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Why agricultural investment ‘principles’ must be buried

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The FAO draft principles have little local basis and less community future. That is why they are very likely to be employed to obscure the power imbalances that exist to deepen industrial control of the means of agricultural production - and that is why these will not be acceptable as a measure of food growers' and food consumers' rights

The Food and Agriculture Organisation (FAO) of the United Nations will in 2014, through its Committee on World Food Security [1], advocate principles concerning what are called ‘responsible agricultural investments’. The adoption of principles such as these are expected to promote investments in agriculture that contribute to food security and nutrition, and which support the realisation of the right to food, particularly within national contexts of how food security is defined.

While the principles are intended to provide practical guidance to governments, private and public investors, intergovernmental and regional organisations, civil society groups, research units and universities, donors and philanthropic foundations, they will be voluntary and will not be binding upon their signatories.

The problem with such a conceptualisation of international or globally applicable principles [2] is that the negative consequences that accompany investment are left undefined and therefore weak as a countervailing argument. Investment made to acquire land, to pursue industrial agricultural techniques (in contrast to policies and programmes that support smallholder cultivation), and which - experiences of the last three decades have shown – have deepened income inequalities while making those vulnerable to food scarcity and food price volatility even more so. These investments are determined by a dominant political economy found in a country, or a sub-national region – important variations that cannot be recognised or dealt with in any meaningful way by a set of voluntary principles (nor even with the aid of a ‘knowledge platform’ on the subject set up by the World Bank, FAO, UNCTAD and IFAD [3].

In this article, the rationale and background to the principles pertaining to 'responsible agricultural investment' (which is now referred to commonly by the 'RAI' short form) are examined; so are concepts about agricultural investment (or public and private spending on agricultural activities) especially what are assumed and what are implied; and a conclusion criticises the RAI and the effort to promote a multi-lateral common ground for problems that are essentially local.

1. WHERE THE RAI HAS EMERGED FROM AND WHERE IT MAY WANT TO GO

There is a need for the FAO and the CFS to take a step back and review why we have, in 2014, a discussion about 'responsible agricultural investment' when in fact, in well balanced and thoughtful societies that are agrarian in nature, such a discussion would have been unnecessary. There is, in the explanatory material surrounding the principles, a view on 'investment' and on 'responsible'. These are unlikely to be the view that one would find in a province or state, in a district or county, the majority of whose population is engaged in farming because there is undoubtedly such a variety of views about the nature of agricultural activity. There is therefore a need to decide what degree of agnosticism can be acceptable (or tolerated, or welcomed) vis-à-vis the authority of the RAI concept.

That the FAO is seeking to affirm a kind of 'investment' and a measure for 'responsible' also means that we have conditions of irresponsible actions towards agricultural practice and agrarian societies, and that investment ought to include as thoroughly as possible a discussion about the public, social and private natures of investment. This is because investment tends to be given meanings that originate in finance and banking, in the financial and commodities markets, and from the sources of monetary and technological capital - whereas these views must not be allowed under any circumstance to dominate how the meaning of a term comes into acceptance. The investment made by generations of a community who have enriched a particular strain of traditional knowledge pertaining to the cultivation of a food staple is both implicit in the way their lives are led and implicit in their status as members of a community. In such a case (and there are fortunately still numerous such cases to be found) the term 'investment' becomes a vulgar one and is neither used nor translated.

Part of the rationale for declaring the need for RAI is the invoking of food security, of the banishment of hunger, and of the imperative to protect the biospheres while doing so. Unfortunately, the background and rationale for RAI does still not overtly and clearly enumerate what irresponsible actions or policies are when states pursue food security, seek to reduce hunger and to grow crops in ways that do not harm the environment. Without clarity and examples of what is irresponsible, it is then left to the states themselves, to private corporations and agencies, to the financial and commodity markets, to the traders and retailers, to adjudge themselves responsible (for they will not do the opposite).

The work of the FAO in this direction will be strengthened by determining irresponsibility and its opposite – this goes well beyond the enunciation of principles, adherence to which comes at no loss of profit nor is it enforceable under national or local legislation. Moreover, in what way should policies be aligned with 'responsibility'? Countries produce food and biofuel stock for internal use, but also import portions of both. In what ways are 'responsible' and 'investment' defined under these circumstances (which are the circumstances demanded by a country following its World Trade Organisation 'responsibilities' as a member state of WTO)? Lacking such definitions, the CFS when considering RAI is in danger of accepting the production, distribution and consumption patterns that are commonplace in most countries because they are imposed by the 'market', but which are systemically flawed in environmental and social terms.

2. THE IDEA OF INVESTMENT AND HOW IT INFLUENCES POLICY

Definitions of 'responsibility' and of 'investment' are now informed from the ground. These definitions - by peasants' and farmers' groups and associations - recognise the behaviours of the many different actors who produce, handle and sell food. They are quite different in character and tone from a set of weak universal and consensual principles by being local, tied to legislation and enforceable, and whose structure and remit can be amended locally. When practiced by community and supported by local administrations, such definitions can halt the negative impacts of industrial- and 'market'-scale investments in agriculture. They can also control the irresponsibility of such investments dispossessing local communities of their land, of clear-cutting forests, sterilising the soil and polluting water.

In contrast the draft RAI principles have little local basis and less community future. That is why they are very likely to be employed to obscure the power imbalances that exist to deepen industrial control of the means of agricultural production - and that is why these will not be acceptable as a measure of food growers' and food consumers' rights. The guiding of local responses is the need, which RAI does not recognise, and not an international or global charter that is fundamentally inapplicable to any actual food-growing region and therefore of no use.

Considerations of economic viability of agricultural (or land, or biotech) investment, of the expected profitability of a course of action that includes land grabs – these are considerations that will short-circuit or render impotent any set of principles of this nature. These principles will not be demonstrable in situ by any of its signatories in just the same way that market mechanisms that have been invented in the last 15 years as means to tackle serious inter-generational problems have proved (and continue to prove) to be instead mechanisms around which new industries profit.

These market inventions are the Clean Development Mechanism and the certified emission reduction schemes in all their hues which have contributed not at all to reducing CO2 and greenhouse gas emissions, Payment for Ecosystems Services which have been cynically refined recently in the form of 'nature offsets' (a gross perversion of an already destructive concept), reducing emissions from deforestation and forest degradation (REDD) which has become rather than a mitigating mechanism one through which forest-based communities are alienated from their living habitat and which has further endangered forests by financialising the benefits they provide.

Mechanisms that have international sanction, principles that include inclusionary clauses and concepts (but which are not offered for amendment/objection to affected communities in their own languages and idiom), campaigns to promote the use of 'best practices' and to assure transparency are increasingly being invented and followed by the functionaries of monetary and finance capital. These mechanisms may accompany international trade between two countries but may also be present when internal consumption (private companies selling goods in a country, or newer forms of social welfare such as direct benefit transfers / cash transfers) takes place. These are deemed as being necessary and desirable interventions to reduce hunger, reduce poverty, tackle inequality, increase access to service and so on, but are very likely not to result in processes and outcomes that advance the interests of project affected peoples and communities.

Investment to which a 'side-car' of moralistic mechanisms have been attached have only, in the last two decades, weakened local and indigenous control over crop choices and the uses to which primary crops are put (currently seen as raw material for an international or regional food retail industry). This phenomenon is amongst the reasons why social movements have warned (and continue to warn, more loudly than before) of a spectre of extensive dispossession and displacement of small farm producers and pastoralists[4]. On the other hand there also exist civil society technocracies which consider these investments as providing 'developmental' opportunities and hence they argue that the potential threat of dispossession can be mediated through internationally supervised guidelines on 'best practice', such as RAI.

In these circles - which includes a section of the proponents of RAI, amongst them the international agricultural and crop science network (usually led by the CGIAR system in rather cozy partnerships with pliant national agricultural research systems, such as those of Brazil and India), and which includes the formidable armoury of the agbiotech industry - these land acquisitions are portrayed as a benign search for food security among countries destabilised by the world food price crisis (which shocked in 2007-08, and continued the shock from 2010-11 so that it remains current). At the same time, agriculture as being profitable enough to interest the enormously influential investments funds is now a sales pitch over five years old[5].

3. A MULTI-LATERAL DIVERSIONARY EFFORT ARRANGED AROUND VIRTUAL GOALPOSTS

The adoption of RAI will aid, in any host country, the tailoring of all policies and strategies to fit investors (foreign and domestic, for the technological advantages are now common, as much as the conduits of capital flow for food and agriculture investment are many) so that they can be 'competitive' in the market. Instead of prioritising 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 draft RAI principles will if accepted legitimise policies that put the government and country at the service of such investors (both foreign and domestic, it must be noted).

Moreover, from the point of view of human rights terms this is discriminatory; and will turn a parlous situation into a destabilising one - already countries are falling short of their obligations related to realising the right to adequate food (a foretaste of which was seen most recently during the World Trade Organisation ninth ministerial conference in 2013 December which brought to the fore disagreements about governments' own procurement of food for public programmes as distorting world trade).

Consider some of the examples presented to the public in recent months which are seen as exemplary of inclusive, sustainable development. An IFAD-supported project in Uganda has supported farmers who are now "able to send their children to school, pay for medical expenses and build better homes for themselves". The arrangement promoted (or facilitated) is perhaps too conveniently called "the type of public-private partnership that we need to see throughout Africa, with government, the private sector, civil society and smallholders all benefiting from working in partnership".

However, behind these homogenous labels are partners whose outlook and imperatives are usually contradictory, are often in competition and inimical to one another - realities in the districts and counties can be brutally but not surprisingly different from the umbrella assessments made at the regional level of international agencies. The manner in which these sharp-edged realities find voice is, for example, in the following way - "as investment in rural Africa grows, we must ensure that there are mutually beneficial partnerships between smallholders and other private sector investors. These can take many forms, including out-grower schemes, contract farming or joint share equity schemes"[6]- here again investment is the locus of activity and outcomes, but self-determination and there is no giving way to any alternate conceptualisation of an agrarian economy.

Less sophisticated in manner is this announcement concerning Ethiopia: "A new agency responsible for large-scale agricultural investments was officially launched two weeks ago. The Agriculture Investment Agency (AIA) was set up to oversee large-scale and mechanised agricultural investment on land belonging to the Ministry Land Bank. Its aim is to boost investment in agriculture"[7]. Blunt and to-the-point (when viewed on an interested investor's screen). Might the draft principles, in any fashion or form, temper the ambitions of either the invited investors or the local actors in Ethiopia who have established this new agency? Likewise, the Department of Foreign Affairs, Trade and Development of Canada has advocated ‘increasing private investment in Africa's agriculture sector will help lift millions of people in sub-Saharan Africa out of poverty. Canada is taking a leadership role, on behalf of G-8 countries, to support Senegal in joining the New Alliance for Food Security and Nutrition ...’ [8]

Moreover, governments supporting - via departments of trade, foreign ministries, alliances of industry networks and through a complex matrix of subventions - the private sector of their countries investing in the South (the erstwhile Third World, or "developing" countries or "emerging" economies) see agriculture as "a complex and risky undertaking; for that reason, many private firms don't feel comfortable investing in African agriculture as opposed to other economic opportunities". That is why, about two years ago, the New Alliance for Food Security and Nutrition, was said to have "leveraged" US $3 billion in private investment which USAID promised would be the beginning of the "much greater investment that Africa needs to achieve the growth targets of the African Union" - and of course to reduce poverty [9].

These perspectives help dispel some of the fog, but principles such as RAI (and all multilaterally promoted 'voluntary guidelines' concerning land, water or forests) cannot encompass in any meaningful way the alliances being formed - involving government, business, technology and finance capital - which have blurred the boundaries between primary crop that becomes food, animal feed and biofuels in what are now called vertically integrated agribusinesses.

To illustrate, the Indonesian palm oil trade is dominated by Cargill, ADM-KuckWilmar (the world's largest biofuels manufacturer), and Synergy Drive, a large Malaysian government company. This co-exists - particularly in finance capital terms - with both an 'ethanol alliance' involving the USA, Brazil and Argentina, and a sugar-soya alliance that brings together (often uncomfortably) India, China, Mozambique and South Africa in new production enterprises backed by European Union and American subsidies and trade preferences. Are they 'Northern' acquirers of 'Southern' agri-lands? That is too simplistic, for there are powerful South-South alliances, and a web of relationships between Northern and Southern actors, both public and private (including local elites and politicians)[10].

4. TAKE THE DISCUSSION BACK TO THE PEASANTRY

We see the use of 'land' tied to being 'responsible', however the transfer of resources through extra-economic coercion or non-market mechanisms is equally prevalent. This is an issue that lies outside principles, commitments and voluntary guidelines because included here are mechanisms (other than outright violence) of expropriation such as cynical manipulation of the public debt, the exploitation of the designed biases in the international credit system, financial speculation, stock-exchange gambling (what has also been called 'casino capitalism'), restrictive practices in market transactions inclusive of price manipulation, and the like[11].

The powerful combination of multinational corporate alliances, biotechnology, bilateral trade agreements, commodities markets and exchanges, asset managing companies, banks and financial institutions, political classes in league with industry, and the retail food industry have foisted upon us an unnatural vocabulary. Hence we are led, quite unnecessarily, to fit the kaleidoscopic cultures of small cultivation into grey bins labelled 'investment', 'competitiveness', 'logistics', 'supply / value chain', 'efficiency' and so on. Textbook business school blather assumes oracular weight and an agribusiness-oriented vision for agriculture, with large-scale (or technologically-empowered farms at the core), even if linked through ‘outgrower’ schemes to smallholders, is one that some see as the logical and inevitable extension of global capital into rural economies. This readymade argument has been adopted by national governments, investors and (unfortunately, some) donor agencies alike.

The adoption of a set of draft principles advocated by the FAO-CFS can no longer be considered – without reservation, condition or alternative the complete scrapping of the RAI has been advocated by a number of peasants’ and farmers’ associations and groups[12]. Principles such as these may or may not be acceptable to communities, which - as we have seen for a century now in the case of indigenous peoples and tribes, first nations and aboriginal populations, who have drafted, enacted and implemented their own natural resource protection laws and exercise sovereignty - are very competent in defining their codes and (if required complementary legislations).

What else if not RAI? The adverse outcomes of the market-driven neoliberal paradigm that has fostered what since 2007 we call the food crisis, itself a meta text for linked crises such as dispossession, urbanisation and concomitant migration, the feminisation of agriculture, the volatility in cost of cultivation and retail food prices both, the loss of agro-biodiversity, and a host of others. However, in the South there are many experiments with more development-driven local and community institutions that provide morally acceptable and culturally sound alternatives. It is the struggle of these alternatives to find the policy and administrative space in which to flourish that must instead be supported.

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