



BRIEF MARCH 2011

What are the Principles for Responsible Agricultural Investment (RAI) and why do they matter?

Context

The food price rise of 2007-2008, coupled with financial, environmental and energy crises, exposed weaknesses and vulnerabilities in food and energy governance systems. Increasing demand for cereal production for food, animal feed and agrofuels, coupled with increased climatic variability brought on by climate change, commodity speculation as well as recent increase of aid for agricultural investment have led to an increase in demand for land for ag

host communities experience economic growth and rural development with opportunities and benefits for investors and consumers. Such investments are seen as a way of increasing capital and inputting valuable technology transfers into agriculture. They are said to provide opportunities for increased employment and social development, especially in rural areas.

Critics argue that these large-scale land investments exploit local resources and local communities, especially those that rely on land, including pastoralists. They contend that such large investments in lands have negative effects on political stability, social cohesion, human rights, sustainable food production, household food security and environmental protection in the host country. There is concern that these investments provide very little in the way of development as regulatory frameworks to mediate foreign direct investment in land, and especially agriculture, are weak¹ and that such investments threaten the rights of land holders and land users and ignore or disrespect land holder systems that may not necessarily conform to a western model of private property.

Whether for or against this process, which has been called various things from land investment to land acquisition or land grabbing, some governments, civil society and the private sector have called for the development of guidelines or principles to regulate this phenomenon. The Principles for Responsible Agricultural Investment (RAI) that Respect Rights, Livelihoods and Resources were developed by the World Bank, FAO, UNCTAD and IFAD in response...

¹ Daniel, S., and Mittal, A. The Great Land Grab: Rush for the World's Farmland Threatens Food Security for the Poor. Berkeley, CA: Oakland Institute. 2009. <http://www.oaklandinstitute.org/?q=node/view/526>

Purpose

RAI move forward from a corporate social responsibility perspective, seeking to provide a framework to guide countries, corporations and other actors in the development of socially responsible agricultural investment. As such, RAI aim to act as a reference point for international investment contracts and corporate social responsibility.

7 Principles for Responsible Agricultural Investment (RAI)

› *Land and Resource Rights:*

Existing rights to land and natural resources are recognized and respected.

› *Food Security:*

Investments do not jeopardize food security, but rather strengthen it.

› *Transparency, Good Governance and Enabling Environment:*

Processes for accessing land and making associated investments are transparent, monitored, and ensure accountability.

› *Consultation and Participation:*

Those materially affected are consulted and agreements from consultations are recorded and enforced.

› *Economic viability and responsible agro-enterprise in.*

Other principles and frameworks

Several initiatives from a diversity of perspectives and approaches have emerged which, in one way or another, also address or seek to mediate the phenomenon. They include, but are not limited to:

- › Basic Principles on the Purchase and Leasing of Large Areas of Land in Developing Countries (BMZ/Germany)
- › Elements for a code of conduct for foreign land acquisition (International Food Policy Research Institute)
- › Equator Principles (Financial industry benchmark for determining, assessing and managing social & environmental risk in project financing)
- › Extracted Industry Transparency Initiative
- › Large-Scale Land Acquisition and Responsible Agricultural Investment: For an approach respecting Human Rights, Food Security and Sustainable Development (French Position Paper)
- › Santiago Principles (Generally Accepted Principles and Practices of Sovereign Wealth Funds)
- › Voluntary Guidelines to Support the Progressive Realisation of the Right to Adequate Food in the Context of National Food Security (FAO)

At the international level, two other frameworks have emerged prominently in the global debate alongside RAI. The *Voluntary Guidelines for Responsible Governance of Tenure of Land and other Natural Resources* which final text is an outcome of regional consultations and subject to final negotiations and approval through the Committee on World Food Security this year. There is also *a set of minimum principles and measures to address the human rights challenge of large-scale land acquisition and leases* proposed by the Special Rapporteur on the Right to Food (SRRTF). These frameworks are not necessarily mutually exclusive but their approaches, as well as the way in which they have been taken up, differ greatly.

What is missing from RAI?

The critics of RAI state that it does not include free, prior and informed consent. Free, prior and informed consent is a specific right for Indigenous Peoples as recognized in the United Nations Declaration on the Rights of Indigenous Peoples (UNDRIP). However, the term can and should be extended to all peoples in decisions related to land they own or use.

Challenges for RAI

RAI and similar principles start from the premise that investment in land is something that needs to be regulated. Some criticize this approach, suggesting that it legitimizes a process that threatens food security and food sovereignty. Others suggest that such practices will go on regardless and they need to be regulated. Moreover the call for regulations has been so widespread that their development seems inevitable and consequently it may be best to participate in the process as much as possible to help shape the outcomes.

A major critique of RAI has been that they have been developed without meaningful consultation, especially with people who live and rely on the lands that are being leased or bought. A second major critique is more fundamental and argues that the large-scale land acquisitions that the RAI seek to regulate are unjust and threaten local food security.

Why do RAI matter?

The Committee on World Food Security (CFS) is developing a workplan and consultation for an inclusive process of consideration of RAI within the CFS³. This means that a variation of RAI could be approved by the in which case the RAI would be the standard for developing and evaluating investment in agriculture.

Get involved

The Dialogue Initiative on Large-Scale Land Acquisition is interested in your experiences, perspective and insights into investment in agriculture. For more information about the Dialogue, or to get involved, check out: <http://www.landcoalition.org/global-initiatives/commercial-pressures-land/dialogue-initiative>

Find out more

- › Knowledge Exchange Platform for Responsible Agro-Investment (RAI): <http://www.responsibleagroinvestment.org/rai/node/232>
- › Principles for Responsible Agricultural Investment that Respect Rights, Livelihoods and Resources (extended version): http://siteresources.worldbank.org/INTARD/214574-1111138388661/22453321/Principles_Extended.pdf
- › A summary of why some NGOs oppose RAI: <http://www.fian.org/resources/documents/others/why-we-oppose-the-principles-for-responsible-agricultural-investment/pdf>
- › Special Rapporteur on the Right to Food's Set of minimum principles and measures to address the human rights challenge (of large-scale land acquisitions and leases): http://www.srfood.org/images/stories/pdf/officialreports/20100305_a-hrc-13-33-add2_land-principles_en.pdf
- › Website of the Voluntary Guidelines: <http://www.fao.org/nr/tenure/infores/voluntary-guidelines/en>

³ See final report from the CFS October 2010 Session http://www.fao.org/fileadmin/templates/cfs/Docs0910/CFS-36Docs/Final_Report/CFS36_Final_Report_K9551_E.pdf