

Potsdam Spring Dialogues 2011, 15. und 16. April 2011

Panel IV: "Spoilers" or Supporters? The Influence of the EU and the World Bank and their Cooperation with the AU and the RECs

Key message

Dr. Leonard Mizzi

European Commission, DG Agriculture and Rural Development

Background:

Need to place multilateral and bilateral trade liberalisation in perspective. Causes of price volatility are complex and multifaceted - evidence offered to identify the causes of such volatility continues to be mixed, consensus among experts is lacking, and agreement on concrete policy proposals that could mitigate their impacts remains elusive. The impact of biofuels on food prices is also mixed; EU biofuel production and the new 2020 10% renewable transport fuel target had little impact on global food prices in 07/08. Biofuels use only about 2-3 per cent of EU cereal production and around 5% of global vegetable oil production. It is clear that export restrictions and export bans have a greater impact on price volatility than trade liberalisation (case of rice in Asia in 07/08).

The Commission will closely monitor the effects of the biofuel target on food security. The RES-Directive foresees corrective action if necessary.

On a more general basis,

- More investments in the agricultural sector in developing countries, both by domestic and foreign investors, are crucial for fighting hunger and alleviating poverty. In this regard the role of foreign direct investment (FDI) is important, in addition to national support/investments, as it has the potential for strengthening production capacities in the agricultural sector of developing countries.
- Very few countries have been investing heavily in agriculture (few meet the Maputo target of 10% public investments as a % of total public expenditure, although some progress has been reported in the last years)
- The recent rise of foreign direct investment (FDI) in agriculture in general, and in food production in particular, has shown an increased interest in large-scale investment in land in developing countries, often with the aim of increasing food security for the investing country
- While such investments could contribute to enhance the productivity and efficiency of the agricultural sector and reduce poverty in developing countries, unless managed properly, it could also have adverse impacts on local livelihoods, political stability, local food security, equity and social cohesion, good governance and/or environmental sustainability. These concerns must be properly addressed by host governments together with investors.
- In particular, secure access to land and natural resources as well as secure land tenure and rights are decisive requirements to protect vulnerable groups from being deprived of their access to land by third parties and to countervail the risks and possible negative impacts of large scale land acquisition and long term leases of land. Special efforts are needed in order to protect the rights of women and indigenous groups.

- For large scale land transactions to be economically, environmentally and socially sustainable they must rely on effective national land management systems. These systems would provide transparent information on tenure systems and property rights so that the legal framework at the national level can also acknowledge and protect customary tenure systems.
- A Communication from the European Commission on Food Security was unveiled in March 2010: Under supporting effective governance it encompasses:
 1. Substantially increase support to CAADP applying effective division of labour in all agriculture-based Sub-Saharan African countries by 2015.
 2. Support national and international initiatives for the definition of principles and codes of conduct governing sustainable large scale domestic and foreign investments in farm land, focusing on the protection of land rights, secure access to land and other natural resources for smallholder farmers and pastoral communities and on sustainable management of these resources.
 3. At the global level, support the reform of the Committee on World Food Security (CFS) to become the pivotal institution to coordinate global food security initiatives.
 4. Support closer coordination between the Rome-based UN agencies.
 5. In Africa the process to implement the Framework and Guidelines on Land Policy¹ adopted by the AU summit in July 2009 is crucial in promoting above mentioned favourable conditions to secure tenure and access to land for the poor, sustainable agricultural growth and development, and this is why the EU has committed a 9 M Euro grant in support to this initiative. The Communication on Food security seeks to accelerate the implementation of the African Land Policy Guidelines and to include a roadmap to implement the principles and best practices for sustainable large scale investments in farm land.
- In the context of the CFS draft principles on Responsible Investments in Agriculture (PRAI) are further being developed by UNCTAD, FAO, IFAD and the WB. Furthermore, the EU closely follows the process of developing Voluntary Guidelines on Governance of tenure of land and other natural resources, facilitated by the FAO. A zero draft of the Voluntary Guidelines has been just made available (e-consultation launched). On the 29th July 2011 the Final Draft will be submitted to the 37th Session of CFS in October 2011.

Priorities for 2011/2012:

- African Union/RECs – Joint Action Plan 2011-2013 (C2C)

¹ AU/ADB/ECA, Framework and Guidelines on Land Policy in Africa (draft 5) can be downloaded from: <http://www.pambazuka.org/aumonitor/comments/2418/>

EU and AU should accelerate the implementation of the African Land Policy Guidelines and prepare a roadmap to implement the principles and best practices for sustainable large scale investments in farm land. The transition period has ended and the focus has been shifted to full implementation of activities.

- ❖ RECs continue to face challenges, notably in terms of lack of personnel and capacity constraints, to implement the AU Declaration on land and the Framework and Guidelines. However there are ongoing activities in all regions.

- In G20 Context

- Promote commitment from investors and governments
- Ensure consistency between the RAI, FAO VG and Africa Land Policy Guidelines, and one should start thinking of a possibility to set up a global transparency framework on land based investments in agriculture, such as EITI (Extractive Industries Transparency Initiative)
- **- in HARDS**
- coordinate with EU MS in the EU working group on Land issues, the Global Donor Platform on Rural Development and the CAADP Partner platform
- provide input in the consultations on the FAO VG and the PRAI

- in FAO

- EU FAO coordination to provide input in the consultations on the FAO VG and the PRAI, based on the contributions from the HARDS EU working group on Land issues