

Support to Study on Appropriate Policy Measures to Increase Investments in Agriculture to Stimulate Food Production

Objective:

to identify a policy framework for promoting, facilitating and supporting acceleration of investment by the public and private sector to achieve domestic capital formation for stimulating sustainable food production.

Project Components:

1. Understanding the nature and determinants of domestic capital formation and appropriate investment in agriculture for increasing food production
 - a. Alternative development strategies for agriculture, food security and rural development and their implications for investment in agriculture. This will analyse alternative strategies for development and identify the type and magnitude of capital formation through agricultural investment under each strategy;
 - b. The nexus between capital formation through agricultural investment in and for agriculture and agricultural growth, overall development, food security and poverty alleviation;
 - c. Determinants of capital formation at farm level and policy options for enhancing farm level capital formation, including the role of remittances and migration;
 - d. Determinants of capital formation and policy options for enhancing investment in lands which are not privately owned, such as those owned by either village/community/tribe/state, i.e. "common property";
 - e. Determinants of capital formation in public goods and services and policy options for enhancing public sector investment in and for agriculture; and
2. Promoting international investment in agriculture
 - a. Conduct analysis of past and current flow and trends of international investment in agriculture, as well as its contribution to food security at national, regional and global levels;
 - b. Conduct analysis of the extent, nature and impacts of international investment in agriculture and catalogue good practices of recipient countries and investors, public and private, in order to identify desirable international investment in agriculture;
 - c. Identify good practices in domestic policy and other measures for attracting international investment, clearly illustrating the relative role of the public and private sector, along with analysis of how to adapt the good policies in the low income food deficit countries;
 - d. Review legislative and policy frameworks of receiving countries and investing countries concerning international investment in agriculture;

- e. Review and analyse the different financing sources of international investment in agriculture, assess their relative merits/demerits vis-à-vis benefit to the recipient countries and contribution to food security, agriculture development and food production;
- f. Review and analyse alternative business models for international investments in agriculture and assess their relative merits and demerits; and
- g. Review and analyse potential role of international guidelines and current/existing cooperation mechanism, bi-lateral between recipient of investment and investors (voluntary and/or binding) and multi-lateral through international organizations and Regional Economic Grouping for promoting investment in agriculture, and provide recommendations of enhancing and/or strengthening appropriate cooperation mechanism for desirable international investment.

Expected Outputs:

1. Handbook

This will include: a) policy options for promoting proper agricultural investment from all sources, including foreign, public and private, leading to increased domestic capital formation for stimulating sustainable food production; and b) good practices and lessons learned from past experiences of agricultural development and investment.

2. Database

a. Statistical Data Set

This will include data on capital items such as arable land, irrigation, livestock, machinery, and so on.

b. Information Set

This will include information related to foreign agricultural investment such as laws and regulations, policies, registration procedures and investment agreements.

3. Compendium

This will include analytical papers and results of country case studies carried out for the preparation of the Handbook and Database.

Duration

October 2009 to September 2012