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FAOSTAT ANALYTICAL BRIEF 69

Development flows to agriculture

2012–2021

Global and regional trends

HIGHLIGHTS

- In 2021, total development flows* remained high and decreased only marginally compared to the record level reached in 2020, as the effects of the COVID-19 pandemic were still unfolding.
- In contrast, development flows to agriculture (DFA)** decreased by 17 percent from USD 15.6 billion in 2020 to USD 13.3 billion in 2021, back to the level of 2019 as donors distributed large amounts of resources to deal with the COVID-19 pandemic and to host refugees on their soil.
- In 2021, Africa received the largest portion of DFA (40.2 percent), followed by Asia (30.1 percent) and the Americas (12.1 percent).
- In 2021, the leading donors of DFA were the International Development Association (IDA) of the World Bank, the International Bank for Reconstruction and Development (IBRD), Germany, the European Union (EU) institutions and the Asian Development Bank (AsDB).
- The top ten recipient countries of DFA in 2021 were India, China, Indonesia, Ethiopia, Kenya, Nigeria, Bangladesh, Brazil, Colombia and Uzbekistan.
- With an agriculture orientation index oscillating around 0.5 during the decade, agriculture received a portion of development flows that is smaller than its relative contribution to GDP in recipient countries.

* This brief focuses on development flows in disbursements only, unless otherwise mentioned, made up of net official development assistance (ODA), other official flows (OOF) and private grants, measured in 2021 constant USD.

** The agriculture sector includes crops, livestock, forestry, fishing and aquaculture, as per ISIC Rev. 4, A_01-03.

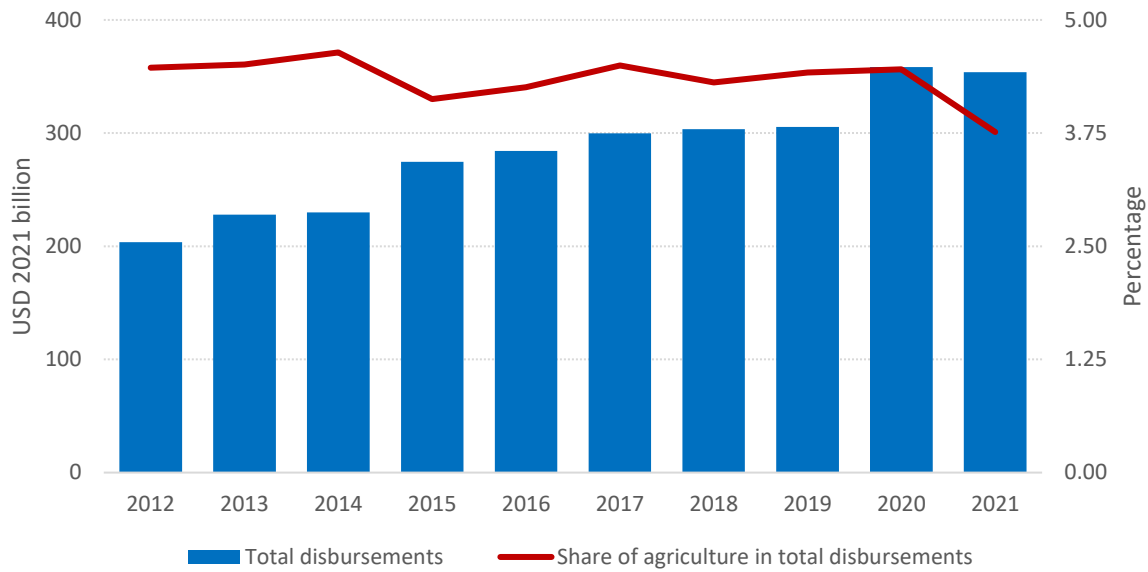
FAOSTAT DEVELOPMENT FLOWS TO AGRICULTURE

GLOBAL TRENDS

Disbursed development flows increased by 74 percent during the last decade from USD 204 billion in 2012 to USD 354 billion in 2021. However, the share of development flows devoted to agriculture dropped from 4.5 percent in 2012 to 3.8 percent in 2021, the lowest level in the decade. Compared to 2020, donors slightly decreased their total disbursements by 1.3 percent or USD 4.6 billion; still, the amounts disbursed are significantly higher than in 2012–2019 since the effects of the COVID-19 pandemic were still unfolding, requiring international assistance to alleviate them. In contrast, development flows to agriculture decreased sharply by 17 percent between 2020 and 2021, or USD 2.7 billion, reaching USD 13.3 billion in 2021, causing the share of agriculture to drop from 4.5 percent to 3.8 percent (Figure 1).



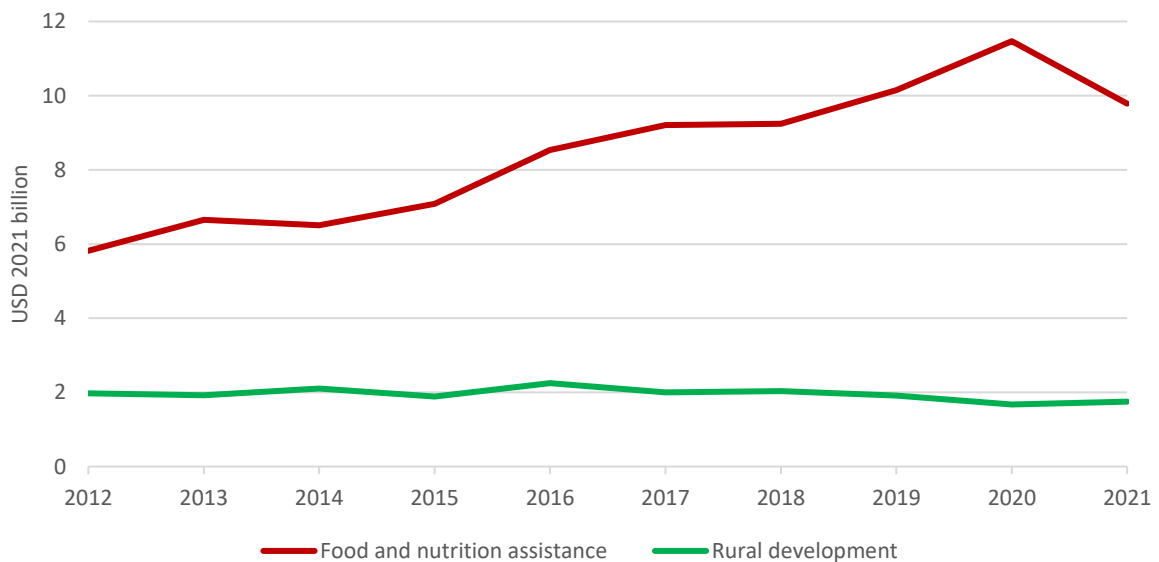
Figure 1: Development flows and agriculture share



Source: FAO. 2023. Development Flows to Agriculture. In: *FAOSTAT*. Rome. [Cited July 2023]. <http://www.fao.org/faostat/en/#data/EA>

The FAOSTAT domain also tracks development flows for other purposes linked with agriculture. Disbursements to food and nutrition assistance have increased since 2012 with a peak of USD 11.5 billion in 2020 due to the COVID-19 pandemic and dropped in 2021 just below 2019 levels. Disbursements to rural development have remained around USD 2 billion since 2012, with a slight decrease in 2020 that was not entirely recovered from in 2021 (Figure 2).

Figure 2: Development flows to food and nutrition assistance and rural development

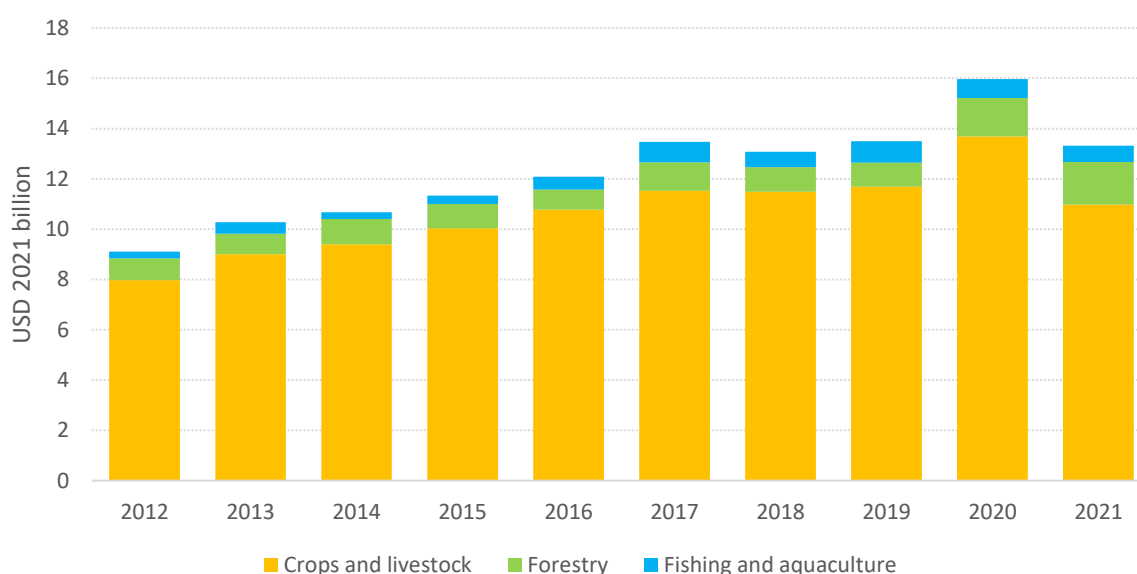


Source: FAO. 2023. Development Flows to Agriculture. In: *FAOSTAT*. Rome. [Cited July 2023]. <http://www.fao.org/faostat/en/#data/EA>

DEVELOPMENT FLOWS TO CROPS AND LIVESTOCK, FORESTRY, AND FISHING AND AQUACULTURE

Disbursements to crops and livestock represented in 2021 82 percent of the total disbursements to agriculture, followed by forestry (13 percent) and fishing and aquaculture (5 percent). Disbursements to crops and livestock decreased by 20 percent from USD 13.7 billion in 2020 to USD 11.0 billion in 2021 and those to fishing and aquaculture decreased by 14 percent from USD 753 million to USD 647 million, while disbursements to forestry increased by 11 percent in 2021 from USD 1.5 billion in 2020 to USD 1.7 billion in 2021. Overall, development flows increased by 38 percent for crops and livestock during the last decade, 97 percent for forestry and 133 percent for fishing and aquaculture (Figure 3).

Figure 3: Development flows to agriculture by sector

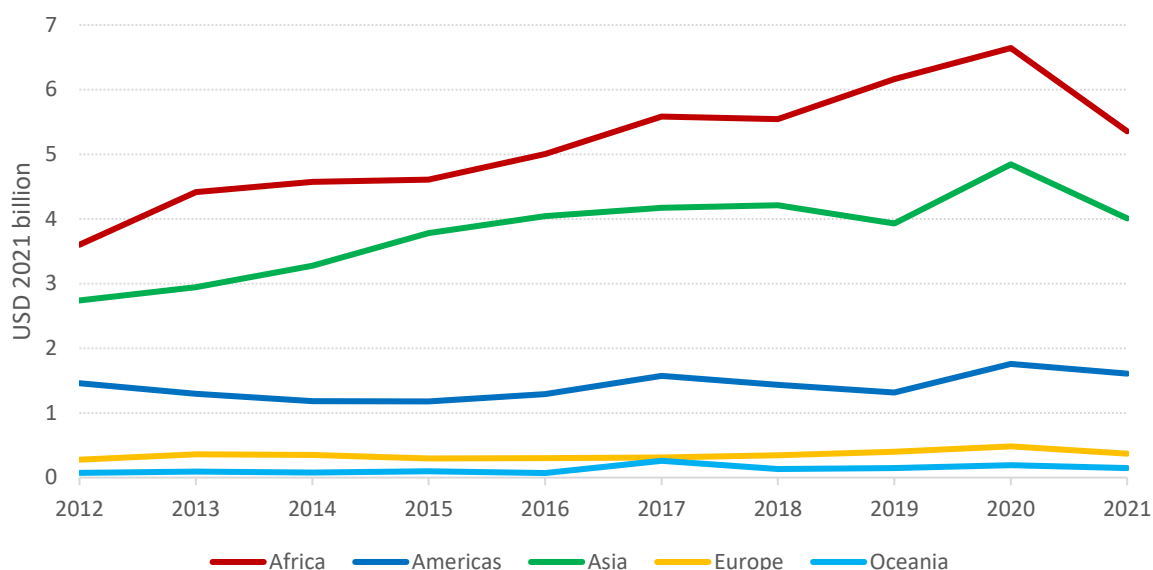


Source: FAO. 2023. Development Flows to Agriculture. In: *FAOSTAT*. Rome. [Cited July 2023]. <http://www.fao.org/faostat/en/#data/EA>

Africa received the largest proportion of DFA in 2021 (40.2 percent, or USD 5.4 billion), followed by Asia (30.1 percent, or USD 4.0 billion), the Americas (12.1 percent or USD 1.6 billion), Europe (2.8 percent, or USD 370 million) and Oceania (1.1 percent, or USD 146 million).

DFA went down in all regions between 2020 and 2021. The largest decreases occurred in Oceania and Europe, by 24 percent (-USD 47 million) and 23 percent (-USD 112 million) respectively, followed by Africa (19 percent, or -USD 1.3 billion), Asia (17 percent, or -USD 834 million) and the Americas (8 percent, or -USD 148 million). While disbursements to Oceania were the smallest in 2021, they had increased by 105 percent since 2012, compared to 49 percent for Africa, 46 percent for Asia, 34 percent for Europe and 10 percent for the Americas (Figure 4).

Figure 4: Development flows disbursed to agriculture by region

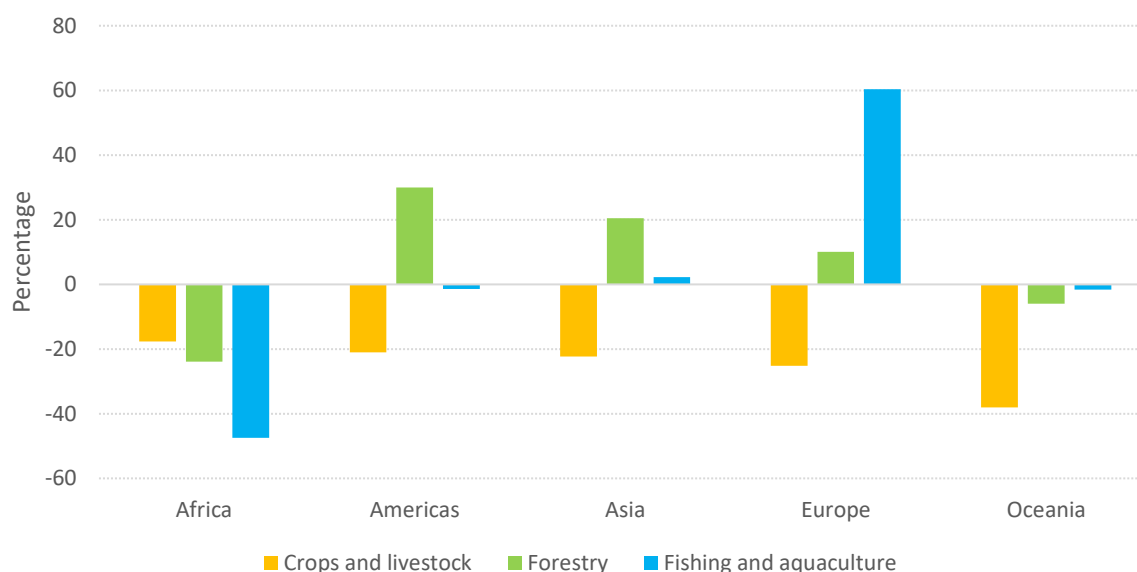


Source: FAO. 2023. Development Flows to Agriculture. In: *FAOSTAT*. Rome. [Cited July 2023]. <http://www.fao.org/faostat/en/#data/EA>

Between 2020 and 2021, the largest increase in disbursements occurred for fishing and aquaculture in Europe (60 percent), followed by forestry in the Americas (30 percent), Asia (21 percent) and Europe (10 percent). Disbursement for crops and livestock went down in all regions, with decreases ranging from -18 percent in Africa to -38 percent in Oceania.

Africa and Oceania are also the two regions that experienced decreases in disbursement for the three agricultural subsectors: crops and livestock by -18 percent and -38 percent respectively; fishing and aquaculture by -47 percent and -2 percent respectively; forestry by -24 percent and -6 percent respectively (Figure 5).

Figure 5: Change in development flows disbursed to agricultural subsectors by region between 2020 and 2021

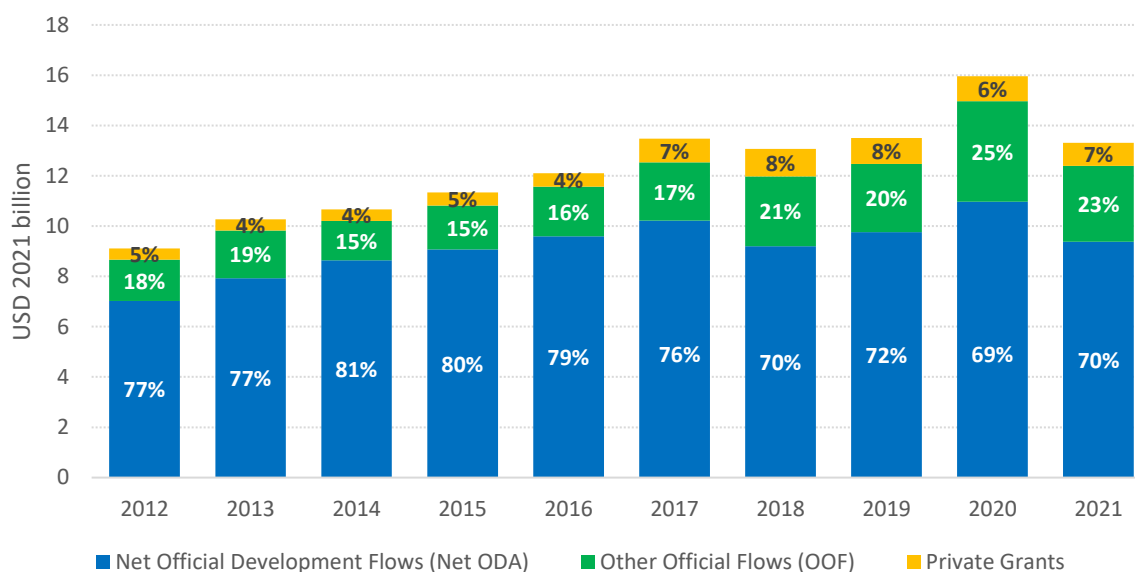


Source: FAO. 2023. Development Flows to Agriculture. In: *FAOSTAT*. Rome. [Cited July 2023]. <http://www.fao.org/faostat/en/#data/EA>

Donors have mobilized increasing resources towards agriculture during the last decade, with small shifts in the composition of their aid.¹ Private grants were the smaller resource flow between 2012 and 2021, but had the fastest growth: +103 percent, from USD 451 million to USD 917 million. Other official flows (OOF) increased from USD 1.6 billion in 2012 to USD 3.0 billion in 2021 (+85 percent). Net official development assistance (ODA) had the slowest growth over the period (+33 percent) but remained the larger resource flow. As a result, the share of private grants in DFA increased from 5 percent to 7 percent (with a peak of 8.4 percent in 2018) and that of OOF from 18 percent in 2012 to 23 percent in 2021, while the share of net ODA in DFA declined from 77 percent to 70 percent (Figure 6).

¹ Net official development assistance (ODA) is government aid designed to promote the economic development and welfare of developing countries. Net ODA includes grants, the provision of technical assistance and “soft” loans whose criterion “is concessional in character and conveys a grant element of at least 25 percent (calculated at a rate of discount of 10 percent)” remains in force for these instruments. Other official flows (OOF) are aids that do not meet ODA criteria. OOF includes grants to developing countries for representational or essentially commercial purposes; official bilateral transactions intended to promote development, but having a grant element of less than 25 percent; and official bilateral transactions that are primarily export-facilitating in purpose. This category includes export credits, the net acquisition of securities issued by multilateral development banks at market terms, subsidies (grants) to the private sector to soften its credits, and funds in support of private investment.

Figure 6: Development flows disbursed to agriculture by resource flow



Note: Percentages indicate the shares in the total; they may not tally due to rounding.

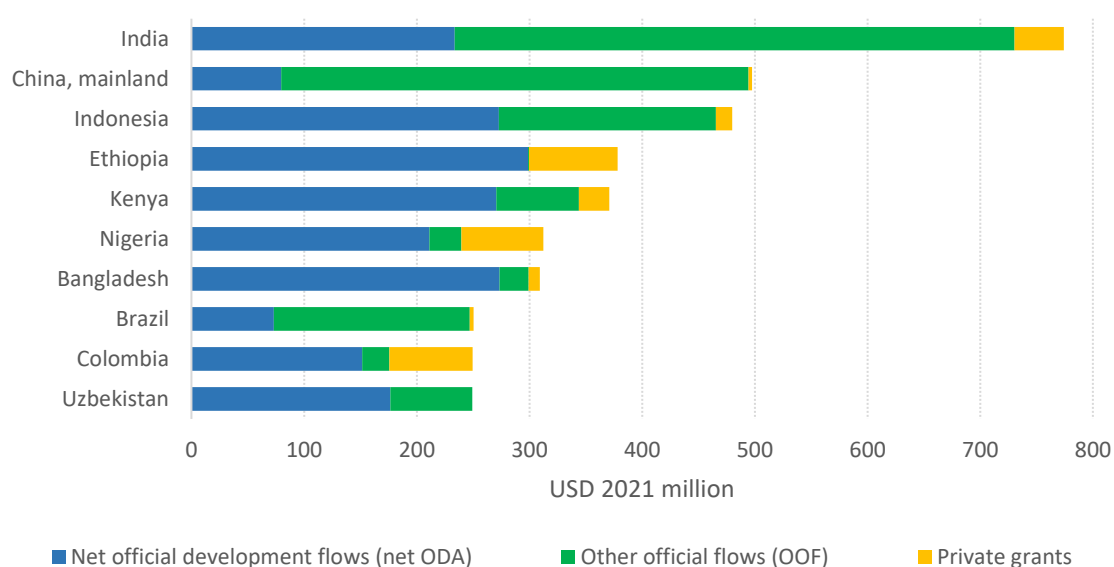
Source: FAO. 2023. Development Flows to Agriculture. In: *FAOSTAT*. Rome. [Cited July 2023]. <http://www.fao.org/faostat/en/#data/EA>

TOP RECIPIENTS OF DFA DISBURSEMENTS

The top ten recipient countries of DFA in 2021 were India (USD 774 million), China (497 million), Indonesia (USD 480 million), Ethiopia (USD 378 million), Kenya (USD 371 million), Nigeria (USD 312 million), Bangladesh (USD 309 million), Brazil (USD 251 million), Colombia (USD 250 million) and Uzbekistan (USD 249 million). As mentioned earlier, Africa received around 40 percent of the development flows to agriculture in 2021; the fact that only three countries from the continent are among the top ten recipients could indicate a large dispersion of DFA in the region.

High portions of OOF were disbursed in China (83 percent), Brazil (69 percent), India (64 percent) and Indonesia (40 percent). Private grants disbursed were quite high in Colombia (30 percent), Nigeria (23 percent) and Ethiopia (21 percent), which is significantly higher than the average share of private grants in total DFA (7 percent). The share of ODA was the highest in Bangladesh (88 percent), followed by Ethiopia (79 percent), Kenya (73 percent) and Uzbekistan (71 percent) (Figure 7).

Figure 7: DFA disbursements by resource flow, top recipients (2021)

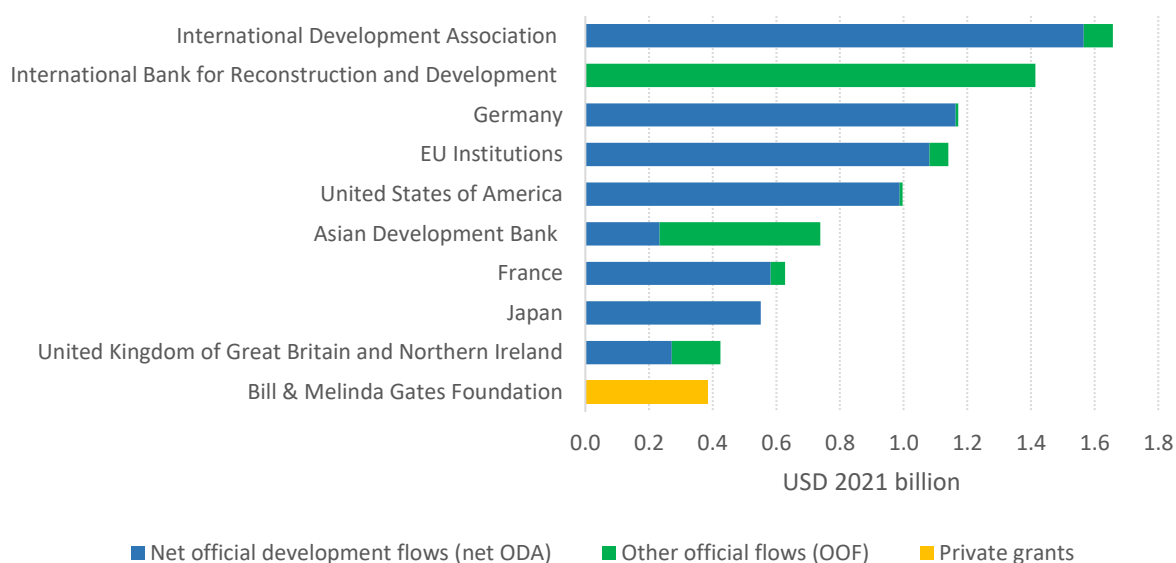


Source: FAO. 2023. Development Flows to Agriculture. In: *FAOSTAT*. Rome. [Cited July 2023]. <http://www.fao.org/faostat/en/#data/EA>

TOP DONORS OF DFA DISBURSEMENTS

The top ten donors of DFA disbursed USD 9.1 billion in 2021, which is around 68 percent of the total DFA disbursements. The International Development Association (IDA) of the World Bank is the leading donor with USD 1.7 billion, followed by the International Bank for Reconstruction and Development (IBRD), Germany, the European Union (EU) institutions and the United States of America (around USD 1.0–1.4 billion each), the Asian Development Bank (AsDB), France, Japan and the United Kingdom of Great Britain and Northern Ireland (around USD 0.4–0.7 billion each). Contributions from the IDA and countries came mostly as net ODA, while development banks focused on OOF. The tenth largest donor, the Bill & Melinda Gates Foundation, has featured among the top ten donors since 2011 (Figure 8).

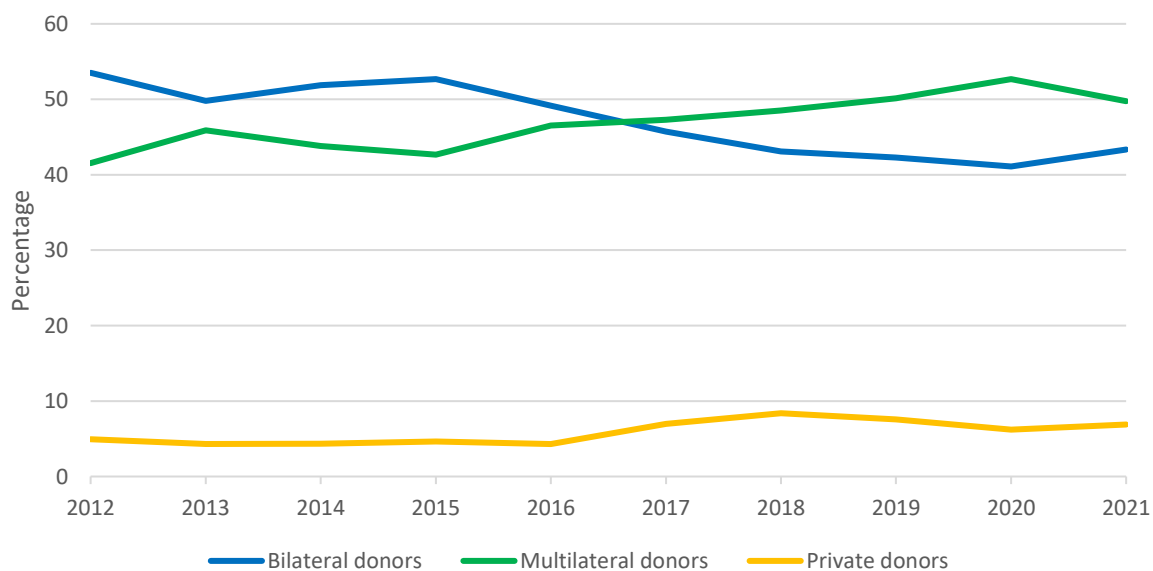
Figure 8: DFA disbursements by resource flow, top donors (2021)



Source: FAO. 2023. Development Flows to Agriculture. In: *FAOSTAT*. Rome. [Cited July 2023]. <http://www.fao.org/faostat/en/#data/EA>

Multilateral donors accounted for 50 percent of DFA disbursements in 2021, bilateral donors (countries) for 43 percent, and the private sector for 7 percent. Multilateral donors have become the main source of DFA disbursements, ahead of countries, since 2017 (Figure 9).

Figure 9: DFA disbursements by donor types (2021)

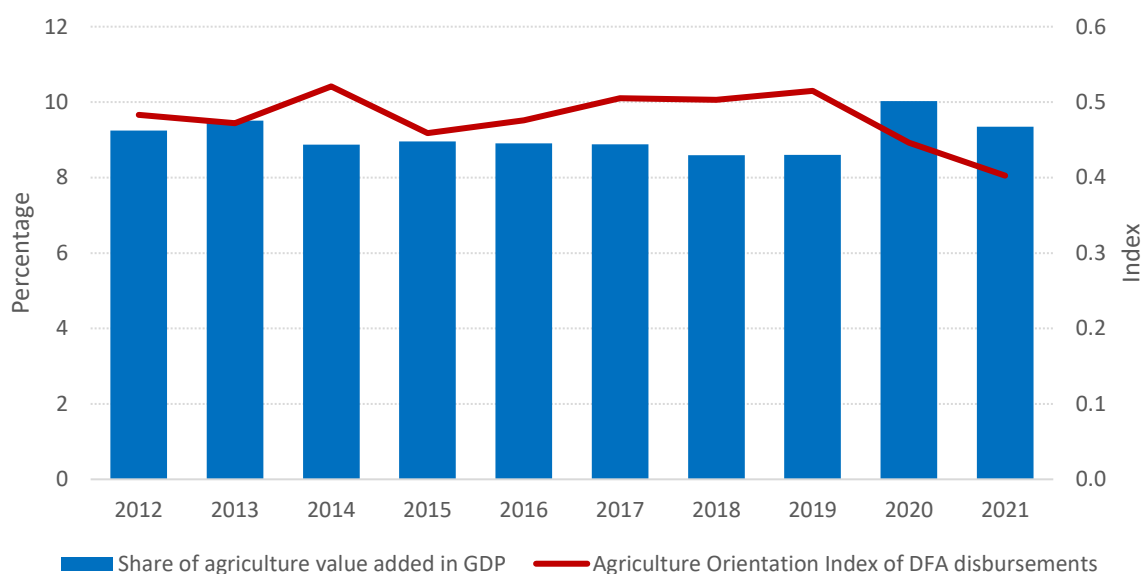


Source: FAO. 2023. Development Flows to Agriculture. In: *FAOSTAT*. Rome. [Cited July 2023]. <http://www.fao.org/faostat/en/#data/EA>

GLOBAL² AGRICULTURE ORIENTATION INDEX³ FOR DFA

The agriculture orientation index (AOI) of disbursements continued its downward trend to 0.40 in 2021, the lowest value in the 2012–2021 decade, after reaching 0.45 in 2020. This is linked to the decreasing share of agriculture in total development flows, which dropped to its lowest level in 2021 (3.8 percent) as seen in Figure 1. This indicates that agriculture consistently received a lower share in development flows compared to its contribution to GDP (Figure 10).

Figure 10: Agriculture contribution to GDP and agriculture orientation index



Source: FAO. 2023. Development Flows to Agriculture. In: *FAOSTAT*. Rome. [Cited July 2023]. <http://www.fao.org/faostat/en/#data/EA>

EXPLANATORY NOTES

- > The development flows to agriculture (DFA) dataset is an important component of agricultural investment financing statistics that also includes government expenditures on agriculture, foreign direct investment (FDI) in agriculture and credit to agriculture.
- > The DFA dataset is based on the Creditor Reporting System (CRS) maintained by the Organisation for Economic Cooperation and Development (OECD), which provides the most comprehensive coverage of development flows by donor and recipient country. Use of CRS in compiling the DFA dataset capitalizes on the expertise of the OECD and minimizes respondent burden and duplication of work.

² The global agriculture orientation index for DFA is composed of only recipient countries.

³ The agriculture orientation index for DFA measures the share of flows to the agriculture relative to the sector's contribution to GDP. An AOI of less than 1 indicates less emphasis by the donor to the agriculture sector.

- > Recipients are countries or territories eligible to receive official development assistance (ODA), the list of which is updated by the OECD Development Assistance Committee (DAC) every three years.
- > The DFA dataset covers flows recorded in both commitment and disbursement databases from 1973 to 2021 and provides analytical indicators.
- > The contribution of agriculture to GDP is measured as the ratio of the value added of agriculture over total GDP.
- > The share of agriculture in the total development flows is the ratio of total flows to crop, livestock, forestry and fishing sectors (i.e. agriculture, forestry and fishing) over the total development flows.
- > The agriculture orientation index (AOI) for DFA measures the share of flows to agriculture relative to the sector's contribution to the GDP. An AOI greater than 1 indicates a stronger emphasis by the donor on agriculture sector given the contribution of the various sectors of economy, while an AOI lower than 1 indicates a lesser emphasis on agriculture.

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