

Where does the money go ...

... and where does it come from?

Needs and Commitments

Needs

FAO assesses 83 bn \$ per year to address the future needs in 2050

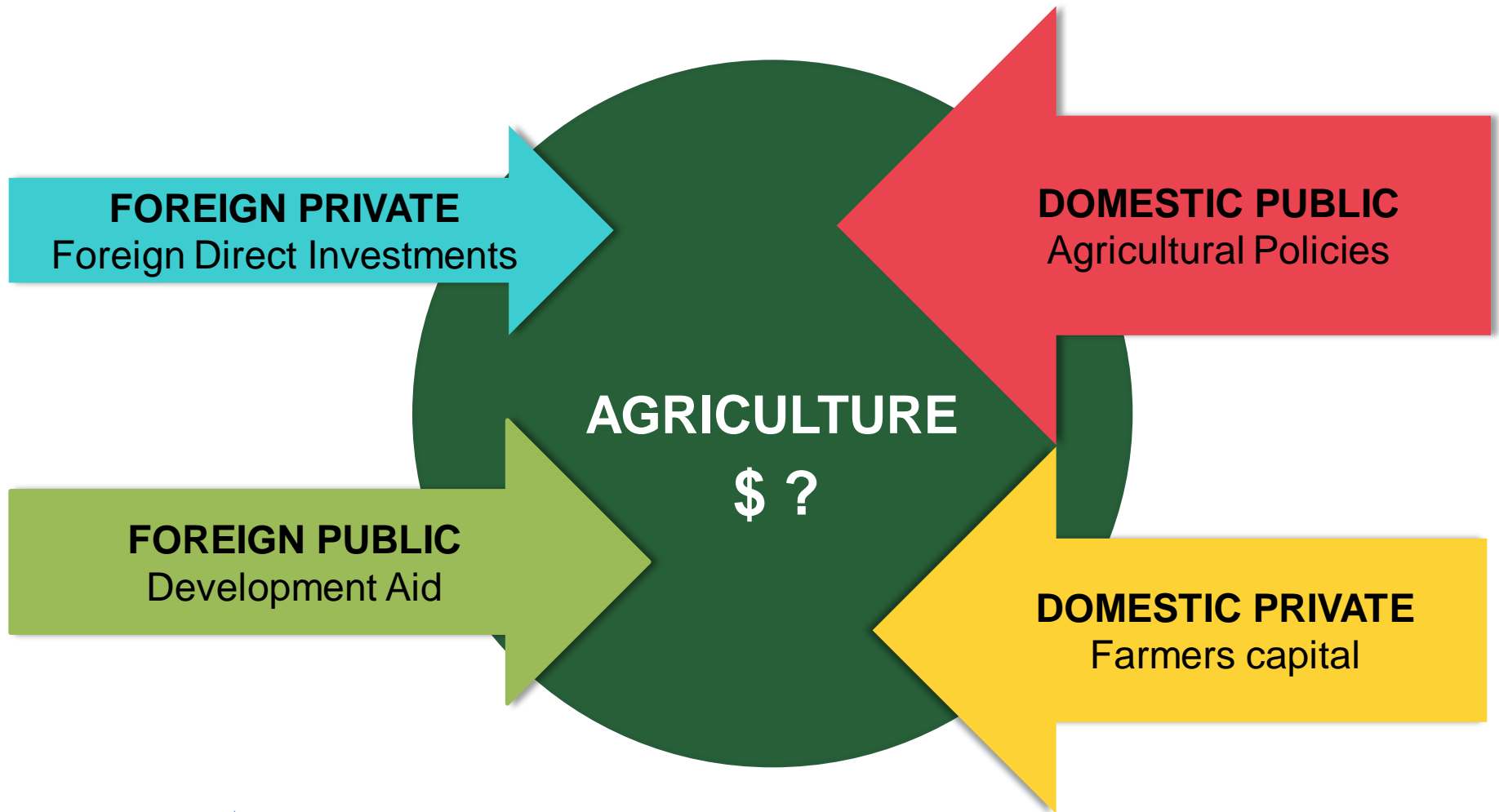
IFPRI assesses 14 – 28 bn \$ per year required to reduce hunger

Commitments

Maputo Declaration 2003: 53 African Union countries to spend 10% of national budget to agriculture

New Alliance 2012: G8 + African countries + resp. companies announced “new” 4.2 bn \$ for Agriculture

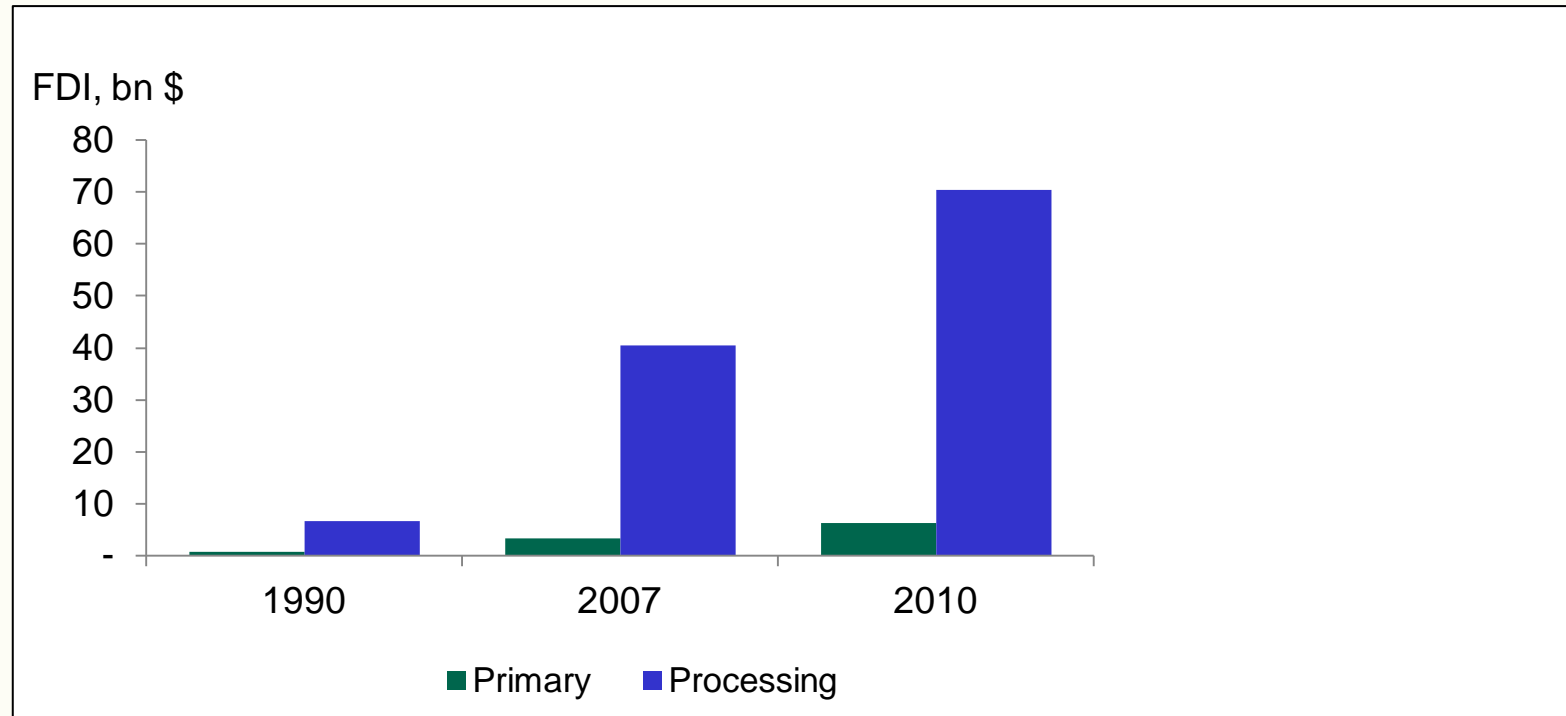
The Status: A Puzzle of Current Investments



- different actors and datasets
- no unambiguous and unique value

Foreign Private Investments

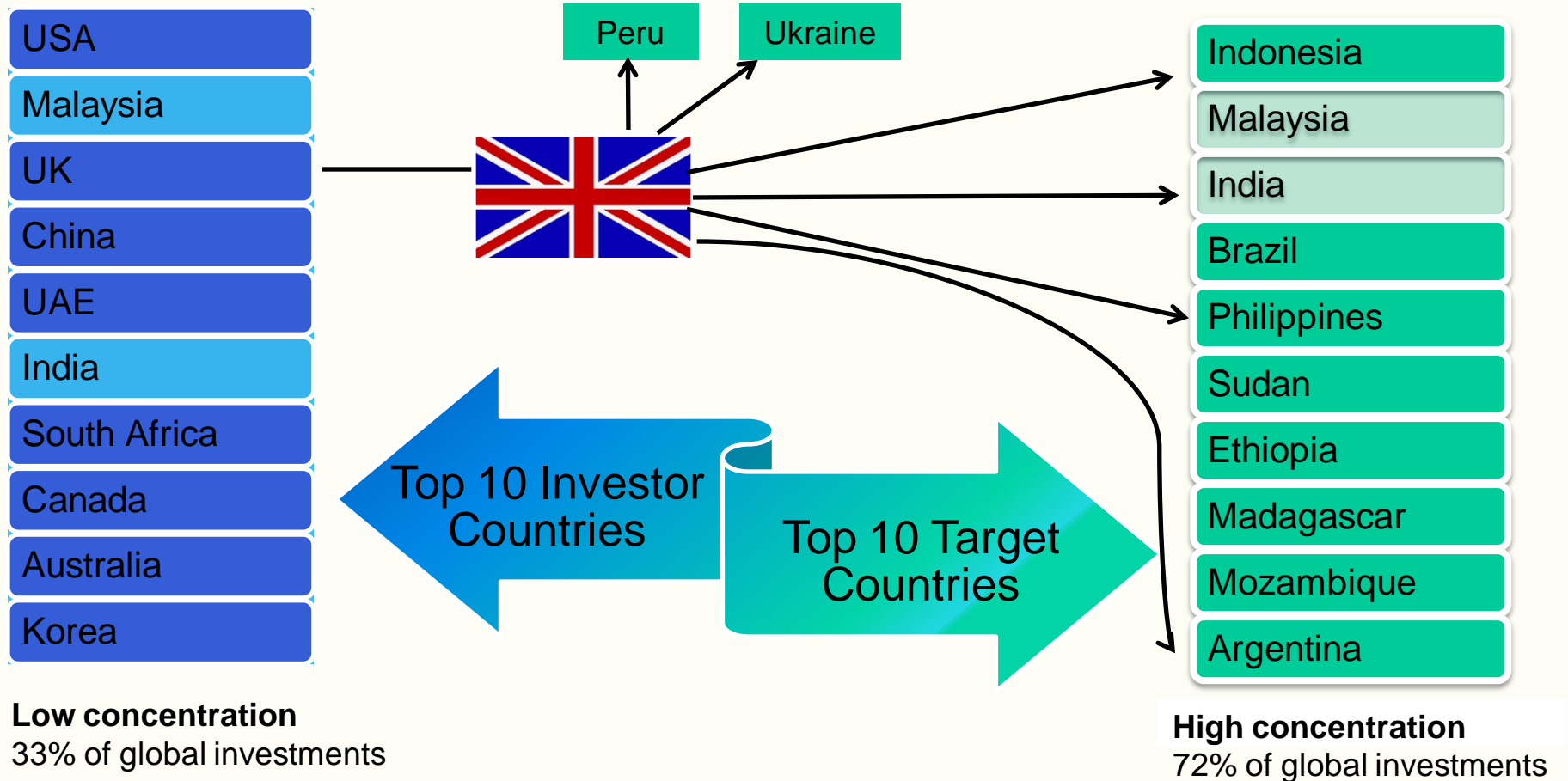
Global Annual Inflow



- ❑ **Inflows = 4.5 bn \$ in 2010** increased especially in developing countries (Asia, Latin America)
 - mainly primary production: cash and less staples
- ❑ Existing stocks in 2010 = 620 bn \$ (120 bn \$ in developing countries)
- ❑ **Overall volume**
 - Agricultural investments cover up to 1% of all investments

Foreign Private Investments

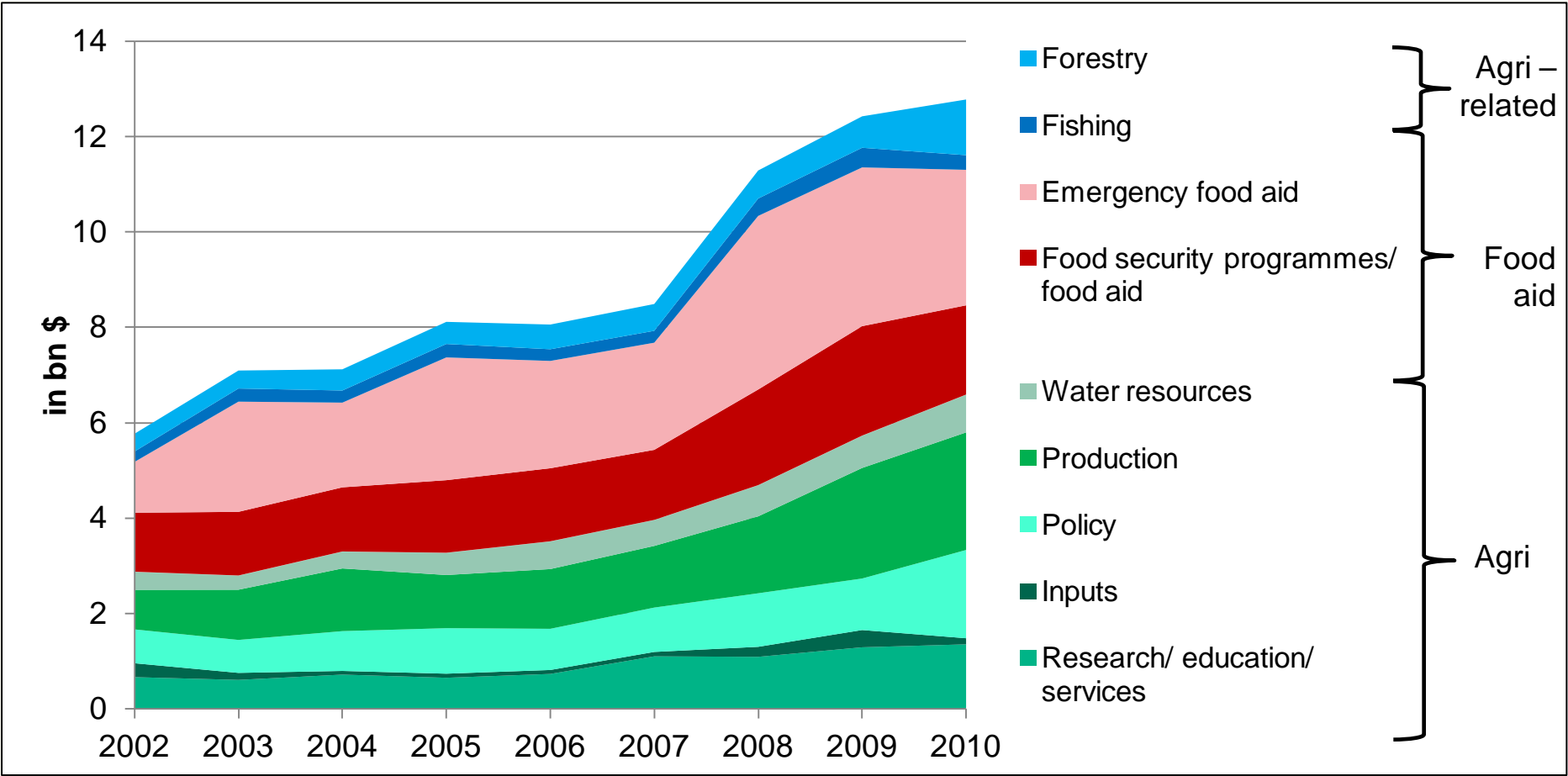
by Land Acquisitions



☐ Signed and implemented since 2000 = 48 mn ha ~ **120 mn \$** (2500 \$/ha)

Foreign Public Investments

Official Development Aid on Agriculture



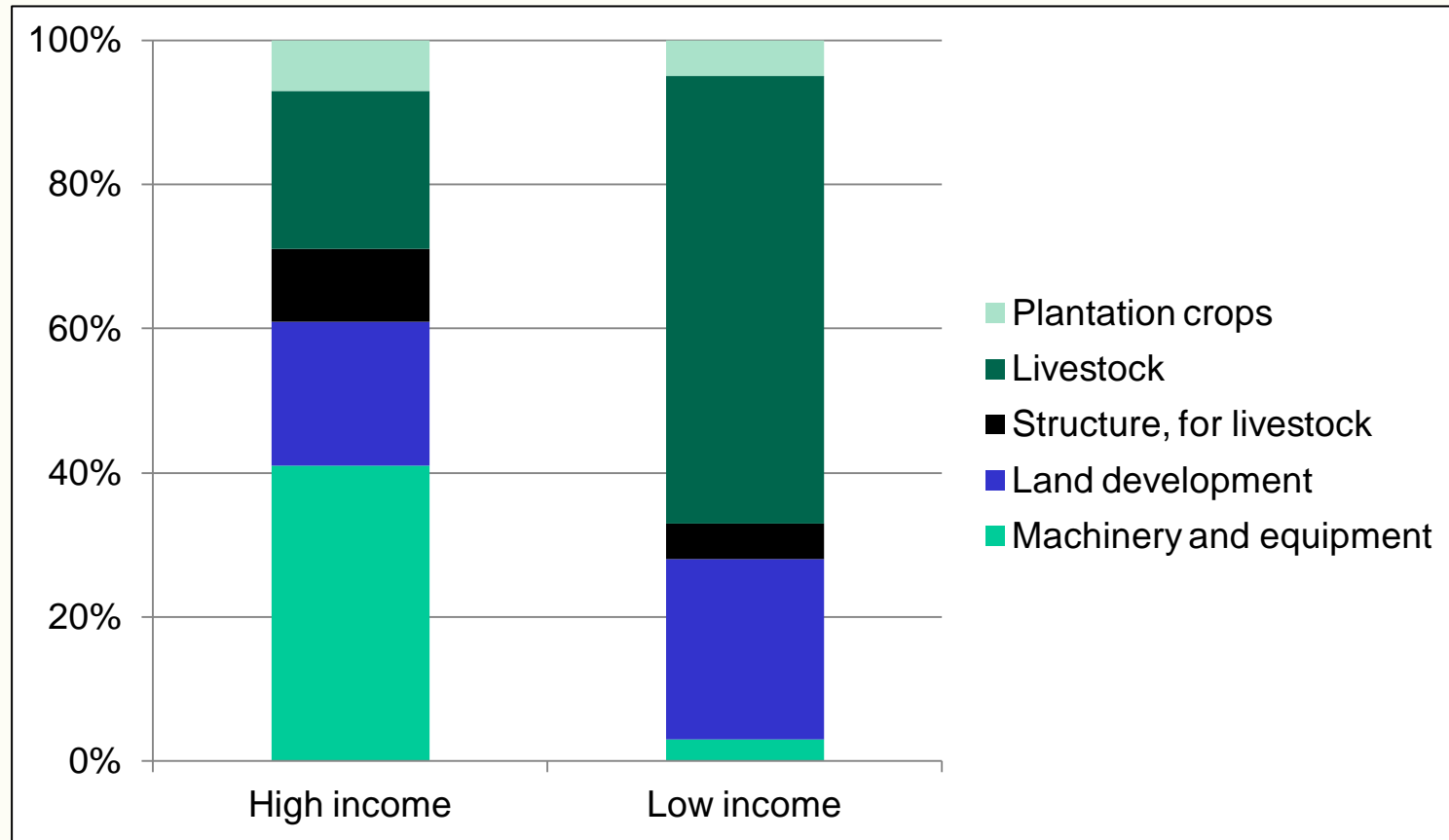
Sum 2010 = 12.8 bn \$

Share agri decreased from 12% to 4% (1980-05), increased again to 6% today

Less spent for "public goods" (environment, research)

Domestic Private Investments

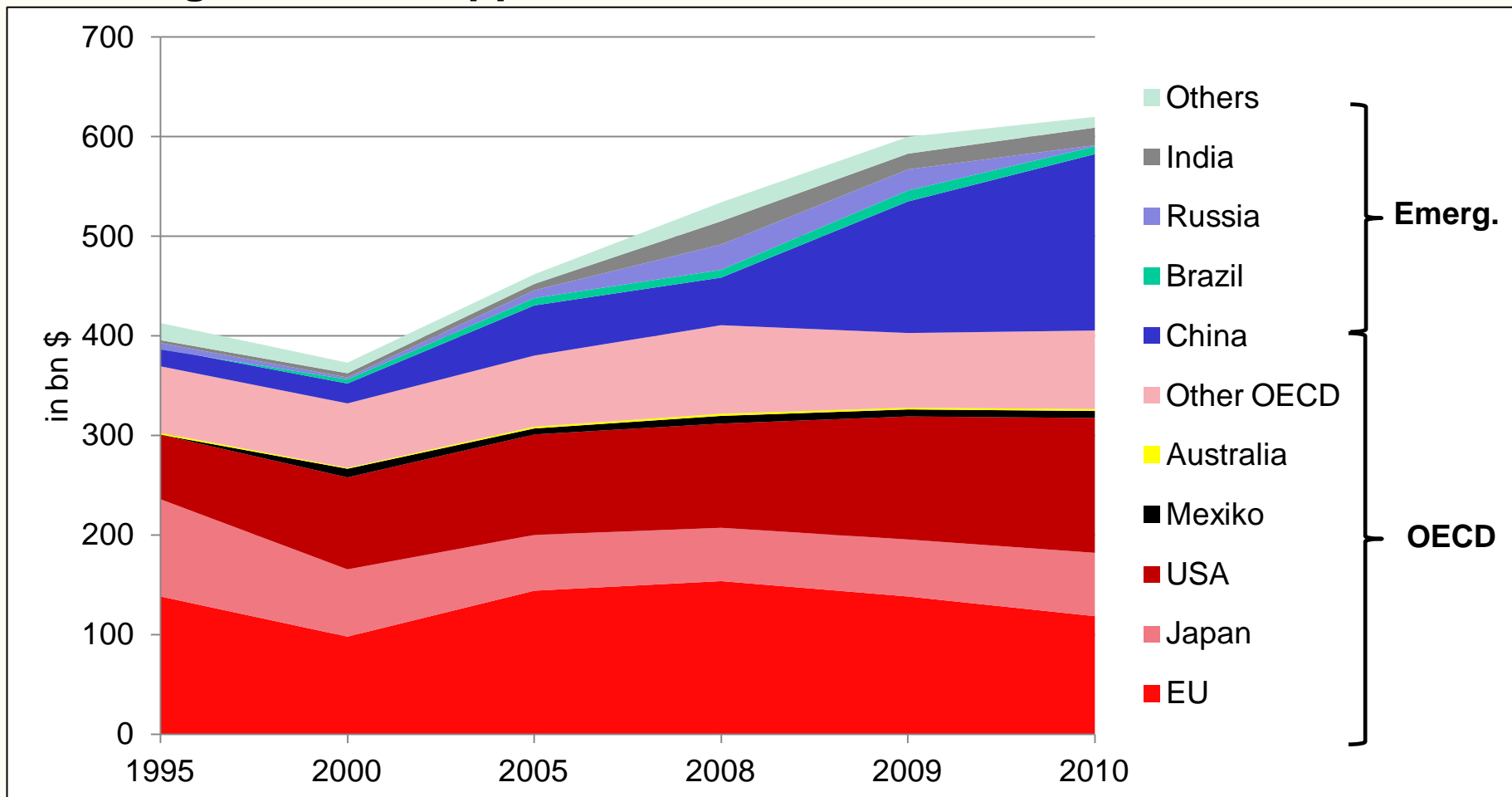
Farm capital composition in 2005-07



- Total stock in 2007 = 5 tn \$
- Annual change in 2005-07 = 26 bn \$
- Annual Sub-Saharan Africa 2005-07 = 8 bn \$
- Role of Microfinance?

Domestic Public Investment

Public Agricultural Support



□ Sum OECD + emerging countries in 2010

= 620 bn \$

□ Sum all developing countries per year

= 142 bn \$

Domestic Public Investments

Different Policy Approaches

❑ EU as traditional “top protector“

- Major reforms since 1992: „pure income support“ instead of traditional output subsidies like guaranteed minimum prices

❑ China as growing new “top protector“ aiming at food-autarky

- Input subsidies (fertilizer, plant protection), guaranteed minimum prices
- FDI outflows encouraged and among top investors for land (rank 4)
- Export bans

❑ India increasingly protectionistic aiming at food-autarky

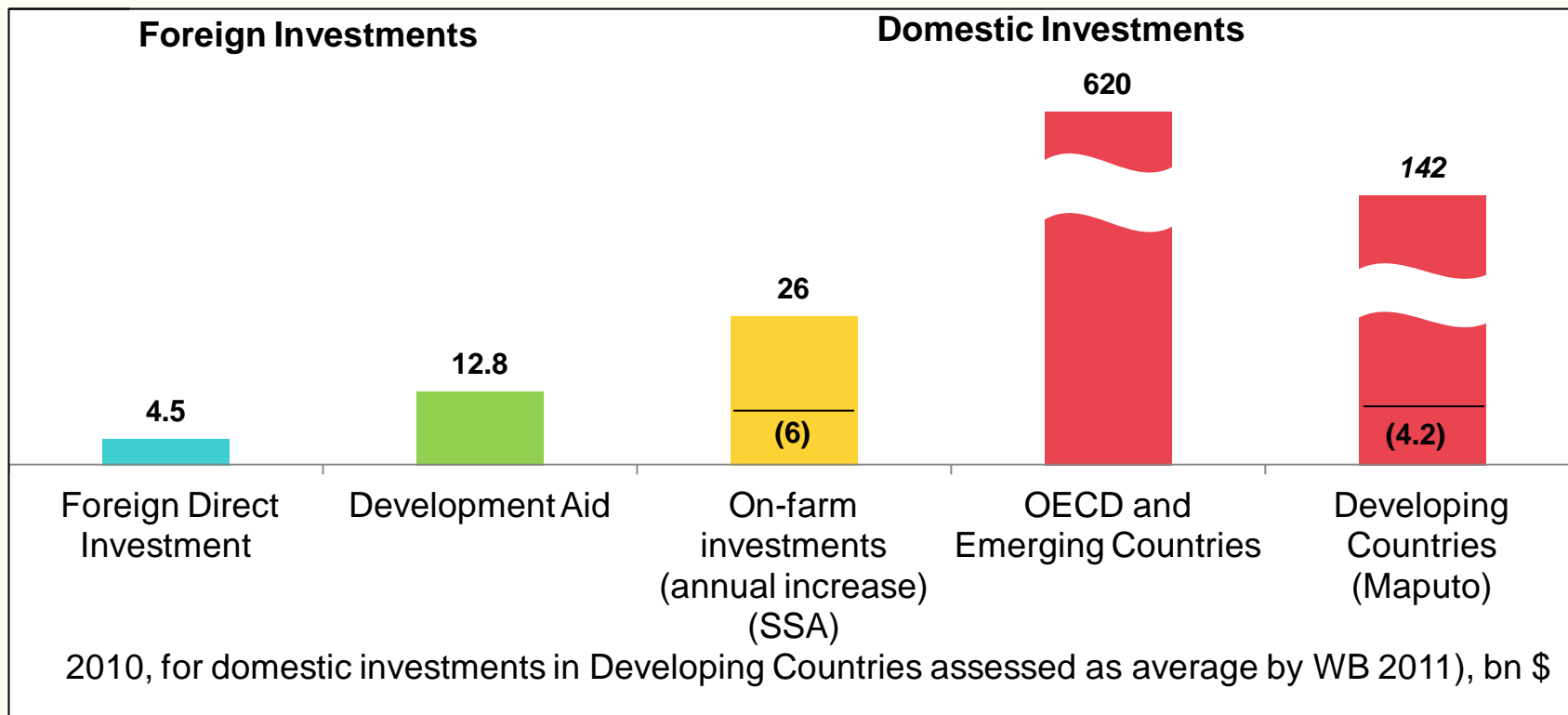
- Input subsidies and guaranteed minimum prices
- Encourages FDI land inflows and invests as well (rank 6 and 2)
- High import tariffs

❑ Nigeria: regained public focus by food security- related measures

- Input subsidies, support of credit and loan system, expansion of storage facilities
- Import bans

Click the pic

What picture is made by puzzle?



- Final conclusion limited by incomplete data
- Divergence between categories:
 - More public than private & more domestic than foreign money

Click the pic

Recommendation

- ❑ Probably **already now more investments** than the required 83 bn \$ per year
 - **Improving the design** instead of pure increase of global amount:
 - Strengthen the data basis and impact assessments
 - Investing more in public goods, especially in research due to high returns
 - Ensure coherence across actors and investing areas:
e.g. parallel food aid by Development Aid and food risks due to FDI in land
 - Risk mapping for FDIs in land to select only target countries not vulnerable to food risks