

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 1996 onwards. Private funding is not covered.

Main findings

In 2007-08, total annual average aid commitments to agriculture amounted to **USD 7.2 billion**. Among DAC members, the largest donors in 2007-08 were the United States (on average USD 1.4 billion per year), Japan (USD 1 billion) and France (USD 582 million).

Since the mid 1980s, aid to agriculture has fallen by 43% but recent data indicate a slowdown in the decline, and the beginnings of an upward trend.

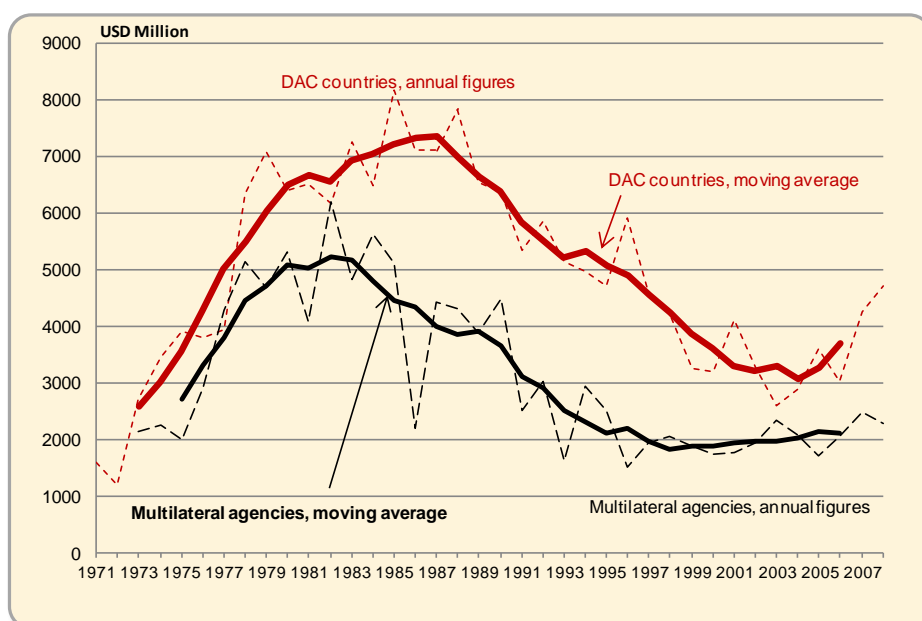
The share of aid to agriculture in DAC members' aid programmes has declined even more sharply: from 17% in the late 1980s to 6% in recent years, revealing a clear relative neglect of the sector.

Over the period 2003-08, aid flows to agriculture primarily targeted Sub-Saharan Africa (31%) and South and Central Asia (22%). Least developed countries and other low income countries received more than half of total aid to agriculture.

Since the mid 1980s, aid to agriculture has fallen by 43%. In 2007-08, DAC countries' bilateral average aid commitments to agriculture amounted to **USD 4.7 billion**. Taking into account multilateral agencies, the total was **USD 7.2 billion**. Recent trends indicate a slowdown in the decline, and even the prospect of an upward trend: over the period 2003-08, bilateral aid to agriculture increased at an average annual rate of 13% (real terms).

Chart 1. Trends in aid to agriculture

Commitments, 1973-2008, 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 Table 1): in 2007-08, more than half of DAC member countries' total bilateral aid commitments to agriculture came from three donors: the United States (30%), Japan (21%) and France (12%). These were also the largest donors on a disbursement basis.

On the multilateral side, IDA is the predominant agency, its flows accounting for 50% of total multilateral aid to agriculture in 2007-08, with EU institutions accounting for 21% (the EU is the only multilateral member of the DAC).

Table 1. Aid to agriculture by donor in 2003-08

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

	Commitments, USD million			% of Donor Total			% All Donors		
	2003-04	2005-06	2007-08	2003-04	2005-06	2007-08	2003-04	2005-06	2007-08
Australia	78	112	110	6	8	4	2	2	2
Austria	7	11	12	3	4	3	0	0	0
Belgium	81	91	106	10	10	9	2	2	1
Canada	232	149	169	13	9	7	5	3	2
Denmark	89	171	67	8	14	7	2	3	1
Finland	23	44	61	7	9	11	0	1	1
France	235	191	582	6	4	10	5	4	8
Germany	204	323	228	4	6	3	4	6	3
Greece	2	2	5	1	1	2	0	0	0
Ireland	25	24	45	7	6	8	1	0	1
Italy	39	28	60	6	3	7	1	1	1
Japan	609	755	991	9	9	9	12	14	14
Luxembourg	11	6	14	8	4	8	0	0	0
Netherlands	203	154	99	10	4	3	4	3	1
New Zealand	6	14	8	5	7	4	0	0	0
Norway	98	116	139	7	6	6	2	2	2
Portugal	4	3	2	2	1	1	0	0	0
Spain	131	113	211	10	7	7	3	2	3
Sweden	72	114	83	6	5	6	1	2	1
Switzerland	70	63	83	10	9	10	1	1	1
United Kingdom	164	180	239	5	4	4	3	3	3
United States	379	722	1397	2	4	7	7	14	19
Total DAC countries	2763	3388	4713	6	6	6	54	63	65
AfDF	280	249	118	19	18	7	6	5	2
AsDF	273	225	120	15	17	8	5	4	2
EC	365	334	539	5	3	5	7	6	7
FAO	211	211	210	100	100	100	4	4	3
IDA	963	756	1261	9	9	11	19	14	17
IDB Sp.Fund	75	15	10	16	3	3	1	0	0
IFAD	136	168	262	32	37	53	3	3	4
UNDP*	5	3	1	1	1	0	0	0	0
Total Multilateral	2308	1961	2521	21	16	17	46	37	35
Total	5071	5349	7234	9	8	9	100	100	100

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.

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.

Belgium internally uses a multiple-purpose coding system that leads to higher figures (approximately USD 120 million annually).

Korea became a DAC member on 1 January 2010. It is not included in the figures for this brochure, but will be integrated as from the next edition. Aid to agriculture by Korea amounted to **USD 82 million in 2007-08**, which represented 7% of its total bilateral sector allocable aid.

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

The data show that **IFAD** does not extend the totality of its aid flows for agriculture (53% in 2007-2008). 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 reached a peak of 17% in the late 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: Finland (11%), France and Switzerland (10% each), Belgium and Japan (9% each) are well above the 6% DAC average for the years 2007-08.

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

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

2007-08 average commitments in millions of USD, constant 2007 prices

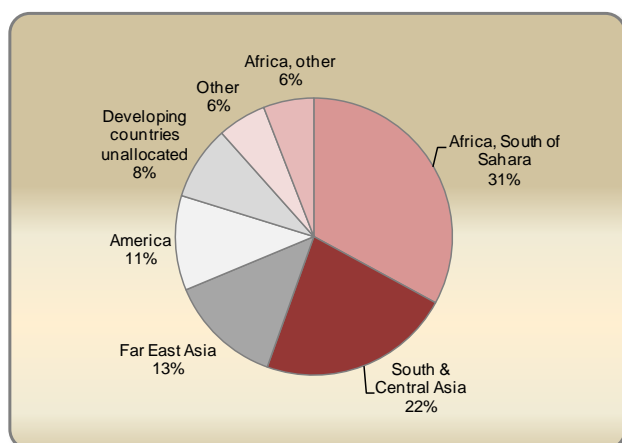
	United States	Japan	France	EU Institutions	United Kingdom	Other DAC members	Total DAC members	% of aid to agriculture to all recipients
Afghanistan	283	3	0	20	12	49	368	7
India	3	290	2	0	0	27	322	6
Morocco	206	5	6	0	0	16	233	4
Ghana	128	5	14	3	5	76	231	4
Iraq	101	41	0	0	0	13	155	3
Mali	113	4	13	10	0	42	183	3
Indonesia	2	112	15	0	0	40	169	3
Colombia	83	1	4	0	0	20	109	2
China	0	74	0	0	0	33	108	2
Viet Nam	1	9	50	0	0	55	114	2
Other recipients	477	446	476	506	222	1134	3260	62
Total amount	1397	991	581	539	239	1505	5252	100
<i>% of aid to agriculture from all DAC members</i>	27	19	11	10	5	29	100	

Loans and grants

Most bilateral donors now provide aid only in form of grants. But some larger donors also provide soft loans for agriculture, including Japan (USD 708 million in 2008) and France (USD 102 million). Among multilateral agencies, the major loan provider was IDA (USD 1 billion in 2008). Overall, 28% of aid to agriculture was in loan form in 2008. DAC members' loans went mainly to lower middle income countries (77%), whereas projects in least developed countries were practically all financed through grants.

Chart 2. Regional breakdown of aid to agriculture

Commitments in 2003-08, constant 2007 prices



Aid flows to agriculture primarily targeted Sub-Saharan Africa (31%) and South and Central Asia (22%). For both these regions, the share has increased over the last decade, from 27% in 1998-99 to 31% in 2007-08 for Sub-Saharan Africa, and from 19% to 21% for South and Central Asia.

Least developed countries and other low income countries received more than half of total aid to agriculture (excluding regional/multi-country aid that cannot be allocated to income groups).

Chart 3. Sub-sectoral breakdown of aid to agriculture

Commitments in 2007-08, constant 2007 prices

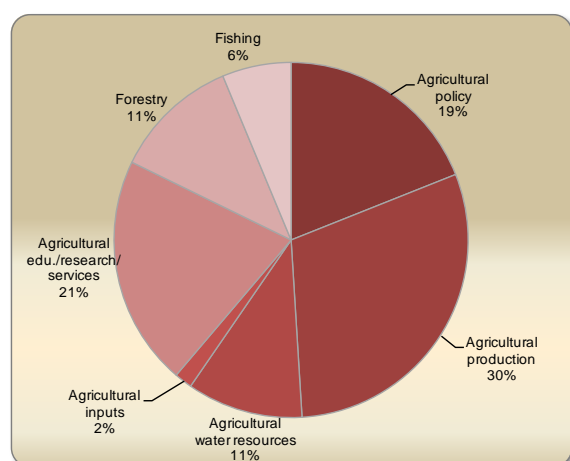


Chart 3 highlights the small shares of forestry and fishery in total aid to agriculture: 11% and 6% respectively. Members' priorities vary, with some placing emphasis more on forestry (Finland: 68%; Australia and Japan: 30%; and Netherlands: 28%), and others on fishing (New Zealand: 45%; Greece: 43%; Spain: 37%; Norway: 10%).

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 data 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 2007-08. 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 1996-97 to USD 9 billion in 2007-08.

Table 3. Aid to agriculture and food-security-related sectors in 2003-08

Annual average commitments in millions of USD, constant 2007 prices

<i>DAC countries</i>	2003-04	2005-06	2007-08
Agriculture/Forestry/Fishing	2763	3388	4713
Rural development	622	729	776
Developmental food aid	1358	1053	1204
Emergency food aid	1967	2131	2284
Total DAC countries	6710	7301	8977
<i>Multilateral agencies</i>	<i>2003-04</i>	<i>2005-06</i>	<i>2007-08</i>
Agriculture/Forestry/Fishing	2308	1961	2521
Rural development	253	216	224
Developmental food aid	823	1159	393
Emergency food aid	109	180	157
Total multilateral agencies	3492	3515	3294
Total	10202	10816	12272

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

1. List of sectors, sub-sectors, and groupings used in Chart 3 (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 in the Henan province”. It was committed in 2006 with subsequent disbursements up to 2008 (current Yen millions).

Original commitment

Year	Donor	Agency	Project number	Recipient	Sector code	Amount	Flow type	Currency
2006	Japan	JBIC	JBICC05-P215	China	31220	7434	Loan	Yen

Subsequent disbursements

Year	Annual disbursement	Cumulative disbursement	Remains to be disbursed
2007	851	851	6 583
2008	1 815	2 666	4 768