



Food and Agriculture
Organization of the
United Nations

ISSN 2709-006X [Print]
ISSN 2709-0078 [Online]



FAOSTAT ANALYTICAL BRIEF 78

Government expenditures in agriculture 2001–2022

Global and regional trends

HIGHLIGHTS

- In 2022, global public expenditures in nominal terms reached USD 36 trillion, or 36.7 percent of the global gross domestic product. Out of the total expenditures, the amount that went to agriculture reached an all-time high USD 749 billion.
- In line with the overall upward trend in total government expenditure, spending on agriculture increased over time. Its overall share in the total expenditure in 2022 (2.1 percent) reflects a recovery from the pandemic and is only marginally below the 2019 level.
- Asia recorded the highest percentage of government expenditure allocated to agriculture (reaching 5.0 percent in 2022), with Eastern Asia and Southern Asia driving the increase.
- In 2021–2022, the countries with the highest share of agriculture in government expenditure were Mali (13.5 percent), Bhutan (10.6 percent) and India (7.3 percent).
- The global Agriculture Orientation Index (AOI) declined from the 2015 baseline (0.50) to 0.43 in 2021 and recovered to 0.48 in 2022.

* The term “agriculture” includes forestry and fishing.

** The term “government” refers the highest level of government for which data are available: if general government expenditure figures are available for a given country, these would be used in the calculation, whereas countries that only report on central government expenditures will continue to use central government figures only.

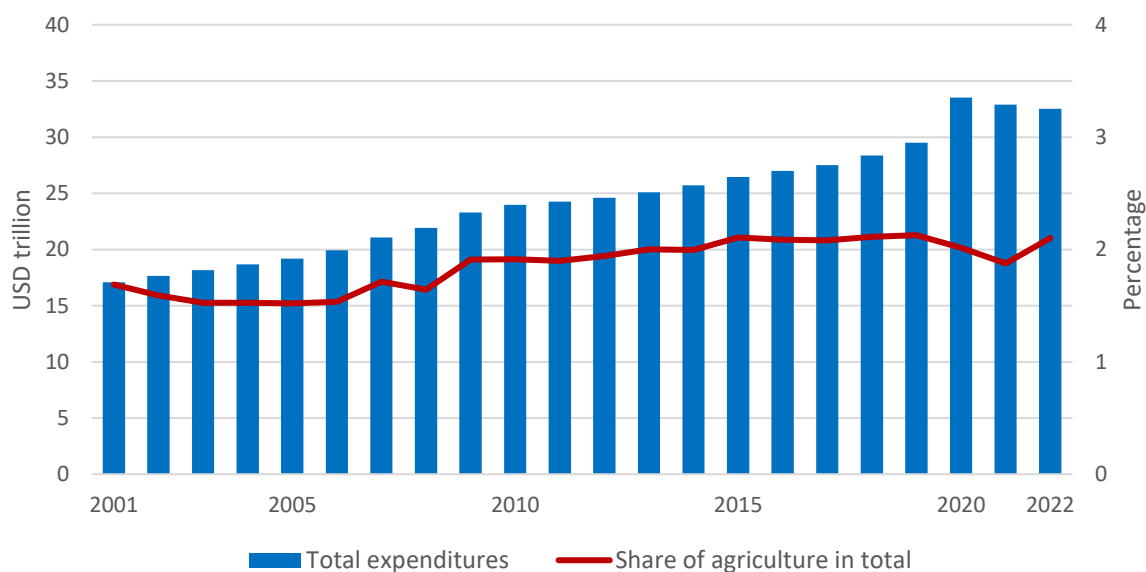
FAOSTAT GOVERNMENT EXPENDITURE IN AGRICULTURE

GLOBAL

In 2022, the global government expenditures reached USD 36 trillion in nominal value, representing 36.7 percent of the global gross domestic product (GDP). When measured in USD 2015 prices, total government expenditures showed an increasing trend in real value, rising from USD 17 trillion in 2001 to USD 32.5 trillion in 2022 (Figure 1). Throughout this period, government expenditures accounted for 35–42 percent of the global GDP.

Government expenditures reflect countries’ priorities in terms of programmes and sectors and can be used as a direct response to cushion the impacts of economic and social challenges such as the COVID-19 pandemic, natural disasters or increasing inflation. The Classification of the Functions of Government (COFOG) distinguishes ten major divisions corresponding to the objectives of government: general public services; defence; public order and safety; economic affairs; environmental protection; housing and community amenities; health; recreation, culture and religion; education; and social protection. Agriculture, which falls under the economic affairs function, accounted for 1.5–2.1 percent of total government expenditure between 2001 and 2022 while the sector contributed 3.2–4.3 percent of the global GDP during the same period.

Figure 1: Total government expenditure and share of agriculture (USD 2015 prices)



Note: The number of countries with data available may vary over time. Global estimates include imputed data.

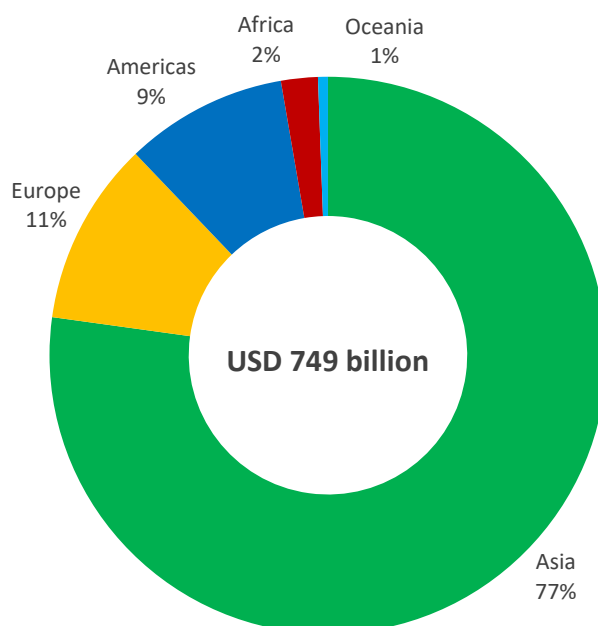
Source: FAO. 2024. Government Expenditure. In: *FAOSTAT*. Rome. [Cited February 2024]. <http://www.fao.org/faostat/en/#data/IG>

In 2022, government spending on the agriculture sector reached an all-time high of USD 749 billion in nominal value. When measured in real value (using 2015 prices), agriculture spending in 2022 still stands at an all-time high of USD 683 billion, slightly above the second highest spending of USD 675 billion reported in 2020. Two major events have significantly influenced the trends in agriculture sector spending: the COVID-19 pandemic and the recent double-digit inflation. The government prioritization of the agriculture sector can be also measured in terms of shares. Agriculture spending relative to the total peaked in 2019 at 2.13 percent and declined to 1.88 percent in 2021 before rebounding to 2.10 percent in 2022 (marginally below the 2019 record). Since 2013, the share of agriculture in total expenditures was above 2 percent, with the exception of 2021 (Figure 1).

REGIONAL

In 2022, Asia was the primary driver of global public spending in agriculture. In nominal values, Asia accounted for 77 percent of the global agricultural expenditure, even though its share in global total expenditure was only 32 percent. In contrast, Europe and the Americas were in a reversed situation. Europe accounted for around 11 percent to the global agricultural expenditure but 31 percent of global total expenditure, while the values for the Americas were 9 percent and 33 percent, respectively. Meanwhile, Africa and Oceania contributed 2 percent and 0.6 percent, respectively, to the global agricultural spending (Figure 2).

Figure 2: Government expenditures on agriculture by region (2022, USD current prices)



Note: The number of countries with data available may vary over time. Global estimates include imputed data.

Source: FAO. 2024. Government Expenditure. In: *FAOSTAT*. Rome. [Cited February 2024]. <http://www.fao.org/faostat/en/#data/IG>

As seen on Table 1, global agricultural spending in real terms increased by 2.95 percent on average each year between 2015 and 2022. All regions recorded increases, with the highest average annual growth rate recorded in Asia (3.26 percent) and the lowest in Oceania (0.83 percent). At the subregional level, all regions except Southern Africa, Central America, and South-eastern Asia recorded positive annual change rates. Notably, Oceania (excluding Australia and New Zealand) achieved the second highest average annual growth rate of 6.01 percent driven primarily by expenditures in Papua New Guinea and New Caledonia. Central Asia recorded the highest annual growth rate of 8.03 percent, led by Kazakhstan. In Africa, Western African posted the highest annual growth rate of 5.65 percent while India led the 5.44 percent annual growth rate in Southern Asia.

Southern Africa, Central America, and South-eastern Asia buck the trends of increased spending on agriculture. Central America recorded the largest average annual decline in agriculture spending (8.57 percent), primarily due to Mexico. Economic challenges and declining purchasing power relative to the dollar in several Latin American countries contributed to an overall reduction in spending measured in dollars; this is also the case for countries in Africa. Indonesia played a key role in driving the decline in agriculture spending in South-eastern Asia.

Table 1: Expenditures on agriculture and average annual change by region

Region	USD 2015 prices (million)		Average annual change (percent)
	2015	2022	2015–2022
World	557 350	682 994	2.95
Africa	13 641	15 099	1.46
Eastern Africa	2 543	2 576	0.19
Northern Africa	5 838	6 153	0.75
Middle Africa	796	906	1.86
Southern Africa	1 991	1 830	-1.20
Western Africa	2 474	3 634	5.65
Americas	55 236	59 775	1.13
Caribbean	3 429	3 869	1.74
Central America	6 912	3 693	-8.57
Northern America	31 322	38 399	2.95
South America	13 573	13 814	0.25
Asia	427 230	534 659	3.26
Central Asia	2 843	4 883	8.03
Eastern Asia	347 943	435 337	3.25
Southern Asia	43 783	63 446	5.44
South-eastern Asia	19 153	16 494	-2.11
Western Asia	13 508	14 498	1.02
Europe	57 869	69 887	2.73
Eastern Europe	15 528	16 236	0.64
Northern Europe	10 391	13 530	3.84
Southern Europe	11 254	13 331	2.45
Western Europe	20 696	26 790	3.76
Oceania	3 374	3 574	0.83
Australia and New Zealand	3 199	3 312	0.49
Oceania excluding Australia and New Zealand	174	262	6.01

Note: The number of countries with data available may vary over time. Global and regional estimates include imputed data. The average annual change is computed using the compounded annual growth rate (CAGR).

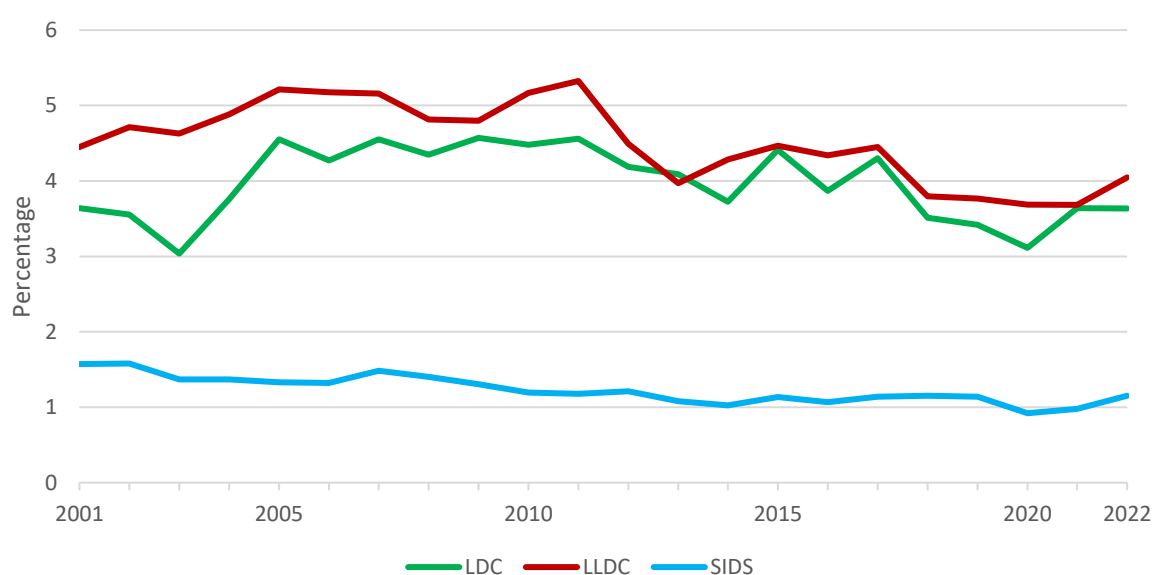
Source: FAO. 2024. Government Expenditure. In: *FAOSTAT*. Rome. [Cited February 2024]. <http://www.fao.org/faostat/en/#data/IG>

The global share of agriculture expenditure in the total was 2 percent in 2022 (Figure 1). At the regional level, Asia allocated 5 percent of its government expenditure to agriculture, driven primarily by China and India, compared to 2.5 percent for Africa, 0.71 percent for Europe, 0.58 percent for the Americas and 0.57 percent for Oceania. Agricultural expenditures in both relative and absolute value recovered in 2022.

Between 2001 and 2022, the average share of agriculture in government expenditures in LDCs and LLDCs was 3.94 percent and 4.51 percent, respectively, which is more than twice the world average of 1.86 percent. Conversely, for Small Island Developing States (SIDS), the average of the share of agriculture in government expenditures was 1.23 percent, which is lower than the global average (Figure 3).

Countries in the LDCs, LLDCs and SIDS groups face structural impediments to sustainable development, and a host of challenges, making them specifically vulnerable to crisis (United Nations, 2022). The Food and Agriculture Organization of the United Nations (FAO) 2023 report on the impact of disasters on agriculture and food security highlighted the vulnerability of lower-income countries and the significant impact that disasters have on agricultural productivity and GDP (FAO, 2023).

Figure 3: Share of agriculture in government expenditure in selected regions (USD 2015 prices)



Note: The number of countries with data available may vary over time. Data for Cuba (available from 2015 onwards) were not included in the SIDS aggregate. Regional estimates include imputed data.

Source: FAO. 2024. Government Expenditure. In: *FAOSTAT*. Rome. [Cited January 2024]. <http://www.fao.org/faostat/en/#data/IG>

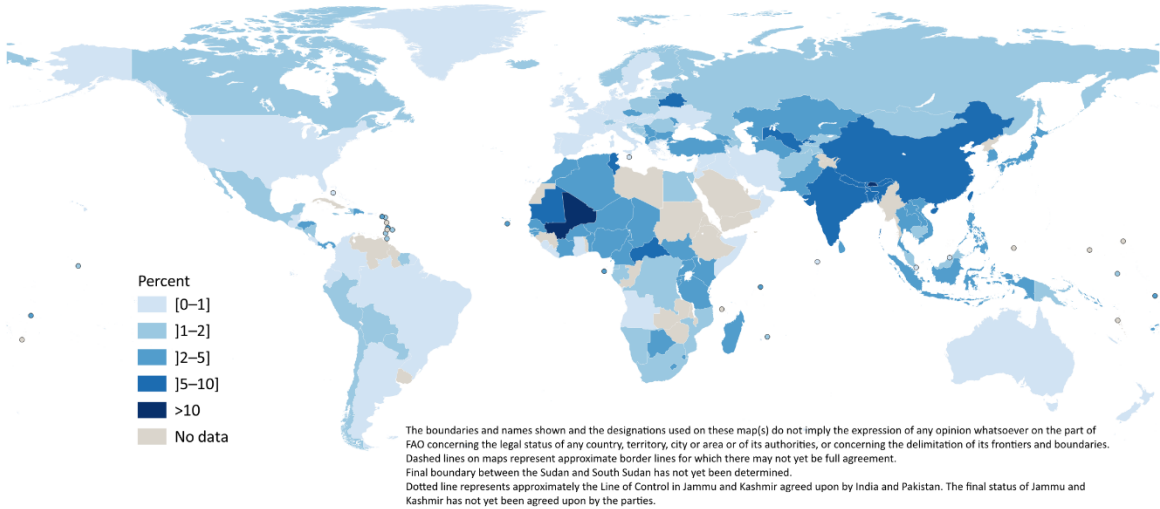
COUNTRY

At the country level, several factors, including government priorities, the size and contribution of agriculture to the economy, external support to agriculture, and commitments to promote agriculture, influence the allocation to the agriculture sector. In 2003, African states endorsed the Maputo Declaration on Agriculture and Food Security, committing to allocate 10 percent of their expenditures to agriculture and rural development. Almost 20 years later, most African countries are yet to achieve their commitment, although some have already met the objective (ReSAKSS, 2021). Overall, the regional allocation to agriculture in Africa is still well below the 10 percent target.

Figure 4 shows that, among countries with the highest share of agriculture in government expenditure in 2021–2022, many belong to the LDCs and LLDCs categories. The top 10 countries are Mali (13.5 percent), Bhutan (10.6 percent), India (7.3 percent), the Central African Republic (6.7 percent),

China (6.5 percent), Bangladesh (6.2 percent), Mauritania (5.6 percent), Uzbekistan (5.4 percent), Nepal (5.2 percent) and Belarus (5.2 percent). Five out of the top 10 countries are LDCs, three of which are from Africa and two from Asia.

Figure 4: Share of agriculture in government expenditure, 2021–2022 average



Note: The number of countries with data available may vary over time. May include imputed data.

Source: FAO. 2024. Government Expenditure. In: *FAOSTAT*. Rome. [Cited February 2024]. <http://www.fao.org/faostat/en/#data/IG> based on UN Geospatial. 2020. Map geodata [shapefiles]. New York, USA, UN.

The Agriculture Orientation Index (AOI) measures the extent to which government expenditures in agriculture reflect (or not) the importance of agriculture in the overall mix of government outlays, and the government contribution to the agriculture sector compared to the sector’s contribution to GDP.

Table 2 shows that the AOI decreased in most of the Sustainable Development Goal (SDG) regions and subregions between 2015 and 2022. The global baseline AOI was 0.50 in 2015; it declined to 0.45 in 2020, during the COVID-19 pandemic, and recovered to 0.48 in 2022. During the pandemic years of 2020 and 2021, governments allocated more resource and higher expenditures to non-agricultural activities such as social spending (health, education and social protection) leading to a decrease in the global AOI figure.

Compared to the 2015 baseline, Western Asia and Northern Africa, as well as Northern America and Europe showed improvement in their AOI. However, the more populous regions of sub-Saharan Africa, Eastern and South-eastern Asia, Latin America and the Caribbean, and Oceania reported a decline of their AOI in 2022. The AOI in Central and Southern Asia remained at 0.41 in 2022 (the same as in 2015).

Among subregions, increases in the AOI are observed between 2015 and 2022 in the Caribbean (from 0.87 to 0.94), Northern Africa (from 0.24 to 0.28), Western Asia (from 0.34 to 0.36), Central Asia (from 0.34 to 0.42), and Southern Asia (from 0.41 to 0.42) – these subregions mostly include lower-income countries. Northern America, which comprises high-income countries, also reported an increased AOI from 0.41 in 2015 to 0.51 in 2022, primarily due to a spike in government expenditures in the United States of America.

SDG subregions with a declining AOI include Eastern Asia, South-eastern Asia, Central America and South America. Countries in Latin America reported declining agricultural spending relative to the total, hence the decrease in the AOI.

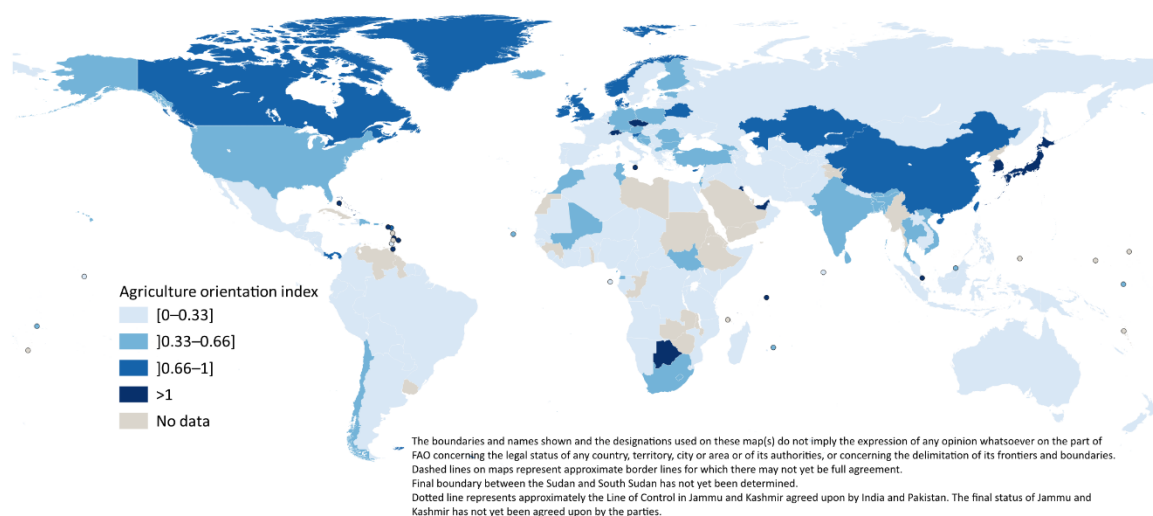
Table 2: Agriculture Orientation Index by SDG region

Region	SDG baseline		
	2015	2020	2022
World	0.50	0.45	0.48
Sub-Saharan Africa	0.15	0.11	0.12
Western Asia and Northern Africa	0.30	0.25	0.31
Western Asia	0.34	0.31	0.36
Northern Africa	0.24	0.20	0.28
Central and Southern Asia	0.41	0.34	0.41
Central Asia	0.34	0.37	0.42
Southern Asia	0.41	0.34	0.42
Eastern Asia and South-Eastern Asia	0.92	0.80	0.83
Eastern Asia	1.05	0.91	0.95
South-Eastern Asia	0.37	0.29	0.25
Latin America and the Caribbean	0.31	0.19	0.23
Caribbean	0.87	0.83	0.94
Central America	0.63	0.24	0.23
South America	0.21	0.13	0.17
Oceania	0.22	0.17	0.12
Australia and New Zealand	0.23	0.17	0.12
Oceania (excluding Australia and New Zealand)	0.12	0.16	0.11
Northern America and Europe	0.41	0.51	0.44
Northern America	0.41	0.81	0.51
Europe	0.39	0.36	0.39
Landlocked developing countries	0.28	0.21	0.24
Least developed countries	0.22	0.17	0.19
Small Island Developing States	0.76	0.67	0.83

Note: The number of countries with data available may vary over time. Global and regional aggregates may include imputed data.

Source: FAO. 2024. Government Expenditure. In: *FAOSTAT*. Rome. [Cited February 2024].
<http://www.fao.org/faostat/en/#data/IG>

Figure 5: Agriculture orientation index, 2021–2022 average



Source: FAO. 2024. Government Expenditure. In: *FAOSTAT*. Rome. [Cited February 2024]. <http://www.fao.org/faostat/en/#data/IG> based on UN Geospatial. 2020. Map geodata [shapefiles]. New York, USA, UN.

EXPLANATORY NOTES

Since 2012, FAO collects government expenditure on agriculture (GEA) data through a questionnaire sent annually in May to more than 190 countries. The questionnaire was jointly developed with the International Monetary Fund (IMF), using the Classification of the functions of government (COFOG) as outlined in the Government Finance Statistics Manual, 2014. For some countries that do not report the GEA Questionnaire to FAO, data are sourced directly from IMF Government Finance Statistics database or from official country websites and publications.

Government expenditure in this note refers to expenditure by the highest level of government for which data are available, in other words, if consolidated general government expenditure figures are available for a given country, these would be used in the calculation, whereas for countries that only report central government expenditures the AOI is calculated using central government figures only. Further information will be referred to the technical note on the methodological changes of government expenditure (<http://www.fao.org/faostat/en/#data/IG>). FAO also cautions that the level or definition of government to which expenditures pertain can differ, thus affecting the cross-country comparability of the AOI. Moreover, not all countries report GEA data according to the COFOG. Also, as not all countries report timely data for the most recent years, regional aggregates for the latest years are computed using projected data. These are estimated starting from GDP data – which are more frequently updated, and time series models; particularly the Holt-Winters approach, applied to the share of agricultural expenditure in total expenditure.

“Agriculture” refers to COFOG Group 042, which includes agriculture, forestry, and fishing subsectors, and aligns to Section A and B of the International Standard Industrial Classification (ISIC) Revision 4.

The regional aggregates have been compiled using a combination of the official data sourced from countries and the imputed data for missing values, and following the classifications prescribed for SDG reporting.

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Required citation: FAO. 2024. *Government expenditures in agriculture 2001–2022 – Global and regional trends*. FAOSTAT Analytical Briefs, No. 78. Rome. <https://doi.org/10.4060/cc9148en>

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