

Advancing the Initiative on Responsible Agricultural Investment (RAI)

1. Background

- Increasing investment in agriculture is vital to achieving higher productivity and greater food production, thereby ensuring global food security and poverty reduction. Decades of underinvestment in this sector have meant continuing low productivity and stagnant production in many developing countries. Investment, whether foreign or domestic, private or government-backed, plays a key role in financing agricultural growth.
- The importance of boosting investment in agriculture in developing countries has been reiterated at many international fora, but no definitive approach has yet to emerge. Meanwhile, the recent surge in interest in large-scale vertical investment in developing country agriculture, in particular those involving land acquisitions by foreign investors, has provoked international concern. Poorly conceived or executed investment can have unintended negative impacts in terms of political stability, social cohesion, household food security and environmental protection for the receiving country, especially at the local level.

2. Initiative on Responsible Agricultural Investment (RAI)

- With a view to addressing emerging opportunities and challenges, the Government of Japan (GOJ), in association with World Bank, FAO, UNCTAD and IFAD, organized a roundtable “Promoting Responsible International Investment in Agriculture” in NY on 23 September 2009. The meeting was attended by representatives of 31 countries as well as key international organizations, CSOs and private sector. Major achievements of the roundtable were: 1) the concept of RAI gained an overwhelming support; 2) participants converged in working together to formulate principles to promote responsible investment and develop an international framework to translate the principles into action; 3) participants reached a broad agreement on seven key tenets as a basis for the principles.
- After the roundtable in NY, the issue has been taken up at a number of international fora, such as World Bank Annual Meeting, FAO World Summit on Food Security, OECD-UNCTAD Global Forum on International Investment, Strategy and Policy Group’s Meeting of the SWAC/ OECD, European Development Days, the Chatham House Conference on Food Security and most recently the GDPRD Event on Land, Investment and Development. The declaration of the FAO Summit confirmed that the member states “agree to continue studying principles and good practices to promote responsible international agricultural investment”(para. 40), while UNGA Second Committee adopted a resolution which states “taking note of the initiative on promoting responsible international investment in agriculture, which aims to develop relevant principles and an international framework...stresses the importance of promoting responsible international investment in agriculture, and in this regard invites the UNCTAD, in cooperation with other relevant international organizations, to continue research and analysis on this issue.” (Commodities PP16, OP9) These developments have helped bring about a shared understanding of the issue as well as common vision and commitment toward working in

concert to promote RAI.

- In the meantime, four international organizations which cosponsored the roundtable in NY have worked together to finalize a joint proposal on RAI Principles which will serve as a basis for a broader consultation and to put together a Knowledge Exchange Platform which helps compile information and good practices as well as support the implementation of the principles.

RAI Principles (as of 25 January)

- 1: Existing rights to land and associated natural resources are recognized and respected.
- 2: Investments do not jeopardize food security but rather strengthen it.
- 3: Processes for accessing land and other resources and then making associated investments are transparent, monitored, and ensure accountability by all stakeholders, within a proper business, legal, and regulatory environment.
- 4: All those materially affected are consulted, and agreements from consultations are recorded and enforced.
- 5: Investors ensure that projects respect the rule of law, reflect industry best practice, are viable economically, and result in durable shared value.
- 6: Investments generate desirable social and distributional impacts and do not increase vulnerability
- 7: Environmental impacts due to a project are quantified and measures taken to encourage sustainable resource use while minimizing the risk/magnitude of negative impacts and mitigating them.

- Based on these developments, the GOJ organized an experts meeting in Tokyo on 11 March, inviting investment experts of FAO, World Bank and UNCTAD as well as embassies of key investing and host countries. In the meeting, the international organizations and the GOJ presented the ongoing work on RAI and the participants discussed the way forward.

3. Next steps

- There are remaining challenges to increase detailed understanding about the initiative, broaden support to the RAI principles, and translate the principles into tangible results on the ground. With a view to addressing these challenges and establish the RAI, the GOJ is planning, along with the US government and the four international organizations, to organize the second roundtable on the RAI in Washington D.C. on Sunday, 25 April, alongside the World Bank's Spring Meetings and its Annual Conference on Land Policy and Administration. We will invite senior government officials, private sector and civil society representatives, and UN agency experts to come together at this event to share experiences, best practices, ideas, and practical input for the experts and governments that are concerned with this issue.

Attachment

- ✓ Draft proposal on the RAI principles by World Bank, FAO, UNCTAD and IFAD
- ✓ Chair's Summary of the Roundtable in NY on 23 September 2009
- ✓ Examples of international commitments to promote agricultural investment