Principles for Responsible Agricultural Investment (PRAI)

September, 2012
Ministry of Foreign Affairs, Japan
Japan’s Concept of Global Food Security

Global food security

Initiative on Promoting “Responsible Agricultural Investment”

Promote agricultural production
- Promotion of Agricultural Investment
- Co-existence of diverse agriculture
- Adaption to climate change

Stable agricultural market and trade system
- Refrain from export restrictions under the WTO
- Preserve and strengthen of free trade system
- Monitor on the market facilities

Aid for developing countries and vulnerable people
- Food aid
- Nutrition support
- Support for establishment of social safety net

Formation of global partnership
Japan proposed at 2009 L’aquila Summit to promote “Responsible Agricultural Investment” in the face of the growing trend for large-scale investment in farmland across the developing world. It aims to maximize the benefits and minimize the risks associated with increased investment in agriculture under the following two competing challenges.

The overriding objective is to create a “win-win-win” situation for receiving countries, local communities and investors. Japan has been working with 4 international Organizations (FAO, IFAD, UNCTAD, WB) to formulate Principles for Responsible Agricultural Investment (PRAI). PRAI has been supported by the international forum such as G20, G8 and APEC.

Challenge 1. We must enhance agricultural investment in developing countries and achieve sustainable, inclusive and pro-poor economic growth as well as rural prosperity. We should recall decades of underinvestment in this sector have meant continuing low productivity and stagnant production in many countries, pushing millions of poor rural people deeper into poverty.

Challenge 2. We must address problems associated particularly with large-scale land. Indeed, poorly conceived or executed investments could have unintended negative impacts in terms of political stability, human rights, sustainable food production or environmental protection for the people of receiving countries.
Draft of the Principles of Responsible Agricultural Investment (PRAI)

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.

*The consultation process of principles for responsible agricultural investment will be held under the Committee on Food Security (CFS) in FAO.*
APEC Ministerial Meeting on Food Security

NIIGATA Declaration on APEC Food Security (16-17 October, 2010)

14. … We acknowledged the value of foreign direct investment in agriculture as a means to deliver higher agricultural productivity and job creation in recipient economies. To this end, noting the growing commercial pressure on land and other natural resources across the developing world, we supported responsible agricultural investment that aims to create a “win-win-win” situation for recipient economies, local communities and investors. We also supported the ongoing efforts by relevant international organizations, in association with various stakeholder groups, to develop principles and best practice on Responsible Agricultural Investment (RAI) to coordinate a global response.

Ministerial Meeting on Food Security (30-31 May, 2012): KAZAN Declaration

8. Taking note of the positive role of foreign direct investment on increasing agricultural production, productivity and job creation in recipient economies, we appreciated the Principles for Responsible Agricultural Investment (PRAI) elaborated by the World Bank, FAO, IFAD and UNCTAD, and we supported the ongoing extensive consultations on these principles launched within the framework of the Committee on World Food Security (CFS). We welcomed the approval of the Voluntary Guidelines for the Responsible Governance of Tenure of Land, Fisheries and Forests (VG) by the CFS. We also welcome ongoing works of the international organizations to identify best practices of responsible agricultural investment, in particular pilot projects to field test and operationalize PRAI. We encourage that private investment be carried out in a responsible manner with VG and PRAI being taken into account.

Japan is also considering holding a workshop on PRAI, which aims to share the outcomes of ongoing works of international organizations, according to the Niigata action plan #43.
G20 Leaders Declaration (18-19 June, 2012)
57. To fight hunger, we commit to continue our efforts on our initiatives, including the Tropical Agriculture Platform, the Platform for Agricultural Risk Management, the GEO Global Agriculture Monitoring, research initiatives for wheat, rice and corn, the Rapid Response Forum, regional emergency food reserves, the Global Agriculture and Food Security Program and support for the Principles of Responsible Agriculture Investment. Recognizing the important contribution of greater transparency to reducing food price volatility, we welcome the progress made in the implementation of the Agricultural Market Information System (AMIS). We recognize that a more stable, predictable, distortion-free, open and transparent trading system, including as regards agriculture, has a critical role to play to promote food security.

G20 Mexico 2012 Agriculture Vice Ministers / Deputies Meeting REPORT (18 May, 2012)
4 ix. Principles for Responsible Agricultural Investment (PRAI).
We reaffirm our commitment to uphold the PRAI. We welcome the ongoing work of the IOs on responsible agricultural investment. We welcome the progress of the PRAI Pilot Projects launched in February 2012 and look forward to the summary report that will be issued in September 2012 by the IOs involved. We support the UN Committee on World Food Security consultation on responsible agricultural investment and on-going work of the Pilot Projects to field test and operationalize the PRAI.

9 iii. Encourage all relevant stakeholders to invest in the agricultural sector, taking into account the Voluntary Guidelines on Governance of Tenure of Land, Fisheries and Forests and PRAI, including the ongoing consultation process on the latter in the UN Committee on World Food Security.

31. Our Leaders agreed in the Cannes Summit to encourage all countries to support the Principles for Responsible Agricultural Investment (PRAI) and we welcome the progress of the Pilot Projects field-testing the PRAIs in some African and South-East Asian countries. We look forward to the synthesis report that will be produced in September 2012 by IOs. We support the country-level implementation of the recently approved “Voluntary Guidelines on the Governance of Tenure of Land, Fisheries and Forests in the Context of National Food Security” as a means for strengthening land rights recognition and legal certainty.
Using ongoing works of international organizations (e.g. field testing of the PRAI) to feed into rai discussions at the CFS is expected.
In 2012, G8 initiated the ‘New Alliance for Food Security and Nutrition’

Goal: Achieve sustained and inclusive agricultural growth and raise 50 million people out of poverty in 10 years

Approach:
- African countries drive effective country plans and policies for food security
- Private sector increases investments where the conditions are right
- G8 expands Africa’s potential for rapid and sustainable agricultural growth

Action:
- Mobilize private capital, take innovation to scale, reduce and manage risk, improve nutritional outcomes and reduce child stunting
- Launch ‘New Alliance Cooperation Frameworks’, including predictable funding commitment, specific policy actions and statements of intent from the private sector

Developing pilot implementation programs for the Voluntary Guidelines and the PRAI is also referred to in ‘New Alliance Cooperation Frameworks’ of each county.