*2 June 2013*

**Side Event on**
**Impacts of investment and the Principles for Responsible Agricultural Investment on African agriculture: evidence from field research, implications for policy and next steps**

**organized by the Inter-Agency Working Group (IAWG)**
**5th Tokyo International Conference on African Development**

**Opening statement**

Excellencies,
Distinguished delegates,
Ladies and gentlemen,

Thank you for attending this side event on responsible agricultural investment in Africa.

Let me start by saying that Africa is the only region to have seen a rise in hunger between 1990 and today: from 175 to 239 million.

But this number hides different national realities. Many African countries have made significant progress during this period.

Djibouti, Ghana and Sao Tome and Principe have already reached the World Food Summit target of halving the absolute number of people living in hunger.

Another 8 African countries have met the Millennium Development target of halving the proportion of hungry people.

There are different reasons for why and how African countries have advanced. But most of them have two things in common.

The first one is political commitment. The second one is that they have been able to invest more in agriculture and food security.

In general, countries that have seen greater progress are those that managed to allocate 10 percent of the national budget to the agricultural sector in line with the Maputo Declaration and that have implemented Comprehensive Africa Agriculture Development Plans (CAADP) compacts.

Investment in agriculture and rural development is central to food security, and is far below the needed level.

The 2012 edition of FAO's The State of Food and Agriculture shows that farmers in low- and middle-income countries invest 3 times as much as all other sources of investment combined. That includes public investment, foreign private sector investment and official development assistance.

We need to invest more, but also to invest better. This is important because not every investment in agriculture will result in high economic, social and environmental returns.

The challenge is to focus on areas where investments create an enabling environment and support small-scale producers and inclusive rural development.
The problem is that the investment capacity of governments and official development assistance are limited. We need to look at other forms of investment, mainly from the private sector.

Investments by businesses can generate many benefits for the national economy such as job creation, technology transfer, value addition and access to export markets.

However, these benefits will not come about automatically and also carry risks for host countries, especially for the poor rural and indigenous populations.

It is important to put in place measures that respect the needs and rights of poor rural families and communities, and ensure that investments benefit all parties.

Recent studies by FAO suggest that investments that involve local farmers as equal business partners have the most positive and sustainable effects on local economies and social development.

Responsible is a keyword.

The Voluntary Guidelines on the Responsible Governance of Tenure, endorsed last year by the Committee on World Food Security, the CFS, are an important step in this direction.

A milestone, in fact. Their approval marked the first time that the international community agreed on land tenure guidelines.

So, for the first time we have clear principles on how to deal with the governance of tenure, which can be adapted to specific country contexts.

The guidelines are important, but so was the process that led to a consensus text on such a difficult matter – it took three years of debates and negotiations among governments, civil society organizations and the private sector.

This inclusiveness, by the way, is one of the things that make the CFS unique and helps explain why it is the cornerstone of the international food security governance system.

So now we have the Voluntary Guidelines endorsed by the CFS. But they are only as effective as their implementation.

That is the challenge. FAO is already working with many governments to adapt these guidelines into national policies and programs, but more still needs to be done.

At the global scale, the CFS is now discussing the Principles for Responsible Agricultural Investments. These principles will complement the Voluntary Guidelines.

This discussion is not starting from scratch.

Through the Inter-agency Working Group, FAO, IFAD, UNCTAD and the World Bank have proposed principles for consideration. This work has the support of the Government of Japan, the G8 and the G20.

Ongoing research with governments, investors and local communities is evaluating the contribution they might make towards improving investment outcomes.

Let me also recall that, last January, responsible investments were also on the agenda of the Agriculture Ministers' Summit in Berlin.

They stressed how important it is for responsible agricultural investments to take into consideration the needs of all stakeholders; to enhance farmer participation and inclusion instead of displacing them; to contribute to the sustainable increase of agricultural productivity and production and income of farmers.

They also highlighted the advantages of debating and agreeing on these principles within the framework of the CFS.

I think these are relevant points to keep in mind as we further discuss responsible agricultural investments in Africa today, and look at concrete examples.

I am sure that today's conversation will contribute to the ongoing consultations to ensure responsible investment in agriculture.

I thank you for your attention and wish you a very fruitful meeting.