

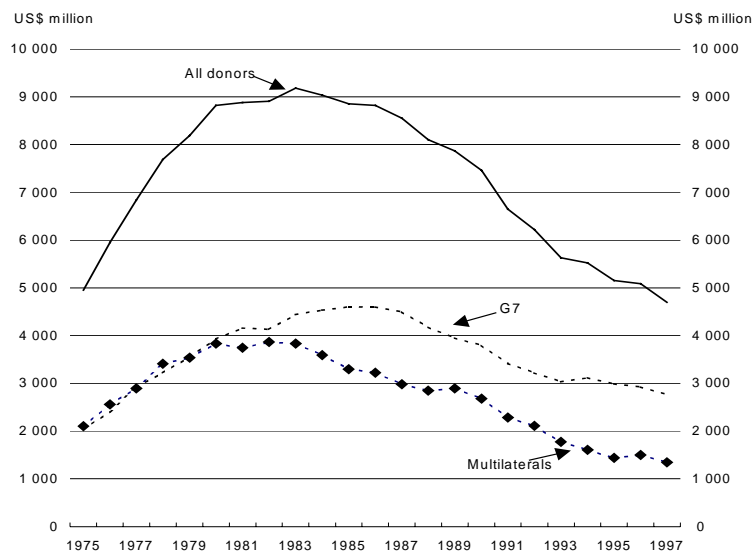
December 2001

Aid to agriculture

The Genoa Summit of the G8 in July 2001 reaffirmed the importance of agriculture in poverty reduction. The final communiqué cites access to adequate food supplies and rural development as central objectives of the poverty reduction strategy and support to agriculture as a crucial instrument of ODA. It also calls for the use of new technologies, including biotechnology, to increase agricultural productivity in developing countries, and for targeting aid on the most food-insecure regions, particularly Sub-Saharan Africa and South Asia.

Such policy interest calls for statistics in support. How much aid to agriculture has been extended to date? Which countries are the main donors and recipients? Is aid to agriculture targeted to countries most in need? The DAC statistical reporting systems provide some ready answers¹. Further information can be obtained from the DAC Secretariat. (Please send e-mail to dac.contact@oecd.org.)

Chart 1. Aid to agriculture, 1973-2000: 5-year moving average, constant 1999 prices



Source: CRS and DAC statistics

¹ Annual aggregate DAC statistics and the activity-specific Creditor Reporting System.

The DAC statistical definition of aid to agriculture...

The DAC statistical definition of aid to agriculture includes agricultural sector policy, planning and programmes, agricultural land and water resources, agricultural development and supply of inputs, crops and livestock production, agricultural services, agricultural education, training and research as well as institution capacity building and advice. Forestry and fishing are identified as separate sectors but are often shown as part of aid to agriculture in statistical presentations. The definition excludes rural development (classified as multi-sector aid) and developmental food aid (a sub-category of general programme assistance).

implies some approximation...

The sector code identifies "the specific area of the recipient's economic or social structure which the transfer is intended to foster". In DAC reporting (as well as in most donors' internal reporting systems), each activity can be assigned only one sector code. For activities cutting across several sectors, either a multisector code or the code corresponding to the largest component of the activity is used. It follows that:

- DAC statistics on aid to agriculture only relate to activities which have agriculture as their main purpose and fail to capture aid to agriculture delivered within multisector programmes.
- Aid to agriculture through NGOs may also be excluded, since this is not always sector coded in as much detail as project and programme aid.

Table 1. Aid to agriculture by donor and share in total aid, commitments, 1980-2000²

	1980-84	1995-99	2000		
	% of Donor Total a		USD million	% of Donor Total a	% All Donors b
Australia	7	7	49	7	1
Austria	1	2	10	3	0
Belgium	5	11	45	9	1
Canada	17	4	64	5	2
Denmark	14	9	142	15	4
Finland	15	8	9	4	0
France	12	6	178	5	5
Germany	9	7	136	5	3
Greece	..	2	1	1	0
Ireland	0	4	12	8	0
Italy	16	4	31	4	1
Japan	11	10	849	6	22
Luxembourg	..	7	4	4	0
Netherlands	19	8	57	2	1
New Zealand	20	4	3	4	0
Norway	21	4	48	6	1
Portugal	..	2	2	1	0
Spain	..	5	31	3	1
Sweden	12	6	22	2	1
Switzerland	21	6	24	4	1
United Kingdom	8	8	174	6	4
United States	14	4	405	4	10
Total DAC	12	7	2295	5	58
AfDF	21	14	116	13	3
AsDF	39	12	132	13	3
EC	25	6	416	6	11
IDA	36	14	721	12	18
IDB Sp.Fund	22	6	64	19	2
IFAD	77	66	186	58	5
Total Multilateral	33	13	1636	10	42
Total	17	8	3932	6	100

Source: DAC & CRS Statistics

a: Aid from each donor to agriculture as percent of aid from each donor to all sectors.

b: Aid from each donor to agriculture as percent of aid from all donors to agriculture.

² Since sectoral data are collected on commitments rather than disbursements, averages are used as the basis of analysis. Moving averages even out the "lumpiness" of commitments and so give a clearer view of the underlying trends (see chart 1).

but can monitor trends and orders of magnitude,...

Data in constant dollars show that aid to agriculture, already stagnating in the early 1980s, declined from 1985 at an annual average rate of 7%. As a result aid to agriculture fell from a 17% share in the early 1980s to 8% at the end of the 1990s. The decline is partly explained by cuts in ODA in general but donors' sectoral priorities have also changed (from agriculture and other productive sectors towards the social sectors). It is plausible that the exclusion of agriculture from the poverty reduction agenda of the 1990s explains some of the decline.

compare donors' efforts,...

Japan extends over 40% of DAC countries' total aid to the sector, with France, Germany and the United States accounting for a further 30%. The share of aid to agriculture in total bilateral ODA is largest for Belgium, Denmark and Japan.

identify key target areas...

In recent years, more than a quarter of the contributions have been classified as agricultural policy or agricultural development (e.g. agricultural sector programmes, integrated agricultural development projects) and one-fifth as agricultural water resources development (i.e. irrigation programmes). Within DAC countries' bilateral aid, particularly in the case of Japan, provision of agricultural inputs (mainly fertilizers but also seeds, machinery and equipment) is another important sub-sector.

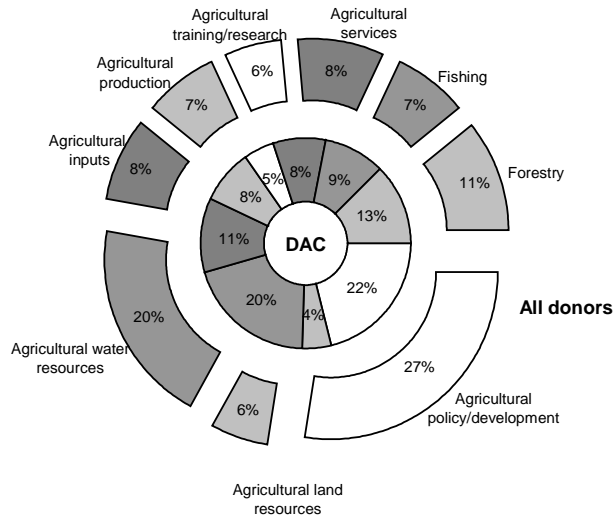
Activities promoting the use of new technologies in agriculture fall under the training/research category, which represents 6 % of total aid to agriculture. This figure may be an understatement, for several reasons. First, research programmes are generally smaller than other projects in the sector. Secondly, research components are likely to be incorporated in crop production or general agricultural development projects but their share in the total cannot be separately identified. Finally, some donors' technical co-operation data are incomplete. Arriving at an accurate figure for donors' ODA to increasing productivity in agriculture would require an in-depth analysis of several agricultural sub-sectors.

and give indications on whether aid is targeted to countries most in need.

Close to half of aid to agriculture in the 1990s went to Sub-Saharan Africa and South Asia. India is by far the largest recipient, followed by Thailand, Egypt, Indonesia, the Philippines and Viet Nam. The breakdown of aid to agriculture by income group has remained relatively stable, with least developed countries, other low income countries and lower middle income countries each receiving approximately one-third.

Aggregate statistics are not sufficient, however, to address the question of targeting. They may be dominated by a few large donors, recipients or projects which can skew analysis, as Chart 3 illustrates. (Aid to agriculture in South Asia essentially consists of large ODA loans by IDA and Japan whereas the data for Sub-Saharan Africa reflect the activities of several donors.) Chart 4 compares the allocation of aid to agriculture with the country distribution of malnutrition. Over 70% of malnourished people in the world live in just 13 countries, but for various reasons, those countries receive only 40% of aid to agriculture.

Chart 2. Sub-sectoral breakdown of aid to agriculture, 1995-99³
(Inner: bilateral; outer: total ODA)



Source: CRS statistics

Chart 3. Aid to agriculture by region, 1998-99

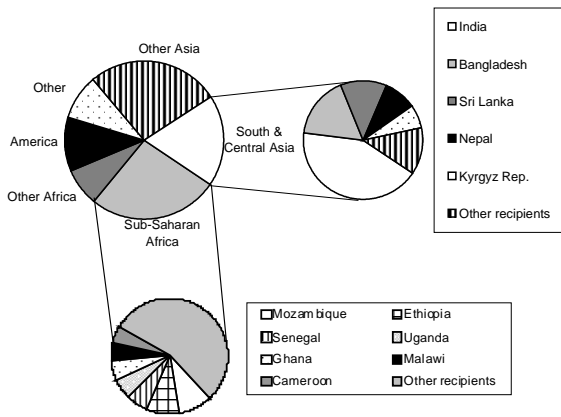
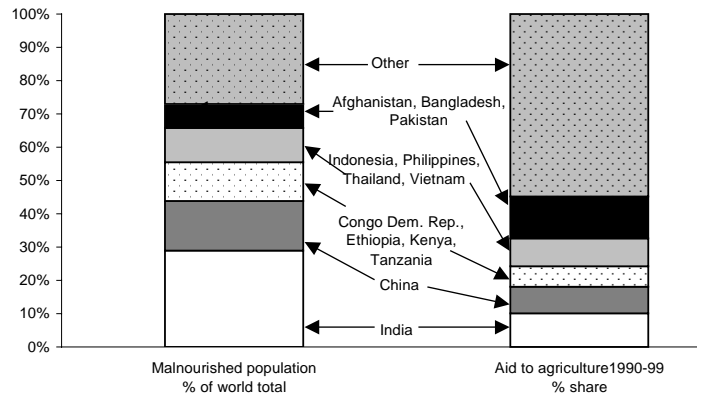


Chart 4. Aid to agriculture to countries most in need



Source: CRS statistics, FAO (malnourished population)

³ In annual DAC statistics, data on aid to agriculture are available from 1973 onwards. Detailed analysis on the basis of the Creditor Reporting System (CRS) is possible only for the 1990s. The coverage of the CRS database in the agricultural sector is estimated to be 70-80 % in this period. The data gap relates mainly to technical co-operation activities by France, Germany and Japan. The DAC seeks to collect data on aid activities by multilateral organisations on the same basis as it does for bilateral donors. At present, sufficient data are received from the World Bank, the regional development banks and IFAD, which together account for approximately 40% of multilateral ODA. Sectoral data for the European Commission and the United Nations, each of which represents some 30% of multilateral ODA, are largely incomplete. The European Commission reports sectoral data on the activities of the European Development Fund (EDF), but not yet those financed through the Commission budget. The data gap for the UN mainly relates to FAO.