



## **CFS Principles for Responsible Investment in Agriculture and Food Systems** *First Draft (For Negotiation)*

<b>INTRODUCTION .....</b>	<b>1</b>
<b>BACKGROUND AND RATIONALE .....</b>	<b>1</b>
<b>OBJECTIVE.....</b>	<b>3</b>
<b>PURPOSE .....</b>	<b>3</b>
<b>NATURE AND SCOPE .....</b>	<b>3</b>
<b>INTENDED USERS .....</b>	<b>3</b>
<b><u>PRINCIPLES FOR RESPONSIBLE INVESTMENT IN AGRICULTURE AND FOOD SYSTEMS.....</u></b>	<b>4</b>
<b>STRUCTURE .....</b>	<b>4</b>
<b>CONCEPTUAL FRAMEWORK .....</b>	<b>4</b>
<b>PRINCIPLE 1: CONTRIBUTE TO FOOD SECURITY AND NUTRITION .....</b>	<b>5</b>
<b>PRINCIPLE 2: CONTRIBUTE TO SUSTAINABLE AND INCLUSIVE ECONOMIC DEVELOPMENT .....</b>	<b>5</b>
<b>PRINCIPLE 3: FOSTER GENDER EQUALITY AND WOMEN’S EMPOWERMENT .....</b>	<b>5</b>
<b>PRINCIPLE 4: ENGAGE AND EMPOWER YOUTH.....</b>	<b>6</b>
<b>PRINCIPLE 5: RESPECT TENURE OF LAND, FISHERIES, FORESTS AND WATER.....</b>	<b>6</b>
<b>PRINCIPLE 6: CONSERVE NATURAL RESOURCES AND CONTRIBUTE TO CLIMATE CHANGE ADAPTATION AND MITIGATION .....</b>	<b>6</b>
<b>PRINCIPLE 7: RESPECT FOR CULTURAL HERITAGE AND TRADITIONAL KNOWLEDGE .....</b>	<b>6</b>
<b>PRINCIPLE 8: PROMOTE SAFE AND HEALTHY PRODUCTIVE SYSTEMS .....</b>	<b>7</b>
<b>PRINCIPLE 9: INCORPORATE INCLUSIVE, AND ACCESSIBLE GOVERNANCE STRUCTURES, PROCESSES, AND GRIEVANCE MECHANISMS.....</b>	<b>7</b>
<b>PRINCIPLE 10: REVIEW IMPACTS AND ENSURE ACCOUNTABILITY AND TRANSPARENCY .....</b>	<b>7</b>
<b><u>ROLES, RESPONSIBILITIES, AND APPLICATION.....</u></b>	<b>8</b>
<b>STATES.....</b>	<b>8</b>
<b>INTERGOVERNMENTAL ORGANIZATIONS .....</b>	<b>9</b>
<b>PRIVATE SECTOR ENTERPRISES .....</b>	<b>10</b>
<b>FINANCING INSTITUTIONS, DONORS, FOUNDATIONS, AND FUNDS.....</b>	<b>11</b>
<b>RESEARCH ORGANIZATIONS, UNIVERSITIES, AND EXTENSION ORGANIZATIONS .....</b>	<b>11</b>
<b>CIVIL SOCIETY ORGANIZATIONS .....</b>	<b>11</b>
<b>COMMUNITIES .....</b>	<b>12</b>
<b>CONSUMERS.....</b>	<b>12</b>
<b>SHARED ROLES.....</b>	<b>12</b>

# Introduction

## Background and Rationale

1. Investing responsibly in agriculture and food systems is essential for enhancing food security and nutrition, creating decent employment opportunities, eradicating poverty, fostering social and gender equality, and ensuring sustainable development. Agriculture and food systems encompass the entire range of activities involved in the production, processing, marketing, retail, consumption, and disposal of goods that originate from agriculture, including food and non-food products, livestock, pastoralism, fisheries and forestry; and the inputs needed and the outputs generated at each of these steps. Food systems also involve the people and institutions that initiate or inhibit change in the system as well as the socio-political, economic and technological environment in which these activities take place.
2. There is significant evidence that investing in agriculture and food systems is one of the most effective ways of reducing hunger and poverty. Unfortunately, the very regions where food insecurity and poverty are most widespread are the regions where agricultural investment has been stagnant or declining. Addressing food security and nutrition dimensions - availability, access, stability, and utilization - requires a significant increase in responsible investment in agriculture and food systems. Investment alone cannot solve food and nutrition insecurity and poverty, but it can contribute to building stronger more resilient communities, and providing a foundation for other complementary interventions.
3. Investment includes capital formation, the acquisition and/or creation of resources to be used in production including physical, human, and intangible capital and resources. Therefore responsible investment specifically addresses how to create, acquire, and form capital, considering the long term health and stability of economic, environmental, social, governance, and cultural systems. The starting point for defining how responsible investment in agriculture and food systems can contribute specifically to food security and nutrition is the recognition and respect for human rights, in line with the Universal Declaration of Human Rights and other relevant international human rights instruments.
4. Given the key role of smallholders - women and men - in investing in agriculture and food systems, it is particularly important that their capacity to invest be strengthened. Responsible investment includes priority investments in, by, and with smallholders such as small farmers, pastoralists, artisans, fishers, forester dwellers, and processors. Doing so however does not require only a focus on these actors, but also engaging with and promoting responsible investments by other actors, including foreign and domestic investors, large, medium and small, throughout agriculture and food systems.
5. Investing in agriculture and food systems can produce multiplier effects for complementary sectors, such as the service or manufacturing industries; thus further contributing to food security and nutrition, and overall economic development. In order to deliver direct and indirect benefits, particularly to the most vulnerable, responsible investment in agriculture and food systems must be financially and economically viable. Without accompanying investment in public goods and services, such as infrastructure, many investments in agriculture and food systems would not be viable. However, financial and economic viability in agriculture and food systems is also dependent on well-functioning ecosystems and enhancing existing natural resources over the long-term, which are scarce or degraded in many places, and are threatened by the growing impacts of climate change and natural disasters. Secure tenure of natural resources is necessary to foster responsible investments in agriculture and food systems. At the same time, the value of safety and health in generating productive agricultural and food systems cannot be understated and investing responsibly means thinking holistically in terms of human, animal, environmental and overall public

health. Responsible investment does not discriminate among individuals on the basis of gender or age, and seeks ways to respect culture and tradition while empowering marginalized groups.

6. A primary element of promoting responsible investment in agriculture and food systems is creating an enabling environment. This can only be accomplished with coherent and transparent policies, laws and regulations which are evidence based and have equitable, inclusive, and gender sensitive governance structures which support the application of the Principles outlined herein in each specific country context. Addressing challenges and opportunities associated with promoting responsible investment in agriculture and food systems depends on transparent coordination, cooperation, and partnership among stakeholders to create positive impacts. In turn, assessing the effectiveness of policies, laws and regulations, programs, and initiatives on food security and nutrition is necessary to identify where and how to improve. Responsible investment in agriculture and food systems also means that when impacts are not positive or policies, laws and regulations, programs and initiatives are shown to be ineffective, that stakeholders are accountable and changes are made.
7. While there have been a number of initiatives which have aimed to address responsible agricultural investment in a variety of ways, the CFS members requested Principles which would specifically put food security and nutrition at the forefront of promoting additional investment in agriculture and food systems. The CFS thus aimed to incorporate existing initiatives in the development of the Principles and to add value by including investment promotion, food security, and smallholders in the focus. The CFS multi-stakeholder platform and consensus driven approach seeks to foster global ownership and application of Principles for responsible investment in agriculture and food systems.
8. The Principles were developed by an Open Ended Working Group over the course of October 2012 – October 2014. They are based on an inclusive process of consultations that occurred from November 2013 – March 2014. Regional consultations and workshops were held in Africa, Europe and Central Asia, North America, Asia and the Pacific, Latin America and the Caribbean, and the Near East. The Principles also include feedback received through an electronic consultation on the Zero Draft. Consultations included governments, UN agencies, civil society and non-governmental organizations, international agricultural research institutions, private sector associations and private philanthropic foundations, international and regional financial institutions.
9. The Principles were endorsed by the CFS at its .....Session on .....

## Objective

10. The objective of the Principles is to promote responsible investment in agriculture and food systems that contribute to food security and nutrition, thus supporting the progressive realization of the right to adequate food in the context of national food security.

## Purpose

11. This document seeks to:
  - i. Address the core elements of what makes investment in agriculture and food systems responsible;
  - ii. Identify who the key stakeholders are, and their respective roles and responsibilities to invest responsibly in agriculture and food systems.
12. At the same time, it is important to be clear about what the Principles are not. The Principles are neither detailed guidelines nor legal norms. The Principles address all types of investment in agriculture and food systems at a broad level and cannot go into specific detail given their nature and scope.
13. This document aims to serve as a framework to guide the actions of all stakeholders engaged in agriculture and food systems by defining Principles which can both promote much needed investment and mitigate potential risks for food security and nutrition.

## Nature and Scope

14. The Principles are voluntary and non-binding and should be interpreted and applied consistently with existing obligations under national and international law, with due regard to voluntary commitments under applicable regional and international instruments. They should be interpreted and applied in accordance with national legal systems and their institutions. Nothing in the Principles should be read as limiting or undermining any legal obligations to which a State may be subject under international law.
15. The Principles are global in scope and have been developed to be universally applicable, acknowledging the particular role of smallholders worldwide, in combination with other stakeholders, in addressing food security and nutrition. They are designed to be applicable to all sectors and all stages of agriculture and food systems.

## Intended Users

16. The Principles address stakeholders involved in, benefitting from, or are affected by investments in agriculture and food systems. Primary users of the Principles include:
  - i. States;
  - ii. Inter-governmental organizations;
  - iii. Private sector enterprises;
  - iv. Financing institutions, donors, foundations, funds;
  - v. Research organizations, universities, and extension organizations;
  - vi. Civil society organizations;
  - vii. Communities;
  - viii. Consumers.

## Principles for Responsible Investment in Agriculture and Food Systems

17. This section first addresses the structure of the Principles, followed by the conceptual framework, and concludes with the ten Principles, with supporting guidance on the means to achieve each principle.

### Structure

18. The Principles are worded as continuous actions in order to illustrate the on-going nature of ensuring responsible investment in agriculture and food systems and to encourage uptake. The Principles address both enhancing the positive impacts of investment, and the promotion of processes and mechanisms which contribute to food security and nutrition.
19. The Principles have been grouped in a way to illustrate the integrated multi-faceted nature of food security and nutrition. Principle One is complemented by nine supporting Principles, which are all integral to achieving food security and nutrition. The Principles are the essential actions for responsible investment in agriculture and food systems and the text below each Principle provides the means of accomplishing the action. In some cases, all of the means may be required to achieve the Principle, while in others they may not. The means to achieve the Principles should be determined by each user within their specific context.

### Conceptual Framework

20. Food security exists when all people, at all times, have physical, economic and social access to sufficient, safe, and nutritious food to meet their dietary needs and food preferences for an active and healthy life. The four key dimensions of food security are availability, access, stability and utilization by the body. While not always explicit, each dimension contains nutrition considerations and components crucial to the links in the chain between national food economies, households and individual well-being. Adequately addressing nutrition implies that all people at all times consume food of sufficient quantity in calories and quality in terms of variety, diversity, nutrient content and safety to meet their dietary needs and food preferences for an active and healthy life, coupled with a sanitary environment, adequate health, education and care.
21. The Principles rely on the following agreed documents as the foundation for the content included herein:
  - i. Universal Declaration of Human Rights - *Adopted by the UN General Assembly on 10 December 1948* and other human rights treaties which are binding for the respective State Parties;
  - ii. International Labour Organization Declaration (ILO) on the Fundamental Principles and Rights at Work – *Adopted by the International Labour Conference in June 1998*;
  - iii. Voluntary Guidelines on the Progressive Realization of the Right to Adequate Food in the Context of National Food Security – *Adopted by FAO in 2004*;
  - iv. United Nations Declaration on the Rights of Indigenous Peoples – *Adopted by the United Nations General Assembly on 7 September 2007*;
  - v. Guiding Principles on Business and Human Rights – *Endorsed by the UN Human Rights Council in June 2011*;
  - vi. Voluntary Guidelines on the Responsible Governance of Tenure of Land, Fisheries and Forests in the Context of National Food Security – *Adopted by the CFS in May 2012*;
  - vii. [Voluntary Guidelines for Securing Sustainable Small-scale Fisheries in the Context of Food Security and Poverty Eradication – *Adopted by COFI in June 2014*].
22. The Principles build on this foundation to address specifically how responsible investment in agriculture and food systems can and should be conducted in order to foster food security

and nutrition. Users of the Principles should rely on the additional support of the guidance provided in these documents where further detail on a specific issue is required.

23. Overarching values which are embedded throughout and frame the Principles overall include the human dignity of all individuals, equity, non-discrimination, gender equality, consultation and participation, social justice, the rule of law, transparency, accountability, and continuous improvement. The concept of 'do no harm' underpins the Principles and applies to both intentional actions and non-actions or omissions.

### **Principle 1: Contribute to food security and nutrition**

24. Responsible investment in agriculture and food systems contributes to positive impacts on food security and nutrition, particularly for the most vulnerable, at the household, local, national, regional, and/or global level through:
  - i. Increasing sustainable production and productivity of safe, nutritious, diverse, and culturally adequate food and reducing food loss and waste;
  - ii. Improving income and the ability to produce one's own food;
  - iii. Enhancing well-functioning markets and related infrastructure and increasing the resilience of agriculture and food systems;
  - iv. Enhancing access to clean water, sanitation, energy, technology, childcare and healthcare, and education on how to prepare, provide, and maintain safe and nutritious food.

### **Principle 2: Contribute to sustainable and inclusive economic development**

25. Responsible investment in agriculture and food systems contributes to sustainable and inclusive economic development by:
  - i. Respecting ILO core labour standards of freedom of association, the right to collective bargaining, the elimination of forced and compulsory labour, the abolition of child labour; and the elimination of discriminatory practices in the workplace;
  - ii. Creating new employment opportunities, and fostering decent work through improved working conditions, operational safety and health, and/or training for career advancement;
  - iii. Improving income, generating shared value through fair contracts, fostering entrepreneurship and market opportunities, both on-farm and for upstream and downstream stakeholders;
  - iv. Contributing to social protection and the provision of public goods and services such as research, education, capacity development; finance, infrastructure, market functioning;
  - v. Developing opportunities for greater collaboration, coordination, and partnership to maximize synergies for improvement of livelihoods.

### **Principle 3: Foster gender equality and women's empowerment**

26. Responsible investment in agriculture and food systems fosters gender equality and women's empowerment by:
  - i. Ensuring that all people are treated fairly according to respective needs and constraints;
  - ii. Eliminating all measures and practices that discriminate or violate rights on the basis of gender;
  - iii. Fostering access to land, natural resources, inputs, productive tools, extension, advisory, and financial services, education, training, markets, information and inclusion in decision-making;
  - iv. Adopting innovative approaches, measures, products and services to circumvent gender based constraints to participation and leadership.

#### **Principle 4: Engage and empower youth**

27. Responsible investment in agriculture and food systems engages and empowers youth by:
- i. Fostering access to land, natural resources, inputs, productive tools, extension, advisory, and financial services, and markets, information, and inclusion in decision-making;
  - ii. Providing adapted training, education, and mentorship programs for youth to increase their productivity and/or access to decent employment and entrepreneurship opportunities;
  - iii. Promoting innovation and new technologies, combined with traditional knowledge, to attract youth to be drivers of change in agriculture and food systems.

#### **Principle 5: Respect tenure of land, fisheries, forests and water**

28. Responsible investment in agriculture and food systems recognizes and respects all legitimate tenure rights, including informal and customary rights, as well as common property, in line with:
- i. The Voluntary Guidelines on the Responsible Governance of Tenure of Land, Fisheries and Forests in the Context of National Food Security and;
  - ii. [The Voluntary Guidelines for Securing Sustainable Small-scale Fisheries in the Context of Food Security and Poverty Eradication].

#### **Principle 6: Conserve natural resources and contribute to climate change adaptation and mitigation**

29. Responsible investment in agriculture and food systems both conserves and enhances natural resources, and contributes to climate change mitigation and adaptation by:
- i. Mitigating risks to and remedying negative impacts on air, land, soil, water, forests, and biodiversity;
  - ii. Supporting and conserving ecosystem services, including biodiversity and genetic diversity;
  - iii. Reducing waste and losses in production, storage, processing, transport, consumption and identifying ways to enhance the efficiency of production and the productive use of waste and/or by-products;
  - iv. Increasing resilience of agriculture and food systems, supporting habitats, and related livelihoods to short and long term effects of climate change through adaptation measures which also reduce and/or remove greenhouse gas emissions where possible;
  - v. Exploring strategies to integrate traditional and scientific knowledge with best practices and technologies, such as through agro-ecological approaches, to foster sustainable intensification.

#### **Principle 7: Respect for cultural heritage and traditional knowledge**

30. Responsible investment in agriculture and food systems respects cultural heritage and traditional knowledge by:
- i. Valuing and supporting traditional knowledge together with diversity and innovation, particularly related to local agriculture and food systems, seeds, and farmers and breeders rights;
  - ii. Safeguarding cultural heritage sites and traditional practices which do no harm;
  - iii. Providing fair and equitable sharing of benefits from commercialization of cultural heritage consistent with custom and traditions and the approval and involvement of holders of such knowledge, innovations, or practices;
  - iv. Safeguarding consumer choice for a safe, nutritious, diverse, and culturally adequate diet.



## **Principle 8: Promote safe and healthy productive systems**

31. Responsible investment in agriculture and food systems promotes safe and healthy productive systems through:
- i. Recognizing safety, quality, and the nutritional value of food and agricultural products as important components of achieving access to domestic and international markets;
  - ii. Accounting for animal health and welfare, and plant health, to sustainably increase productivity, product quality, and safety;
  - iii. Improving management of agricultural inputs and outputs, to enhance the efficiency of production and minimize potential threats to human, animal and environmental health;
  - iv. Managing risks to public health across agriculture and food systems, including strengthening science based food control strategies and programmes, with supporting infrastructure and resources.

## **Principle 9: Incorporate inclusive, and accessible governance structures, processes, and grievance mechanisms**

32. Responsible investment in agriculture and food systems incorporates equitable and inclusive governance structures, processes, decision-making, and grievance mechanisms through:
- i. Respecting the rule and application of law free of corruption, and the sharing of information in an inclusive, equitable, and transparent manner;
  - ii. Engaging with and seeking the support of those who could be affected by investment decisions prior to decisions being taken and responding to their contributions, taking into account existing power imbalances and ensuring active, free, effective, meaningful and informed participation of affected individuals and groups;
  - iii. Seeking free, prior, and informed consent with regard to the rights of indigenous peoples;
  - iv. Providing non-discriminatory, fair, gender sensitive, effective, accessible, affordable, timely, and transparent administrative procedures, mediation, and grievance and dispute resolution mechanisms.

## **Principle 10: Review impacts and ensure accountability and transparency**

33. Responsible investment in agriculture and food systems includes mechanisms to review economic, social, environmental, and cultural impacts and ensure accountability and transparency of each actor to all relevant stakeholders by:
- i. Ensuring that mechanisms provide for prior, independent, and participatory assessments of potential and realized impacts and involve all relevant stakeholder groups;
  - ii. Defining baselines and measuring impacts;
  - iii. Identifying mitigation measures for potential negative impacts in cooperation with relevant stakeholders;
  - iv. Regularly assessing changes and communicating results to stakeholders;
  - v. Implementing remedial actions in the case of negative impacts and/or non-compliance with applicable national laws and/or contractual obligations.



## Roles, Responsibilities, and Application

34. This section addresses how and by whom responsible agricultural investment should be promoted and conducted at all levels of agriculture and food systems. The roles and responsibilities and options for application by each of the primary users are outlined in the following section.

### States

35. States are the main actors responsible for ensuring food security and nutrition, and fulfilling the progressive realization of the right to adequate food; respecting, protecting and fulfilling the human rights of all individuals, particularly the most vulnerable. As part of States' role in ensuring food security and nutrition, States should establish a clear expectation that all enterprises domiciled in their territory and/or jurisdiction respect human rights throughout their operations by passing regulation to ensure that conduct is consistent with the Principles.
36. States should apply the Principles in a way to ensure food security and nutrition within their own territory. States should develop stable, long-term national social protection strategies and safety nets that can be scaled up to mitigate negative impacts as a result of food price volatility, natural disasters, and other shocks and crises, for the most vulnerable.
37. States have a fundamental role to establish and enforce laws. States should ensure that all actions related to promoting responsible investment in agriculture and food systems both at home and abroad, are consistent with and mainstreamed throughout existing obligations under national and international law, with due regard to voluntary commitments under applicable regional and international instruments. States should maintain adequate domestic policy space to meet their human rights obligations and apply the Principles when pursuing business-related policy objectives with other States or business enterprises, for instance through investment treaties or contracts. At the same time, States should not apply the Principles to promote protectionist interests or in a way which imposes their own policies on other nations.
38. States should promote an enabling policy, regulatory, and institutional environment to attract responsible private investment. The foundation for an enabling institutional and policy environment is coherence and consistency among policies, laws, and regulations in the range of areas related to agriculture and food systems including livestock, fisheries, forestry, water, infrastructure, trade, environment, energy, land, rural development, research and education, public health, food safety and quality, nutrition, taxes and incentives, and social protection, among others. Coherence and consistency is further strengthened by multi and inter-sectorial planning and coordination. Policy coherence, related to both domestic and foreign transactions and all types of stakeholders should be addressed through:
  - i. Reviewing existing policies, laws, and regulations to identify gaps and opportunities in mainstreaming the Principles;
  - ii. Promoting the meaningful participation of representatives of all stakeholders in agricultural and food system investment policies and/or policy-making;
  - iii. Mainstreaming the Principles through the adaptation or development of transparent and stable policies, laws, regulations, and enforcement and accountability mechanisms;
  - iv. Ensuring coordination and support at different levels of government;
  - v. Ensuring non-discriminatory access to information, services, incentives, resources, and relevant government bodies;
  - vi. Support impartial and competent judicial and administrative bodies and legally binding mechanisms for non-discriminatory, fair, gender sensitive, effective, accessible, affordable timely and transparent resolution of disputes.

39. States are encouraged to establish multi-stakeholder platforms and frameworks at local, national and regional levels to formulate national strategies for applying the Principles.
40. States should provide public goods and services which are necessary for investment in agriculture and food systems including infrastructure, energy, research and development, education and health services, and social protection, among others. This can entail prioritizing investment in human and institutional capacity to provide these goods and services. Where States may not have adequate resources to provide all necessary goods and services, opportunities for public-private partnerships should be explored.
41. States should give due priority to enabling, supporting and complementing smallholders' own investment, taking into account their specific needs and constraints. Smallholders' needs and constraints should be addressed and reflected in policies, laws and regulations, and strategies to address capacity development through improved access to inputs, extension, advisory, and financial services, education, training, and access to markets. States should promote access to inputs and technologies that improve the safety, quality, and diversity of smallholders' production taking into account market regulations and voluntary standards to foster market access. In line with States' support to smallholders' own investment, States should ensure transparent and efficient market operations to prevent uncompetitive practices and abuse of power. States should simplify administrative procedures in order to avoid discouragement of market participation by smallholders.
42. States should provide adequate resources for education, training and capacity development to small enterprises, cooperatives, and producer organizations to foster their ability to engage with other market actors and/or to produce the goods that they need. States should foster fair and inclusive business models and private public partnerships in order to promote sustainable and inclusive development, in line with the Principles.
43. States are also investors, both directly and through state agencies operating domestically or abroad. Where States own, control, or substantially support business enterprises, they should ensure that relevant laws, policies, and regulations are implemented within the enterprise's activities. When States or state affiliated enterprises invest or promote investments abroad, they should ensure that their conduct is consistent with the Principles.
44. States are also consumers with substantial purchasing power and marketing ability. States should align their procurement and outreach strategies with the Principles and may want to consider procuring locally.
45. States should establish monitoring or assessment systems to measure both the aggregate impacts of investment in agriculture and food systems and to review the effectiveness of the related government regulatory framework. Where negative impacts occur or laws, policies and regulations are not effective in addressing the issues covered by the Principles, States should take corrective action and provide mechanisms whereby aggrieved parties can also request such action. States should also establish monitoring and reporting regulations with associated guidance for non-state stakeholders, including accountability and enforcement mechanisms. States are encouraged to use national human rights institutions in the monitoring and implementation of the Principles.

### **Intergovernmental organizations**

46. Inter-governmental organizations, including regional organizations, have a key role to play in integrating the Principles in their own policies and programs, outreach activities, and frameworks with member States through technical assistance and/or other means. They should ensure that their own support to investments does not lead to violations of human

rights of affected stakeholders, and that their support to investments is in line with the Principles outlined herein. Inter-governmental organizations should support investment in the development of relevant human and institutional capacity, required to support the application of the Principles. Inter-governmental organizations can also serve as a forum for sharing of experiences related to responsible agricultural investment and implementation of the Principles outlined herein.

## Private Sector Enterprises

47. Private Sector Enterprises – defined as business organizations that are not state controlled – can range in size from small, medium or large and can be domestically or foreign owned, cooperatives or single operators. Therefore, it is important to differentiate their roles and responsibilities related to the promotion of responsible investment in agriculture and food systems. While some roles and responsibilities will be universal among all enterprises, some are specific, particularly related to the size of the enterprise. However, defining enterprise size is country and context dependant and the roles and responsibilities outlined below should be applied in accordance with nationally appropriate definitions of enterprise size.
48. All private sector enterprises of all sizes have a responsibility to comply with relevant national policies, laws and regulations and act with due diligence to avoid infringing on the human rights of groups and individuals. All private sector enterprises should respect the key human rights instruments as provided under the Conceptual Framework for the Principles, even where the implementation of human rights under national policies, laws and regulations is weak. The scale and complexity of the means through which enterprises meets this responsibility will vary.
49. Large enterprises, whether they are defined by size of operation, number of employed personnel, or annual turnover, have both the potential for greater impact and potentially greater resources to act proactively to realize positive impacts and to mitigate potential negative impacts. Large enterprises should apply the Principles with a focus on risk management with mitigation systems, to assess and address food security and nutrition including environmental, social, economic, and health risks and optimize related benefits, associated with their operation. These systems should be developed and implemented in an inclusive manner with affected stakeholders, ensuring that women, youth, and marginalized groups are included. Large enterprises should have non-discriminatory, fair, gender sensitive, effective, accessible, affordable, timely, and transparent administrative procedures, mediation services, and grievance and dispute resolution mechanisms.
50. Small and medium enterprises are frequently defined by the number of employed personnel and annual turnover. Small and medium enterprises collectively outnumber large enterprises, and therefore their collective employment and potential impact is much larger. Small and medium enterprises should apply the Principles with a focus on mitigating and managing risks to realize positive, and avoid negative impacts, and to address food security and nutrition, particularly for the most vulnerable.
51. Smallholders can be defined by the size of their holdings of land, animals, or other capital, at a threshold that varies across countries and contexts. Smallholders are also often defined by the fact that production and/or processing typically relies only or mostly on family labour. As with small and medium enterprises, smallholders though small individually, collectively can have a significant impact. Smallholders should apply the Principles with a focus on sustainably increasing productivity and income; and adding value in their operations by using natural resources sustainably and strengthening resilience, in order to address food security and nutrition.
52. Private sector enterprises involved in agriculture and food systems including input suppliers, traders, retailers, distributors and marketers have key roles to play in applying the Principles,

particularly in terms of information and communication with other stakeholders in agriculture and food systems. For example, traders or other enterprises acting as intermediaries in the 'middle' of supply chains have direct access to smallholders, other producers and retailers and play a key role in providing access to markets. Intermediaries should incorporate the Principles into their business operations with both smallholders and larger buyers, in order to ensure fair, equitable, and transparent transactions. Similarly, retailers, distributors, input suppliers, and marketers have a key role to play in informing and educating consumers about where and how the products and services they deliver were produced, processed, and transported. They have a responsibility to ensure that the products they sell respect safety and consumer protection regulations and that information is made available through labelling and transparent advertising. Enterprises involved in the marketing of food products have a specific role to play in promoting the consumption of balanced and healthy diets that meet nutritional requirements and respect local preferences.

### **Financing institutions, donors, foundations, and funds**

53. Financing entities and organizations have a particular role to play in that they are often providing financial and technical resources to both public and private enterprises, at all levels of agriculture and food systems. By mainstreaming the Principles through their respective policies they can facilitate implementation among a wide range of stakeholders. The provision of finance allows these institutions a unique leveraging position where they can communicate with a broad range of stakeholders about their roles, responsibilities, and actions to facilitate implementation of the Principles outlined herein.

### **Research organizations, universities, and extension organizations**

54. Ongoing research including data generation, collection, analysis, and dissemination are all integral for the continuous improvement of responsible investment in agriculture and food systems. Research organizations, universities, and extension organizations and/or programs have a key role to play in facilitating knowledge exchange and skills development, particularly to foster smallholder investment for food security and nutrition. This can include a range of roles including identifying impacts, testing of field practices, technology and business models, and advising the government on policy reform or investors on revised practices related with agriculture and food systems. It is important to ensure that research is independent, comprehensive and evidence-based in order to foster improvement in agriculture and food systems. Research organizations and academics should promote participatory research, and particularly research that goes beyond staple crops in addressing food security and nutrition.

### **Civil Society Organizations**

55. Civil society organizations – including producer organizations and cooperatives – have a key role to play in advocating application of the Principles for their constituencies and the food insecure and serving as key drivers for accountability. Civil society organizations also have a key role to play in collaborating with the private sector to develop fair and inclusive business models which promote sustainable development in line with the Principles and foster smallholder engagement in agriculture and food systems. Civil society organizations – including producer organizations – should review application of the Principles, and assist with building capacity for translating the Principles into action. Producer organizations should strengthen the capabilities of smallholders as investors, through improved access to inputs, extension, advisory, and financial services, education, training, and access to markets. Consumer organizations can play a key role in informing consumers about the safety and quality of products and the social and environmental impact of agriculture and food systems by monitoring compliance with regulations and application of the Principles.

## Communities

56. Communities - including indigenous people, those directly affected by investments, the most vulnerable, and those working in agriculture and food systems - have a key role to play in actively engaging and communicating with the other stakeholders outlined herein to ensure that investment in agriculture and food systems is in line with the Principles.

## Consumers

57. Consumers, including rural and urban, have a particular role to play through their own choices and demand for responsible agricultural products and services. Consumers also have a role in educating themselves about the products and services which they purchase to ensure that they are making informed decisions to contribute to responsible investment in agriculture and food systems.

## Shared Roles

58. Sharing of risk can have advantages for society as a whole where it can lead to innovation and greater resilience for the most vulnerable.
59. All stakeholders have a role in improving data and information collection, management, and distribution, including improving collection of gender disaggregated data. Evidence based analysis and data, with supporting capacity and infrastructure for analysis are integral to targeting interventions for continued improvement in agriculture and food systems and to ensuring food security and nutrition.
60. All stakeholders entering into agreements or contracts with each other have a role to play in adherence to existing legal frameworks, clear and transparent documentation using coherent language. Contracts should envision the possibility of renegotiation and specify the issue of sharing of production and market risks among parties, based on equal sharing of costs and benefits. Overall, contracts should be prepared in line with the Principles to foster transparency, mutual respect, and accountability among parties.
61. Food security and nutrition are further threatened during times of market shocks, natural disasters, or crises. This is also when investment is often most needed, but also when risks associated with investment are much higher. It is the shared role of all stakeholders during shocks, disasters, and crises to support resilience of the most vulnerable, protect existing investments, and promote targeted investment in food security and nutrition in line with the Principles. All stakeholders should consider their role in global food security and coordinate responses with other states in times of food price crises.
62. In accordance with the voluntary nature of the Principles, all stakeholders are encouraged to apply them in their own relevant context. By applying the Principles, stakeholders can contribute to an improved overall landscape for responsible investment in agriculture and food systems, by reducing tensions among stakeholders and providing a global reference point or level playing field for all stakeholders.
63. This section has provided some further guidance on how the Principles could be implemented by a broad range of stakeholders in order to achieve the objective of promoting responsible investment for food security and nutrition. However, there are specific stakeholders and subject areas which require further capacity development and technical guidance in order to fully apply the Principles. In order to ensure effective and broad application of the Principles further awareness raising, country level support, and specific technical guides and tools should follow the endorsement of the Principles. The Committee on World Food Security can provide a forum to assess progress towards the application of the Principles.