

## **ACTIONAID COMMENTS ON THE CFS rai ZERO DRAFT**

### **Introduction**

The international community, backed by authoritative research since the food crisis in 2007/8, has recognized the need to reverse the negative trend of investment in agriculture, and that agricultural investment is the key to economic growth, improved livelihoods, and food security for millions of people.

The international community has taken a further step in recognizing that smallholder agriculture plays a critical role in achieving food security and that increased investment should flow to smallholders to support their already substantial investments<sup>1</sup>

Despite authoritative references for this, the question of which model of farming system best supports smallholders livelihoods and the achievement of food security is still under discussion. Smallholders are viewed by some as those that, if given the adequate means and policies can most contribute to food security. They should primarily benefit from public investment and prioritized by public policies through supporting measures, incentives, and infrastructure that support their own investment, secure their access to natural resources, and enhance their access to local and domestic market.

Others view smallholders as the central productive units with great potential that can be upgraded providing them with better connection to the global market, better integration in the global value chain, and improved technologies for their enhanced productivity. This vision is interlinked with the current structure of the global food system, where major companies invest in large-scale land investment for cash crop production, hold the control of the value chain, and operate mostly in the international market. Given the budget constraints that many Governments are facing, and the fact that private sector can supply the resources that states need to let the sector flourish, private sector investments are more than often considered the solution, with the capacity to reverse trend in agriculture investment and supply the necessary resources for the required change.

This reveals two contradicting visions for the development of the agricultural sector, one with the smallholders at the centre with their own rights and autonomy in designing the systems that better benefit them, the other with them at service of companies and Governments' led vision for agricultural development, with the strong focus on profit often undermining potential for livelihoods and food security.

In this vision, the impact that large scale private investments are having on smallholders and their families and communities cannot be ignored, and has to be considered when taking a stand of which vision we want to support and promote. At this moment in time, the reality is that many smallholders, women, indigenous people are driven off their land, are deprived of the control and use of their resource base, victims of human rights abuses and forced into a life without house, food, dignity. When they are integrated into new farming systems as a result of contract arrangements with large companies, they often become waged workers whose standard labor rights are not respected and their livelihoods and future prospects are not improved at all. In many cases large tracts of land are sold or leased to private and foreign investors depriving communities of their resource base, getting back just unfulfilled promises and dramatic changes in their livelihoods. Women are often the most severely affected.

In this context, the development of principles to guide the international community towards responsible investment that deliver on the right to food, that clearly condemn land and resource grabbing, that identify which farming system public investment should support and that clearly regulate private investors and guide them in their business to complement public efforts towards responsible investment is urgently needed.

The Committee on world food security has embarked on this process of consultation for the development of principles for responsible agricultural investment, launched in 2012 and due to conclude in 2014 with

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<sup>1</sup> High Level Panel of Experts, who in their 2013 report to the Committee on World Food Security (CFS)

endorsement of the principles. The Committee on world food security represents the legitimate and appropriate place to conduct this process, being the major and most important multistakeholder platform for food security where the most affected can have a voice. All the different actors should commit to this process and work for a positive outcome.

## **ACTIONAID KEY PRINCIPLES ON RESPONSIBLE AGRICULTURAL INVESTMENT**

### **1. Priority to smallholders farmers**

“Approximately 2.5 billion people in poor countries live directly from agriculture – farming crops and livestock or relying on forestry or fisheries<sup>8</sup> – and 1.5 billion people live in smallholder households. Of an estimated 525 million farms worldwide, about 404 million are small farms with two hectares of land or less.... Small-scale producers provide more than half of the world’s food supply. They contribute over 90% of Africa’s agricultural production, and the majority of the maize, beans and potatoes for domestic consumption in Latin America.... Smallholders feed poor communities – including themselves – and small increases in yields on their farms could have a profound impact on poverty and access to food at the local and regional levels. Despite these contributions they are the most neglected one facing numerous challenges ranging from research to extension and from hindering policies to exploitation by many of the market forces. ”

*Responsible investment are centred on the need to improve livelihood opportunities for smallholder farmers.*

### **2. Special focus on rural women and their specific needs, including unpaid care work**

Rural women account for 43% of agricultural labor force, and lie at the heart of local crop production and household food systems around the world. Yet, women face particular struggle to claim their rights (e.g. to productive resources, equal pay), are often not recognised as farmers in their own right, and receive no recognition for their unpaid care work. They also make up a substantial proportion of the world’s poor and hungry. Furthermore, women farmers receive very little formal support, with less than 5 per cent of agricultural extension services worldwide targeted at women.

*Responsible investments address the specific issues facing women farmers (and smallholder farmers in general) and implements policies that enhance their rights and meet their needs.”<sup>2</sup>*

### **3. Rights based approach**

The existence of poverty, hunger and discrimination is the failure for governments (primarily) and other stakeholders (international bodies, other governments, corporations) to respect, protect and fulfill the basic economic, social, cultural and political rights of their citizens. Therefore, investment is generally only meaningful when coupled with actions that strengthen women’s ability to strengthen their position in terms of economic (e.g. access to land, water), socio-cultural (e.g. position in the home vis-à-vis men) and political rights (e.g. freedom of association and participation in governance structures).

*Responsible investments related decisions include the participation from organizations of smallholder women and men farmers and should apply a right-based approach including farmers rights as stipulated in the International Treaty on Plant Genetic Resources for Food and Agriculture and guide towards investment empowering small holders, especially women, by recognizing and ensuring them the means to fully enjoy their rights.*

### **4. Women’s land rights**

“By assessing the processes and outcomes of large-scale land investments, ActionAid found a serious threat to women’s access to land and communal resources in situations where female property rights are not legally recognized in their multidimensional nature. Moreover, while establishing a legal basis for female entitlement to the land is a necessary condition for the interests of women to be respected, the outcomes of investments also depend greatly on whether the state has both the will and the capacity to act in the interest of women land users. In the majority of cases private land investments had an adverse negative effect on women’s livelihoods and more often than not increased local food insecurity “<sup>3</sup> The adoption of the Voluntary Guidelines on responsible governance of tenure of land, fisheries and forests is an unprecedented achievement for respect and protection of legitimate tenure rights. Deeply anchored in human rights

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<sup>2</sup> ActionAid International, April 2011.

<sup>3</sup> Colosio, et. al. April 2012.

language and principles, the Tenure Guidelines recognize the responsibility of corporations or non-state actors to respect human rights and existing or legitimate land rights, and recognize that investment in smallholder farmers and by smallholder farmers is preferable to large scale land acquisitions.

*Responsible investments follow clear parameters for agricultural investments so that private sector activities are in line with international human rights principles, including the right to food. Furthermore, the parameters should reflect the needs of diverse stakeholders and ensure the access to and control over land by smallholder farmers particularly women, fisher folk, pastoralists and forest dwellers who depend on land for their livelihoods and food security. Responsible investments respect, protect and fulfill the legitimate tenure rights of small holders, and fully comply with the standards set in the Voluntary Guidelines on responsible governance of tenure of land, fisheries and forests, particularly the free, prior and informed consent of indigenous communities, the principle of participation and consultation with local affected communities, the respect of commons, the introduction of safeguards, the ex-ante and ex-post human rights impact assessments as a specific criteria for projects approval aside from environmental and social impacts, grievance mechanisms in case of land rights violations and adequate and appropriate compensation in case of loss of tenure rights for public purpose.*

## **5. Sustainable agriculture**

Investments that contribute to the achievement of right to food should prioritize climate resilient sustainable agriculture, whatever form it may take (agro-ecology, agro-forestry, organic agriculture) which proved to deploy multiple benefits such as increased farm production, reduced impact on environment, climate change mitigation, enhanced resilience and diversity for smallholders, improved livelihood and nutrition.

*Responsible investment should respect the sustainable use of natural resources as agreed in the International Treaty on Plant Genetic Resources for Food and Agriculture, reflect a re-orientation of public spending in agriculture towards agro-ecology and ecological agriculture and towards the provision of public goods, such as small-scale focused extension services, agricultural research and rural infrastructure.”<sup>4</sup>*

## **6. Market and value chain**

International markets and global value chains have been problematic for the majority of smallholders who suffer from power unbalance in contract arrangement, loss control over their resource base and investment decisions, increased vulnerability due to dependence on external market and food prices volatility, and deterioration of their living conditions. ActionAid focuses on facilitating smallholder women (and men) farmers to engage mainly with local and national markets that most benefit and empower them, with skills and capacities to get better prices with the safeguard of their rights.

*Responsible investments build smallholders capacities to engage better in local, national and regional markets, paying particular attention to strengthening the role of women in local market systems, and better local infrastructure (storage facilities, farm-to-market-roads, information systems)*

## **7. Implementation and Monitoring and Accountability**

Following a rights based approach, investors have to account for their conduct and transparency and public monitoring should be strengthened for better accountability. Applied to investment, all private investments in agriculture must be subject to public monitoring to ensure that they do not violate human rights or negatively affect food security and sovereignty and environmental sustainability objectives. Governments have the responsibility to ensure adequate frameworks for this and take all action in their power to prevent violations and ensure accountability of investors.

*Responsible investments provide the adequate space and means for monitoring their impacts by all those affected.*

## **Comments on the zero draft**

### **1) The principles are intended to provide practical guidance by stakeholders; therefore:**

#### **a) Are the current structure and language used clear and accessible for all relevant stakeholders to apply?**

- Numbering instead of bullet points to assist referencing for this process will be useful when the principles are adopted.

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<sup>4</sup> IFSN/ ActionAid. June 2012.

- Language should be clear enough to be understood by a wide range of actors, including grassroots associations
- Language on human rights should be harmonized throughout the text
- When dealing with human rights, state and other investors have obligations. This should reflect in a more assertive language
- the draft still keeps an **excessive focus on increasing productivity** as a solution to eradicate food insecurity. The draft should start from the assumption that production of food is not the only component for feeding people. Although in some areas increasing productivity may be necessary for specific climate/soil/capacity gaps conditions, but overall the principles cannot ignore the market failures, and the need of policies/strategies/frameworks to correct the unfair and distorted functioning of market or the challenging conditions many producers face and that impede them to foster their production capacity. Unfair distribution of resources is another cause of food insecurity that should be redressed by adequate investment policies.
- In order to contribute to the progressive realization of the **right to food**, investments are responsible when they enhance food security and nutrition, and contribute to the progressive realization of the right to food. The principles should unpack and detail when, how, and what needs to be done to make it happen, and include a clear condemnation of land grabbing as irresponsible investment.
- The draft fails to recognize **the centrality of small food producers**. Small scale food producers do not play just an important role, the play the most important role being those that produce 70% of food consumed and those that undertake the bulk of investment.
- The language is confusing when putting all the investors at the same level. Here the centrality of small food producers should be explicated more clearly, and the different scale of relevance of all investors should be clarified depending on the extent of their actual investment, and the impacts they have on food security. As big investors invest just 1% of total amount, and often have a greater negative social, human rights and economic impact on communities, this cannot be ignored if we want the principles to address and reverse negative effects of investment.
- The reference to human rights and to the Voluntary Guidelines on responsible governance of tenure of land, fisheries and forests should be more assertive. Respecting human rights should be at the top of the principles and should be given the right consistence and formulation, they are obligations that states and all investor must comply with. Same weak language on human rights is in paragraph sixth, when again national legal systems and their institutions set the scene for human rights compliance. National legal systems should strive to comply with human rights obligation, not the other way round.

#### **b) How can the rai principles be used and implemented by different stakeholders after endorsement by the CFS?**

- Extensive awareness raising will be needed to unpack and clarify the Principles and incorporate them into practices.
- States have the duty to revise their investment policies and strategies accordingly with the principles
- Donors should also use these principles to reorient their investments in agriculture
- Issues of unpaid work will need much awareness raising and clear commitments from policy makers. This will also include reviewing policies on labour, social services
- The state must be obliged to report on a periodic basis on progress made on the principles and also addressing existing inequalities on gender.
- Develop specific national sex-disaggregated indicators for progress based on existing baseline data. Civil society must have a monitoring role.
- Advocacy work will also be required to influence funding and policy priorities of governments and donors, and to ensure that the rights of activists are recognized and protected.
- All investors should follow the principles when developing their business plans, with active participation of stakeholders impacted by their investment
- Every investment should be scrutinized against the principles to verify compliance
- CFS should discuss and receive complaints about lack of implementation of these principles.

## 2) Are all relevant areas related to fostering responsible agricultural investments adequately addressed in the zero draft?

The current zero draft doesn't adequately address the following areas:

### **Women's role and unpaid care work**

#### *Recognition of existing gender inequalities regards food and nutrition security*

Women face systematic prejudice and discrimination in access to land, water, agricultural inputs and other productive resources as well as participation in social and political movements that have a bearing on their farming activities. This negatively impacts on their abilities to feed themselves, their families and to contribute to the national economy. However, the draft rai principles do not acknowledge the different ways in which women and marginalised groups are affected and do not specify measures to address these existing inequalities. In fact in most cases they give the impression that men and women are already enjoying equality in all respects.

#### *Women and paid work in the agricultural sector*

The principles recognise the right to international core labour standards and aim to contribute to decent job creation and equitable generation of local employment. Under this section, the principles should also note that lack of child care facilities in workplaces, often leads to women with young children not enjoying their right to employment. There is also need for social security benefits that can support care provision such as maternity benefits, sick leave, health care schemes and pension. Finally, women also sometimes do not enjoy the right to rest and leisure as part of the international core labour standards. Women often do not enjoy this right because they must balance their paid work and their unpaid care work when they return home.

#### *Women, unpaid work, unpaid care work and food security*

The draft rai principles do not include **unpaid work and unpaid care work** which consumes much of women smallholder farmers time. Unpaid care work includes all those activities that go towards caring for a household such as cooking, cleaning, collecting water and firewood, and caring for the ill, elderly, children and voluntary community work. This work is not reflected in national statistics or economic analyses and is perceived to be less valuable than paid work. Many of the women in Africa are not in formal employment and would thus require measures to address the unpaid work and unpaid care work which consumes most of their time. Action Aid studies in 2012 revealed that men spent more time on paid work than women. The same studies also revealed that women spent more time on child care and housework.<sup>5</sup> In some countries, Uganda, Kenya, Nigeria and Nepal, the studies also found that women had no time for paid work and only shared their time between subsistence agricultural and unpaid care work. Other studies indicate that in sub-Saharan Africa 71 per cent of the burden of collecting water for households falls on women and girls, who in total spend 40 billion hours a year collecting water<sup>6</sup>. Such gender inequalities are not unique to the studied areas and reflect a common pattern in many African countries. Unpaid care work if not addressed can limit the amount of time that can be invested in agricultural activities. It can also be a hindrance for women to enjoy their rights to paid work, participate in local governance and decision making in farming and participation in other agricultural activities such as marketing outside the home.

Responsible agricultural investments must therefore adopt a holistic approach which recognises paid work, unpaid work, unpaid care work as well as specific forms of discrimination that women face in regards to access to productive resources. This should be reflected in Principle 2 with the inclusion of women's empowerment among the objectives and detailed measures to address women's specific needs and constraints.

### **Increased investment in climate resilient sustainable agriculture:**

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<sup>5</sup> [www.actionaid/unpaid](http://www.actionaid/unpaid) care work

<sup>6</sup> 12 *The Millennium Development Goals Report 2012* (United Nations publication, Sales No. E.12.I.4).

ActionAid and many other NGOs and farmer organisations have frequently emphasised the links between building on **local knowledge, biodiversity and seeds** as crucial strategy for successful investment in agriculture, with particular advantages for women farmers. Investments in smallholder agriculture must be hardwired to build both **sustainability and climate resilience**, by adopting “Sustainable approaches that aim to maintain healthy soils while reducing reliance on external ‘inputs’ such as fertilisers, pesticides and herbicides. Sustainable agriculture encompasses approaches such as agro-ecology, low external input, agro-forestry, organic agriculture, integrated crop and pest management and water harvesting in dry land areas... As it relies on local renewable resources and locally-based innovation, sustainable agriculture is particularly well-suited to poor, remote or marginalised communities... High-input farming, largely based on chemical fertilisers and pesticides, accounts for an estimated 15% of global emissions of greenhouse gases (GHG) such as carbon dioxide, nitrous oxide and methane. At the same time climate change is projected to have a devastating impact on food production and food security. Agro-ecological techniques can significantly cushion the negative impacts of climate change and develop resilience in the farming system.”<sup>7</sup>

Responsible agricultural investment should support **agro-ecology** principles and practices, and the need to increase investment into agro-ecology on various aspects of agricultural system including research and extension, is thus another distinctive feature of its policy principles. Responsible investment should provide guidance for policy action to re-orient public **agricultural research** systems towards sustainable and climate resilient farming systems. Hence, the existing global, regional and national research systems should be reformed to shift their focus to sustainable methods and technologies. Farmers’ knowledge and experience, and the work of CSOs and non-governmental think tanks should be respected and integrated into the research systems. Their rights should be safeguarded against land use changes that have negative ecological impact. The outcomes of research and the innovations should be freely available to smallholder farmers without any constraints of copyrights or patents.”<sup>8</sup>

### **Priority to local markets and farmers rights throughout value chain**

Given the inequalities in power that exist within the global food system between (particularly small) producers and commodity buyers, food manufacturers, processors and retailers, ActionAid is largely critical of the dominant model of commercial agriculture production and trading. The organisation has concerns about the documented lack of benefits that can accrue to smallholders engaging in international value chains via arrangements such as contract farming and outgrower schemes.

ActionAid recognizes that under certain prerequisite conditions which set a high bar, smallholders and women may benefit from engaging in global supply chains as contractors/ outgrowers. These conditions include formalisation of women’s land tenure rights, and/ or joint titling/ community titling, government-backed efforts to encouraging sustainable crop production, securing women’s control over incomes, legal enforcement of contracts, ensuring access to credit, markets and extension services, and increased institutional capacity for collective action. There are examples around the world where such requirements have been fulfilled (often but not exclusively in fair trade schemes), and thus where smallholders are genuinely benefiting.

Indeed, there seems to be mounting evidence from around the world that investing in **alternatives to the mainstream agri-food system** offers enormous potential for smallholders in general to earn a better livelihood from farming. This was noted by the recent report on agricultural investments by the High Level Panel of Experts and the CFS, who remarked:

“Through the construction of new infrastructures and new institutional arrangements that link producers and consumers, new market segments are being created that are nested in the general markets.... This occurs, for example, for high-quality food products, regional specialties, fresh and local products, agro-tourism services, “green energy”, care services, maintenance of landscapes and nature, and the production of biodiversity. By carefully “nesting” the corresponding flows and transactions, a wide range of mutual benefits can be generated. According to a comparative European research programme (IMPACT), the estimated extra net added-value generated through these new markets amounted in 2000 to some 6 billion euro for

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<sup>7</sup> ActionAid International. June 2011a.

<sup>8</sup> ActionAid International. June 2011a.

Ireland, the United Kingdom, the Netherlands, France, Germany, Italy and Spain together. Nested markets also abound in China... Brazil also offers some very interesting forms, some created by smallholder movements (like ECOVIDA), others created by the state (PAA)".<sup>9</sup> Finally, the United States Government is also supporting regional food markets known as "food hubs" for small farmers<sup>10</sup>, which represent the kind of public investment in smallholder marketing that should be supported in other countries as well.

The principles should therefore aim at removing perverse incentives for unsustainable, unjust and inequitable agricultural systems; e.g. via reorienting agriculture ministry budgets, scrapping tax breaks for big agribusiness, redirecting subsidies for agrichemicals to more sustainable forms of farming, enhancing of alternate market access and value chains where smallholders are in greater control and their rights are secured.

### **Land rights**

Investment should respect legitimate tenure rights of women, smallholders and indigenous communities as pre-condition for them being responsible. In addition to recognize the free, prior and informed consent for indigenous communities, the principles should clearly demand States to introduce provisions which prohibit large-scale appropriation of land, water and other natural resources, and impose maximum limits on the quantity of these resources that private investors (domestic and foreign) can control or own..."<sup>11</sup>. Challenging governments to prove that any new land acquisitions will do no harm and are the best long term option before giving them the going ahead, and to enshrine the rights of vulnerable groups to land first and foremost.

The rai principles should discourage large-scale land acquisitions by international investors; recommend careful public scrutiny and screening of potential human rights abuses for all new land investments; and ensure that land investments do not compromise access to land for smallholders, women, fisherfolk and forest dwellers.

### **3) Are the roles and responsibilities of relevant stakeholders clearly defined in order to facilitate implementation of the principles?**

This part is probably the weakest one as it doesn't address properly the different roles and responsibilities of the different stakeholders, without taking into account the power imbalances among different factors such as smallholders and foreign companies for example. When entering into the terrain of market environment, we cannot ignore this power imbalances and states have the responsibility to create the fair conditions for the most vulnerable. We also recommend one single part on roles and responsibilities. Here the different investors should be differentiated in their different roles and responsibilities. We recognize that roles and responsibilities should be grouped by actor and not by principles, to avoid repetition and redundancy.

Under the section in which states are encouraged to take specific actions, this particular concern should be addressed in the following way:

- by adding a recommendation at the top to develop national regulatory and institutional frameworks to facilitate and promote small holder farmers and regulate private investors so as to improve both local and global food security and nutrition
- taking into account power imbalance when the state is encouraged to provide service and incentives, non-discriminatory access to investment opportunities and productive resources, to promote a competitive and transparent market environment "for all investors", and encourage investment policies that promote smallholders investment first, and regulate and channel foreign investment consistent with these principles.
- by putting major emphasis in agroecology as the viable solution already practiced by many smallholders to foster productivity while preserving the environment and the natural resources base.

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<sup>9</sup> HLPE. 2013.

<sup>10</sup> <http://www.ams.usda.gov/foodhubs>

<sup>11</sup> Cited in: HLPE, 2011.

Under the section dealing with **investors responsibilities**, the principles cannot ignore the different impacts irresponsible investment by larger companies are having on tenure rights and livelihoods of communities. In addition to the respect of human rights obligations, private investors, especially large companies, should apply the standards set by the Voluntary Guidelines on responsible governance of tenure of land, fisheries and forests with regard to investment, and these standards should be spelled out more clearly such as :

- ensuring transparency of negotiations and contracts and adequate access to information related to investment.
- assessing the positive and negative effects of the investment through impact assessments
- introducing appropriate safeguards such as parliamentary approval for investment exceeding a certain scale
- engaging in a proper process of participation and consultation with those affected under the guidance of the national state and apply the principle of free, prior and informed consent for indigenous communities.