

# Why We Oppose the Principles for Responsible Agricultural Investment (RAI)

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**THE GLOBAL CAMPAIGN FOR AGRARIAN REFORM  
LAND RESEARCH ACTION NETWORK**

FIAN International \* Focus on the Global South \* La Via Campesina  
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In recent years a new development has emerged, commonly known as “the global land grab.” With this new development, it has increasingly been acknowledged that large-scale investments in agricultural lands can have negative impacts in terms of human rights, social cohesion, sustainable food production, household food security and environmental protection for the receiving/host country. Declaring a concern to mitigate the negative impacts of such investments, various international institutions and national governments have called for guidelines, codes of conduct or principles to govern these investments. The World Bank (WB) and the International Food Policy Research Institute (IFPRI) were among the first proponents of such a perspective. The “Principles for Responsible Agricultural Investment that Respects Rights, Livelihoods and Resources” (RAI), now jointly promoted since January 2010 by the WB, the International Fund for Agricultural Development (IFAD), the United Nations Conference on Trade and Development (UNCTAD) and the Food and Agriculture Organisation (FAO), is the most advanced initiative in this respect.<sup>1</sup>

In a public statement released in April 2010, La Via Campesina, FIAN International, the Land Research and Action Network, GRAIN and others strongly rejected the RAI as it is a move to try to legitimize what is

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<sup>1</sup> See [www.responsibleagroinvestment.org/rai/](http://www.responsibleagroinvestment.org/rai/).

absolutely unacceptable: the long-term corporate (foreign and domestic) takeover of rural people's farmlands.<sup>2</sup>

In this briefing, this rejection is reiterated: The seven principles are constructed to look reasonable and persuasive, even though they are not. It is particularly problematic to advance principles supposedly meant to guide certain policy measures knowing very well that these principles are utterly inadequate as regulation of policies that violate human rights and international law.

States are duty-bound under international law, in particular Art. 11 of the International Covenant on Economic, Social and Cultural Rights (ICESCR), as interpreted in the General Comment 12 of the UN Committee on Economic, Social and Cultural Rights and in the FAO Right to Food Guidelines 8, to carry out agrarian reforms safeguarding people's access to land and to other appropriate means of production, allowing them to feed themselves and the populations of their countries in dignity. Taking into consideration future land needs of rural populations (the African population for example will double between 2010 and 2050), safeguarding land reserves for these populations is imperative.

Land grabbing forecloses vast stretches of lands for current and future use by peasants and nomads, and therefore is in breach of these obligations. This fact cannot be remedied by any "principle." Violations of international law are also implied by a number of aspects connected to land grabbing such as the deprivation of peoples of their means of livelihood, the introduction of non-sustainable forms of agriculture that destroy local natural resources, forced evictions without proper rehabilitation and compensation, denial of information, and prevention of participation in political decisions affecting one's lives.

This briefing is meant to show the fundamental flaws and short-comings of both, the RAI initiative and of the RAI principles themselves, principle by principle. In a second step, we will raise the institutional and procedural problems related to the way this initiative has come about.

**(1) RAI Principle on Land and Resource Rights: Existing rights to land and natural resources are recognized and respected.**

Identification of all right holders and legal recognition of all types of land rights might be necessary conditions, but they are not sufficient to effectively guarantee respect for, and protection and advancement of the right to land of local communities.

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<sup>2</sup> See <http://www.focusweb.org/content/stop-land-grabbing-now> <http://www.fian.org/resources/documents/others/stop-land-grabbing-now/?searchterm=stop%20land%20grabbing>

First, as formulated, this principle is more concerned about ensuring a smooth transferability of existing land rights to investors, than it is about keeping the lands of rural people and communities in their hands now and in the future.

Second, the concept of “existing land rights” does not cover the rights of landless people to (re)gain effective access to land. The fact that the best farmlands are being taken over by private investors precludes the possibility of either landless or land-scarce people to obtain or substantially improve their “existing” land rights. This is a fundamental contradiction in the RAI initiative. In most contexts agrarian reform--including land redistribution--is an obligatory measure under the human right to food. Reducing the land resources available for such redistribution and orienting agrarian policies away from agrarian reform are regressive measures and therefore, violations of the human right to adequate food and the ICESCR.

Third, in rapidly growing populations, precautionary measures are mandatory to make available additional land resources to future generations. This is not covered by “existing land rights”.

In reality, deciding who has rights over which land resources is essentially a political matter that involves conflicting interests and power relations; these are not merely technical or administrative problems. Which interpretation of land rights and 'development' will prevail in making these decisions depends on the prevailing balance of power. History shows that almost always, when “one-size fits all” technical approaches to land rights are used, the interests of capital, favouring the rich (and the state) prevail, leading to further marginalisation of peasant and working classes through dislocation, displacement or dispossession. The RAI initiative’s framework of land and resource rights focuses on technical issues; it is essentially blind to politics and class issues, and will undermine, not promote, the right to land of women, peasants, pastoralists, indigenous peoples.

**(2) RAI Principle on Food security: investments do not jeopardise food security, but rather strengthen it.**

Food security assessments usually rely on official, nationally aggregated data on supply and demand of food -- regardless of who produces the food, where it comes from, how it is produced, or who actually has access to food below the national-level, aggregated food supply data.

As a result, what can end up happening is that some countries will produce food and biofuels for commercial trade within and outside their

national borders, and import foodstuffs from abroad. By defining food security within official and nationally aggregated terms, one will not see the environmental and social flaws and problems of prevailing production, distribution and consumption patterns. Net food production might increase due to large-scale investments in industrial agriculture, but at the unacceptable cost of having dispossessed local communities of their land, of having destroyed the local peasantry and (nomadic and sedentary) livestock keepers, of making destructive use of soils and water sources. Food security is a very limited concept and using it as a foundational principle, as is done in the RAI initiative, will have devastating consequences for local farming, fishing and pastoral communities across the globe. That is why we talk in terms of the human right to adequate food and of food sovereignty.

**(3) RAI Principle on transparency, good governance and enabling environment: processes for accessing land and making associated investments are transparent, monitored, and ensure accountability.**

Transparent and monitored processes for accessing land and making associated investments are desirable policies, but do not by themselves alone guarantee outcomes in favour of the poor. That is why we should always link the idea of transparency with the principle of accountability to the poor, which is something the RAI initiative completely fails to do. In fact, the way this principle is formulated in the RAI initiative responds more to the demands of many (trans)national companies for transparent land acquisition processes and a “stable and efficient investment climate” in order to avoid insecure/unstable informal land transactions and investments. But even if these transactions were to become transparent (which is highly questionable since many companies in fact do not want to share sensitive information), they will not suddenly become beneficial for peasants. History and experience across the globe have shown this time and again. In fact, it is often through transparent and even “legal” processes that farming, fishing, pastoral and forest communities get dispossessed, and natural environments and fragile ecosystems get destroyed.

**(4) RAI Principle on consultation and participation: those materially affected are consulted and agreements from consultations are recorded and enforced.**

As envisioned by the RAI initiative, this principle assumes that the outcome of consultations will always be acceptance of the investment project. This turns consultation into mere “window dressing” – a way to package the outcome so that it appears more legitimate.

But if we take the right to participation of project affected peoples seriously, if people are in a position to make an impartial prior assessment about the socio-economic and environmental impacts of the project – including having the chance to explore alternatives to it -- they might come to the conclusion that it is better not to carry out this kind of project. This principle and the mainstream understanding of “consultation” do not foresee or truly allow for this possibility at all, and are in this sense profoundly flawed. Indeed, project affected peoples have been “consulted” in many large-scale land acquisitions in recent years, as has been documented in the Gaza province of Mozambique, in Kenya and in many other countries. But still the outcomes of such land deals were dispossession or adverse incorporation. In many countries, national and transnational companies, national elites and governments have manipulated “consultations” for promoting their interests in land deals that run counter to the interests and human rights of farming, fishing and pastoralist communities.

More generally, it should be kept in mind that governments carry binding legal obligations towards future generations in terms of availability of resources, guardianship of ecosystems, and for the type of agriculture and structure of land use they promote. These obligations cannot be denied, even after consultation with those currently affected.

**(5) RAI Principle on economic viability and responsible agro-enterprise investing: projects are viable in every sense, respect the rule of law, reflect industry best practice, and result in durable shared value.**

What is “economic viability”? To tailor all policies and strategies in the host country to suit foreign investors so that they can be competitive in the world market? This principle reveals the far-reaching implications of land grabbing in terms of the political economy of the host countries.

Instead of prioritizing a model of agricultural production where women, farmers/peasants, pastoralists and all small-scale food producers are at its core, in which agro-ecological forms of farming and raising livestock are supported, and through which local markets and economies are strengthened, the RAI principles give legitimacy to policies that put the government and country at the service of large investors (foreign and domestic) and the destructive model of industrial agriculture. The International Assessment of Agricultural Knowledge, Science and Technology for Development (IAASTD) made very clear that this cannot be an option any longer. In light of the food and climate crises it is irresponsible to promote these kinds of investments. In human rights terms

this is discriminatory and does not comply with state obligations related to realising the right to adequate food.

The economic viability of an agro-industry and agro-industries that respect the rule of law and follow industry “best” practices do not necessarily result in processes and outcomes that advance the interests of project affected peoples and communities. In fact, there are endless examples where we see economically viable agro-enterprises that respect the rule of law, but which in varying degrees, have resulted in the dispossession of poor people/communities and/or the adverse incorporation of the latter in the emerging agribusiness enclaves. Viable economic businesses are not to be equated to viable welfare of the working poor or to the realisation of their economic, social and cultural rights.

**(6) RAI Principle on social sustainability: investments generate desirable social and distributional impacts and do not increase vulnerability.**

On many occasions, assessments of social sustainability are done from very narrow and ahistorical perspectives. For example, an assessment may look into the social welfare impacts of an agricultural investment project on a local community in terms of direct and indirect labour employment, but not examine the situation prior to and during land acquisition, when local communities were expelled. Such assessments also fail to consider that displacement and dispossession of people from resources have foreclosed people’s options for the future.

Promoters of projects such as Procana in Mozambique, often highlight the “social sustainability” components of these projects in terms of creating jobs and raising incomes; but there is no discussion at all about “social sustainability” in relation to the death of the long-held tradition of pastoralism, nor any investigation into the variety of different options to improve people’s livelihoods that respect their control over their resources and lives. From the point of view of the rural poor the main question is what kind of investment they need to realize their rights, not how to mitigate the negative impacts of large-scale investment projects.

**(7) RAI Principle on environmental sustainability: environmental impacts are quantified and measures taken to encourage sustainable resource use, while minimizing and mitigating their negative impact.**

In many instances, “quantification” and “measures” mean economic/monetary calculations. For example, it may be relatively easy to quantify and measure environmental costs when a case involves burning down and clearing a forest. However, it is not clear whether policy-makers will be

willing and able to quantify and measure the environmental costs of the fundamental food-energy model/complex within which an agricultural investment project is embedded. This includes the environmental costs of industrial, mono-crop agriculture, biodiversity loss, chemical contamination of soil and water, storage and transportation of food/crops over long distances, waste disposal, etc. In short, the very political economy-ecology contexts in which RAI land deals are embedded are inherently environmentally unsustainable. Entirely different types of investment projects need to be envisaged to encourage sustainable resource use.

### **RAI's institutional problems**

Now we will turn to the procedural and institutional problems of this initiative.

The RAI initiative is a response to the revived interest of large investors in agricultural production. The RAI principles are not conceived as public policy on agricultural investment nor as state regulation of private agricultural investment, but as self-regulatory policy advice to mitigate the negative impacts of large-scale land acquisition.

Following the rationale of self-regulation of the private sector, RAI principles do not include any reference to binding legal instruments, for example, national laws and regulations, or international human rights law; rather, they build on corporate social responsibility frameworks such as the Equator Principles, the Extractive Industry Transparency Initiative (EITI), Santiago Principles, OECD Guidelines for Multinational Enterprises, and numerous commodity or theme specific schemes.

Despite the obvious failure of the private sector to regulate itself, as we have seen during the financial crisis, other crises of “deregulation” and the recent crisis in the Gulf of Mexico, some sectors of international organisations and various governments still hold that this is the only possible form of corporate/private regulation. This is an irresponsible position. Regionally and globally, we urgently need to stop financial speculation in food commodities and the ‘financialisation’ of the real economy in general, and curb the power of those who seek control of the world's food systems. Strict mandatory and legally enforceable state regulations of investments/investors in sensitive sectors such as financial markets, food, agriculture and water should be put in place in order to overcome the multiple crises of food, agricultural sustainability and climate change generated by these actors.

RAI started as an agency-led initiative without participation of the governments of poor countries and of the people affected by such investments: women, peasants/farmers, indigenous peoples, fisherfolks, pastoralists and agricultural workers. Moreover, RAI is not anchored in a multilateral institutional setting with clear rules of procedure, decision making and accountability. Rather, RAI is a product of market-driven 'global governance' of food and agriculture in which technocrats with close ties to the private sector, and following a business agenda and certain ideological dogmas decide how the world's and peoples' resources should be used.