

## **FAO Support to Investment Strategy Note**

### **1. Analysis of Needs and FAO Comparative Advantage**

For many member countries, achieving food security and reducing rural poverty will require increased and more effective investment in agriculture. Stakeholders consulted in the strategy development process (member countries, development partners, FAO divisions) and WG1 of the CoC-IEE affirmed the importance of investment in agricultural development and of FAO's role as a technical cooperation provider and partner to governments in investment work. There is a need, however, to further strengthen FAO's direct support to member countries and more fully integrate FAO's wide range of technical expertise in its investment related work.

There is a clear demand from member countries (and their financiers) to increase the development impact of agricultural and rural investment programmes. The specific needs of member countries in investment work vary by region and by country, but include: (i) sector work/analysis, (ii) investment policy and programme design, (iii) investment related capacity building for sector institutions and civil society actors; and (iv) inputs into sector budget processes such as Medium Term Expenditure Frameworks (MTEF) and Public Expenditure Reviews (PER), among others.

FAO has longstanding experience in planning, identifying, designing, providing support to implementation of agriculture and rural development investments. FAO's comparative advantage in providing support for investment primarily lies in its:

- Potential to draw on a wide range of technical expertise, knowledge, and tools from FAO technical divisions;
- Capacity to act as honest broker between governments, funding agencies, civil society and the private sector;
- Multi-disciplinary staffing with strong regional/country experience working through well established and flexible IFI cooperation agreements that facilitate effective, timely response;
- Considerable specific experience in on-the-job and formal training for country actors in policy formulation, investment planning, preparation, implementation and evaluation.

### **2. Vision, Major Objectives and Priority Areas of Support**

In line with the three global goals of its member countries, FAO's vision for its investment support to Governments and their development partners is to help create the conditions for rural people to engage in successful economic activity, ensure food security and overcome poverty. In order to fulfil this vision, FAO would seek to promote improved public and private investment in agriculture and rural development by focusing on the achievement of the following specific objectives:

- Governments have a better understanding of the dynamics of the agricultural sector and potential investments options including better planning and implementation within government budget frameworks;
- Governments and financing partners design and implement more effective agricultural and rural investment programmes and projects;
- Governments and other national actors acquire the capacity to design and implement agricultural and rural investment programmes.

These specific objectives would be achieved through FAO investment work that provides member countries and financing partners support in: (i) analytical and sector studies (ii) investment policy and programme formulation; (iii) identification, design and supervision of investment operations; (iv) evaluation of investment operations (programmes, projects); and (v) capacity building for investment design, implementation and evaluation.

### 3. Expected Outcomes and Outputs \*

Expected outcomes of FAO support to investment	FAO outputs contributing to achievement of outcomes
1. Governments have adequate information to design investment policies and programmes	<ul style="list-style-type: none"> <li>Upstream/analytical work (sector studies, public expenditure reviews, institutional &amp; governance reviews, thematic studies)</li> <li>Policy advice/assistance on investment related issues</li> <li>Knowledge sharing (forums, seminars, knowledge products)</li> </ul>
2. Improved national investment strategies	<ul style="list-style-type: none"> <li>Support to the elaboration of national investment strategies (including sector strategies and PRSPs), joint assistance strategies (JAS) or Development Partners' strategies (e.g. NMTPF, CAS, COSOP)</li> </ul>
3. More effective investment programmes and projects	<ul style="list-style-type: none"> <li>Participation in the identification, design and supervision of investment programmes/projects in partnership with governments and IFIs/donors</li> </ul>
4. Greater national capacity for investment planning and implementation	<ul style="list-style-type: none"> <li>Capacity building for national government staff and other actors through training and technical assistance on investment planning and implementation, including Public Financial Management (PER, MTEF)</li> <li>Facilitating knowledge sharing and exchange between countries, regions and financing partners</li> </ul>
5. More effective monitoring and evaluation of investments' impact	<ul style="list-style-type: none"> <li>Support to IFIs and government in the monitoring and evaluation of investment programmes</li> <li>Knowledge sharing on lessons learned from IFI evaluation work (ICRs, PCRs) and additional regional/thematic evaluation studies</li> </ul>

### 4. Strategic Reorientation to address Challenges for Investment Program Delivery

Challenges (based on IEE)	Strategic Reorientation
Coherent country focus (more direct and effective support to member governments)	<ul style="list-style-type: none"> <li>Increased direct support for investment programming and implementation</li> <li>Integrating policy and investment programming support at country level (combining/linking policy assistance, public financial management and investment development)</li> <li>Develop specific capacity building interventions and targeted support for emerging priorities</li> </ul>
More strategic and integrated role of FAO	<ul style="list-style-type: none"> <li>Establish support to investment as a cross-departmental activity</li> <li>Wider access to FAO technical expertise through better adaptation to the requirements of the project cycle and new information technologies</li> <li>Tie FAO investment work closer to key thematic priorities</li> <li>Ensure the quality of investment support provided by FAO in light of the changing development environment and member country priorities</li> </ul>
Improve linkages between FAO and IFI/donors on country specific priorities	<ul style="list-style-type: none"> <li>Build on strong IFI partnerships to improve effectiveness and better leverage FAO technical expertise</li> <li>Use established links to multiple donors to foster aid harmonisation and alignment (Paris Declaration on Aid Effectiveness)</li> </ul>

\* Acronyms: CAS – Country Assistance Strategy (World Bank); COSOP – Country Strategic Opportunities Paper (IFAD); ICR – Implementation Completion Report; NMTPF – National Medium Term Priority Framework (FAO); PCR – Project Completion Report;