

C2A Notes

Which rules to regulate agricultural investments?

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After decades of lack of interest, agriculture in countries of the South is once again attractive to investors. However, not all investments are beneficial for food security and nutrition. Episodes of price volatility and repeated cases of land and resource grabbing or environmental degradation have already shown that some investments can have a lasting detrimental impact on the right to food of populations of the South. That is why within the last four years, two negotiations have taken place within the Committee on World Food Security to establish frameworks to address these issues: one on land governance (2009-2012) and another on responsible investments (2012-2014).

Agricultural investments: a new creed for the fight against hunger?

The food crises of 2007/2008 marked a turning point for interest in food and nutrition security.

From a political perspective, for several States the urban protests on the high cost of living presented major risks of instability and revealed their inability to prevent such episodes. Calls to put the fight against hunger back at the top of the international community's agenda multiplied. The most significant results of this political mobilization were the reform of the Committee on World Food Security (CFS)¹ and the mobilization of funds with the launch of specific initiatives by the international community (e.g. the Aquila Food Security Initiative) and certain States (e.g. programmes to boost rice production, etc.)².

However agricultural raw materials and, in their wake, agricultural investments also became profitable investments for private actors, promising a high return on investment. These actors provided an emergency fix for States that were unable to deliver on their public investment promises³. Direct private investment and public-private partnerships in agriculture have thus considerably developed in recent years.

In 2009, the UNCTAD noted foreign and private investors' increased participation in agriculture, estimating that the annual flow of investment in this industry had tripled since 1990 to reach 3 billion dollars⁴. However, rural and agricultural development has been struggling, and direct negative impacts on populations have multiplied (e.g. land grabbing, agricultural price volatility, etc.). In the medium term, this investment dynamics has also imposed certain farming models and crops that can be detrimental to food security. The UNCTAD notes for example that transnational companies "are mostly involved in cash crop production. They have little presence in staple crop farming, which is nevertheless essential for feeding the population of developing countries"⁵.

These different elements have convinced the international community of the need for rules to put the rights of the local populations, and especially the right to food, at the heart of rural development. 🔄

¹ RThis committee, comprised of States and international organizations but also civil society and private sector organizations, was created to address the main political issues surrounding the fight against food insecurity. On this topic see the C2A's different "Echos de Rome" publications: <http://www.coordinationsud.org/documentation/nos-publications/les-echos-de-rome/>

² Such as the L'Aquila Food Security Initiative, endowed with 22 billion US dollars and launched by the G8 member states in May 2009.

³ Investissements agricoles : sécurité alimentaire ou financière ?, CCFD-Terre Solidaire, October 2013

⁴ UNCTAD World Investment Reports -2009 & 2012 editions

⁵ Ibid.

Examples of food security initiatives based on public and private investments

- **AGRA - Alliance for a Green Revolution in Africa.** Launched in 2008, its objective is to increase productivity on the African continent using two main levers: investments in the seed, fertilizer and pesticide industry with the world leaders in the field, and advocacy for African governments to create an environment conducive to these investments.
- **NAFSN - New Alliance for Food Security and Nutrition.** In 2012, the G8 set itself the objective of “unleashing the power of the private sector in agriculture” with the launch of this initiative. The NAFSN involves nearly 100 multinationals. The private sector has committed to projects amounting to 4.3 billion euros, and the members of the G8 are backing this initiative with 4.9 billion euros⁶.
- **GACSA - Global Alliance for Climate-Smart Agriculture.** Some of the main promoters of the GACSA, launched in September 2014, are international leaders in the seed and input industry⁷.

The rules discussed within the Committee for World Food Security (CFS) are becoming less and less ambitious

a) Progress for the Voluntary Guidelines on the Responsible Governance of Tenure of Land, Fisheries, and Forests in the Context of National Food Security

Faced with an upsurge of cases of land grabbing in countries of the South, one of the first issues tackled by the reformed CFS was land governance. Between 2009 and 2012, together with the FAO, all stakeholders took part in the elaboration of the Voluntary Guidelines on the Responsible Governance of Tenure of Land, Fisheries and Forests in the Context of National Food Security.

These guidelines provide a framework which States can use to develop their policies, laws, programmes or activities in order to improve land and natural resource governance, and thus better protect the rights of their populations. They include a number of improvements, particularly regarding the recognition of customary and collective rights, and the need for the preliminary and informed consultation of local communities. They also provide avenues to limit mass land purchases, such as requiring that requests beyond a certain threshold be submitted to the national parliament.

The guidelines, adopted in May 2012 with unanimous acclaim by the stakeholders of the

CFS, are currently being implemented in several countries. This key stage will make it possible to determine whether the process, beyond international consensus, can actually be completed and have a concrete impact at national level.

This negotiation was the first tangible result of the reformed CFS. It sent out a strong positive signal demonstrating the international community's ability to mobilize and make ambitious decisions (though non-binding for States) on to the major issues surrounding world food security.

b) The failure of the Principles for Responsible Agricultural Investment that Respects Rights, Livelihoods and Resources (PRAI)

From 2012, debate within the CFS evolved to include issues tied to agricultural investments, beyond solely land-related implications. Certain investments in this industry can be detrimental to food and nutrition security by depriving farmers of access to land, but also by polluting the environment, affecting the health of local communities, destroying jobs, etc.

After two years of consultation and negotiation, these principles were officially adopted by the CFS in October 2014. However, civil society organizations believe that in this negotiation, States failed the exercise by adopting a text which does not live up to the importance of the issues at stake.

⁶ La Faim, un business comme un autre – ACF, CCFD-Terre Solidaire, Oxfam France – September 2014

⁷ C2A/CCD note: La Global Alliance for Climate-Smart Agriculture : un jeu de dupes ? and 'Climate-Smart Agriculture': the Emperor's new clothes? – CIDSE – October 2014

Structure of the Principles for Responsible Agricultural Investments (PRAI)

- **Introduction** to the principles, stating their objective (to promote responsible investments in agriculture and food systems that contribute to food security and nutrition and support the gradual realization of the right to adequate food in the context of national food security) and the elaboration process.

- **The 10 Principles**, particularly covering the issues of food and nutrition security, land, economic development, the sustainable management of natural resources, governance, gender equality, etc.

- **Roles and responsibilities of the stakeholders**, particularly States, financing institutions, businesses, small farmers, workers, and civil society or consumer organizations.

Principles for Responsible Agricultural Investment that Respects Rights, Livelihoods and Resources (PRAI) – 41st session of the CFS – October 2014

Many issues, though central, are overlooked:

- The need for a framework based on human rights

Even though the document refers to human rights, it is plagued with various references subordinating human rights to trade rules and agreements, even though certain trade rules may deprive governments of the resources and political space needed for responsible investments which contribute to ensuring the right to food.

- The need to recognize small farmers' and workers' crucial role as the main investors in agriculture

Although this is addressed in the two paragraphs specifically relating to small farmers, the rest of the document ignores the issue. States' responsibility to support them and to implement rules guaranteeing transparent and fair trade relations when major private actors enter into contracts with small farmers, for example, is not mentioned. Moreover, the English term 'smallholders' used in the document excludes the millions of landless people who are precisely impacted by certain investments.

- The need to support agroecological production systems based on peasant farming, local markets and local food systems

The PRAI refuse to acknowledge that not all farming systems have the same impact on human rights or the environment. This silence therefore encourages agricultural practices that are detrimental to individuals and the planet, and which could now be upheld as 'responsible'.

- The need to regulate major private actors' practices

The PRAI fall very short of the expectations of civil society, especially when in other forums (e.g. United Nations, OECD) the international community has made progress regarding multinationals' societal and financial responsibility or in the implementation of appeal mechanisms for the populations affected which, for example, have not been provided for in the PRAI.

- The need to prioritize efficient public policies and public investment

Principles prioritize an environment favourable to market-based solutions, without recognizing power imbalances. Moreover, they overlook new forms of investment such as public-private partnerships.

The document is not useful" for civil society

"The Civil Society Mechanism is fully committed to the CFS and we seek to strengthen its work and outcomes because we believe in its potential to help achieve the Right to Food. It is in this spirit that we engaged in the negotiations on the Principles for Responsible Investment in Agriculture and Food Systems, and it is because of our commitment that we are disappointed to say that for the constituencies of civil society – peasants, fisher-folk, pastoralists, landless, urban poor, agricultural and food workers, women, youth, consumers, indigenous peoples, and NGOs – the document is not useful."

Position of the CSM presented during the plenary session for the adoption of the PRAI – 15 October 2014⁸

⁸ Voir le site du CSM : <http://www.csm4cfs.org/news/?id=189>

How to go further?

Despite an ambitious first text (the voluntary guidelines) which put local populations and smallholders at the heart of the issue of land access, this year the CFS failed to define a framework of responsibility prioritizing and protecting the main actors of global food security, that is, peasant family farmers. Even though, through its active participation in the negotiations, civil society managed to see some of its demands incorporated, these few achievements are far from enough in view of the general weakness of the document. At present it is therefore impossible to say what kinds of investments put into practice will be considered "responsible", as no practice is clearly excluded. No moratorium on land grabbing, no exclusion of certain types of crop (such as those intended for biofuels, for example) – even the race to find the lowest fiscal cost bidder could be labelled "responsible"! That is why it is now necessary, at the time of the principles' transposition into national laws, for States to go further.

Increasing public investment targeting family farming: It is decisive today that States of the North and South reassert their public commitment to supporting the farming industry, by primarily targeting family farms and small and medium businesses of the upstream and downstream industries. Private investors have played a growing role in recent years, and should not replace public investment⁹. Beyond financing issues, policy instruments must also be implemented to facilitate the development of family farming.

Regulating private investments: States must ensure that their national laws incorporate the highest norms and standards relative to private investors, particularly multinationals, so as to ensure that these actors respect, protect and redress any violation of human rights. To do so they should put in place transparent procedures to evaluate projects and contracts, involving all the different stakeholders (e.g. States, investors, Members of Parliament, local representatives, and farmer and civil society organizations). Moreover, with regard to land governance, States must continue to prioritize the implementation of the voluntary guidelines as a whole and for all stakeholders.

Developing binding standards: Cooperation agencies should define binding frameworks and internal diligence processes incorporating the most stringent international norms. Some development agencies are already beginning to develop increasingly precise intervention frameworks regarding practices to support but also those to exclude. Thus, since 2013 the French Development Agency (AFD) has incorporated a 0% deforestation objective¹⁰, as well as the exclusion of any support to the GMO industry, in its Biodiversity and Food Security interventions in sub-Saharan Africa¹¹. Moreover, the AFD group as a whole is integrating new evaluation procedures in order to ensure that all the projects it supervises respect the principles of the voluntary guidelines.

⁹ C2A note "Investments"

¹⁰ Cross-Sectoral Intervention Framework for Biodiversity 2013-2016 - French Development Agency (AFD)

¹¹ Cadre d'Intervention Sectoriel sécurité alimentaire en Afrique Sub-Saharienne 2013-2016 - French Development Agency (AFD)

As part of its mission to support the collective advocacy of its members, Coordination SUD has set up working committees. The Agriculture and Food Commission (C2A) brings together international solidarity NGOs working to realize the right to food and increase support for smallholder farming in policies that impact world food security: 4D, ACF, aGter, Artisans du Monde, AVSF, CARI, CCFD-Terre Solidaire, CFSI, CIDR, CRID, Gret, Inter Aide, Iram, Oxfam France, Peuples Solidaires in association with Actio-nAid France, Réseau Foi et Justice Europe, Secours Catholique, Secours Islamique, Union Nationale des Maisons Familiales Rurales, and one guest : Inter-réseaux.

The aim of the Commission is to coordinate the work conducted by its participants and to facilitate consultation among its members for their advocacy work with social actors and international policy makers. The members of the Commission reach agreements on who represents Coordination SUD in a range of arenas (Concord in Europe, FAO, WTO, UNCTAD) and share information on current international issues. The Commission is mandated by Coordination SUD to formulate the positions taken by the group during the major institutional meetings on the subject of agriculture and food.

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