



## CHAIR'S CONCLUSIONS

### **Conditions and impact of private investment in the food and agriculture sectors: What governments and business can do**

*Organised by the Organisation for Economic Co-operation and Development (OECD)  
Friday 18 January 2013, 3-5pm, ICC Berlin*

The panel was chaired by Mr. Karim Dahou, Executive Manager at the OECD. Panel participants included: Mr. Louxon S. Kazabu, Honourable Vice Minister of agriculture and livestock of Zambia; Dr. Bui Ba Bong, Honourable Vice Minister of agriculture and rural development of Vietnam; Mr. Detlef Schoen, Managing Partner of Aquila Capital Farms and Christoph Wigger, Vice President of sales and marketing for Europe, CIS, North Africa and Middle East at John Deere.

Panellists recognised the need to increase private investment, both domestic and foreign, in the food and agriculture sectors, to drive rural job creation and income growth, increase food supply and enhance food security. They acknowledged that farmers are the largest investors in agriculture and must remain central to any strategy for increasing investment in agriculture. At the same time, they recognised that private investments by agro-food industries and institutional investors could help fill the agricultural investment gap. Various policy constraints to investment were highlighted, including tenure insecurity and complex land rights, weak governance, heavy regulation, inefficient credit markets as well as weak infrastructure and poor public service delivery in rural areas.

To address such constraints, panellists underlined the importance of implementing structural reforms to improve the investment climate in the food and agriculture sectors. They emphasised that attracting private investment in these sectors depended on a wide set of policy measures beyond the scope of agricultural policy, and recognised that well-targeted public investments focusing on public goods, such as agricultural research, rural infrastructure and education, could enhance agricultural investment. They noted that an enabling environment for agricultural investment might rely in particular on: clear, transparent and accessible legislation and policies; secure and well-defined land and water rights; adequate agriculture-related infrastructure; open and reliable agricultural trade; large and competitive financial markets; enhanced agricultural research and development; and tailored human capital development.

In addition, panellists underlined the critical importance of promoting responsible investment in agriculture. In particular, they emphasised that governments and investors should: establish mechanisms to identify tenure rights holders, provide clear and transparent rules for consultations and negotiations between investors and affected stakeholders, conduct environmental impact assessments, and promote inclusive business models between investors and local land rights holders to mitigate social and environmental risks and offer alternatives to land acquisition.

**More particularly, panellists:**

- Called on governments to evaluate, design and implement policies aimed at mobilising private investment in agriculture, including measures to promote good land administration, rural infrastructure development, open and transparent trade, access to finance, research and human resource development;
- Underlined the importance of promoting investment not only in food production, but throughout the whole value chain, including in agro-processing, storage and marketing capacities, transport systems and technology transfer;
- Welcomed the use of the OECD Policy Framework for Investment in Agriculture (PFIA) by host-state governments to improve their framework conditions for agricultural investment;
- Invited governments to introduce a process of peer review to identify best policy options to increase private investment in agriculture, and more generally to promote coherence between food security, agricultural productivity and sustainability objectives;
- Called on G8 countries to fulfill their commitments on a *New Alliance for Food Security and Nutrition* to accelerate private capital flows to African agriculture;
- Encouraged African governments to sustain their efforts to implement the *Comprehensive Africa Agriculture Development Programme (CAADP)*, including their regional and national agricultural investment plans;
- Stressed the importance of further promoting responsible business conduct in the agricultural sector and underlined the key role that the consultations carried out under the auspices of the Committee on World Food Security to develop Principles for Responsible Investment in Agriculture that Respect Rights, Livelihoods and Resources can play in this regard;
- Emphasised the need to develop adequate risk mitigation mechanisms, including disaster risk management measures and insurance schemes;
- Recommended the organisation of international and national consultations between international investors, host country governments, farmers' organisations and international organisations to promote partnership models that enhance the benefits of agricultural investment for both home and recipient countries as well as host societies, particularly small-scale farmers, including through training and infrastructure development.