

# Responsible Investments in Agriculture: Overview of Private Sector-related Initiatives



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## Disclaimer

This study has been prepared with support from the Swiss Agency for Development and Cooperation (SDC). The opinions expressed in this study are solely the opinions of EBG Capital and do not necessarily reflect the opinions of SDC or the Swiss Government.

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## Introduction

As the demand for food increases due to world population growth and higher income levels, food prices are expected to be higher over the coming decade than they were during the last ten years. Agriculture will thus continue to attract new foreign and domestic investment, in particular in developing countries where investments in agriculture are still relatively low. Agricultural investments can generate a wide range of developmental benefits, such as tackling food security and generating economic opportunities, while protecting ecosystems. In order to do so, however, they need to be responsible and specifically directed towards the achievement of such benefits, while aiming at avoiding potentially negative consequences. There are high economic and reputational risks to investors who fail to achieve this delicate balance between achieving financial returns and delivering social benefits from their investments.

To address these needs, a broad range of initiatives have been developed or are emerging: (i) principles and guidelines aimed at ensuring that investments in the agricultural value chain meet environmental and social governance (ESG) standards; (ii) standards that provide guidance on how to produce a commodity in a sustainable manner, and; (iii) activities by civil society aimed at prompting the private sector to adhere to certain principles or standards.

### *Objectives*

While all of these efforts are laudable and important steps in the right direction, the plethora of initiatives can create confusion, especially in the minds of the general public and the private sector. Many players in the private sector and governments are now asking what is the best or most appropriate “initiative” they should endorse and follow? It is the intention of this document therefore to give an overview of the relevant initiatives within the context of investments and operations along the agricultural value chain, provide a brief background to these initiatives and opine on their strengths and weaknesses from the authors' point of view.

### *Selection and assessment process*

We are aware that there are more initiatives in the public domain than just those mentioned in this study, however it was necessary in the context of this report to narrow down the number of programs to be reviewed by making a selection of the most relevant initiatives available. Our selection criteria were:

- Promoting and covering responsible “investments” as part of the initiative

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- Backing from a group of reputable “sponsors”
- Consider agriculture in its broadest sense, not focused solely on an individual commodity (which is why schemes such as the Roundtable on Sustainable Palm-oil were not included)
- General guidelines or general commitment towards responsible agriculture are available or an initiative must provide significant input to such processes
- There must be sufficient information on a particular initiative available in the public domain and the initiative must have gained traction amongst various stakeholders within the international community

For the assessment part it was not always possible to apply hard and fast rules, so there was still an element of subjectivity. But based on the criteria outlined below it was possible to make some general statements about each initiative and what one can expect from it going forward. The criteria used include:

- What is the number and reputation of stakeholders backing the initiative?
- What is the number and overall reputation of organizations that have endorsed the initiative?
- Does it cover all relevant aspects in terms of environmental and social responsibility?
- Is there a requirement for public reporting if one endorses an initiative?
- How is the secretariat set up and supported?
- What is the expected impact on the ground?

## Assessment

A successful initiative will cover all aspects of investment in agriculture: this ranges from upstream processors (input factors), small to large-scale farms to downstream processors like processing and the distribution of food. It must include all processes and actors that contribute to food security and nutrition, and support the progressive realization of the right to adequate food in the context of national food security. It must also provide strong support to local communities who are directly affected by land and water tenure governance, access to information, access to effective grievance mechanisms and to justice, and fair treatment of workers.

All initiatives aim at FDI and leave local investors out of the picture. However it is reasonable to suppose that if FDI investments follow certain environmental, social and governance (ESG) criteria this will ultimately result in an uptake of these issues by local investors.

Private sector players themselves will be better off subscribing to an initiative that is backed by a broad range of stakeholders including governments and civil society groups. At the same time it is important that an initiative has a good fit with business practice in terms of issues concerned and addressed. But companies also need to be aware that endorsing one of the principles of a specific

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initiative is only the first step. The hardest part will be the implementation through company-specific policies and processes.

It has been very encouraging to see the activities that have already taken place in the last couple of years. The initiatives highlighted here will play an important role in ensuring future agricultural investments meet ESG standards. If agreement is reached on a single set of principles and guidelines this will create significant confidence amongst the investment community, private sector and governments to foster much needed responsible agricultural investment.

## Voluntary Guidelines on the Responsible Governance of Tenure

*Adopted by the Committee on World Food Security (CFS) in May 2012*

<p><b>Description:</b></p>	<p>Full title: Voluntary Guidelines on the Responsible Governance of Tenure of Land, Fisheries and Forests in the Context of National Food Security (VGGT). The Guidelines build on work undertaken by FAO since 2004. The CFS created a working-group in 2010 to review the first draft of the Guidelines, which were finally adopted at 38<sup>th</sup> Session of CFS in May 2012. Consultations were then held throughout the developing world with public and private sectors, academics and representatives of civil society. Like other Guidelines produced by FAO, they are a set of broad principles accompanied by implementation guides on technical details, training and advocacy materials and implementation.</p>
<p><b>Objectives:</b></p>	<p>The purpose of these Guidelines is to provide guidance to improve the governance of tenure of land, fisheries and forests, by:</p> <ul style="list-style-type: none"> <li>● Providing guidance and information on internationally accepted practices</li> <li>● Improving and developing policy, legal and organizational frameworks</li> <li>● Enhancing transparency and improving the functioning of tenure systems</li> <li>● Strengthening the capacities and operations of all stakeholders and promoting cooperation between them</li> <li>● Preventing tenure disputes, violent conflicts and corruption</li> </ul>
<p><b>Main participants and target audience:</b></p>	<p>Ten regional, one private sector and four civil society consultation meetings were organized between September 2009 and November 2010. The participants represented government institutions, civil society, private sector, academia and UN agencies. Each consultation resulted in an assessment identifying issues and actions to be included in the Guidelines. The final version of the Guidelines was prepared through intergovernmental negotiations led by the CFS in July and October 2011 and March 2012. They are targeted at all actors, but focus especially on state and government agencies and private investors.</p>

<p><b>Strengths:</b></p>	<ul style="list-style-type: none"> <li>● Created through an extensive consultation and negotiation process, and therefore backed by a wide range of actors</li> <li>● Consistent with existing multinational frameworks on development and governance</li> <li>● Voluntary guidance rather than strict set of principles, meaning potentially less controversial to private sector actors</li> <li>● Some relevant private sector players (Coca Cola, Nestle, Pepsi) have publically announced that they will require their supply to be in compliance with the VGGTs.</li> </ul>
<p><b>Weaknesses:</b></p>	<ul style="list-style-type: none"> <li>● Being voluntary, there are no “teeth” to the proposals and no enforcement mechanisms</li> <li>● The guidelines are best practice for an investment in developing country agriculture, however in reality such conditions may not exist</li> <li>● Lack of detailed guidance on how the VGGT can be implemented on the ground by the different players</li> <li>● Relatively strong focus on the public sector</li> <li>● Focus is on large-scale land acquisitions</li> </ul>
<p><b>Overall assessment:</b></p>	<p>The Guidelines fit neatly into the work being undertaken by CFS on responsible agriculture, and indeed other areas of the sustainable development framework, which lends them extra weight and potentially cross-cutting impact. They will be of most use to those governments seeking guidance on how to leverage private sector investment into agriculture without compromising indigenous communities' rights of access to natural resources. There are a number of large companies in the agri value chain who have made public announcements that they will require their suppliers to act in compliance with the VGGT. If this momentum continues the VGGT may develop into a very important reference point for the private sector.</p>



## Principles for Responsible Agricultural Investment (PRAI)

*Initiated by the FAO, IFAD, UNCTAD and the World Bank Group in January 2010*

<p><b>Description:</b></p>	<p>All four International organisations are important players when it comes to agriculture and agricultural policies and investments. They formally recognised the importance of agricultural investment “that respects rights, livelihoods and resources” which led to the launch of draft PRI in 2010. The PRAI are designed to address the risk of large-scale investments along the agricultural value chain which may result in displacement or disadvantage local communities, damage the environment and even saddle countries with poor-performing farm sectors requiring subsidy.</p>
<p><b>Objectives:</b></p>	<p>To provide a framework to guide countries, corporations and other actors in the development of socially-responsible agricultural investment. Principles cover (1) land and resource rights (ownership and access) (2) food security (3) consultation, participation and governance (4) and sustainability – environmental, social &amp; financial.</p>
<p><b>Main participants and target audience:</b></p>	<p>Launched in 2010 by FAO, IFAD, UNCTAD and World Bank, also backed by EU, Japan and USA at G8 meetings. Aim for universal acceptance and adoption by governments, NGOs, investors and other actors.</p> <p>PRAI were rejected at 36<sup>th</sup> meeting of Committee on World Food Security (CFS) due to lack of consultation and perceived regulatory inadequacies. CFS has instead initiated a two-year inclusive multistakeholder process to develop CFS rai including negotiations in May and August 2014 in Rome.</p>
<p><b>Strengths:</b></p>	<ul style="list-style-type: none"> <li>● Backed by international organisations and G-7 governments</li> <li>● Clear and defined principles covering major issues</li> <li>● Recognise existing rights to land and resources</li> <li>● Framework can be used by governments and private sector</li> </ul>

<p><b>Weaknesses:</b></p>	<ul style="list-style-type: none"> <li>● Existing rights to land and resources ill-defined</li> <li>● NGOs argue there is a top-down focus, with farmers placed in passive role</li> <li>● Aspirational, neither prescriptive nor comprehensive – clear guidance for implementation is missing</li> <li>● Rejected by key non G-7 governments (South Africa, China) and civil society</li> <li>● Do not create “extra-territorial” obligations of states to regulate and make accountable companies operating abroad</li> </ul>
<p><b>Overall assessment:</b></p>	<p>The PRAI have been seen as an attempt to legitimise the acquisition of prime agricultural land in developing countries by corporations (and sovereign wealth funds) who profit from deals with weak and corrupt governments at the expense of local farming communities. In April 2010 some 130 organisations around the world representing farmers and pastoralists signed a motion opposing the PRAI, and the UN's Special Rapporteur on the Right to Food publically criticised them as “woefully inadequate” in protecting the rights of indigenous communities. In September 2010 the World Bank released a report suggesting that large-scale land acquisitions had yielded few if any “wins” for poor communities and countries, and in October the PRAI were rejected at the 36th CFS meeting after opposition from South Africa, Egypt and China. There is a certain likelihood that the PRAI will continue to gain influence and be approved in some form or another, but the extent to which they address mounting criticism from indigenous communities and NGOs about so-called “land-grabbing” remains to be seen. Whether their adoption will in turn influence the behavior of investors and other actors (notably governments) will depend on how universally they are accepted and the rigour with which they are applied and enforced. A crucial question is how the CFS rai may or may not be linked to the PRAI.</p>

## Principles for Responsible Investment in Agriculture and Food Systems („CFS rai“)

*Committee on World Food Security (CFS) negotiations have concluded on 8 August 2014 and there is a document by the Open Work Group for approval in October 2014 during the CFS plenary.*

<p><b>Description:</b></p>	<p>The Committee on World Food Security (CFS) has launched a consultation process to develop and ensure broad ownership of principles for responsible agricultural investments (CFS rai). The principles are intended ultimately to promote investments in agriculture that contribute to food security and nutrition. The CFS rai are expected to be approved by the CFS in October 2014 in Rome. The CFS previously rejected PRAI put forward by FAO, UNCTAD, World Bank and IFAD in 2010, due to a lack of consultation and perceived regulatory inadequacies.</p>
<p><b>Objectives:</b></p>	<p>The primary objective is to produce an agreed multistakeholder framework of principles by which agricultural investments can be judged with respect to their impact upon issues such as land tenure, food security, local labour and income and development. CFS has now finished consulting on its rai “Final Draft” with the intention of gaining widespread approval from multiple stakeholders representing indigenous communities, state agencies, investors/private sector and NGOs. The CFS rai broaden earlier investment principles by including labour standards (referencing the International Labour Organization), the Voluntary Guidelines on Responsible Governance of Tenure also developed by CFS, “legitimacy” in the eyes of local stakeholders, justice and grievance mechanisms and review and accountability.</p>
<p><b>Main participants and target audience:</b></p>	<p>The CFS has led consultation meetings with stakeholders on every continent involving all kinds of actors. The primary targets of the guidelines are the investment community and the regulatory agencies (i.e. governments) that govern their behavior in each jurisdiction.</p>
<p><b>Strengths:</b></p>	<ul style="list-style-type: none"> <li>● CFS is seen as having a broad range of support from within indigenous communities, NGOs and certain key state actors.</li> <li>● There is a good chance that the CFS rai will be supported by a wider group of stakeholders</li> </ul>

	<ul style="list-style-type: none"> <li>● The principles are not yet finalized, but will appeal to at least some of the concerns expressed by a number of actors about the PRAI (lack of consultation, limits to regulatory oversight etc).</li> <li>● Emphasise the role of local approval and accountability to deliver sustainable improvements in livelihoods of poor communities</li> </ul>
<p><b>Weaknesses:</b></p>	<ul style="list-style-type: none"> <li>● May drive a wedge between the World Bank, UNCTAD and the private sector, on the one hand, and FAO/CFS, the NGO community and local representatives on the other</li> <li>● Generally-speaking it is a truism that the more prescriptive and broad-ranging the principles, the less chance they have of gaining agreement from all parties. In the case of CFS rai the key issues of land ownership/tenure and accountability will be hard-fought by investors who need to be confident of securing access to natural resources before they are willing to invest</li> </ul>
<p><b>Overall assessment:</b></p>	<p>At this point it is difficult to judge what role the CFS rai will play in future as there are too many variable still unresolved and it is difficult to foresee how events will unfold (e.g. the relationship with other Principles such as the PRAI, OECD and the UNGC FAB). But the overall set-up and status of current discussions taking place in the CFS and other fora lead one to the conclusion that the CFS rai may well become a very important reference point for responsible agriculture investments.</p>



Overview of Initiatives – UN-related bodies

## UN Global Compact Food & Agriculture Business Principles (FABs) (formerly known as Sustainable Agriculture Business Principles)

*Initiative launched by the UN Global Compact in 2012 – Draft Business Principles in Review process*

<p><b>Description:</b></p>	<p>The UN Global Compact (UNGC) was initiated by Kofi Annan at the WEF meeting in Davos 1999 and officially launched in 2000 by a group of 36 global players from the private sector. The UNGC launched a program to come up with agriculture business principles in 2012 to address the need for more specific sustainability principles for activities along the agricultural value chain.</p>
<p><b>Objectives:</b></p>	<p>Objective of the UNGC is to promote a more responsible and ethical business conduct in the private sector based on the 10 UNGC Principles. The goal of the FABs is to support the objectives of the relevant UN agencies around food security, to provide a framework for furthering good practices and further developing effective private and public sector policies and partnerships.</p>
<p><b>Main participants and target audience:</b></p>	<p>The FABs are targeted towards UNGC signatories that operate along the agricultural value chain. On the private sector side, actively-involved companies include Nestle, Danone, Yara and Syngenta (to name but a few). There seem to be very close links between UNGC and the SAI initiative.</p>
<p><b>Strengths:</b></p>	<ul style="list-style-type: none"> <li>● Support from the UN and some large private sector players from the agricultural industry</li> <li>● Public consultation among relevant stakeholders</li> <li>● FABs cover all relevant sustainability-related aspects of agriculture</li> </ul>
<p><b>Weaknesses:</b></p>	<ul style="list-style-type: none"> <li>● Yet another set of principles which are not too different from other principles, creating confusion amongst the private sector ("which god should we pray to?")</li> <li>● Runs concurrently with the CFS rai process: absorbs scarce resources and</li> </ul>



## Overview of Initiatives – UN-related bodies

	<p>attention from UN agencies and the private sector</p> <ul style="list-style-type: none"><li>● Has much less legitimacy than the CFS rai principles</li><li>● Focus is on large industry players and the value chain. There are almost no UNGC signatories from the private equity industry and/or investors directly involved in buying and operating farms</li></ul>
<b>Overall assessment:</b>	<p>This initiative is a laudable effort to “move the needle” and get private sector buy-in for more responsible operations in agriculture, and it has succeeded in getting support from the major food companies. The question however remains what the big differentiating factor is from other initiatives such as the World Bank and CFS rai. Because some major private sector players in the ag landscape are not members of the UNGC (e.g. commodity traders, private equity funds, SWFs) the challenge of how to ensure uptake of current non-members is still a concern.</p>

## Principles for Responsible Investment in Farmland

*Launched by a small group of pension funds in September 2011*

<p><b>Description:</b></p>	<p>The so-called “Farmland Principles” were developed and launched in 2011 by a group of six pension funds. There are close links to the UNPRI but the Farmland Principles are not a UNPRI initiative. UNPRI is running a “Farmland Working Group” whose members largely consist of signatories to the Farmland principles. The secretariat for the Farmland Principles is hosted on a rotating basis amongst the signatories.</p>
<p><b>Objectives:</b></p>	<p>Provides a framework for responsible investments in farmland. Principles cover five areas: (1) environment (2) labor and human rights (3) land rights (4) business ethics and (5) reporting. Signatories commit to comply with these principles when buying or operating land.</p>
<p><b>Main participants and target audience:</b></p>	<p>Initial focus was on asset owners investing in farmland as an asset class, but the principles are also open to asset managers. There are currently 17 signatories (50% pension funds / 50% asset managers)</p>
<p><b>Strengths:</b></p>	<ul style="list-style-type: none"> <li>● Initiative driven by leading players in the pension fund industry</li> <li>● Principles cover all relevant aspects</li> <li>● Public reporting is one of the key principles</li> </ul>
<p><b>Weaknesses:</b></p>	<ul style="list-style-type: none"> <li>● Very abstract, lack of information on how to implement on the ground</li> <li>● No information on what needs to be reported, what intervals etc.</li> <li>● No sanctions for “non-reporters”</li> <li>● Signatories are a mix of asset owners and asset managers. Some asset managers who have signed have no or little farmland assets under management</li> </ul>
<p><b>Overall assessment:</b></p>	<p>While this initiative could have a significant impact, the question is why so few asset owners and asset managers have joined since it was launched. Many of the largest farmland asset managers have not signed and some large asset owners with significant investments in farmland are also absent. This raises the question of whether it will really have a significant impact.</p>

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<p>There are no criteria/performance indicators for public reporting. Putting asset owners and asset managers into the same basket is also not really advancing the agenda because they have very different exposure to the underlying assets.</p> <p>Some asset managers have already published detailed reports. One pension fund came under fire from NGOs and is accused of not complying with the principles around an investment in Brazil.</p>
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## Responsible Business Conduct Along Agricultural Supply Chains

*Dr Bernd Schanzenbaecher, Founder & Managing Partner of EBG Capital, Zurich, is Vice Chair of the OECD Advisory Group on Responsible Business Conduct Along Agricultural Supply Chains*

<p><b>Description:</b></p>	<p>The OECD Advisory Group was set up in 2013 by the OECD and FAO to help investors identify and adhere to widely-supported responsible business conduct (RBC) principles in the agricultural sector. This project is organised around multi-stakeholder consultations which will (a) facilitate the sharing of experiences and (b) identify and mitigate the risks faced by investors along agricultural supply chains. The Advisory Group is expected to produce a practical guide for investors by mid-2015.</p>
<p><b>Objectives:</b></p>	<p>The Advisory Group's practical guidance will advise businesses involved in agricultural supply chains on how to respect existing standards of RBC, as well as those new or revised standards and principles that are being developed. A primary emphasis will be placed on risk-based due diligence; namely the steps companies should take to identify and address risks in order to minimize adverse impacts associated with their activities or sourcing decisions. The practical guidance will follow the supply chain approach adopted by the OECD's MNE (multinational enterprise) guidelines and thus help OECD National Contact Points (NCPs) to promote these (in-country) with respect to agriculture.</p>
<p><b>Main participants and target audience:</b></p>	<p>The guidance will target primarily the business and investment community: private and state-owned companies, including multinational and agricultural engineering enterprises; institutional investors; private financial actors (commercial banks, investment funds, hedge funds, private equity groups, family offices and pension funds); and state-owned funds (sovereign wealth funds, pension funds and development finance institutions).</p> <p>It will also be of use to: NCPs to clarify the application of MNE guidelines relating to the agricultural supply chain; state actors; and local communities to understand what they should expect from the aforementioned actors and better protect their rights.</p>

## Overview of Initiatives – Mechanisms, Standards and Instruments

<p><b>Strengths:</b></p>	<ul style="list-style-type: none"> <li>● This initiative leverages the OECD's institutional reputation and in-country expertise and contacts to enable governments and multinationals to adopt rules and practices that encourage responsible business conduct</li> <li>● Practical guidance will be of direct use to MNEs investing in the agricultural supply chain</li> <li>● Risk-based due diligence is a key responsible business practice that benefits both the investor and the wider community</li> </ul>
<p><b>Weaknesses:</b></p>	<ul style="list-style-type: none"> <li>● Being a set of guidance rather than new principles, there will be potentially limited scope outside of the OECD sphere (in terms of impact upon other initiatives)</li> <li>● The guidance is in an early stage of development</li> <li>● Consultations with multinationals may yield restrictions on RBC that do not satisfy certain sections of the NGO or regulatory community</li> </ul>
<p><b>Overall assessment:</b></p>	<p>This process is still at a very early stage and it will be very much aligned with the CFS rai process to avoid duplication of efforts and avoid sending out conflicting messages to business. However it is frequently stressed by the private sector that there is a lack of tools to allow business to implement abstract principles in their work on the ground. So if the OECD advisory group can come up with a practical guide this would be a major step forward in the international debate.</p>

## International Sustainability Unit (ISU)

*Launched by HRH Prince of Wales to find consensus on key global environmental challenges.*

<p><b>Description:</b></p>	<p>Initiated by the Prince of Wales' charitable foundation to facilitate consensus on solving problems of food security, ecosystem resilience and the depletion of "natural capital". The ISU's sustainable agriculture program (SAP) is synthesizing existing work to enable synergies between many concurrent initiatives, and separately commissioning research to investigate the economics of various agricultural production systems (through cost-benefit analyses).</p>
<p><b>Objectives:</b></p>	<p>The SAP is investigating the resilience of food production systems and the cost-benefits of conventional systems versus sustainable alternatives. It attempts to understand the cost of "externalities" associated with pollution, water depletion, soil degradation, biodiversity loss and GHG emissions. SAP recently announced the launch of the "Accounting for Sustainability Chief Financial Officer Leadership Network", which encourages CFOs (including those of Sainsbury, Danone and Walmart) to embed sustainability in their businesses. The CFO network will develop tools and methodologies to measure and value natural and social capital to create sustainable business models. SAP is also undertaking sustainable agriculture trials with farms in UK to build expertise on sustainable farming techniques.</p>
<p><b>Main participants and target audience:</b></p>	<p>Individual experts were consulted to generate a report on "What price resilience?", which measured the sustainability of existing farming practices and sustainable alternatives. CFOs of big businesses in the UK (and to a lesser extent Europe) are engaged in the A4S (accounting for sustainability) program. The ultimate goal is to help resolve the wider RAI debate and not to seek a leadership position. But the fame of HRH may enable a wider reach of his unit's ideas than would otherwise be possible.</p>
<p><b>Strengths:</b></p>	<ul style="list-style-type: none"> <li>● Seeks to bring existing expertise and workstreams together</li> <li>● "HRH" fame enables engagement of mainstream business, government and pension fund community ('Heineken effect')</li> </ul>



<p><b>Weaknesses:</b></p>	<ul style="list-style-type: none"> <li>● Limited influence and engagement with international community (UK-centric)</li> <li>● No concrete proposals submitted to date</li> <li>● Report produced in 2011 provoked little attention from commentators</li> <li>● Seen as a “pet project” in UK and not taken seriously by Press</li> </ul>
<p><b>Overall assessment:</b></p>	<p>The Prince of Wales' ISU and sustainable agriculture program are designed to bring consensus and clarity to the issue of sustainable and responsible agriculture. A report was commissioned which found that most traditional large-scale (“industrial”) agriculture practices are unsustainable, but that remedies are available and have been adopted by certain groups around the world. This was not unexpected news. An initiative to bring together CFOs to focus on sustainability was launched in December 2013 and is ongoing. It is too early for any formal proposals to have been tabled. In general, the sustainable agriculture program is a minor initiative (from the international perspective) but success at the research and popular opinion level in the UK could have some impact going forward.</p>



## Sustainable Agriculture Initiative (SAI) Platform

*Created in 2002 by Nestlé, Unilever and Danone; today over 50 food industry members*

<p><b>Description:</b></p>	<p>An NGO created by the global food industry to facilitate sharing of knowledge and initiatives to support the development and implementation of sustainable agricultural practices involving the different stakeholders of the food chain.</p>
<p><b>Objectives:</b></p>	<p>Aims to build capacity and to communicate information about sustainable agricultural practices. Undertakes R&amp;D activities including pilot projects in Africa, America, Asia and Europe to develop principles and practices for sustainable production of arable and vegetable crops, coffee, dairy and fruit. Offers benchmarks against other rai schemes, practical tools for farmers and a "sustainability performance assessment" tool for self- or external-assessment. Runs 6 working groups on crops (5) and water (1) and also GHG emissions. Most of SAI's findings are in the public domain, it holds annual conferences and provides executive training courses on sustainable agriculture.</p>
<p><b>Main participants and target audience:</b></p>	<p>50 members drawn from across the food industry including the market leaders in Europe and North America. "Ultimately, SAI Platform contributes to increase consumer value and customer confidence in the food industry's products".</p>
<p><b>Strengths:</b></p>	<ul style="list-style-type: none"> <li>● Industry-led sustainable agriculture initiative backed by global market leaders</li> <li>● Focus on good / best practice standards in sustainable agricultural production</li> <li>● Provides practical tools, benchmarks, assessment procedures, knowledge-sharing and awareness / capacity-building</li> <li>● Provides leadership; established in 2002 'ahead of the curve' and willing to engage on responsible investment issues due to consumer pressure</li> </ul>



<p><b>Weaknesses:</b></p>	<ul style="list-style-type: none"> <li>● Does not include major Asian, Latin American or African conglomerates</li> <li>● Open to accusations of 'greenwash' with central philosophy of "continuous improvement" rather than precautionary principle or risk aversion</li> <li>● Principles defined in each subsector are weak in respect of local communities' rights (only reference is "Are workers treated fairly?") and rely on (often inadequate) local legislation for environmental protection</li> <li>● Do not address issues of land selection and acquisition (merely "taking into account the prior use of land")</li> <li>● No legal or regulatory framework to regulate and enforce SAI principles</li> </ul>
<p><b>Overall assessment:</b></p>	<p>SAI Platform is up and running and provides a useful first-step in changing the behaviour of multinational food companies, which have often been accused of turning a blind eye to social and environmental concerns in the developing regions in which they operate. The Platform is well-structured in terms of research, working groups, tools for farmers, assessment methodologies, benchmarking and transparency; however, there are few "teeth" to the measures in place and they could be viewed as a PR checklist rather than a rigorously defined and enforceable set of regulations. But by providing a platform on which to build successive, tighter restrictions on food industry operations (potentially with enforcement via an independent body) – or the adoption of nationally-agreed CFS rai / OECD principles (either by host or key market governments) – SAI Platform could be a basis for future voluntary (or even mandatory) regulation of agricultural investments by the food industry.</p>

## The Sustainable Trade Initiative (IDH)

*Dutch Government-sponsored investment fund working with businesses, trade unions and NGOs*

<p><b>Description:</b></p>	<p>Founded in 2008, IDH is a unique grouping of multinational businesses, trade unions, NGOs, and the Ministries of Development Cooperation, Economic Affairs and Agriculture, Nature and Food Quality in the Netherlands. With over 400 partners, IDH builds public-private partnerships to deliver on key development goals. It received €130 million co-funding from the Dutch, Swiss and Danish Governments and runs public-private programs in 18 sectors. A prerequisite for any IDH investment is a minimum of 50% co-funding by companies.</p>
<p><b>Objectives:</b></p>	<p>IDH aims to accelerate and mainstreaming sustainable trade by building “impact-oriented” coalitions of leading companies, NGOs, governments and other stakeholders to deliver Millennium Development Goals 1 (poverty reduction), 7 (safeguarding the environment) and 8 (fair and transparent trade). Investments cover multiple agricultural and resource sectors: cocoa, tea, soy, tropical timber, aquaculture, cotton, electronics, coffee, spices, natural stone, tourism, cashew, fruit &amp; vegetables, flowers, palm oil, minerals &amp; metals, paper &amp; pulp and apparel.</p> <p>IDH’s investment process builds upon the OECD guidelines for Multinational Enterprises together with the ILO conventions on fundamental labor rights and principles. Through “scoping”, “development” and “implementation”, IDH designs intervention strategies, key performance indicators, monitoring including 3rd party impact assessments, and a shared learning agenda. Their objective is to transform supply chain models to deliver better agricultural practices, standards, financing for inputs (e.g. fertilizer), improved working conditions, certification, market development and annual reporting against progress metrics. By subsequent “upscaling”, IDH leverages private capital to augment its own money, bringing in financial institutions and multinationals, moving from donations to soft and hard loans, embedding programmes in local (governmental) structures and promoting reform. IDH aims to exit its investments (“phasing out”) and recycle capital for further interventions.</p>
<p><b>Main participants and target</b></p>	<p>Prominent (Supervisory Board) members are: AkzoNobel, Unilever, APG, WWF Netherlands, Oxfam Novib, CNV (Federation of Christian Trade Unions),</p>

<p><b>audience:</b></p>	<p>Ahold European Sourcing and Rabobank Netherlands. In 2012, IDH programmes invested €15.6m, with €23.4m of private co-funding and €6m of other co-funding.</p>
<p><b>Strengths:</b></p>	<ul style="list-style-type: none"> <li>● IDH is a major player in the sector with a €130m fund, the ability to leverage up to 2x additional capital and backing from key governments and multinationals</li> <li>● As an investor it is able to pursue a private sector objective with an agenda to push for more radical change to agricultural investment frameworks</li> <li>● As a 'first-mover' the public-private partnership sets a precedent similar to the state-backed carbon finance funds that kick-started private sector investment in Kyoto flexible mechanism projects (CDM and JI)</li> <li>● IDH's public funding enables it to take more investment risk than a private sector investor can, helping to provide the 'activation energy' to create new markets</li> </ul>
<p><b>Weaknesses:</b></p>	<ul style="list-style-type: none"> <li>● IDH is constrained by its relationship with governments in a way NGOs and independent private companies are not</li> <li>● Bringing together public and private investors may 'blur the lines' between the two, opening up governments to the criticism they are swayed by private capital into supporting foreign investments in agriculture</li> <li>● IDH transposes OECD and ILO initiatives, which differ from the FAO, IFAD, UNCTAD and World Bank PRAI process (which came later), inadvertently producing a potentially weaker 'two-speed' or 'multi-speed' global investment framework</li> <li>● Focus on cash crops and on internationally traded agricultural goods</li> </ul>
<p><b>Overall assessment:</b></p>	<p>The IDH initiative is an important public-private partnership that sets a precedent for future sustainable agriculture investments, both in terms of opening new markets and creating a rigorous standards and monitoring / reporting framework. It supports projects with linkages to both the private sector and developing country NGOs, which offer a blueprint for future cooperation and investment that benefits all parties (e.g. IDH, Unilever and Rainforest Alliance sustainable tea project in Vietnam). IDH operates under transposed OECD and ILO initiatives on responsible investment, which means that it does not necessarily follow or support the PRAI . This may be remedied by a simple aggregation of the two initiatives, which OECD is</p>

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	<p>working on presently. However there is a possibility that a multiple-standard framework for responsible investments will develop, which could give greater flexibility to multinational companies to operate in different countries as they please and potentially make it more difficult for governments and consumers to hold them to account.</p>
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## International Agri-Food Network (IAFN)

*Coalition of agri-food associations formed in 1996 to promote industry's voice in food security debate*

<p><b>Description:</b></p>	<p>IAFN is a coalition of global agri associations - whose members are suppliers of agricultural inputs and raw materials (grain, fertilizer, IPM, seed etc), individual and family farms (dairy, animal and crop), cooperative organizations, food processing and transport businesses - who work together on policy and projects related to international issues of food and sustainable agriculture. Work is centred around responding to the Committee on Food Security and providing a private sector input to CFS rai consultations on the governance of land tenure, food security and nutrition.</p>
<p><b>Objectives:</b></p>	<p>To provide a private sector perspective and promote the interests of the farming and agri support industry in the development of a responsible agricultural business and investment framework. Interventions in the debate seek to emphasise the importance of intensive agriculture, innovation and technology in the farming sector to produce food surpluses; the benefits of self-regulation and knowledge-sharing in improving farming practice; and the use of incentives to promote sustainable agriculture.</p>
<p><b>Main participants and target audience:</b></p>	<p>Made up of associations and federations from across the world with members in 135 of the 193 countries in the UN (combined total of 10,000 businesses), although dominated institutionally by the agri industry in Europe. Network aims to lobby international organisations and governments involved in developing proposals for sustainable business principles and guidelines.</p>
<p><b>Strengths:</b></p>	<ul style="list-style-type: none"> <li>● Effective engagement with agricultural business issues</li> <li>● Huge platform of industries represented across multiple geographies</li> <li>● Pool of know-how around all relevant aspects in the agricultural supply chain</li> </ul>
<p><b>Weaknesses:</b></p>	<ul style="list-style-type: none"> <li>● Only amend existing proposals, no new proposals for principles, guidelines etc.</li> <li>● Dominated by developed country industry associations</li> <li>● Focused on promoting industry's interests</li> </ul>

**Overall assessment:**

IAFN is an important lobby group representing the interests of thousands of businesses across the world supplying agricultural inputs and technologies. There is no definitive proposal from the network for any specific set of regulatory framework – since the Network favours self-regulation – however they do engage constructively with the CFS and international organisations developing proposals for voluntary and potentially mandatory regulatory guidelines. IAFN is an important voice for the private sector in the drafting process (and should be given due consideration), but it is important to see them in the context of an industry that is being forced to come to terms with worldwide crises in food security (requiring greater investment), at the same time as concerns build over the treatment of indigenous farmers and localised resource-dependent communities (requiring greater oversight and/or rigorous ethical framework) and the use of biotechnology and fertilizers / pesticides, which is becoming increasingly controversial and unpopular with indigenous groups, NGOs and environmental scientists.

## Oxfam GROW campaign

*Lobbies governments to promote sustainable agriculture; invests in small agri projects e.g. irrigation*

<p><b>Description:</b></p>	<p>Launched in May 2011, GROW is an 'umbrella' campaign linking together a number of different single issues under the banner "food justice in a resource constrained world". A particular focus is on providing women with the same access to farming resources as men.</p>
<p><b>Objectives:</b></p>	<p>Two principal objectives: to provide financing for sustainable agriculture projects, especially focused on enabling women to obtain land and resources; and to put pressure on governments to enact legislation to protect the rights of indigenous communities (Oxfam was one of the voices calling for the rejection of PRAI at the CFS 36<sup>th</sup> meeting), agree to international standards on good governance relating to land tenure and natural resource management, require companies to fully disclosure their overseas operations and ensure that standards and safeguards are implemented. GROW has developed a "food justice index" as part of the "Behind the Brands" initiative to rank the 10 biggest global food and beverage companies on agricultural sourcing policies, in terms of their impacts on land, water, women, farmers, workers, climate and transparency.</p>
<p><b>Main participants and target audience:</b></p>	<p>Fundraising campaign in 40 countries targeted at the general public. Oxfam will coordinate its campaign to influence governments through its existing policy and advocacy teams, and engage with individual farmers and communities in 94 countries via its regional offices and affiliates.</p>
<p><b>Strengths:</b></p>	<ul style="list-style-type: none"> <li>● Oxfam is a powerful voice within the NGO community, with significant influence on big companies: for example, Oxfam's campaign on sugar value chains resulted in Coca-Cola's announcement that it would utilize the VGGT for procurement! Nestlé has followed suit (albeit not yet with a specified commitment)</li> <li>● The GROW campaign is a rare "cross-cutting" theme compared to traditional single issue campaigns, which could see it gain greater attention than usual</li> <li>● GROW focuses on land tenure and resource access (particularly for</li> </ul>

	<p>women); and calls for the 'extra-territorial' responsibilities of companies to be enforced by host governments</p>
<p><b>Weaknesses:</b></p>	<ul style="list-style-type: none"> <li>● A focus on the advancement of small-scale farming over "industrial scale" agriculture will not suit the interests of many large players along the agricultural value chain, nor does it do justice to many large scale projects that are environmentally and socially sound</li> <li>● Oxfam offers little room for compromise over the contentious issues of: land and resource rights; letting the free market set prices; and internationally-binding, 'high-hurdle' (i.e. prescriptive, constraining and enforceable) standards</li> </ul>
<p><b>Overall assessment:</b></p>	<p>GROW is a very positive campaign from Oxfam focusing on the need to ensure fair access to land and resources for local communities, especially women. Oxfam has extensive relationships across the world (in 94 countries) and is able to raise significant campaign donations to use directly on sustainable agriculture projects in the developing world (for example, providing agricultural tools to farmers in Haiti).</p> <p>Oxfam's position on responsible agriculture is to lobby governments and businesses to adopt rigorous and internationally-binding standards to govern the behaviour of companies operating in remote and vulnerable regions of the world. Such standards it believes should be enforceable by governments on the overseas operations of companies that trade domestically (e.g. French government could enforce Danone's responsibilities in Uganda), and should include aspects such as: respect for the principle of free, prior, informed consent for all rural populations; equal access to natural resources, skills, credit and infrastructure for women; investments that focus on small-scale farmers rather than industrial-scale farming; and providing fair and stable pricing arrangements to farmers.</p> <p>It is unlikely this 'panacea' will be universally popular; constraints to limit foreign "industrial-scale" agriculture over small-holder farming are hardly going to win support from business or host governments. However, Oxfam's hard-fought campaigning style is famously effective and their aim – as part of the Concord of European NGOs – to influence the CFS process (which they feel the G8 has repeatedly attempted to bypass) into delivering a restrictive approach to food security and nutrition (taking account of land tenure and transparency) may be important in determining the outcome of</p>

the debate. Whether it ends up being too restrictive and therefore self-defeating (as per the “additionality” constraints in the Kyoto process), is open to question.



## Rights and Resources Initiative (RRI)

*Global coalition of NGOs working to encourage forest land tenure and local livelihoods.*

<p><b>Description:</b></p>	<p>Formed in 2005, RRI is a coalition of 13 partners and 140 collaborator organisations working closely with indigenous communities and local representatives in 20 countries throughout Africa, Asia, and Latin America. They work to encourage forest land tenure and policy reforms and the transformation of the forest economy so that business reflects local development agendas and supports local livelihoods. RRI works at the country, regional and global levels, collaborating on research, advocacy and convening strategic actors.</p>
<p><b>Objectives:</b></p>	<p>“RRI’s Mission is to support local communities’ and indigenous peoples’ struggles against poverty and marginalization by promoting greater global commitment and action towards policy, market and legal reforms that secure their rights to own, control and benefit from natural resources, especially land and forests”. The two defined targets are: to double the global forest area under local ownership and administration, with secure rights to use and trade products and services, by 2015, and; to reduce by half the proportion of people in forest areas who live in extreme poverty by 2015.</p>
<p><b>Main participants and target audience:</b></p>	<p>RRI engages with governments, community organizations and businesses to encourage reforms and new models of forest tenure and enterprise and to advocate strong and effective governance of land and resources. The Munden Report for RRI, released at the 2013 Interlaken “Conference on Scaling-Up Strategies to Secure Community Land and Resource Rights”, showed that overlapping land claims diminish the value and viability of industrial concessions. This “land tenure risk” extends across all land-dependent sectors, regardless of concession type.</p> <p>The RRI Board is located in Washington DC, whilst Coalition partners are located on the ground in China, Brazil, Indonesia, Salvador, New Guinea, Philippines, Nepal and many other countries throughout the developing</p>

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	world.
<b>Strengths:</b>	<ul style="list-style-type: none"> <li>● RRI has legitimacy as a representative of indigenous groups</li> <li>● It is funded by UK, Swiss, German, Norwegian, Swedish and Finnish governments</li> <li>● Works closely with Oxfam and the NGO community generally</li> </ul>
<b>Weaknesses:</b>	<ul style="list-style-type: none"> <li>● Advocates reform but does not have a coherent framework for enabling overseas investment in a sustainable way, because it is fundamentally opposed to it</li> <li>● Campaigns over issues such as Burmese land and resource extraction may limit influence over major governments like China</li> <li>● Financially dependent on the governments it is seeking to influence</li> </ul>
<b>Overall assessment:</b>	<p>The RRI is a coalition of organisations seeking a better deal for local communities and indigenous groups. It is an advocacy group that promotes reforms to empower local people to claim ownership and access over land and natural resources. RRI has a concrete target – a highly ambitious one – to double the global forest area under local ownership and administration. This target will inevitably bring RRI into conflict with multinational corporations who are seeking to increase the area of global forest owned through FDI. A realistic assessment of the progress of international talks on responsible agricultural investment would suggest that a change to the manner in which foreign investors exploit local land and resources is possible - and desirable even to foreign investors, for reasons the Munden Project's research has demonstrated - but stopping or reversing such investment is not going to happen; and depending upon local conditions may actually decrease food security, not increase it. But RRI will keep up the pressure to ensure that local communities' rights are acknowledged in future agreed rai principles and guidelines.</p>

## Selected resources and links

### General

- [Good Agricultural Practices \(GAP\)](#)
- [Global Reporting Initiative](#)
- [IRIS \(GIIN\)](#)
- [ISEAL Alliance](#)
- [ISO \(Various standards: Environment, health, labor, etc.\)](#)
- [Millennium Development Goals](#)
- [Rainforest Alliance Standards](#)
- [Principles for Responsible Agricultural Investments](#)
- [SAI Principles & Practices](#)
- [SQF Certification](#)
- [UN Global Compact](#)
- [UN PRI](#)

### Governance

- [FAO Voluntary Guidelines \(Draft\)](#)
- [World Bank Governance Indicators](#)

### Social

- [Ethical Trading Initiative](#)
- [Fair Trade & Labor \(FLO\)](#)
- [ILO Labor Inspection Systems](#)
- [SA8000 Standard](#)

### Environment

- [Carbon Disclosure Project \(CDP\)](#)
- [CDP Water Disclosure](#)
- [CCBS](#)
- [FAO Portal on Animal Welfare Standards](#)
- [Forest Footprint Disclosure](#)
- [IFOAM](#)
- [Red Tractor \(animal welfare\)](#)
- [Roundtable on Sustainable Biofuels](#)
- [Roundtable on Sustainable Soy](#)
- [Roundtable on Sustainable Palm Oil](#)
- [Soil Association Organic Standards](#)
- [USDA Organic Certification](#)