




ASIA AND PACIFIC COMMISSION ON AGRICULTURAL STATISTICS

TWENTY-SIXTH SESSION
Thimphu, Bhutan, 15-19 February 2016
Agenda Item 8
Investment financing statistics (Government expenditures, Credit to agriculture, ODA, Foreign Direct Investment and Country Investment Profiles)

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Investment financing statistics (Government expenditures, Credit to agriculture, ODA, Foreign Direct Investment and Country Investment Profiles)

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APCAS26: Thimphu, Bhutan, 15-19 February 2016



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Outline

1. Context
2. FAO Investment Statistics Initiative
3. Key findings
4. Challenges
5. Proposed Recommendation



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Context – Investment data purpose & goals

- ✓ Agricultural Investment a vital driver of productivity and growth, with investment data necessary to monitor trends and inform public policy




• Investment $\uparrow \rightarrow$ Productivity $\uparrow \rightarrow$ Real Income $\uparrow \rightarrow$ Food Security \uparrow

• Address Market Failures; Smooth farmer's incomes

Two types of investment data:

1. Physical investment in agricultural capital stock (later presentation)
2. Total value and sources of financing: domestic and foreign, public and private

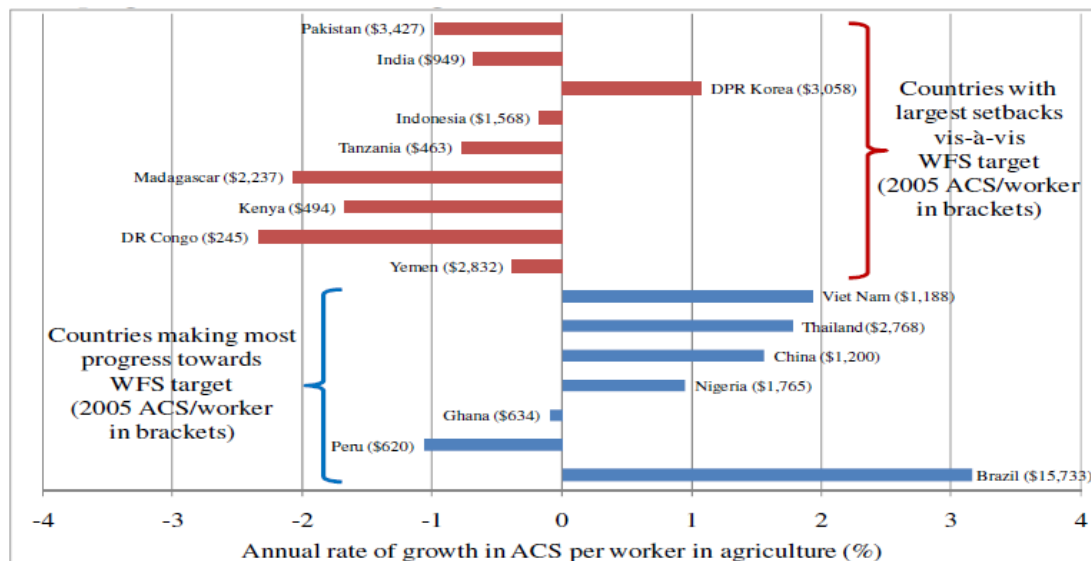
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Context: Growth in ACS and hunger reduction

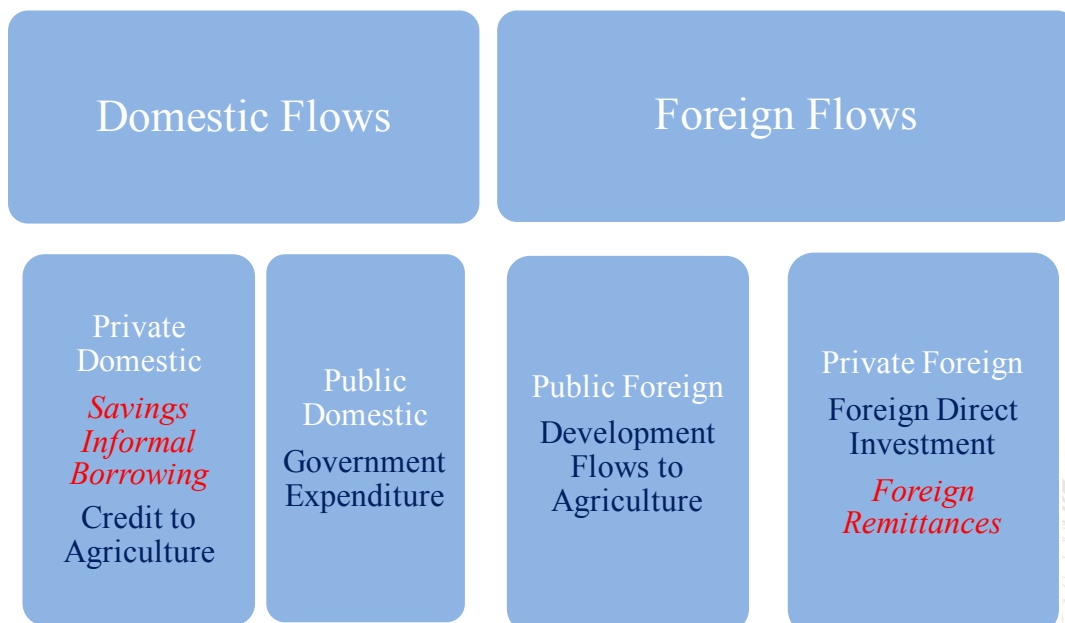
- ✓ Strong correlation between the growth in ACS and hunger reduction

Annual rates of ACS growth (1990-2005): best and worst performing countries



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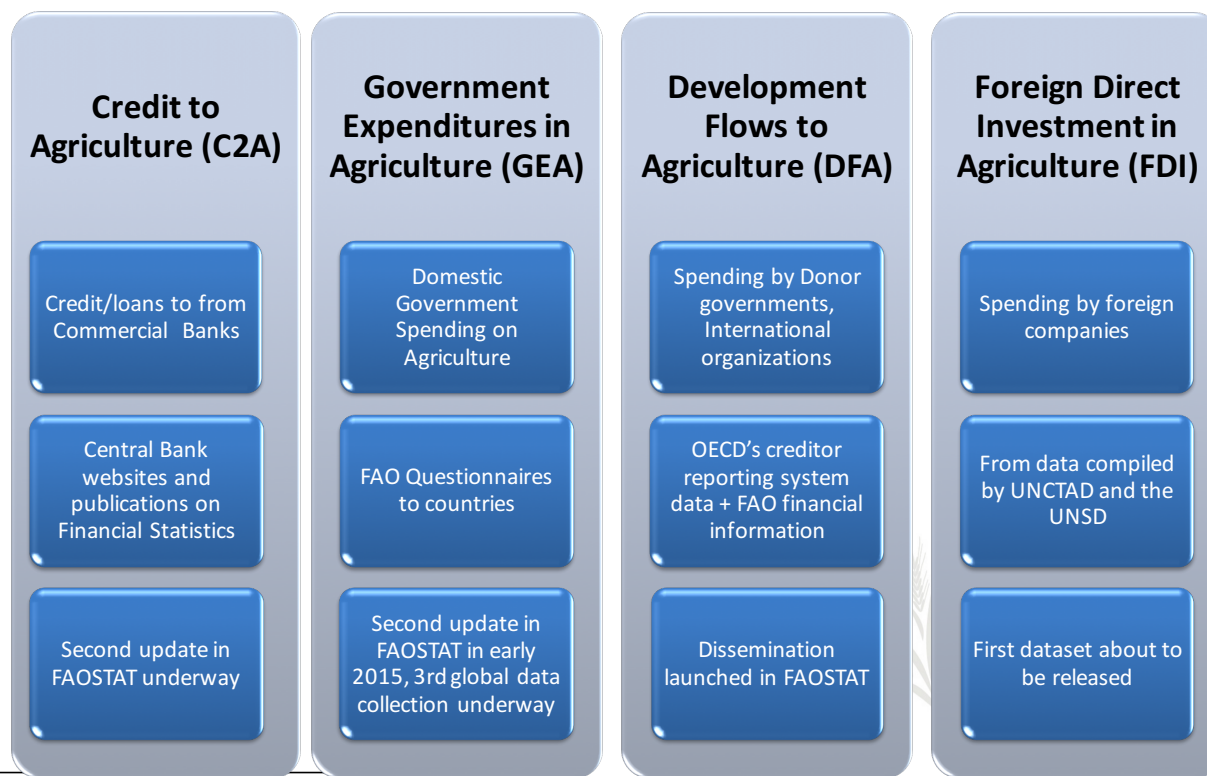
Background – Agricultural Investment Framework



*Sources in red represent private equity.

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Investment Statistics Initiative: Datasets, source and status



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Investment Statistics Initiative – Background/Mandate



Work plan, approach and methodology presented to FAO member countries

- 1 • Approved and endorsed by AFCAS members in 2013 and 2015
- 2 • Approved and endorsed by APCAS in 2014
- 3 • Approved and endorsed by Committee on Agriculture (COAG) in 2014
- 4 • Approved and endorsed by Latin America and Caribbean Committee on Agriculture & Livestock Statistics (IICA) in 2015

Statistical findings from work to date follows next ...


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Investment Statistics Initiative – Background

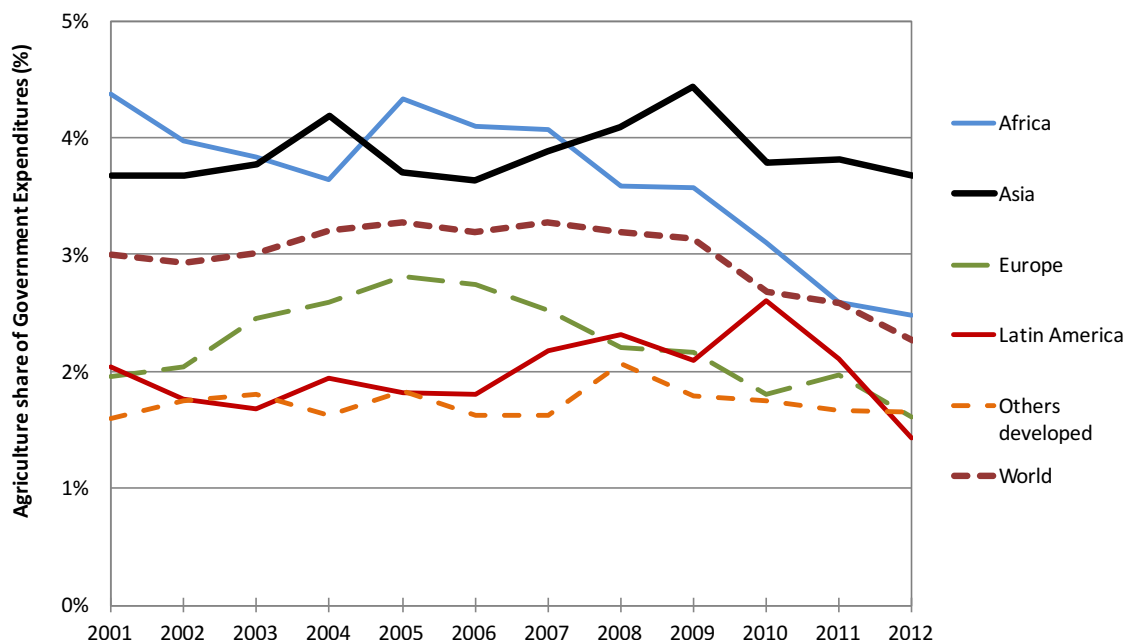
Approach


- Minimize cost and duplication by reusing existing available data
- Maximize quality and consistency by using *official country data* where possible, and existing international guidelines/methodologies
 - harvest official data from national statistics offices, central banks, and other international organizations
- Collect data directly from countries using FAO questionnaires to obtain details/information not elsewhere available
- Add value: create new indicators, such as agriculture shares of total, agriculture orientation indices, geographic aggregations, aggregations across financing sources, country investment statistics profiles, etc.

“Agriculture” refers to the broad definition of ISIC Rev 3. Sections A+B, which includes agriculture, forestry and fishing

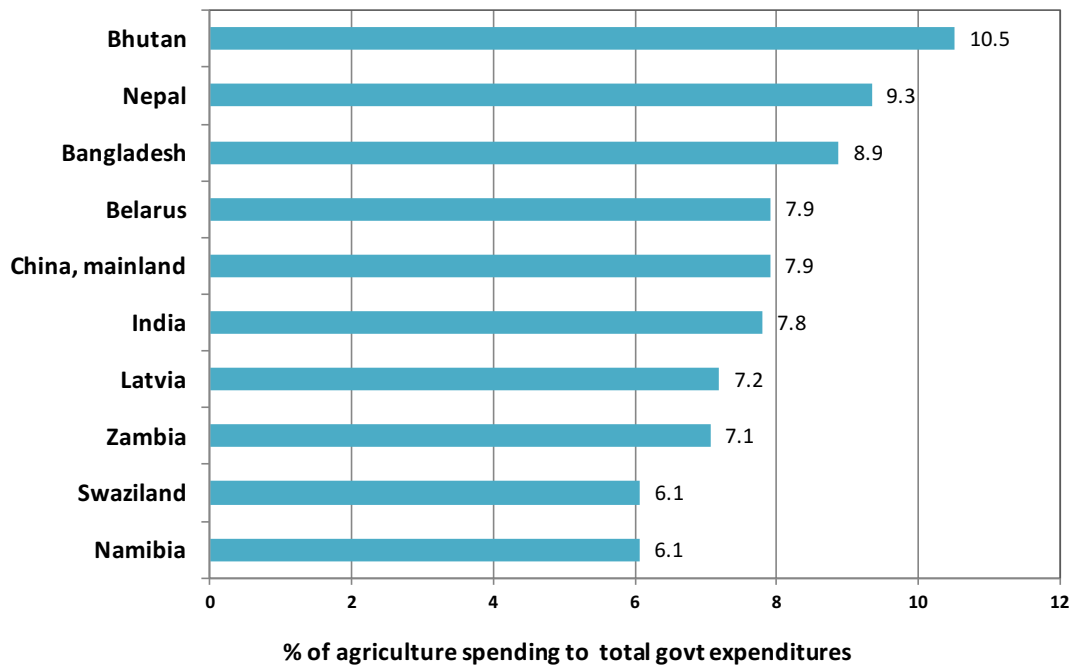
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GEA share of public spending highest in Asia & the Pacific after 2007: The 3.6% share of 2001-2007 rose to 4.4% in 2008-2009 after the Food Price Crisis. Pre crisis levels resumed after 2010, but remained higher than in other regions.



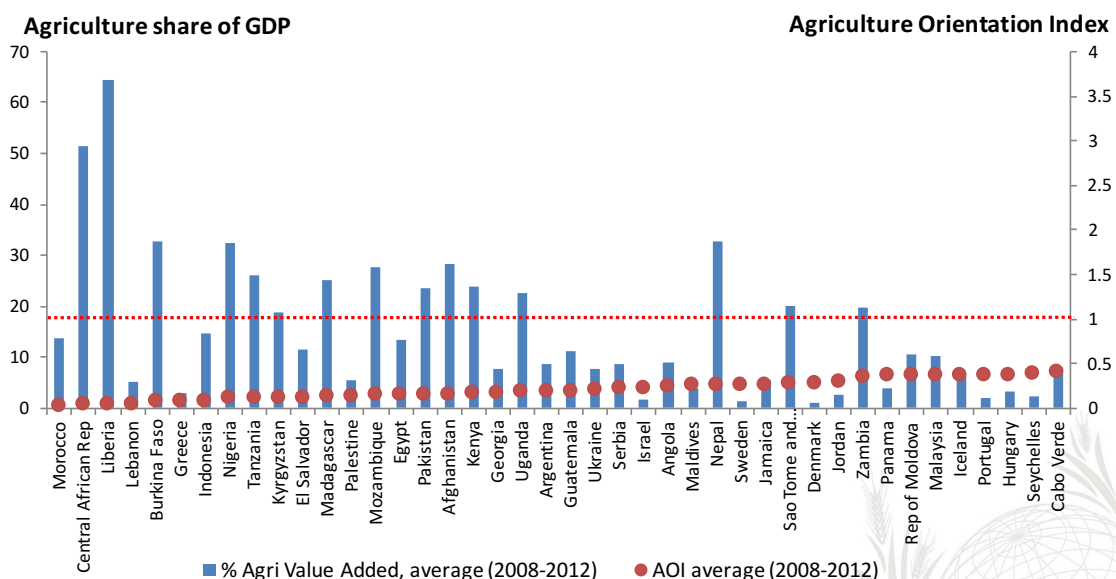
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Key findings for GEA: the top 10 countries in average agriculture share of government expenditures, 2001-2012 included 4 APCAS members: Bhutan (1st), Nepal (2nd), Bangladesh (3rd), China-mainland (5th) and India (6th).



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In most developing countries in Asia and the Pacific, public spending is *less* oriented to agriculture than developed countries. Low AOI countries include Indonesia, Pakistan, Afghanistan, Nepal, which have large agriculture sectors.

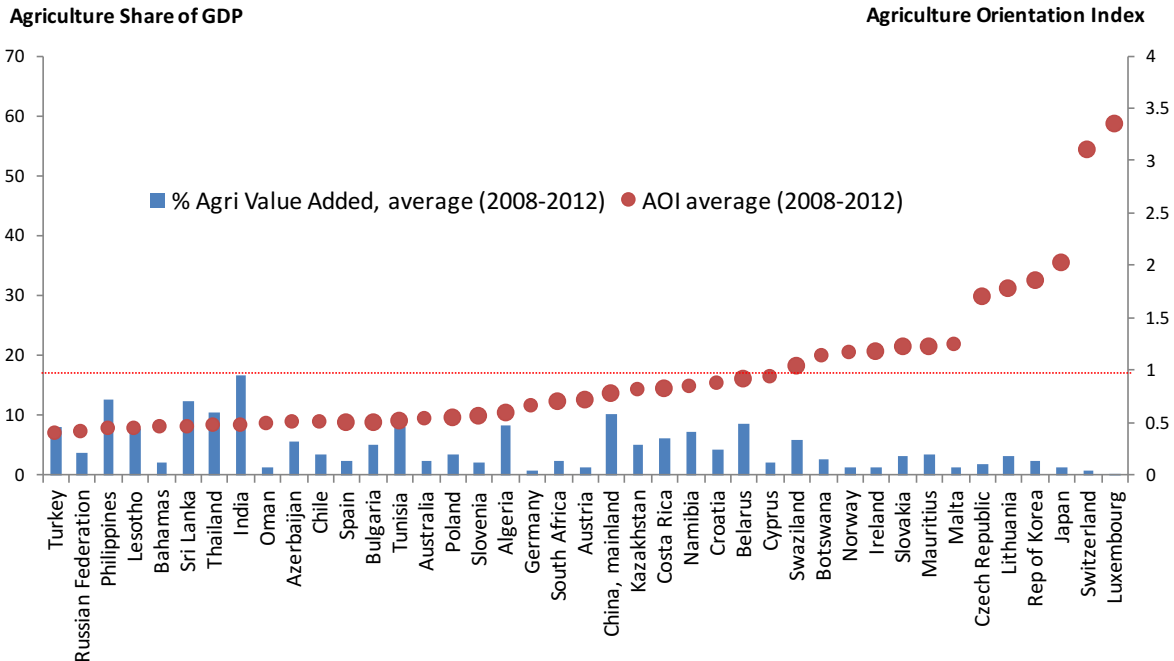


AOI-GEA INDICATOR:

Measures the agriculture share of government expenditures as a ratio of agriculture's contribution to GDP. An AOI>1 shows agriculture orientation.

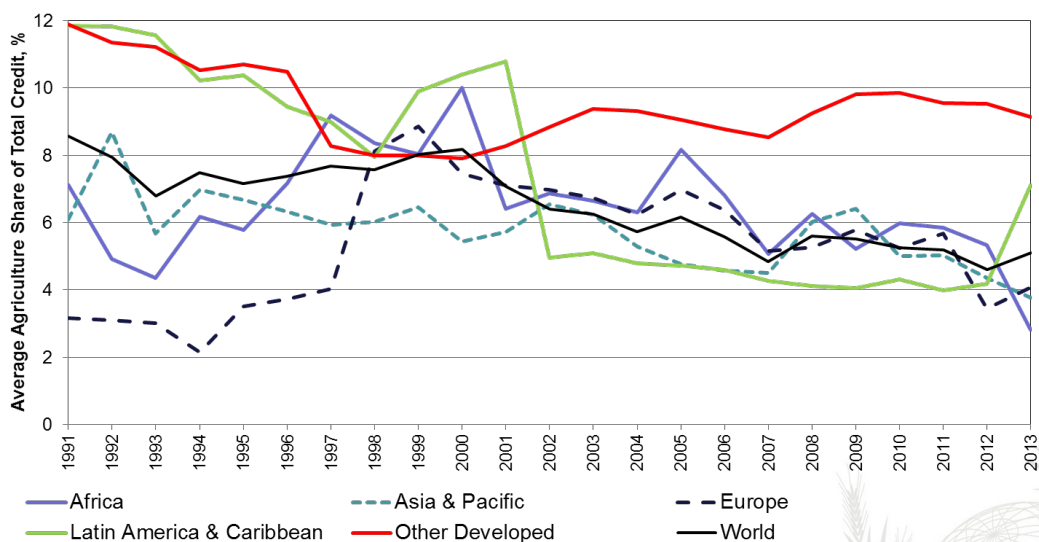
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Among APCAS members, only the Republic of Korea and Japan had an AOI for GEA of over 1.



AOI-GEA INDICATOR:
Measures the agriculture share of government expenditures as a ratio of agriculture's contribution to GDP. An AOI>1 shows agriculture orientation.

Key findings C2A: By 2013, *developing countries* in Asia and the Pacific were the second last region in terms of share of total credit to agriculture.

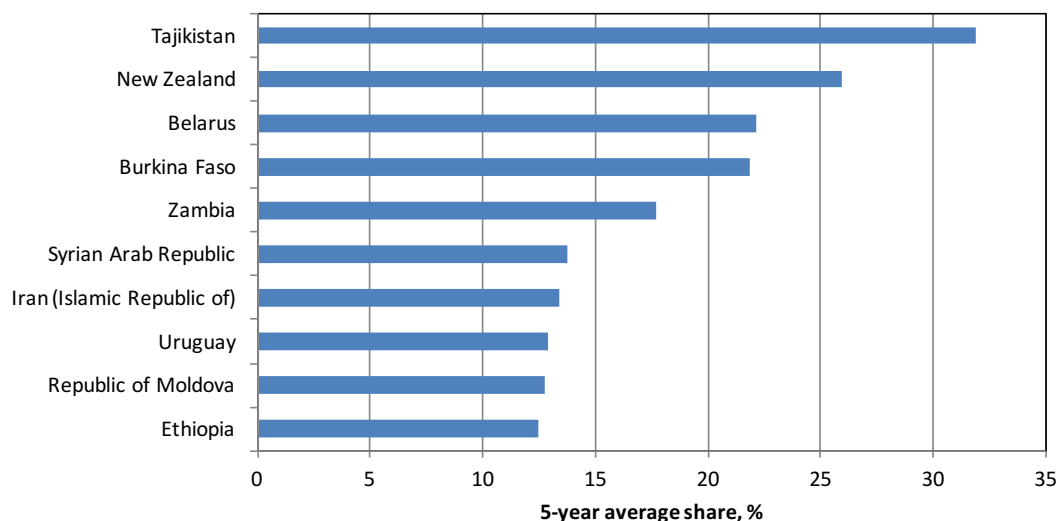


Other Developed refers to Australia, New Zealand, Japan and North America

These results may reflect financial sector evolution and collateral provided by agricultural producers. Developed countries have more evolved financial markets, and higher shares of large and commercial farms able to provide collateral against loans.

Key findings C2A: The top 10 countries in agriculture's share of total credit included two countries APCAS members: New Zealand (2nd) and Iran (7th).

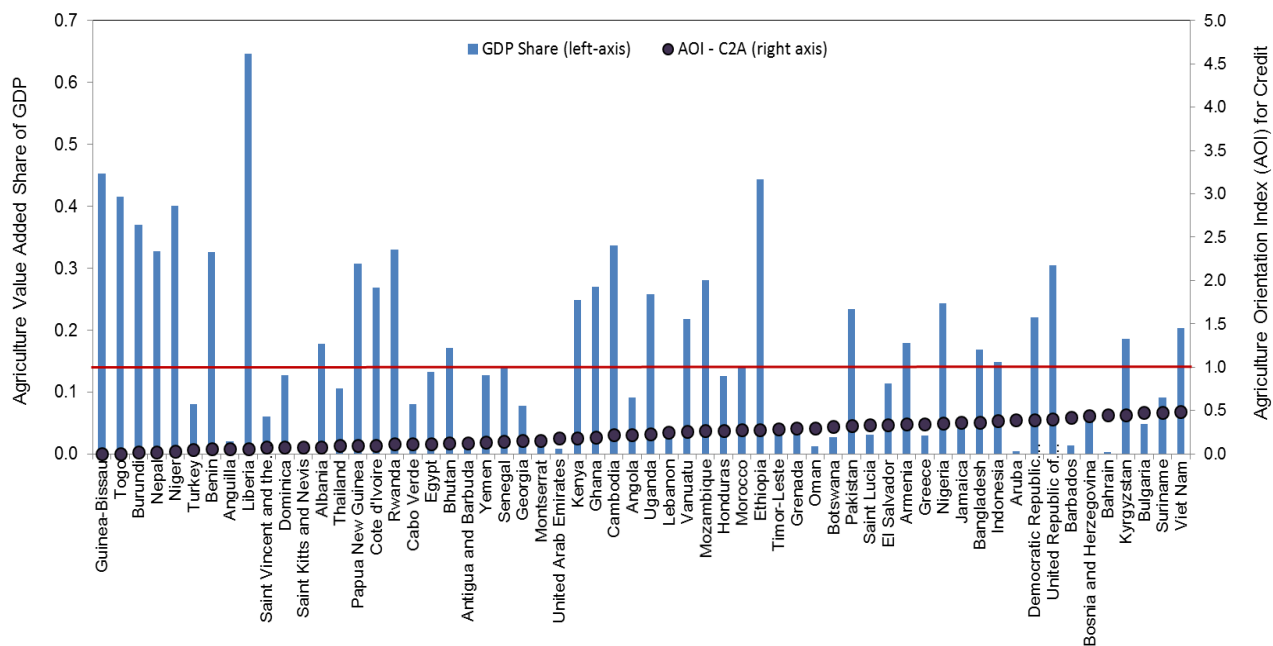
Chart 2: Top 10 Countries - Agriculture Share of Total Credit, 2008-2012 Average



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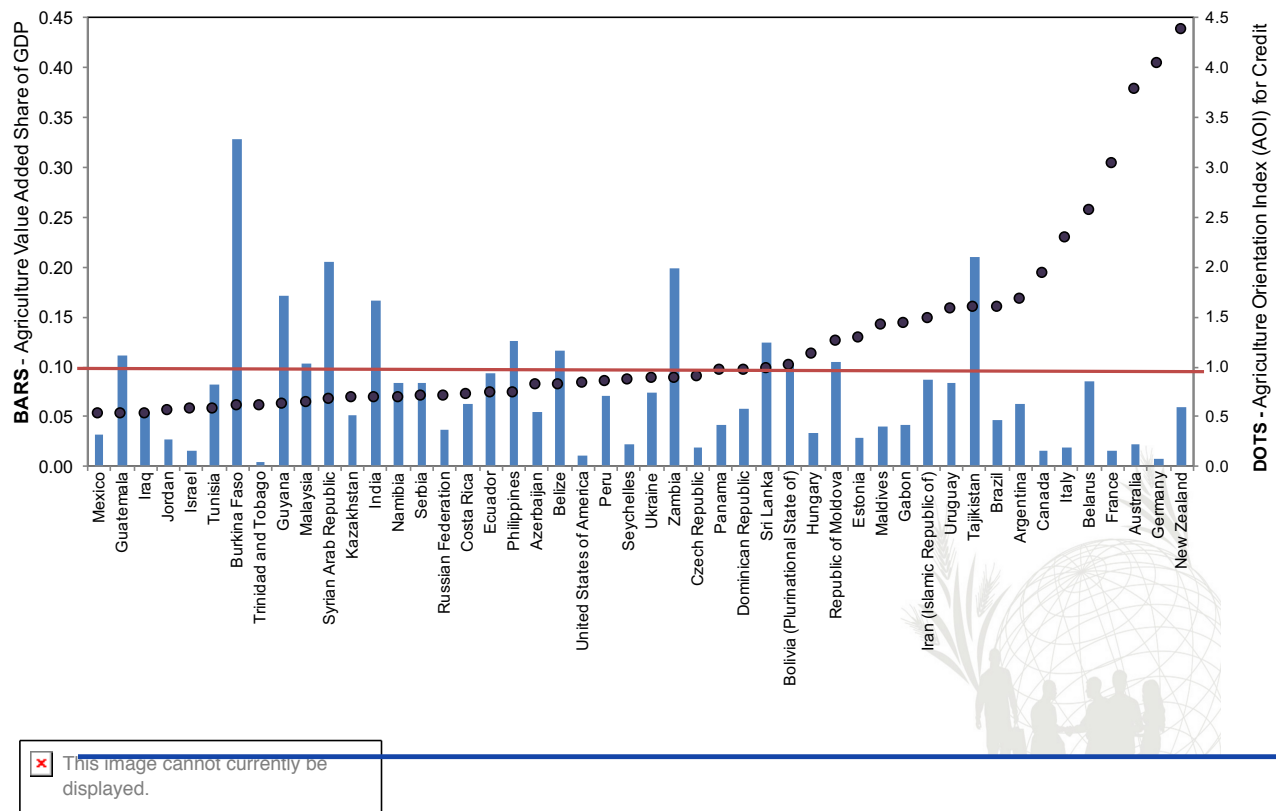
Key findings C2A: In most countries in Asia and the Pacific, credit is less oriented to agriculture. Going to the next slide, we see ...

Agriculture Orientation Index (AOI<0.5) vs Agriculture Value-Added Share of GDP, 2008-2012 Averages

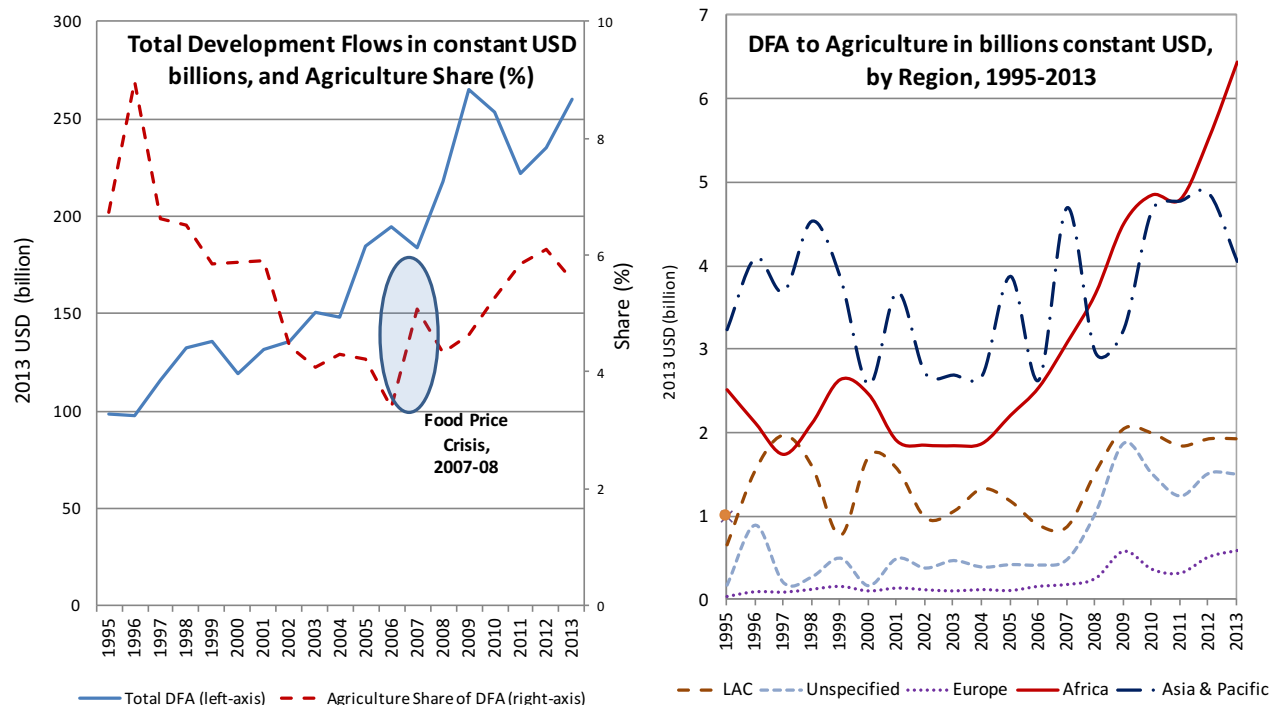


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... for APCAS members, only New Zealand, Australia, Iran and Sri Lanka had an AOI for C2A of 1 or more, indicating an agriculture orientation.

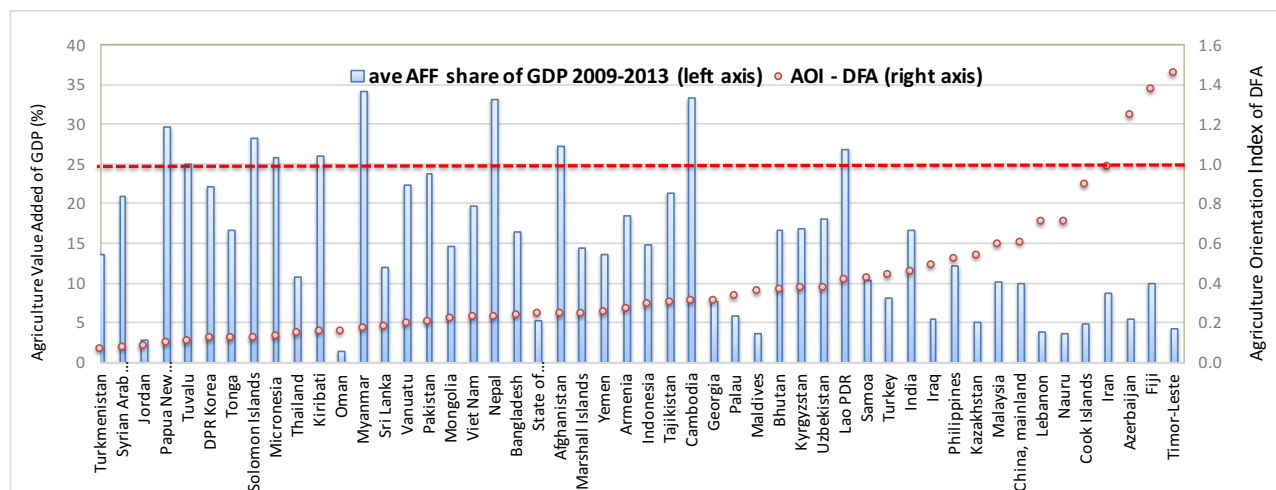
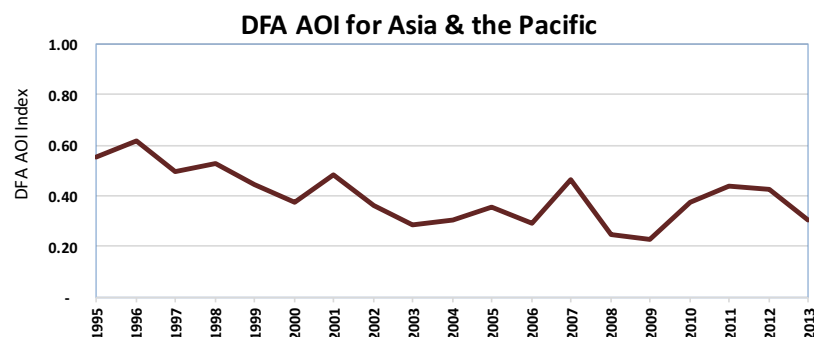


Key findings DFA, 1995-2013: total flows rose to \$260 billion (constant 2013 prices), but agriculture's share fell to \$14 billion, or just over 5% of the total

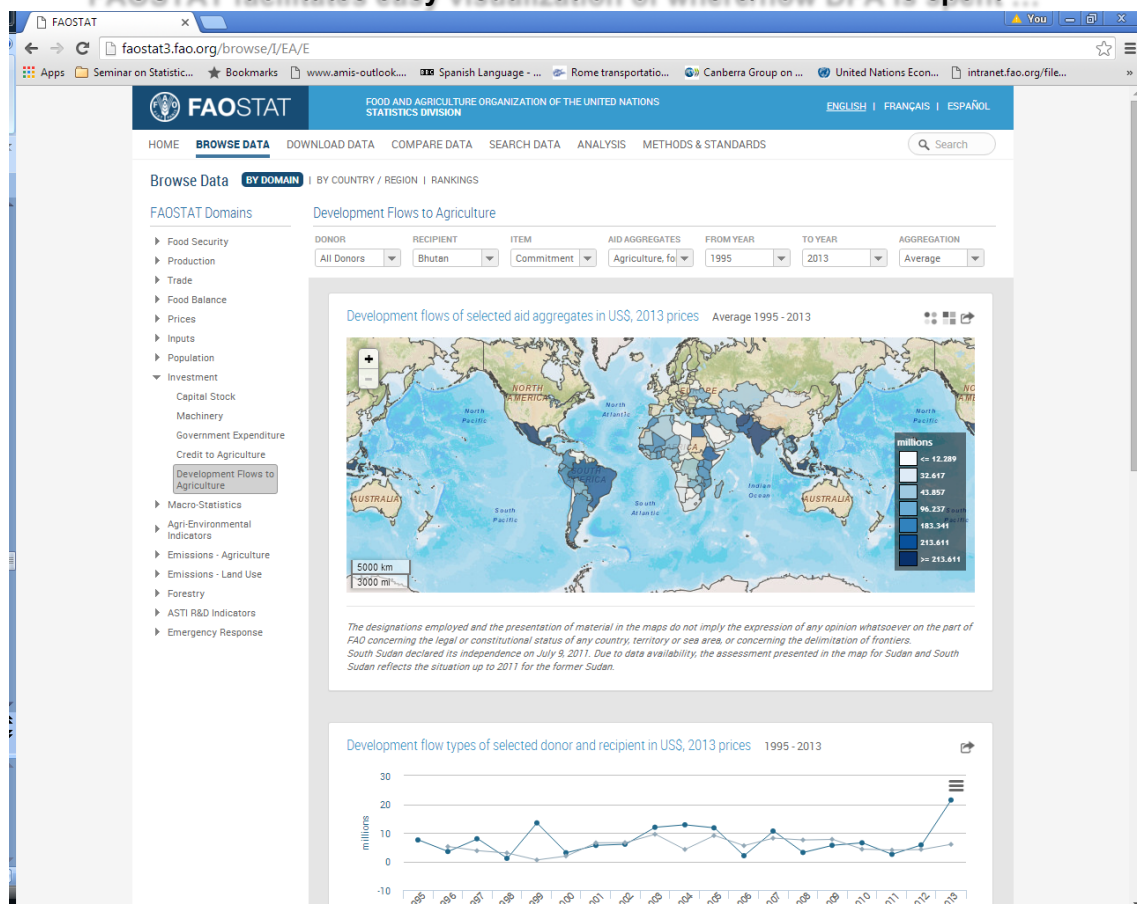


Asia & the Pacific and Africa collectively received almost 80% of Development Flows to Agriculture (DFA) between 1995 and 2013 ... with Africa leading after the 2006-2007 food price crisis.

Key findings DFA, 1995-2013: the A&P region had an AOI between 0.2 and 0.6, showing development flows to the region were not agriculture-oriented. Among APCAS members, only Fiji and Iran had AOIs of 1 or more.

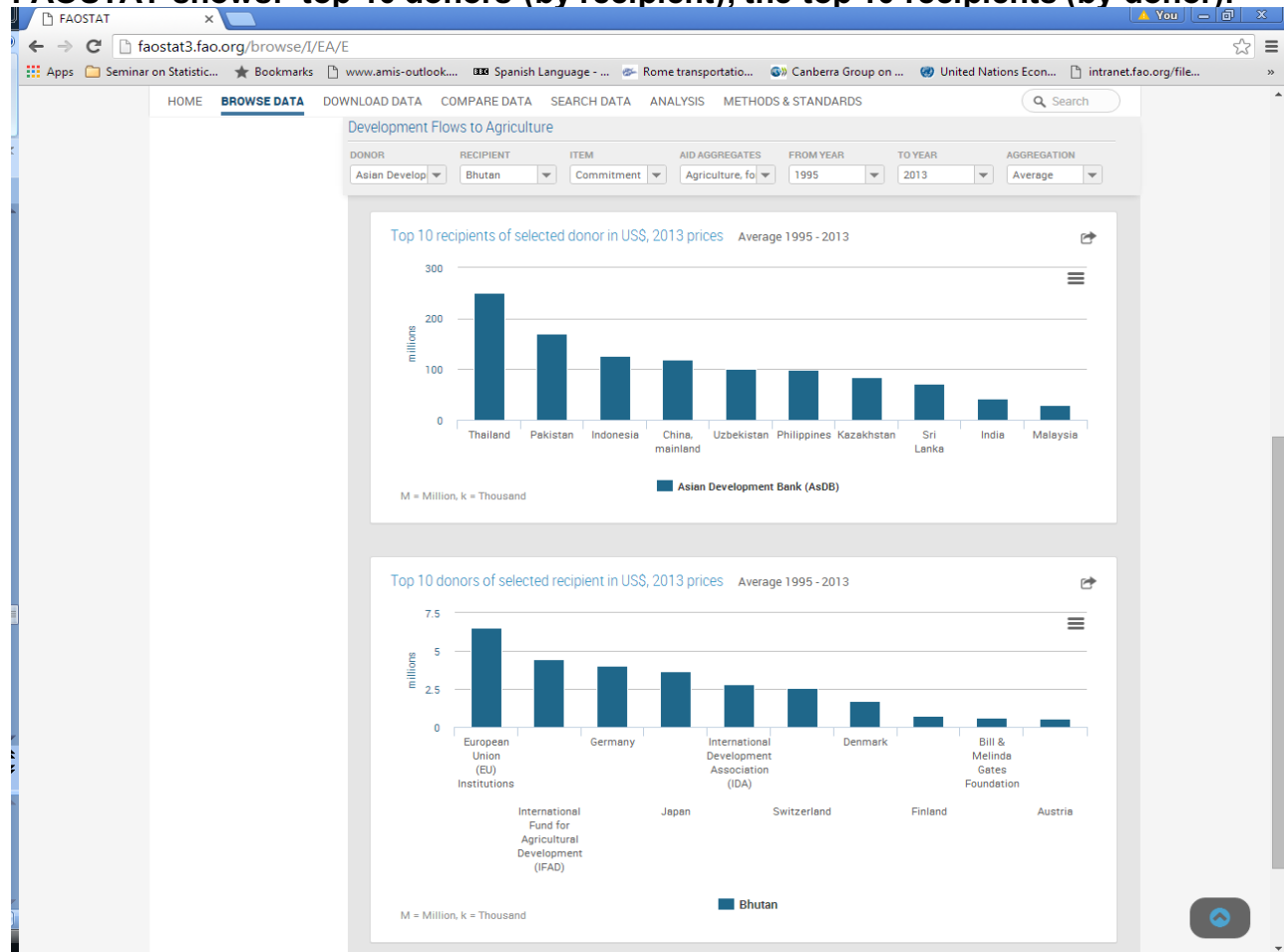


FAOSTAT facilitates easy visualization of where/how DFA is spent ...



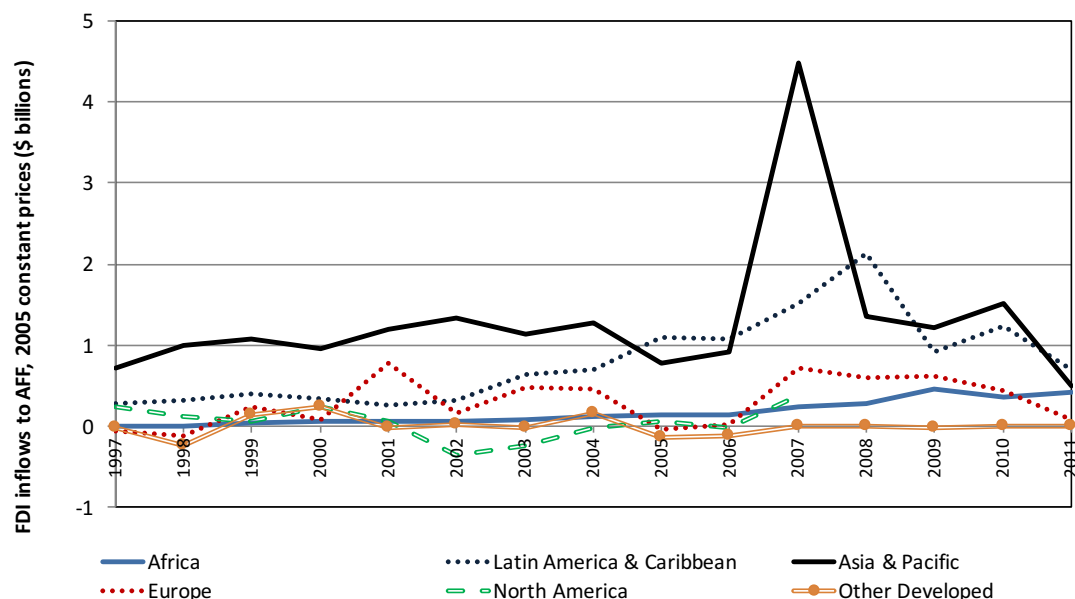
<http://faostat3.fao.org/browse/I/EA/E>

FAOSTAT shows: top 10 donors (by recipient); the top 10 recipients (by donor).



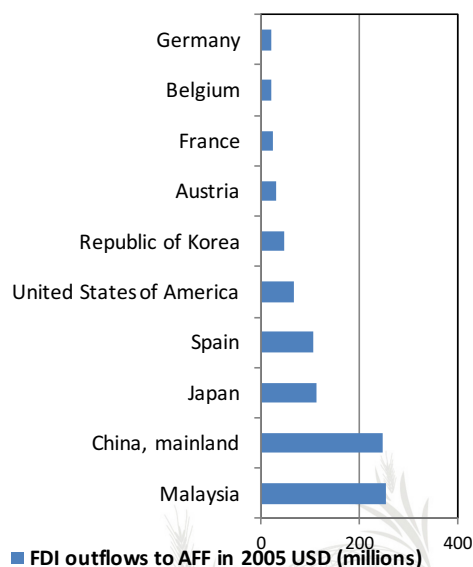
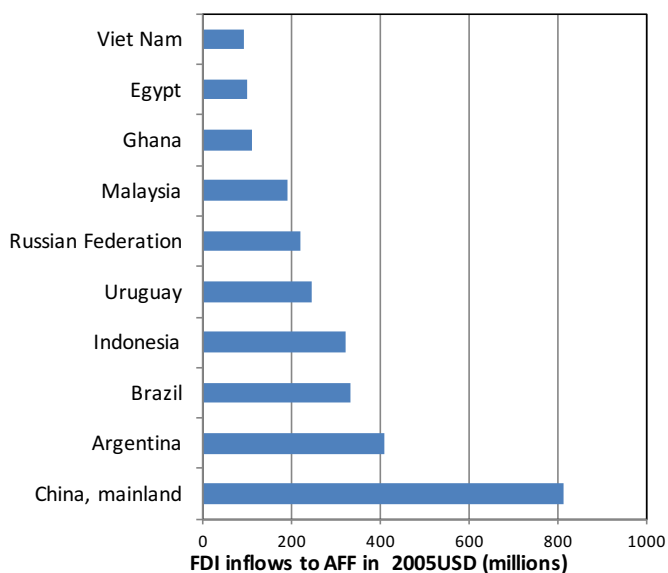
Key Findings FDI: Anticipation of and reaction to the Food Price Crisis of 2007 and 2008 saw growth in FDI to agriculture, as more Transnational Corporations and institutional investors sought to acquire land, access to water, and an increasing share of agro-food trade.

FDI inflows to AFF, 2005 USD (billions, lines) by region, 1997-2011



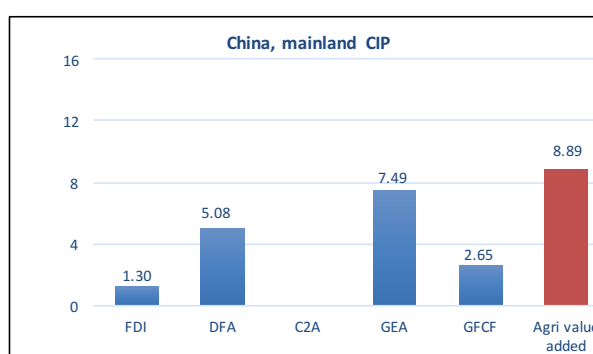
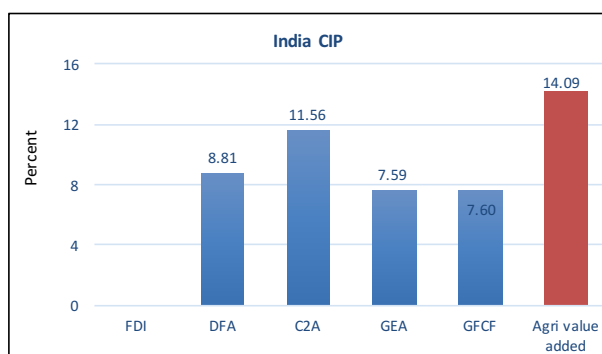
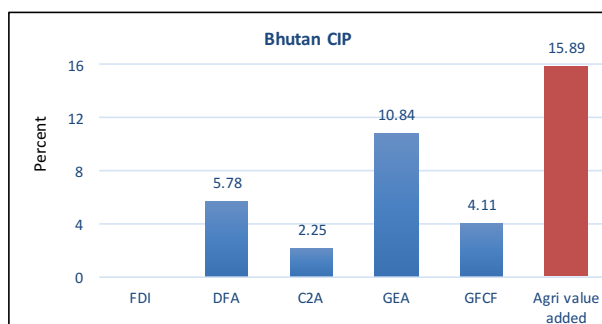
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Between 2004-2011, the top 10 recipients of FDI inflows to agriculture included three APCAS members: China-mainland (1st), Indonesia (4th), Vietnam (10th)

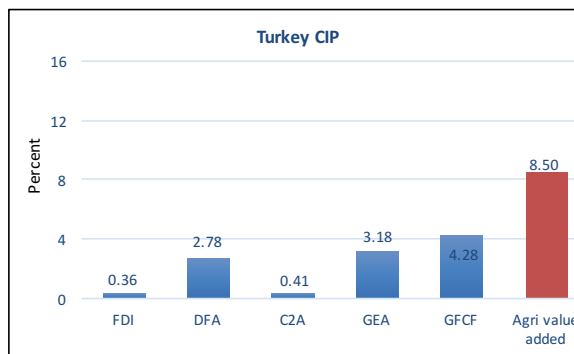
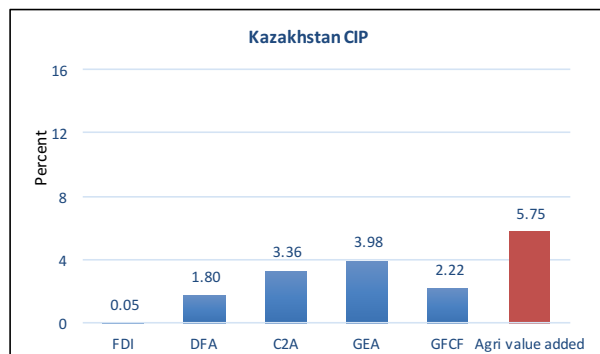
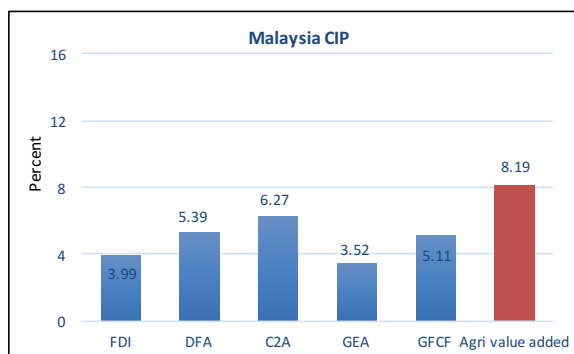
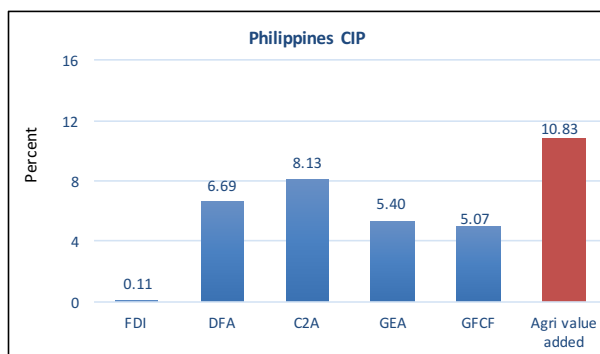


... while the top 10 source countries for FDI *outflows* to Agriculture included: Malaysia (1st), China-mainland (2nd), Japan (3rd), and the Republic of Korea (6th).

Country Investment Profiles (CIPs): 2007-2013 average agriculture investment shares of total, select countries

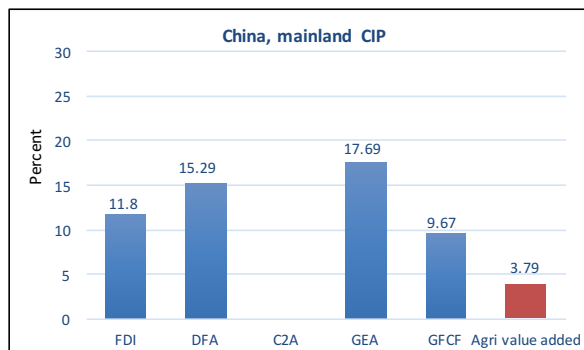
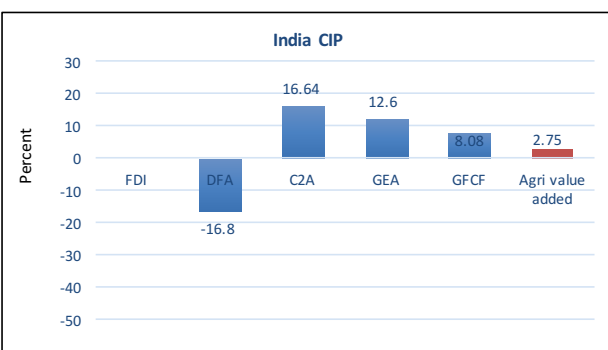
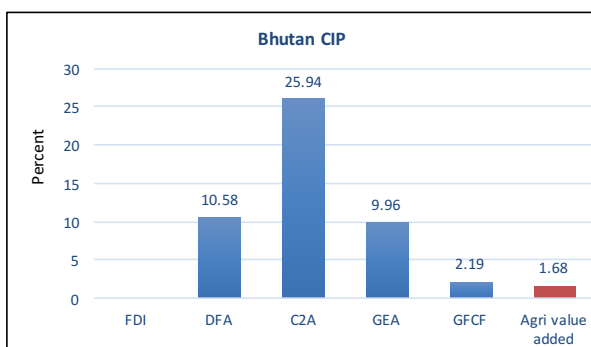


CIPs: 2007-2013 average agriculture investment shares of total, select countries



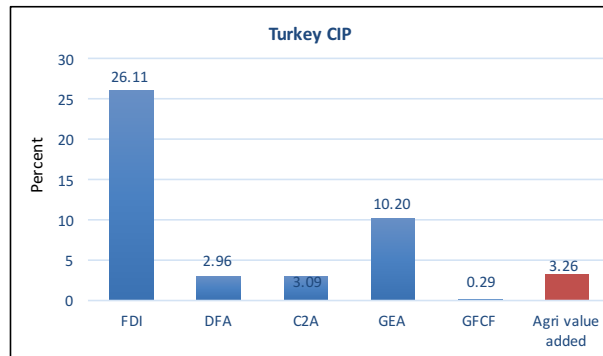
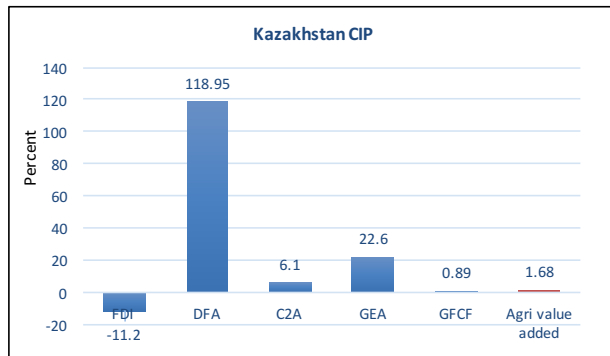
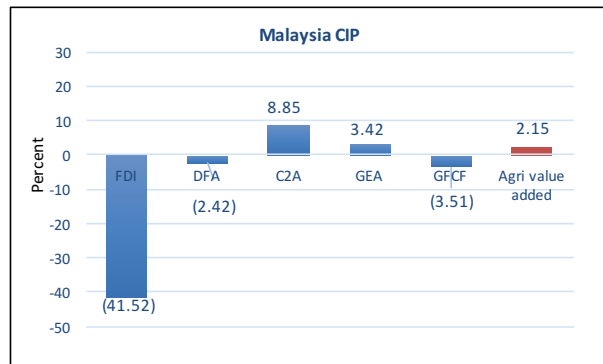
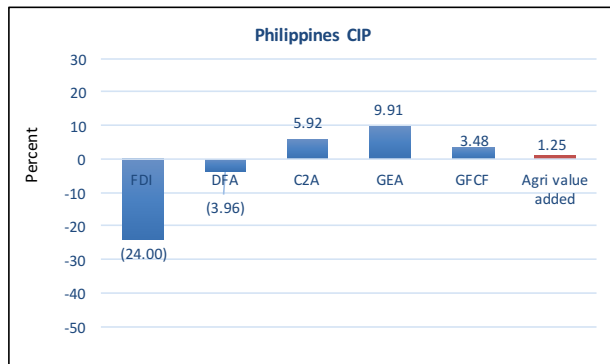
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CIPs: 2007-2013 average growth rates for select countries



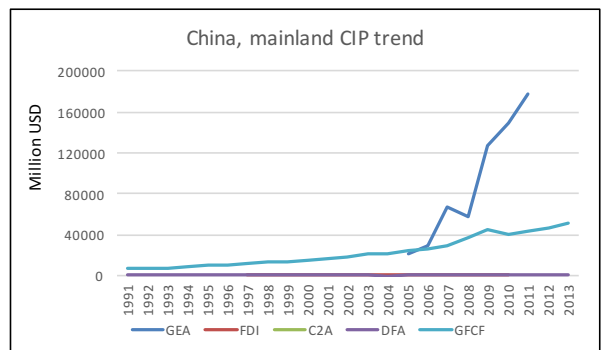
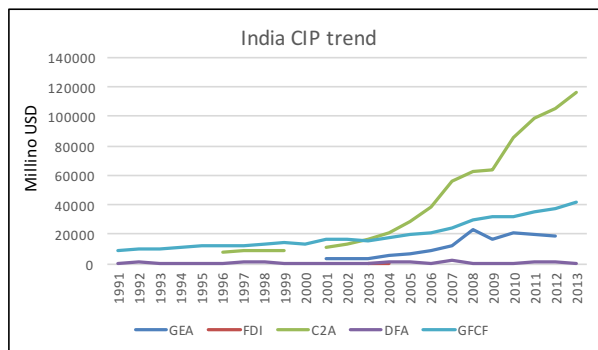
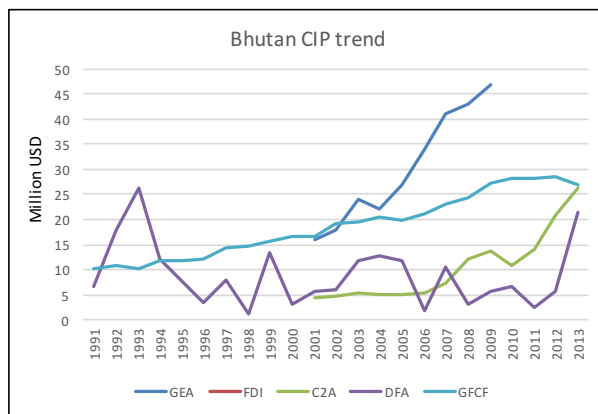
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CIPs: 2007-2013 average growth rates for select countries



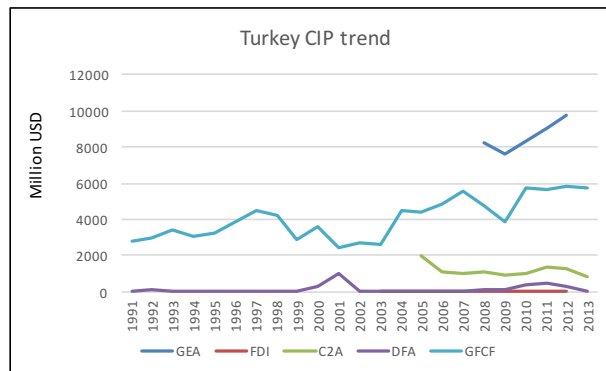
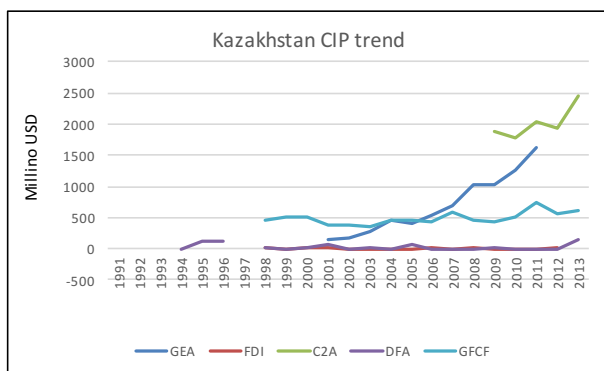
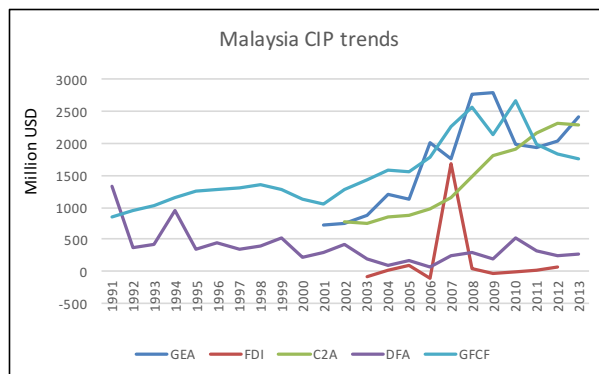
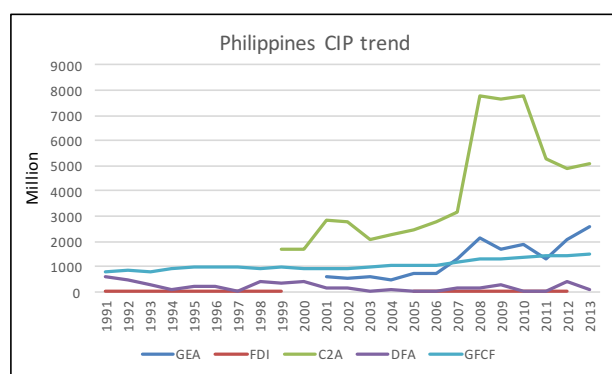
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CIPs: 1991-2013 key trends for select countries



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CIPS: 1991-2013 key trends for select countries



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Investment Statistics Challenges


- ✓ **Determining the composition of Country Investment Profiles (graphics, tables, analyses)**
- ✓ **GEA: low and declining response rates; lack of data collection or compilation at country level**
- ✓ **C2A: lack of access to data and metadata (due to non publication or collection), and lack of consistency in standards and definitions**
- ✓ **FDI: Poor data coverage of FDI inflows to agriculture, lack of access to UNCTAD data**
- ✓ **Sub-sector detail: Agriculture, Forestry and Fishing statistics not separately provided or collected, and hence not available**

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Proposed recommendations for discussion

- ✓ Member countries commit to improving response to the FAO GEA questionnaire, and to collaborating with FAO to improve Central Bank reporting of Credit to Agriculture.
- ✓ Member countries recommend that FAO provide technical assistance to members in improving the collection and reporting of GEA and C2A data.
- ✓ Member countries agree to request/encourage UNCTAD to share and release data on FDI on agriculture.



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For more information on investment domains:

visit FAOSTAT: www.faostat3.fao.org

and


FAO Statistics Division (ESS) webpage: <http://www.fao.org/economic/ess/ess-economic/en/>

For more information, please contact:

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