



Techniques and Tools to Promote Investment in Agriculture

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Agricultural growth is at least twice as effective in lifting people out of poverty and hunger as growth from other sectors. In fact, many countries that have consistently invested in agriculture have made great strides in halving the proportion of hungry people, the target set by the first Millennium Development Goal.

Since 1964 - the year the FAO Investment Centre signed its first cooperative agreement with the World Bank - FAO has helped to mobilize more than USD 105 billion for investment in agriculture and rural development.

And it has promoted such investment by applying state-of-the-art tools and techniques, in partnership with international financing and local institutions.

Ensuring worthwhile investments

Tools such as COSTAB help economists and financial analysts determine if an investment is worthwhile. It assists in the aggregation and manipulation of costs and provides a means for swift translation into economic terms to show the real benefit to the country as opposed to purely financial calculations essential to identify profitability.

Where project participants need to prepare business plans to receive a grant under a community development programme, RuralInvest shows the way to quickly organize data and assess returns. It provides a sound approach to preparing and assessing investment proposals. Under the Sustainable Livelihood Development Project in the Mau Forest Complex in Kenya, for example, participants used RuralInvest to assess returns from poultry as opposed to honey or tree orchard activities in support of their application for funding from the sustainable development fund. This helped them to choose a suitable investment and confirm their ability to generate enough income to recover costs and sustain the activity.

Over 15 years RuralInvest has evolved from a set of spreadsheets to a multi-language toolkit with custom-designed, open-access software technical manuals and training materials, including an e-learning course. <http://www.fao.org/investment/ourrole/ruralinvest/en/>

Meeting real needs

Investment in the public sector is not only about economics and finance. Who benefits – where the money goes – and how to ensure that it is spent on what people really need are essential. The Investment Centre has developed a series of three interrelated guides for social analysis for agricultural and rural investment projects. At the most generic level is a guide to help managers, who need an overall view of requirements, followed by a guide for practitioners, who need to know what actually needs to be done and how to do it. Finally, a practical field guide covers the nitty gritty aspects such as actual data collection and checklists. <http://www.fao.org/investment/tci-publications/publications-detail/en/c/169154/>

Climate-smart agriculture

And what about climate change? How do you allow for this when designing an agricultural investment programme? The Investment Centre has produced a comprehensive document covering best practices with extensive links to other sources of information. First there is a succinct review of adaptation and mitigation in the agriculture sector covering core principles, such as a focus on food security, and priority areas, including disaster risk reduction. This is followed by advice on how climate change considerations can be taken into account at each stage of the project cycle – from design

(conceptualization and preparation) to implementation to supervision and evaluation. There are even a few hints on finance options and on reflecting climate change aspects in the financial and economic analysis. The document can be downloaded, and is also backed up by an e-learning course being rolled out first in FAO headquarters and then in several countries, including China. <http://www.fao.org/investment/tci-publications/publications-detail/en/c/165267/>

Sharing knowledge and expertise

Most important is the Centre's staff. They participate in multi-disciplinary teams with colleagues from the financing institutions or work directly with Government counterparts to develop sound investment projects often worth tens of millions of dollars. Agricultural officers advise on the latest technology or propose innovative extension systems to reach more farmers. Environmental officers ensure a holistic approach, taking into account bio-diversity and the need to protect and sustain natural resources. Irrigation engineers and water management specialists focus on the efficient use of this increasingly scarce resource. Sociologists aim at accurate targeting of activities and ensure adequate consideration is given to gender and youth. Economists put the package together and are accountable for the financial and economic soundness of the investment itself, making sure all parts contribute.

A critical area of the staff's work is the sharing of their knowledge with the local officers with whom they work. For example, the Investment Centre has expertise in monitoring and management information systems. In Vietnam, staff and counterparts of a World Bank-supported project to improve agricultural competitiveness were trained to implement improved monitoring techniques, including a rural enterprise tracker.

More effective investment

FAO estimates that agricultural investment needs to increase by more than 50 percent - USD 83 billion annually - to feed the world in 2050, filling gaps caused by decades of underinvestment in the sector. The Investment Centre's activities - from the tools and techniques to the technical support and capacity development - are promoting greater and more effective investment in agriculture and rural development that addresses countries' real needs.

For more information on the work of FAO's Investment Centre, check us out at: <http://www.fao.org/investment/newsandmeetings/en/>