



**Asia-Pacific
Economic Cooperation**

**Seminar on the Interim Outcome of
'Principle for Responsible Agricultural
Investment' Pilot Projects**

**Medan, Indonesia
2 July 2013**

Summary Report

Agricultural Technical Cooperation Working Group

September 2013

APEC Project: ATC 05/2012 - The Seminar for sharing and discussing the interim outcome of the Principles for Responsible Agricultural Investment (PRAI) pilot projects

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1 Introduction

Japan and Indonesia, the latter being the host economy of APEC 2013, hosted an APEC seminar for promoting responsible agricultural investment on 2 July 2013 in Medan, Indonesia. This one-day seminar was to fulfill an APEC commitment – to hold an event to raise awareness on this issue and thereby promote agricultural investment – in 2010 Niigata Declaration on APEC Food Security and reaffirmed by 2012 Kazan Declaration. It was co-hosted by Korea, the Philippines, and the United States.

About forty participants from the governments of 13 economies, international organizations, the private sector, and CSOs shared experiences and challenges of agricultural investment in an informal setting¹. The diverse stakeholders were actively engaged in honest, frank and intellectual discussions, which were characterized as practical, evidence-based, constructive and facilitated mutual learning². Participants shared lessons from their experience of agricultural investment in terms of how to maximize its benefits and minimize its risks, for host countries, local communities and investors. The outcome of the seminar has implications for policy formulation and possible recommendations for foreign and domestic investors, governments, donors and international agencies. It will also provide inputs into the consultations to develop principles for responsible agricultural investment (RAI) led by the Committee on World Food Security (CFS).

2 Outcomes

The seminar started with opening remarks by Mr. Basuki on behalf of Mr. Suryana, Director General of Food Security Agency, the Ministry of Agriculture of Indonesia, followed by seven presentations from APEC economies, the private sector and CSOs. The seminar participants discussed salient examples of agricultural investment in and out of the APEC region, as well as country-specific information regarding the investment in the sector. A range of issues were discussed, including opportunities, risks and constraints of agricultural investment, its key policy agenda, partnerships between investors and smallholders, socially and environmentally responsible business models, and CSOs viewpoint as well as their Asian and sub-regional

¹ The following economies' government representatives participated: Chile, Chinese Taipei, Indonesia, Japan, Malaysia, Mexico, New Zealand, the Philippines, PNG, Russia, Thailand, the United States, Viet Nam. They are joined by those from FAO, IFAD, UNCTAD, the World Bank, International Agri-Food Network, Asian DHRRA, Indonesia Chamber of Commerce and Industry, Helikonika Advisory Sdn Bhd, Duxton Asset Management.

² Exchange of views is informal, and perspectives presented by the participants during the seminar don't always represent those of the organizations to which they belong.

dialogues on this issue. Being acutely aware of the need to ensure that the investment should be conducted responsibly, participants shared best practices, lessons and challenges, and learnt from each other including through lively Q&A sessions,

In the afternoon, the representatives of FAO, IFAD, UNCTAD and the World Bank, the Inter-Agency Working Group which developed the Principles of Responsible Agricultural Investment (PRAI), present empirical evidence from several streams of ongoing field testing and research on responsible agricultural investment in developing countries. This research focused particularly on economic and socio-economic impacts, best practices and lessons learnt from past agricultural investments and possible roles of the PRAI, based on case studies in Asia and Africa in particular. These were received with very high interest from all stakeholders, as the contained information was the outcome of comprehensive, empirical, academic and rigorous field surveys. Their session flowed into the subsequent group session where all participants broke into four groups to exchange views in an interactive setting. This group discussion focused on examples of successful agricultural investments in terms of socio-economic impacts. It generated the following perspectives based on APEC economies' experiences which apply to the broader, global context.

- A stable, transparent and predictable enabling environment for investment is a key to successful promotion of responsible agricultural investment
- This includes a secure, stable and inclusive process for land acquisition.
- Schemes to integrate smallholders, outgrowers and co-operatives with agricultural investors can generate mutual benefits. Linking cooperatives to supply chain, with technical support from NGOs and governments as well as financial support from rural banks, has significant positive impact.
- Transparency and disclosure of information are important pillars to generate a more inclusive approach to agricultural investment.
- Market-driven investment is important. In order to promote this, we need to promote:
 - access to capital and technology;
 - transparent pricing information;
 - risk-sharing financing, technical support, benefit/risk sharing of price volatility (between investors and smallholders or outgrowers), as well as incentives for productivity;
 - innovation in new investment opportunities.

- Governments have a key role to play in promoting responsible agricultural investment, including through:
 - promotion of certification and standardization and develop export markets (including branding);
 - support for the emergence of nucleus estates;
 - encouragement of innovation and technology transfer;
 - however, they are not good at picking up winners.
- Good relations with the local community are a key determinant of positive socio-economic outcomes. A community liaison officer can play an important role as a trusted intermediary.
- Principles of responsible agricultural investment are a key avenue to encourage and incentivize a more socially and environmentally responsible approach.
 - Activities of Roundtable of Sustainable Palm Oil (RSPO) provide a good example and have, in particular, been instrumental in a major move towards transparency.
 - The principles should be all-encompassing and based on empirical findings, so that decisions on agricultural investment can be made based on the sound judgment after weighing up all factors, some of which might have trade-offs;
 - They should be inclusive to women and small-farmers;
 - There needs to be a means to provide incentives for the investors to take on the cost of additional work and effort of applying principles to larger scale investment. For example, accreditation could be a way to incentivize responsible investment adherence to principles.

The seminar was concluded by the remarks of Mr. Takase, Deputy Director-General of the Japanese Ministry of Foreign Affairs. He stressed that the outcome of the seminar should be fully utilized in APEC's efforts for food security and the CFS consultation process.

3 Conclusion and Recommendations

The agricultural sector is unique in that it requires partnership of all stakeholders so that the investment is beneficial to all – governments of recipient economies, local communities including smallholders and women, and investors. As the discussion at this seminar highlighted, creating an enabling environment for the investment while addressing potential problems associated with investment is the key challenge. The international discourse

on this topic should be based on empirical evidence and facts obtained on the ground. It is therefore hoped that the outcome of seminar's discussion will animate evidence-based discussions within each group of stakeholders and among different groups so that the discourse will be enhanced by the addition of valuable first-hand empirical information and observation.

Looking ahead, Indonesia, the Chair of APEC 2013, and Japan will work together to have the seminar's outcome be brought into the discussions of APEC this year. Relevant government stakeholders could contribute to high-level international discourse, such as ASEAN, other Asian regional fora, the G8, which took up transparency issue this year, and the G20. This could also be a valuable input to other fora, exemplified by the similar side event on responsible agricultural investment at the fifth Tokyo International Conference on African Development (TICAD-V) held on 1 June 2013 in Yokohama, Japan. All stakeholders are encouraged to utilize today's outcome in their policy making, and provide input to the consultation process of CFS, with the emphasis on evidence and practical steps, as well as on the need for greater investment in agriculture.