

**REMARKS REGARDING ONE DRAFT**  
**On RESPONSIBLE AGRICULTURAL INVESTMENT PRINCIPLES**  
**APRIL 29, 2014**  
**ON BEHALF OF THE PRIVATE SECTOR MECHANISM**  
**OEWG, ROME**

1. Madam Chairperson,

On behalf of the Private Sector Mechanism, we would like to thank you and the CFS for the opportunity to participate today. We appreciate your efforts and that of the secretariat to make the Principles more clear and readable. This is an important improvement. We also appreciate the emphasis on good governance, including the rule of law, clear, stable, predictable regulations, and anti-corruption measures.

When members of the private sector read this document, we do so from a practical perspective – contemplating how to implement it. Madam Chairperson, we realise the long term success of this endeavour is based on the voluntary uptake of these principles by both government and business. As one businessman said recently, “we currently face a forest of guidelines and principles”. Finding one broadly agreed set of principles would be extremely helpful. With this in mind, we concur that the One Draft should form the basis for negotiations.

The private sector would also like to emphasize that the speed of completion is extremely important. We have one very intense week in May to conduct the negotiations, and we believe that is very possible to keep the principles short, clear and useable. Any delays in the process put this process at risk of being less relevant.

Madam Chairperson, when agriculture rose to greater global attention in 2007-08, it began to attract renewed investment. The statistics we see of global efforts to improve agriculture and food through investment have been heartening. However, we note that there has been a dramatic drop in many agriculturally focused investment funds in the past 18 months. That reduction in available capital must be addressed with a clear call of welcome for responsible agricultural investment and an indication of how it operates.

In this regard, we do note that very significant changes are needed to the Principles to make them operational. We understand CFS would like to see businesses choose to commit to these principles. That can only be done if businesses can live up to these principles. Currently there are references to all sorts of undefined concepts – these should be removed. Where there are specific multilateral agreements, they can be referenced. Where there are ongoing, unresolved multilateral negotiations, we recommend strongly those items be taken out. If countries can't yet agree on the definitions, nature, and principles after years of negotiations, it is unrealistic to expect business to implement them and unlikely CFS can resolve them.

After all, these are voluntary principles. From time to time, it seems that they are written to be voluntary for everyone except the private sector. The document needs to be framed in the positive, focusing on items that investors can deliver. We note the number of references to negative impacts outweighs the references to positive two to one. More focus needs to be put on the benefits investments can bring.

For instance, some investments - but not all - will be applicable to vulnerable groups. We believe the current draft fails to make that distinction. Let's make it clear that investing in agriculture is a good thing. And that investing in specific social needs is an extra good thing that should be encouraged. We suggest adapting a clause in the equality principle to say: *Priority may be given to supporting investments which use innovative approaches, measures, products and services to provide benefits to women, smallholders, youth and vulnerable or marginalized groups.*

Throughout the document, we have a concern about how this document frames cultural heritage and local knowledge. Investment in a traditional product, perhaps produced in a particular way, is wonderful. It should be encouraged. At the same time, creating a new fortified product, or addressing the specific needs of maternal or child health, or moving to a new technology for avoiding land degradation are equally valuable. They should be encouraged. This document needs to be clear that BOTH innovation and traditional knowledge are important.

Ultimately Madam Chairperson, the final outcome of these negotiations will dictate the relevance of these principles and their ability to be used. In this regard, we believe we should focus on the principles themselves, and leave matters of future implementation to subsequent discussions. Investors can commit to principles, however, the final pages are not principles, they are a discussion of future implementation strategies.

For instance, in several cases they imply levels of infrastructure that do not exist in many developing countries. Is this group proposing that investment not occur in those countries where they need it most until they set up a wide array of systems such as independent mediation services or social protection services? Business is completely supportive of these concepts and the need to put them into place. However, investment may help those governments to achieve these things. The principles themselves should be clear about that which is achievable now and be applicable in the longer term. Currently, principles are becoming confused with implementation guidelines.

So Madam Chair, as you can see, there are important areas where improvements are needed, and we look forward to participating in the discussions in the coming month.

Thank you.

2. Madam Chairperson,

Investment in all sizes is mutually beneficial and should not be limited to smallholders. For example smallholders benefit from large and midsize investments in infrastructure and investments in the production and distribution of agricultural inputs. Investment in infrastructure also improves access to markets for smallholders

To limit investment to smallholders puts food security at risk. The Private Sector believes that food security can only be achieved with all stakeholders of all sizes working together.

Smallholders and family farms are small business looking to improve their income for the benefit of their families

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3. Madam Chairperson,

I would like to stress that the Private Sector very much welcomes these principles, especially with a view to providing clear and universal guidance that is applicable for all types of investors in every part of the world.

In order for the private sector to include the outcome of these principles into their policies and practices, it is important that it is clear how to interpret the principles and are practically implementable. Currently there are suggestions actions under the principles that are universal accepted and actions that are aspirational or mutually exclusive. It is important to make clear when actions are not expected to be part of every single investment.

For example in the current Principle 2, the first article refers to respecting the ILO which can be expected from each investment. While articles 3, 4, 5 cannot be addressed in each and every investment. It would be important to use precise language to clarify the expectations are for each of the article and existing agreed language.

Another example is the current use of the term 'do no harm'. As it is currently taken out of the direct context of Human Rights, it may be hard for companies that are involved in fisheries and animal farming to live up to the general concept of 'do no harm'.

Again, this can be addressed by using precise language to clarify the expectations are for each of the article and existing agreed language.

4. Madam Chairperson,

In the roles and responsibilities section, we would note there are many areas that are very prescriptive and yet many concepts are not fully developed. Several of these items need to be clarified in Principles 9 and 10 and roles and responsibilities.

We note these are voluntary guidelines. The framing them in a manner that allows national application is important. For instance, most countries interact with investors with their economic departments. Those are likely the groups best able to measure the benefits and impacts of investment. However, it is a matter clearly to be determined by countries and stress all of this is best captured by the fact that investors shall comply with national law and be bound by contractual obligations. It is important to countries to create clear, stable regulations.

We fully support the comments of Japan on several matters, including the reference to the contracts. Contracts are transparent deals between two parties to determine how to share risks. They have a term for the contract which is clear and is agreed by both parties. When the term expires, thereafter they renegotiate.

As well, in the case, monitoring to whom of what metrics? For the private sector, ESG reporting already exists and we would like to see it used to encourage incorporation of the principles in responsible agricultural investment.

We do believe that farmers are small enterprises and support their inclusion in the private sector and that farmer organisations should be included.

Overall, we reiterate that many of these matters relate to implementation and are not themselves principles.