

Measuring Aid to Agriculture



Statistics presented in this note relate to Official Development Assistance (ODA) for the agricultural sector including forestry and fishing. The DAC statistical definition of aid to agriculture is given in Annex 1. Forestry and fishing are separately identifiable in the data from 1995 onwards. Private funding is not covered.

This note is a preliminary summary of a forthcoming OECD report on aid to agriculture to be published in December 2009. Comments and suggestions should be directed to valerie.gaveau@oecd.org.

Main findings

In 2006-07, total aid commitments to agriculture amounted to **USD 6.2 billion**. Among DAC members, the largest donors in 2006-07 were the United States (on average USD 932 million per year), Japan (USD 821 million) and France (USD 451 million).

Since the mid 1980s, aid to agriculture has fallen by half but recent trends indicate a slowdown in the decline, and even the prospect of an upward trend.

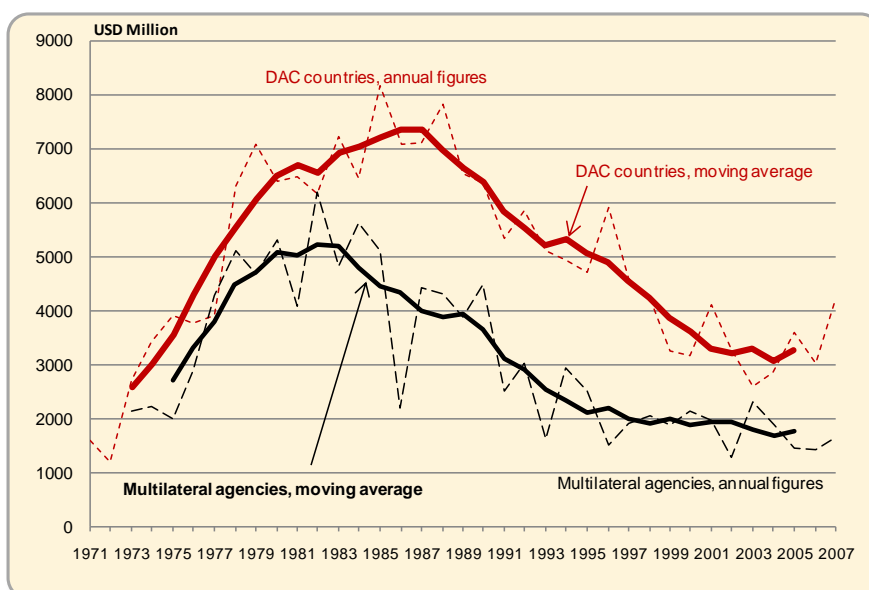
The share of aid to agriculture in DAC members' aid programmes has also steadily declined since the mid 1980s, revealing a clear relative neglect of the sector.

Over the period 2002-07, aid flows to agriculture primarily targeted Sub-Saharan Africa (31%) and South and Central Asia (23%). Least Developed Countries (LDCs) and Other Low Income Countries (Other LICs) received two thirds of total aid to agriculture, indicating a clear focus on the poorest countries.

Since the mid 1980s, aid to agriculture has fallen by half. In 2006-07, DAC countries' bilateral aid commitments to agriculture amounted to **USD 3.8 billion**. Taking into account multilateral agencies, the total was **USD 6.2 billion**. Recent trends indicate a slowdown in the decline, and even the prospect of an upward trend: over the period 2002-07, bilateral aid to agriculture increased at an average annual rate of 5% (real terms).

Chart 1. Trends in aid to agriculture

Commitments, 1973-2007, 5-year moving averages and annual figures, constant 2007 prices



The trend in aid to the agricultural sector is set by a few large donors (see Tables 1 and 2): in 2006-07, two-thirds of DAC members' total bilateral aid commitments to agriculture came from four donors: the United States (22%), Japan (20%), France and the EU institutions (11% each). These were also the largest donors on a disbursement basis.

On the multilateral side, IDA is the predominant agency, its flows accounting for 45% of total multilateral aid to agriculture in 2006-07.

Table 1. Aid to agriculture by donor in 2002-2007

Annual average commitments and disbursements, shares in total sector-allocable aid, constant 2007 prices

Donors	Commitments, USD million			% of Donor Total			Disbursements, USD million	
	2002-03	2004-05	2006-07	2002-03	2004-05	2006-07	2004-05	2006-07
Australia	114	84	82	10	7	5	83	92
Austria	7	9	12	2	4	4	6	9
Belgium	95	93	91	10	10	9	57	66
Canada	115	213	114	7	11	6	91	122
Denmark	67	204	83	8	13	9	73	79
Finland	22	48	34	6	11	8	0	23
France	255	184	451	7	4	9	218	399
Germany	239	229	317	5	5	5	236	238
Greece	2	1	5	1	1	3	1	5
Ireland	23	22	33	7	6	7	22	32
Italy	48	27	45	7	4	6	26	42
Japan	820	702	821	12	9	10	498	687
Luxembourg	4	11	9	3	8	6	11	9
Netherlands	226	148	121	10	6	3	121	116
New Zealand	5	9	11	5	6	5	5	6
Norway	83	115	117	6	8	6	105	100
Portugal	6	3	2	2	1	1	3	2
Spain	136	115	163	9	9	7	105	111
Sweden	44	79	144	3	5	8	64	117
Switzerland	85	70	69	13	9	9	79	64
United Kingdom	221	143	113	6	4	2	150	153
United States	337	669	932	3	4	5	514	472
Total DAC countries	2953	3179	3768	7	6	6	2468	2944
AfDF	306	207	245	23	16	15	..	..
AsDF	286	226	223	16	15	14	..	..
EU institutions	471	288	444	7	3	4	238	359
FAO	219	213	203	100	100	100	..	..
IDA	725	718	1075	10	10	12	..	..
IDB Sp.Fund	48	42	0	8	10	0	..	..
IFAD	107	175	209	24	40	44	..	..
UNDP	0	7	1	-	2	0	..	..
Total Multilateral	2161	1875	2400	12	9	10	..	..
Total	5114	5054	6169	8	7	7	..	..

Notes:

General budget support, once integrated in developing countries' domestic budgets, will contribute to the development of the agricultural sector, but this contribution is not specified and not taken into account in the above figures.

Figures for **FAO** are Secretariat estimates based on the agency's ODA coefficient and core budget.

Belgium internally uses a multiple-purpose coding system that leads to higher figures: USD 122 million for 2002-03, USD 121 million for 2004-05, and USD 124 million for 2006-07.

Sector-allocable aid: in order to better reflect the sectoral focus of donors' programmes, when calculating the share of aid to agriculture in total bilateral aid (column "% of Donor Total"), contributions not susceptible to allocation by sector (general budget support, actions relating to debt, humanitarian aid, administrative costs and other internal transactions in the donor country) are excluded from the denominator.

The data show that **IFAD** does not extend the totality of its aid flows for agriculture (44% in 2006-07). Most of the remaining flows fall under rural development in the DAC sector classification, and are taken into account in a broader measure of aid to agriculture and food security (see Table 3 below).

Since total aid has increased substantially in recent years, the share of aid to agriculture has declined even faster than its real dollar amount. For DAC countries, the share has steadily declined since the mid 1980s, and has fallen from 13% to 6% since the mid 1990s, revealing a clear relative neglect of the agriculture sector.

A number of individual donors extend relatively high proportions of their aid to agricultural projects: Japan (10%), Belgium, Denmark, France and Switzerland (9% each), Finland and Sweden (8% each), and Ireland and Spain (7% each) are above the 6% DAC average for the years 2006-07.

Table 2 shows that five of the top ten recipients are in Asia, thanks partly to large Japanese loans in India and China, and to large grants from the United States in Afghanistan (reduce illicit drug cultivation) and Iraq (improve agricultural productivity).

Table 2. Main recipients and donors of DAC members' bilateral aid to the agriculture sector

2006-07 average commitments in millions of USD, constant 2007 prices

USD million, average 2006-07	United States	Japan	France	EU Institutions	Germany	Other DAC members	Total DAC members	% of aid to agriculture to all recipients
India	2	284	2	0	18	10	316	8
Afghanistan	147	3	0	16	2	41	209	5
Ghana	96	6	28	3	12	18	163	4
Mali	80	3	18	10	8	27	148	4
Viet Nam	0	30	59	0	10	48	146	3
China	0	108	0	0	8	21	137	3
Iraq	120	0	0	0	0	0	121	3
Egypt	6	11	1	0	87	4	108	3
Peru	45	32	1	0	8	13	99	2
Colombia	60	1	4	5	11	4	85	2
Other recipients	374	344	338	410	153	1061	2680	64
Total amount	932	821	451	444	317	1248	4213	100
% of aid to agriculture from all DAC members	22	19	11	11	8	30	100	

Loans and grants

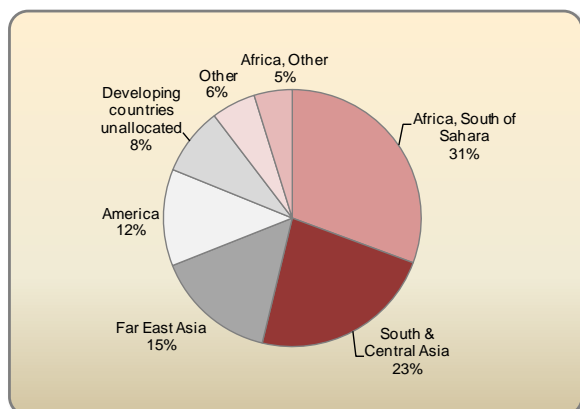
Most bilateral donors now provide only grants within their aid programmes. But some larger donors also provide soft loans for agriculture, including Japan (USD 706 million in 2007) and Germany (USD 43 million). Among multilateral agencies, the major loan providers were IDA (USD 915 million in 2007), the Asian (USD 240 million) and African Development Funds (USD 236 million), and IFAD (USD 214 million). Overall, 38% of aid to agriculture was in loan form in 2007. DAC members' loans went to low income countries (61%), lower middle income countries (38%) and upper middle income countries (1%), whereas only grants were used to finance projects in least developed countries.

Including non-concessional flows

The figures presented above deal only with aid, i.e. grants and soft loans. But developing countries also receive unsubsidised loans from major bilateral and multilateral lenders. The major providers of these loans in 2007 to the agricultural sector were IBRD (USD 777 million), and the Asian (USD 260 million) and African Development Banks (USD 97 million).

Chart 2. Regional breakdown of aid to agriculture

Commitments in 2002-07, constant 2007 prices



Aid flows to agriculture primarily targeted Sub-Saharan Africa (31%) and South and Central Asia (23%). For both these regions, the share has increased over the last decade, from 27% in 1998-99 to 33% in 2006-07 for Sub-Saharan Africa, and from 19% to 23% for South and Central Asia. The region that was progressively less targeted over the same period was Far East Asia: its share decreased from 22% to 12%.

Least Developed Countries (LDCs) and Other Low Income Countries (Other LICs) received two thirds of total aid to agriculture (excluding regional/multi-country aid that cannot be allocated to income groups), indicating a clear focus on the poorest countries.

Chart 3. Sub-sectoral breakdown of aid to agriculture

Commitments in 2006-07, constant 2007 prices

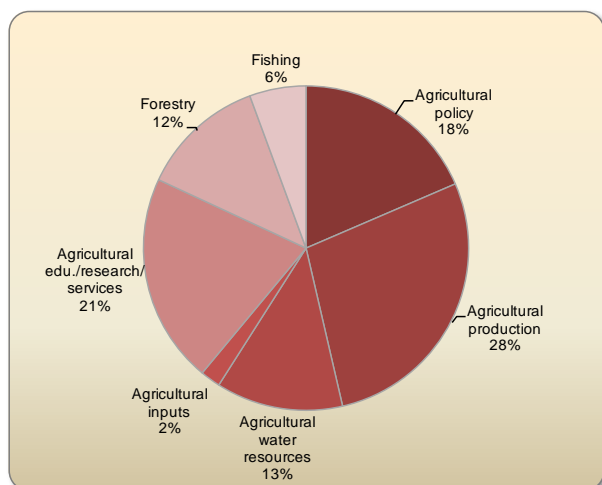


Chart 3 highlights the shares of forestry and fishery in total aid to agriculture: 12% and 6% respectively. Members' priorities vary, with some placing emphasis more on forestry (Finland: 67%; Japan and Netherlands: 36%; Australia: 24%), and others on fishing (Greece: 38%; Spain: 31%; Denmark, New Zealand: 21%; Norway: 22%).

Other highlights include:

- alternative agricultural development (to reduce illicit drug cultivation) attracted 7% of total aid to agriculture (United States: 27%);
- agricultural water resources accounted for 13% on average (Germany: 39%; Luxembourg and Japan: 22%);
- research represented 11% (France: 68%; Portugal: 29%; Australia: 25%; Sweden: 23%).

Aid flows to agriculture and other food-security-related sectors

The DAC definition of aid to agriculture excludes rural development (classified as multi-sector aid), developmental food aid (general programme assistance) and emergency food aid (humanitarian assistance). Aid to these sectors is not reflected in main statistics presented above.

Table 3 below shows the data series including these sectors which, while not supporting agricultural development *per se*, contribute to improving rural livelihoods and food security in developing countries. Using this broader measure, aid to agriculture and food security amounted to USD 12 billion per year in 2006-07. While there is little trend in these data over the most recent years, they already represent a slight recovery over the late 1990s: bilateral aid to agriculture and food security rose from USD 5.9 billion in 1996-7 to USD 7.5 billion in 2006-7.

Table 3. Aid to agriculture and food-security-related sectors in 2002-07

Annual average commitments in millions of USD, constant 2007 prices

<i>DAC countries</i>	2002-03	2004-05	2006-07
Agriculture/Forestry/Fishing	2953	3179	3768
Rural development	825	599	884
Developmental food aid	1644	1198	1060
Emergency food aid	1798	2015	1811
Total DAC countries	7219	6990	7523
<i>Multilateral agencies</i>	2002-03	2004-05	2006-07
Agriculture/Forestry/Fishing	2161	1875	2400
Rural development	872	655	589
Developmental food aid	1401	1190	1013
Emergency food aid	356	322	393
Total multilateral agencies	4790	4042	4395
Total	12009	11033	11919

Annex 1 – DAC coverage of aid to agriculture and food-security-related-aid

1. List of sectors, sub-sectors, and groupings used in Chart 2 (agriculture sectors only)

CRS CODE	DESCRIPTION	Clarifications / Additional notes on coverage
Agricultural policy (grouping 1)		
31110	Agricultural policy and administrative management	Agricultural sector policy, planning and programmes; aid to agricultural ministries; institution capacity building and advice; unspecified agriculture.
31130	Agricultural land resources	Including soil degradation control; soil improvement; drainage of water logged areas; soil desalination; agricultural land surveys; land reclamation; erosion control, desertification control.
31164	Agrarian reform	Including agricultural sector adjustment.
Agricultural production (grouping 2)		
31120	Agricultural development	Integrated projects; farm development.
31161	Food crop production	Including grains (wheat, rice, barley, maize, rye, oats, millet, sorghum); horticulture; vegetables; fruit and berries; other annual and perennial crops. [Use code 32161 for agro-industries.]
31162	Industrial crops/export crops	Including sugar; coffee, cocoa, tea; oil seeds, nuts, kernels; fibre crops; tobacco; rubber. [Use code 32161 for agro-industries.]
31163	Livestock	Animal husbandry; animal feed aid.
31165	Agricultural alternative development	Projects to reduce illicit drug cultivation through other agricultural marketing and production opportunities (see code 43050 for non-agricultural alternative development).
Agricultural water resources (grouping 3)		
31140	Agricultural water resources	Irrigation, reservoirs, hydraulic structures, ground water exploitation for agricultural use.
Agricultural inputs (grouping 4)		
31150	Agricultural inputs	Supply of seeds, fertilizers, agricultural machinery/equipment.
Agricultural education/research/services (grouping 5)		
31166	Agricultural extension	Non-formal training in agriculture.
31181	Agricultural education/training	
31182	Agricultural research	Plant breeding, physiology, genetic resources, ecology, taxonomy, disease control, agricultural bio-technology; including livestock research (animal health, breeding and genetics, nutrition, physiology).
31191	Agricultural services	Marketing policies and organisations; storage and transportation, creation of strategic reserves.
31192	Plant and post-harvest protection and pest control	Including integrated plant protection, biological plant protection activities, supply and management of agrochemicals, supply of pesticides, plant protection policy and legislation.
31193	Agricultural financial services	Financial intermediaries for the agricultural sector including credit schemes; crop insurance.
31194	Agricultural co-operatives	Including farmer's organisations.
31195	Livestock/veterinary services	Animal health and management, genetic resources, feed resources.
Forestry (grouping 6)		
31210	Forestry policy and administrative management	Forestry sector policy, planning and programmes; institution capacity building and advice; forestry surveys; unspecified forestry and agro-forestry activities.
31220	Forestry development	Afforestation for industrial and rural consumption; exploitation and utilisation; erosion control, desertification control; integrated forestry projects.
31261	Fuelwood/charcoal	Forestry development whose primary purpose is production of fuelwood and charcoal.

<i>CRS CODE</i>	<i>DESCRIPTION</i>	<i>Clarifications / Additional notes on coverage</i>
31281	Forestry education/training	
31282	Forestry research	Including artificial regeneration, genetic improvement, production methods, fertilizer, harvesting.
31291	Forestry services	

Fishing (grouping 7)

31310	Fishing policy and administrative management	Fishing sector policy, planning and programmes; institution capacity building and advice; ocean and coastal fishing; marine and freshwater fish surveys and prospecting; fishing boats/equipment; unspecified fishing activities.
31320	Fishery development	Exploitation and utilisation of fisheries; fish stock protection; aquaculture; integrated fishery projects.
31381	Fishery education/training	
31382	Fishery research	Pilot fish culture; marine/freshwater biological research.
31391	Fishery services	Fishing harbours; fish markets; fishery transport and cold storage.

2. Additional food-security-related sub-sectors included in Table 3

43040	Rural development	Integrated rural development projects; e.g. regional development planning; promotion of decentralised and multi-sectoral competence for planning, co-ordination and management; implementation of regional development and measures (including natural reserve management); land management; land use planning; land settlement and resettlement activities [excluding resettlement of refugees and internally displaced persons (72010)]; functional integration of rural and urban areas; geographical information systems .
52010	Food aid/Food security programmes	Supply of edible human food under national or international programmes including transport costs; cash payments made for food supplies; project food aid and food aid for market sales when benefiting sector not specified; excluding emergency food aid.
72040	Emergency food aid	Food aid normally for general free distribution or special supplementary feeding programmes; short-term relief to targeted population groups affected by emergency situations. Excludes non-emergency food security assistance programmes/food aid (52010).

Annex 2 - Technical note
Monitoring aid flows to the agricultural sector
DAC statistics - CRS Aid Activity database

DAC and CRS data are the unique source for official, standard and comparable statistics on ODA

The OECD Development Assistance Committee (DAC) collects aid flows at activity level through the Creditor Reporting System (CRS) and expanded CRS (CRS++), and in the form of aggregates through the annual DAC Questionnaire. The data collection is based on a standard methodology and agreed definitions. Data can be used to analyse trends and compare the efforts of donors.

Aid to agriculture is sub-divided in 3 sectors and 29 sub-sectors

The DAC definition of aid to agriculture includes “agriculture”, “forestry”, and “fishing”. The full definition of each sector and sub-sector is given in Annex 1.

The definition of aid to agriculture excludes aid to other sectors which may have a direct or indirect effect on food security, e.g. rural development, developmental food aid and emergency food aid.

Example of data collection at activity level

For most types of financial flows, the CRS database records the face value of the activity at the date a grant or loan agreement is signed with the recipient (“commitments”). Data on the amounts disbursed each year are available at the activity level also (“disbursements”). Aid flows are measured on a calendar year basis.

Example: Japan supports a project for “Afforestation for conservation of middle stream of Huang He”. It was committed in 2005 with subsequent disbursements up to 2007 (current USD thousands).

Original commitment

Year	Donor	Agency	Project number	Recipient	Sector code	Amount	Flow type	Currency
2005	Japan	MOFA	MOFA050094	China	31220	3352	Grant	USD

Subsequent disbursements

Year	Annual disbursement	Cumulative disbursement	Remains to be disbursed
2005	190	190	3 162
2006	2 330	2 521	832
2007	475	2 996	357