

DRIVING RESPONSIBLE INVESTMENTS IN THE FOOD AND AGRICULTURAL SECTOR

Focussing on the
ASEAN Guidelines for Promoting Responsible Investment in Food, Agriculture and Forestry, 'ASEAN RAI'

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SPEAKERS

Erin Sweeney
Manager of Sustainable Business and Investment
(Grow Asia)

Sarah Brewin
International Law Advisor, Agriculture & Investment
(International Institute for Sustainable Development)

Zoom meeting details

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COLLABORATIVE APPROACHES TO DRIVING RESPONSIBLE INVESTMENTS IN THE FOOD, AGRIBUSINESS, AND FORESTRY SECTORS IN THE ASEAN

November 5, 2020

Food, agribusiness, and forestry (FAF) sectors are among the most critical for ASEAN economies, with the sector accounting for 12% of the overall regional ASEAN GDP¹. The recent report – [Asian Web: Tracking Regional Financial Flows](#) – by Fair Finance Asia and Profundo, further highlights how important the agribusiness sector is in particular by tracking the amount of financing it receives with “financial institutions from ASEAN countries providing US\$45 billion in loans and underwriting services to selected agriculture companies, which were active in their own economies, as well as towards other ASEAN countries”. However, the sector is often mired with challenges, given its heavy reliance on complex value chains that are strongly linked with the region’s marginalized communities, particularly women, landless farmers, and smallholders. Therefore, a regionally coordinated multi-stakeholder approach to ensuring responsible investments towards food, agribusiness, and forestry in the ASEAN is implemented.

In this context, Fair Finance Asia (FFA) seeks to actively engage with likeminded stakeholders working to accelerate the implementation of responsible cross-border investment policies and practices with a focus on key sectors, and in line with [internationally recognized sustainable finance standards](#). Thus in 2020, FFA began exploring potential engagement with [Grow Asia](#) which is a multi-stakeholder partnership platform that brings together farmers, governments, the private sector, NGOs and other stakeholders in Southeast Asia to lift the productivity, profitability and environmental sustainability of smallholder agriculture in the region.

On November 5, 2020, FFA coalitions network together with representatives from Grow Asia and International Institute for Sustainable Development, Erin Sweeney, Manager of Sustainable Business and Investment, Grow Asia, and Sarah Brewin, International Law Advisor, Agriculture & Investment, [International Institute for Sustainable Development](#) conducted a first dialogue to identify key convergences between our workstreams. The focus of the discussion was the regionally-adopted framework - [ASEAN Guidelines for Promoting Responsible Investment in Food, Agriculture and Forestry, 'ASEAN RAI'](#) - that has been

¹ [Global Value Chains in ASEAN – Agribusiness](#); PAPER 15; MARCH 2020, by the ASEAN-Japan Centre

developed to guide responsible investments in the food, agriculture and forestry sectors. These guidelines are designed to help ensure that “investments in agriculture meet global standards and promote responsible and sustainable development”, and endeavours to provide future partners of such investments - from the public, private and civil society sectors - a roadmap for future investments. As seen in their website, “The ASEAN RAI Guidelines were conceptualised in September 2017, when the ASEAN Ministers on Agriculture and Forestry (AMAF) agreed to develop such a framework. The Guidelines are grounded in the [Committee on World Food Security, Principles for Responsible Agriculture and Food Systems \(CFS RAI\)](#) and reflect the specificities and characteristics of ASEAN Member States (AMS). The ASEAN Guidelines were adopted by AMAF in October 2018.” These Guidelines are prepared for the ASEAN Secretariat with the technical support of the International Institute for Sustainable Development, made possible by the financial support of Grow Asia and the Swiss Agency for Development and Cooperation.

At the mentioned webinar meeting ‘[Driving Responsible Investments in the Food and Agriculture Sector](#)’ on November 5, it was highlighted that the ASEAN RAI guidelines should be considered as a living document with ten ‘high level’ and cross-cutting themes that are closely aligned with the Sustainable Development Goals. The FFA coalitions network provided initial technical insights on how make the Guidelines more robust. These suggestions encompassed a variety of issues, which included the need for processes on validation, peer-review and roll-out of the RAI; provisions for fitment of the RAI with GAP (Good Agricultural Practices), and alignment with the OECD investment policy reviews; potentialities of application of RAI to foreign creditors and investors who finance agricultural companies in ASEAN; extension of the guidelines to South Asia; and integration of gender in all the ten themes of the guidelines.

Fair Finance Asia also conducted an initial overview of the ASEAN RAI to review the relevance of the Guidelines to financial institutions, and briefly reviewed the Guidelines side by side with the [Fair Finance Guide International Methodology which is being used by Fair Finance Asia \(FFA\) country coalitions to assess the quality of Asian financial institutions’ lending and investment policies and practices](#). Towards strengthening the RAI Guidelines, the key initial observations for this were that (i) there is an unclear definition of the responsibility of financial institutions, wherein the section within the ASEAN RAI on “financial sector actors” is sparse; (ii) there is insufficient operationalization of key principles and terms in some places as the ASEAN-RAI does not explain how negative impacts can be translated into specific commitments; (iii) its alignment with international standards is not always clear; (iv) there is an omission of some sustainability topics relevant for FFA, such as animal welfare and the responsibility of food producers and retailers. A more in-depth study has to be drawn to understand the linkages between the two frameworks.

While emphasizing on the need for a multi-stakeholder approach towards driving responsible investment to the agriculture sector in the Asia, *Bernadette Victorio*, the Regional Program Lead, Fair Finance Asia highlighted, “The combined efforts of the FFA and Grow Asia networks have a significant potential to enable concrete policy and practice changes given the complementarity of our overall aspirations to see key players adopt responsible financing and investment policies towards the FAF sectors in ASEAN, and we certainly look forward to continuing this dialogue.” She also mentioned, “There is a need for the gender component to be very strongly embedded in both the RAI Guidelines and the FFG policy assessments which can be a mutually beneficial learning exercise for both our networks.”

Erin Sweeney, Manager, Sustainable Business and Investment, Grow Asia mentioned that the Guidelines were designed for policy makers, thus there is a need to work with different organizations to help in enhancing the guidelines to analyse private institutions. It is believed that the guidelines, along such multi-organizational approach, will encourage investors to develop invest in businesses in the agriculture and forestry sector in the region, that focusses on the local businesses and indigenous communities, to enable a transformational impact.

The meeting, which saw participation from 41 people within the FFA and Oxfam network, is an important step towards strengthening the responsible lending policies of Asian banks, with a specific focus on the agriculture sector. In November, Fair Finance Asia will be collaboratively launching a new study with the [Gender Transformative & Responsible Business Investment in South East Asia \(GRAISEA\)](#) programme of Oxfam. This study will highlight the financial flows to only the Agri-Business sector within the ASEAN region; this is part of the afore-mentioned Asian Web study and showcases the importance of this sector for the Fair Finance Asia coalitions. GRAISEA has also been involved in the drafting phase of the RAI Guidelines, and potential collaboration between the three programmes will be explored towards bolstering responsible investments in the agriculture sector in the ASEAN region.

About Fair Finance Asia

Fair Finance Asia is a regional network of 25 Asian civil society organizations committed to ensuring that financial institutions' funding decisions in the region respect the social and environmental well-being of local communities. Seven countries within the region are a part of the FFA: Cambodia, Japan, India, Indonesia, The Philippines, Thailand and Vietnam.

About the Action Plan for ASEAN RAI

Grow Asia, the International Institute for Sustainable Development (IISD), and the Food and Agriculture Organization of the United Nations (FAO) have received funding from the Swiss Agency for Development and Cooperation (SDC) for a project to support the implementation of the ASEAN-RAI in partnership with the ASEAN Secretariat and Member States. The Action Plan is designed for an initial three-year phase (2020-2023) with a 10-year horizon (until 2030). By 2030, the project aims to facilitate a measurable increase in the quantity and quality of responsible and sustainable private sector investment in ASEAN.