Principles for responsible agricultural investment - and the Swedish interest

The Royal Swedish Academy of Agriculture and Forestry
11th November 2013

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October 2012: rai principles - expectations

“The principles are expected to promote investments in agriculture 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.”
Request – October 2012

- smallholder agriculture
- reducing poverty
- decent employment opportunities
- environmental sustainability
- avoiding negative consequences
- endorsement in October 2014
Intention and Stakeholders

- provide practical guidance
- governments
- private and public investors
- intergovernmental and regional organizations,
- civil society organizations
- research organizations and universities
- donors and foundations
- consultative process
Background - why rai?

**PRAI**
- FAO, IFAD, UNCTAD, WB

**VGGT**
- CFS
  - Members of FAO, IFAD, WFP
  - Civil Society
  - Private Sector
Added value? Ambitious ToR

What can rai add that existing agreements do not already cover?

- All-encompassing:
  
  Agriculture and food systems
  
  = agriculture, forestry and fisheries

- Ethical stamp?

- CFS to prove its value?

Zero Draft - Discussions

First Draft - Negotiations
What has happened since the ToR?

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- Difficult discussions
- Delays
- No agreement on the Zero Draft

” + ”

- Awareness
  - PSM
  - CSM
  - MS
The Process in Sweden

- February: position with focus on developing countries and land
- May – July: stakeholder identification
- September: revised position

-> provide practical guidance
The big picture
- Swedish investors abroad

- Agriculture – a difficult sector in need of investments
- “Scrutinizing eyes”
- Information not easily found

The above graph shows FDI outflows in 2012. (UNCTAD: Global Investment Report 2013)
What is currently being used? i.a.

**AP2**: Principles for Responsible Investments in Farmland

**Swedfund**: “The investments should be economically and socially sustainable … in accordance with international norms and principles for sustainable business and should not contribute towards tax avoidance, money laundering or terrorism”

**Nordea**: Principles based on finance, social and environmental impacts of an investment with a focus on health and safety.

**BUT**: no agricultural investments anymore
Addax Bioenergy/Swedfund
- Sierra Leone, biofuel plantations

They work according to the countries regulatory framework, IFC’s Performance Standards on Social and Environmental Sustainability, the African Development Bank’s policies and procedures, EU’s Renewable Energy Directive, the Better Sugar Cane Initiative and the Roundtable on Sustainable Fuels.

Develop energy for local consumption, create job opportunities, and develop roads and infrastructure

Signed agreements with individual land owners as well as the local authorities

The low participation and exclusion of women is a real problem in the area, and is a concern of the company

Farmer’s Development Programme, developed to increase food security and train farmers in improved agricultural practices in order to increase their productivity.

Part of the process of developing the 2013 Sierra Leone Guidelines for Sustainable Agriculture and Bioenergy Investments

FAO Bioenergy and Food Security refer to Addax when it comes to good practices in modern bioenergy
Falbygdens ost, Lithells, Sibylla
- Finnish Atria

Frödinge, Kalles kaviar, Felix, Ekströms
- Norwegian Procordia Food

Wasabröd
- Italian Barilla Group

Slotts, GB
- British Unilver

Annas pepparkakor
- Belgian Lotus Bakeries

Svenska Lantägg - Danish Hedegaard Foods

Kronägg - Danish Danaeg

Skånemejerier - French Lactalis

Nordic Sugar - German Nordzucker

OLW - Norwegian Orkla

Estrella - Norwegian Herkules
Are foreign investments in Sweden and by Swedish investors considered responsible?
Swedish Position

- Promote investments in agriculture, forestry and fisheries – whole value chain
- Applicable and useful principles for investors that add something new to the table
- Process itself is important
- Open process involving a diverse stakeholder group in Sweden – want to see other countries do the same
- Should help increase agricultural productivity in a sustainable manner with regards to environmental resources, indigenous people and land tenure rights
- Follow-up mechanism
Particularities and "issues"

- Higher Education
- Waste Management
- Food Safety
- Emerging issues:
  - Principles versus guidelines
  - Biofuels
  - Indigenous people
  - Animal health
The Swedish government encourages investments – both here in Sweden and abroad. In relation to other regions, Africa and Asia have gained most attention.

Key for application of rai principles:
National food security plans and strategies
Food for thought…

• How do we ensure that our international agreements are applicable and useful?

• What trust do we have in the investors/companies’ custom-made guidelines?
  What happens when an investor seemingly works in line with international norms, principles and guidelines, yet fails? Credibility, trust?
Thank you for your attention!