, notably those relating to assessing, identifying and conveying investment priorities
 - to improve processes and capacities to screen, review, negotiate, manage, monitor and evaluate investments
- small-scale producers, civil society organizations and research institutes to participate in policy dialogue on agricultural investment and engage effectively in the investment process
- small-scale producers, their associations and cooperatives to empower them as economic actors and to strengthen their capacity to invest responsibly, notably through:
 - support to increasing access to finance
 - organizational and curricula development
 - developing learning material
- private companies and financial institutions to invest responsibly and utilize international guidance instruments such as the CFS-RAI or the OECD-FAO Guidance, including through
 - knowledge exchange within “champion groups”
 - convening policy dialogue
 - developing learning materials and practical tools





Output 3: Improving monitoring of trends and impacts

FAO plans to support national data collectors and analysts to improve investment trends monitoring by:

- supporting national actors to collect, produce, classify, validate and manage data on domestic and foreign investment, including credit to agriculture, as well as smallholder and foreign direct investment, through the development of
 - cost-effective and pilot-tested innovative methodologies and technologies
 - a valid and recognized definition of "smallholder investment" which is currently lacking
- working with volunteering G20 member states¹⁶ and other countries as well as partner organizations to collect, analyse and disseminate data on foreign direct investment flows in the agricultural sector, in particular those targeting low-income developing countries

FAO plans to support the development and utilization of a CFS-RAI compliant framework for an ex-ante and ex-post assessment as well as continuous monitoring of the economic, social and environmental impacts of investments, notably through:

- supporting an inclusive multi-stakeholder development process including both online consultations as well as the establishment of consultative working groups
- assisting stakeholders in selected pilot countries to utilize the framework by
 - promoting inclusive dialogue at national level in order to adapt the monitoring framework to the specific national context
 - providing support to the design of a multi-stakeholder monitoring system on responsible investments

16 This planned activity responds to a G20 request, cf. G20. 2015. 2015 Implementation Plan of the G20 Food Security and Nutrition Framework.

HOW IT WILL BE DONE: THE IMPLEMENTATION STRATEGY

This programme aims to provide sustainable support to all relevant stakeholders in their efforts to enhance responsible agricultural investments. It is expected to last four years and will be implemented by FAO and its partners. The successful implementation of the programme will depend upon an effective and meaningful engagement with stakeholders. In order to ensure that this objective is attained, the Umbrella Programme builds on, and is aligned with, the *FAO Corporate Strategy on Capacity Development*, the *FAO Strategy for Partnerships with Civil Society Organizations* and the *Strategy for Partnerships with the Private Sector*. The entire programme, which has been conceived through an inclusive consultation process, places the multi-stakeholder approach at the centre of its methodology from design to implementation.

In order to generate long-term sustainable impacts with scarce resources, the application of a phased approach is at the heart of the Umbrella Programme. Hence, initial support will focus on a limited number of 'champion countries' with different contexts, including some where results can be achieved in a reasonable timeframe to provide for show cases which can inspire other countries. The selection of 'champion countries' will be demand driven. Activities at the regional and national level will be coordinated by FAO focal points based in its network of decentralized offices. As the programme develops and additional resources are mobilized, the geographic and stakeholder outreach is planned to expand. Initial prioritization will thus not exclude other interested countries and stakeholders per se. Rather, lessons learned through the work in initial champion countries will be crucial for designing capacity development programmes for additional participants and allow for a continuous refinement of the programme. Hence, FAO will contribute sustainably and durably to increasing responsible agricultural investment.

The Umbrella Programme will be strategically interlinked with the implementation programmes of the VGGT and the OECD-FAO Guidance. National level activities such as awareness-raising and support to the set-up of multi-stakeholder platforms will be carried out in partnership with the VGGT implementation programme wherever feasible. Activities targeting the private sector will be carried out in cooperation with the OECD-FAO Guidance implementation programme.

The involvement of partner organizations has been fundamental for the development of the programme. Partnerships will continue to be instrumental to the programme as implementation activities start. The identification of partners and assignment of specific tasks will be determined once concrete activities at the national level are developed in cooperation with resource partners.

The methodology of the programme is based on the overarching values for the implementation of the CFS-RAI: human dignity, non-discrimination, equity and justice, gender equality, a holistic and sustainable approach, consultation and participation, the rule of law, transparency, accountability, and continuous improvement. Gender balanced, sensitive, youth empowering and non-discriminatory approaches will be emphasized in all relevant areas of activity.

MOVING FORWARD: NEXT STEPS

FAO will move forward following a twin-track approach. On the one hand, FAO will carry out specific activities to promote responsible investment within the range of its budgetary capacities. This includes the development of further advocacy documents and of an inventory of capacity development material relevant to the RAI Umbrella Programme, as well as the organization of a multi-stakeholder awareness raising and dialogue event with IFAD, UNCTAD and the World Bank in Senegal in 2017. On the other hand, FAO will further operationalize and start implementing the Umbrella Programme following discussions with resource partners. To this end, FAO has developed a matrix containing planned activities for 2017.

FAO has already made, and will continue to make, substantial financial and human resource commitments to promote responsible agricultural investment. Extra budgetary resources are now needed to ensure the success of the programme and to reach as many stakeholders as possible in a broad range of countries.





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