

# AGRICULTURE

## THE COMMITMENT

Each G8 Communiqué from 2005 to 2007 made reference to the importance of supporting increased productivity for Africa's agriculture sector. Though the 2005 Gleneagles and 2007 Heiligendamm communiqués noted that the G8 supported a comprehensive set of actions to increase agricultural productivity and expressed support for the AU/NEPAD Comprehensive Africa Agriculture Development Programme (CAADP), the G8 did not commit to a specific set of actions to achieve increased agricultural productivity.

Rising food prices pushed the issue of agriculture to the forefront of debate prior to the 2008 Hokkaido Summit. There, the G8 reiterated the commitments totalling \$10 billion that individual countries had made since January 2008 to address the food crisis by providing '...food aid, nutrition interventions, social protection activities and measures to increase agricultural output in affected countries'. Most of this funding

was pledged for short-term food security initiatives, including the provision of agricultural inputs such as seeds, tools and fertilisers for farmers. In addition to committing to action to address the food crisis, the Hokkaido G8 Leaders Statement on Global Food Security underscored the importance of mid- to long-term measures to address food security and poverty by stimulating world food production and increasing investment in agriculture. To help achieve this goal, the G8 committed to 'reverse the overall decline of aid and investment in the agricultural sector, and to achieve significant increases in support of developing country initiatives, including – in Africa – through full and effective implementation of the Comprehensive Africa Agricultural Development Programme (CAADP)'. The G8 also committed to promote research and development in this sector through organisations and partnerships such as the Alliance for a Green Revolution in Africa (AGRA) and the Consultative Group on International Agricultural Research (CGIAR).

Although the G8's stated commitment conveys support for the essential strategies to revive Africa's agricultural

FIGURE 7

### AGRICULTURE ODA TO SUB-SAHARAN AFRICA (\$ MILLIONS 2008 PRICES)

	2004	2005	2006	2007	2004-2007 INCREASE
<b>CANADA</b>	190.68	61.44	29.93	63.04	-127.64
<b>FRANCE</b>	136.23	114.14	227.51	478.84	342.61
<b>GERMANY</b>	176.32	160.10	185.17	174.47	-1.86
<b>ITALY</b>	49.62	48.46	79.31	82.87	33.25
<b>JAPAN</b>	119.33	123.95	212.14	174.52	55.19
<b>UK</b>	130.01	133.28	205.38	154.93	24.92
<b>US</b>	132.95	147.76	194.67	537.01	404.06
<b>G7</b>	<b>935.13</b>	<b>789.13</b>	<b>1,134.11</b>	<b>1,665.67</b>	<b>730.54</b>
<b>NON-G7 DAC</b>	<b>444.96</b>	<b>614.44</b>	<b>519.90</b>	<b>466.40</b>	<b>21.45</b>
<b>DAC</b>	<b>1,380.09</b>	<b>1,403.57</b>	<b>1,654.01</b>	<b>2,132.08</b>	<b>751.98</b>

sector, the commitment would be more ambitious if it was paired with a specific funding commitment to support achieving these strategies. ONE monitors the G8's commitment on agriculture by monitoring both overall ODA for

agriculture (to assess the commitment to reverse the decline in ODA) and also the percentage of total ODA to sub-Saharan Africa (to assess prioritisation of the agricultural sector).

### PROGRESS TOWARDS MEETING THE G8'S COMMITMENT TO IMPROVE AGRICULTURAL PRODUCTIVITY

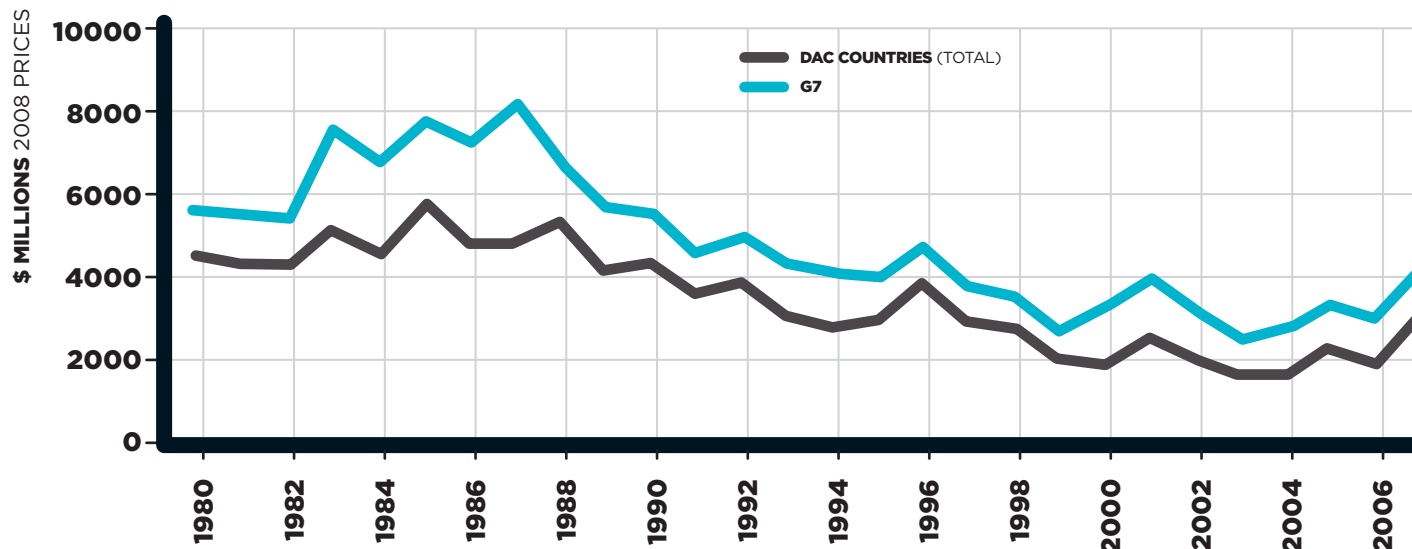
In 2005, approximately 30% of sub-Saharan Africa's population was already undernourished – more than twice that of any other region<sup>38</sup> – and further increases in the number of hungry people are expected due to the food and financial crises. The 2008 food crisis caused staple food prices to increase by more than 80%<sup>39</sup> and the UN Food and Agriculture Organization (FAO) has estimated that this contributed to an increase of 40 million people consistently suffering from hunger between 2007 and 2008.<sup>40</sup> At the end of 2008, the total number of hungry people worldwide was 963 million.<sup>41</sup>

Economists project that every 1% increase in per capita agricultural output tends to lead to a 1.6% increase in the incomes of the poorest 20% of the population.<sup>42</sup> Developing a productive, innovative agricultural sector is essential for sub-Saharan Africa, where agriculture employs two-thirds of the workforce and accounts for, on average, one-third of GDP.<sup>43</sup>

Since the Hokkaido G8 Summit, there has been renewed energy in the international community for improving agricultural productivity in the developing world. The UN High Level Meeting on Food Security, held in Madrid in January 2009, called for support of agricultural initiatives in poor countries, saying that countries were '...convinced of the urgent need to strive even harder to achieve international commitments of increasing substantially financial resources and ODA, particularly in relation to nutrition, food, agriculture and hunger-related programmes and policies'.

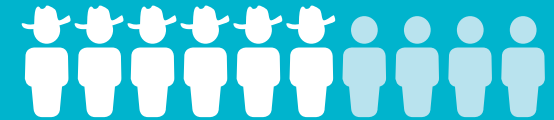
FIGURE 8

#### GLOBAL BILATERAL ODA TO AGRICULTURE, FORESTRY AND FISHING 1980-2007



## THE IMPORTANCE OF AGRICULTURE

→ 60%



In sub-Saharan Africa, agriculture employs more than 60% of the workforce, and accounts for, on average, one-third of GDP.

SOURCE: WORLD DEVELOPMENT REPORT 2008: P.27

The growth of agricultural incomes in Africa has averaged less than 1% during the past 25 years, the lowest rate in the world and less than half that of any other region.

**963 million**

Number of people worldwide who suffer consistently from hunger.

Despite this new energy, global ODA for agriculture represented less than 4% of global ODA in 2007, compared with approximately 18% of total global ODA in the 1980s.<sup>44</sup> As Figure 5 shows, this trend has recently reversed, as has the trajectory for ODA for agriculture to sub-Saharan Africa. Between 2006 and 2007, total ODA from all DAC donors has increased by \$480 million to \$2.1 billion. G7 ODA increased by \$532 million to \$1.7 billion during the same period. Figure 9 shows that increases in ODA for agriculture in sub-Saharan Africa have been consistent since 2005. Funding increases from the United States and France have most significantly contributed to these increases. Though these increases represent an important change, G7 ODA to agriculture represents only 5.9% of total G7 ODA to sub-Saharan Africa.

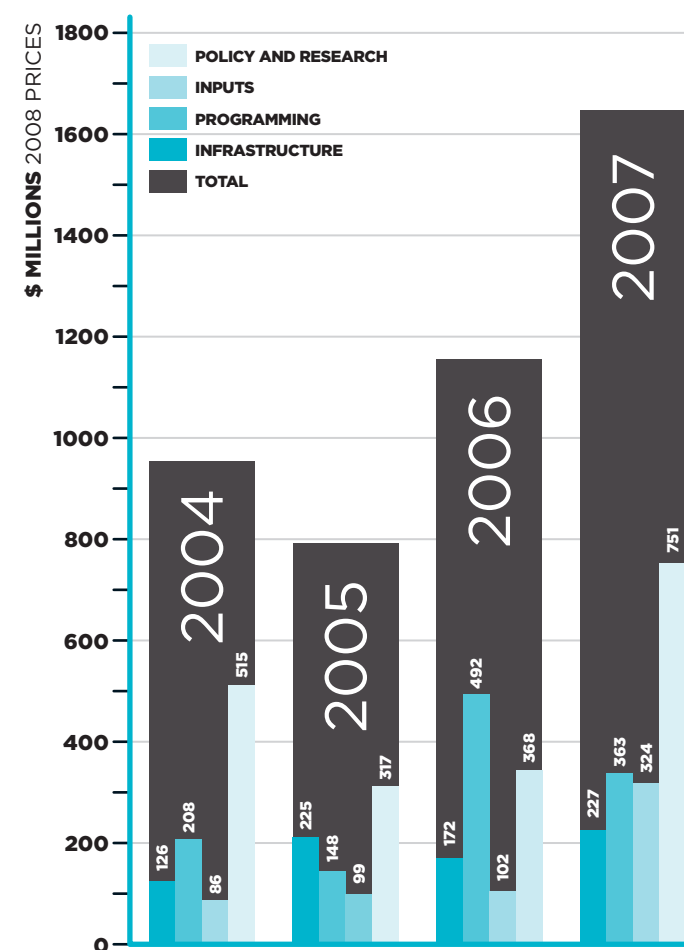
In their Comprehensive Framework for Action (CFA), the UN High Level Task Force on the Global Food Crisis has estimated the global need for development assistance to support agriculture at \$25–\$40 billion per year, noting that at least half of this will be needed for transportation and market systems for both short- and long-term support for smallholder farmers. The CFA figure was not broken down by region, but earlier UN studies estimated a need of at least \$8 billion per year for Africa (this estimate was for agricultural programmes and did not include some safety net and nutrition programmes).<sup>45</sup>

Though the G7, in nominal terms, has reversed the decline in ODA for agriculture by volume, the amount currently being spent is far short of any plausible estimate of the need for ODA for agriculture in sub-Saharan Africa. That ODA for agriculture in Africa is increasing should be applauded, but ODA for agriculture remains small compared with other sectors and grossly insufficient to contribute significantly to long-term improvements in agricultural output.

Several mechanisms and funding initiatives have been developed since the start of the food crisis (so do not appear in the ODA data shown above) that can be considered progress towards the G8 commitment to invest in agriculture, and which advance the idea of a global partnership to promote investment in agriculture and food. In December 2008, the EU voted to allocate €1 billion (\$1.44 billion) in unspent budget funds to agricultural development in poor countries. In light of the financial crisis, €800 million (\$1.15 billion) of this funding is being front-loaded to support agriculture

FIGURE 9

**G7 AGRICULTURAL COMMITMENTS TO SUB-SAHARAN AFRICA (2004–2007)**



**POLICY AND RESEARCH INCLUDES**  
POLICY, PLANNING AND PROGRAMMES, AID TO MINISTRIES OF AGRICULTURE, RESEARCH AND TECHNOLOGICAL INNOVATION

**INPUTS INCLUDE**  
SEEDS, TOOLS, FERTILISERS, EXTENSION SERVICES, TRAINING, CREDIT SCHEMES, CROP INSURANCE

**PROGRAMMING INCLUDES**  
INTEGRATED PROJECTS, ASSISTANCE FOR COOPERATIVES, CROP PRODUCTION ASSISTANCE

**INFRASTRUCTURE INCLUDES**  
WATER RESOURCES (E.G. IRRIGATION), LAND RESOURCES (E.G. SOIL IMPROVEMENT), STORAGE, TRANSPORTATION

in developing countries in 2009 alone; over €300 million (\$433 million) has already been disbursed to countries most in need.<sup>46</sup> At the G20 meeting in London in April 2009, US President Obama committed to work with Congress to double support for agricultural development to more than \$1 billion in the US fiscal year 2010.<sup>47</sup> This funding aims to modernise developing country agriculture in order to increase productivity and rural incomes, and will be targeted towards 25 countries and eight regions. In Africa these include Kenya, Uganda, Zambia, Malawi, and Eastern and Southern Africa.

## WHAT DO THE G8 NEED TO DO?



In order to fulfil their commitment, the G8 should commit to funding short-, medium- and long-term agricultural initiatives that together can spur economic productivity in Africa and help to prevent a deeper hunger crisis. As the G8 noted in Hokkaido, such an approach will best help poor countries achieve long-term food security and reap the benefits of agriculture-led economic growth.

## MAKE A SPECIFIC COMMITMENT TO FUND AGRICULTURE IN AFRICA

The G8 should set a solid funding target to guide the amount of ODA for short-, medium- and long-term agricultural initiatives. At the height of the food crisis, G8 countries made commitments for addressing food security that totalled \$10 billion, but most of this funding was committed for short-term initiatives. Setting a firm funding target that significantly increases ODA for longer-term initiatives in African agriculture will help guide the G8's continued growth in funding for agriculture, after decades of decline. ONE advocates that a firm \$10 billion annual commitment from the G8 to African agriculture would be a good step towards increasing agricultural and economic productivity and supporting an opportunity for Africa to produce enough to feed other parts of the world.

## ENHANCE THE GLOBAL STRATEGIC PARTNERSHIP FOR IMPROVED AGRICULTURE AND FOOD

Both the Hokkaido Leaders Statement on Global Food Security and the communiqué from the UN High Level Meeting on Food Security in January 2009 commit the G8 and other donors to forming a global strategic partnership for agriculture and food. The G8 could make progress towards this commitment by coordinating their agricultural ODA to Africa through a centralised financing mechanism which monitors need, identifies sources of additional financing and standardises policy approaches.

Existing efforts include AGRA, an African-led partnership working across the continent to help small-scale farmers boost farm productivity by improving all aspects of the value chain. By the end of 2008, it had approved grants in at least 14 African countries worth at least \$78 million. However, AGRA has a \$500 million funding gap to meet its basic programme needs over the next five years.<sup>48</sup>

Any G8 commitment to funding for agriculture must be coordinated with and support the efforts of African governments to invest in agriculture through the CAADP. CAADP is a plan with the goal of eliminating hunger and poverty through agriculture by increasing public investment in agricultural productivity. African countries that participate in CAADP have committed to spend at least 10% of their national budgets to agriculture and to reach a 6% annual growth rate in agricultural productivity by 2015. At the end of 2008, 32 countries had committed themselves to the CAADP initiative; seven were meeting the 10% budget target.<sup>49</sup>

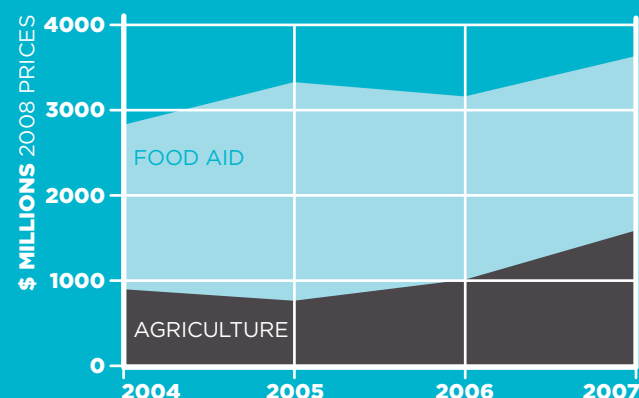
## CONCLUSION

The G8 have collectively achieved their weak commitment to reverse the funding decline that the agricultural sector has experienced since the 1980s. The increases of the past two years should be the start of a continued and rapid increase in funding to support agricultural development in sub-Saharan Africa. Together, donor commitments, in partnership with an African framework and budget commitments, can truly transform the agricultural sector in Africa.

## FOOD SECURITY

A large proportion of funding for food security initiatives is delivered in the form of food aid during both emergency and non-emergency situations. While providing food assistance – in the form of either bags of food or food vouchers – is incredibly important for families facing hunger now, funding for agricultural initiatives that will assist communities in becoming food-secure is critical to sustainably break the cycle of hunger. G7 ODA for food aid was almost \$1.9 billion in 2004 and increased to \$2.04 billion in 2007. Though ODA for agriculture grew from \$935 million in 2004 to \$1.7 billion in 2007, it is still significantly less than food aid funding.

**G7 ODA FOR AGRICULTURAL AND FOOD AID TO SSA**



Necessary food security initiatives were established at the height of the global food crisis in 2008. For example, the Global Food Response Program (GFRP), a \$2 billion financing facility initiated in May 2008 by the World Bank, has distributed \$752.8 million in multilateral and bilateral funding to assist developing countries in addressing the short-, medium- and long-term effects of the food crisis. So far, 31 developing countries –

18 in Africa – have received assistance from the GFRP to provide inputs such as seeds and fertilisers to farmers, implement safety-net programmes for vulnerable populations and provide budget support for countries that have lowered or eliminated taxes and tariffs on certain food imports in order to reduce food prices for consumers. The World Food Programme (WFP) predicts that it will need \$6 billion in 2009 to provide essential emergency food assistance to countries in need.

Sometimes, food aid is not culturally appropriate or the provision of food creates an unsustainable reliance on food aid. Also, by overlooking the option of purchasing food for food assistance locally, donors are denying local agricultural producers the opportunity to provide for these needs and to earn income from these sales. An important example of this is the mandate in United States law that nearly all US food aid be purchased from US farms and be shipped by US shipping companies.

The Hokkaido G8 Leaders Statement on Global Food Security committed to ‘...look for opportunities to help build up local agriculture by promoting local purchase of food aid’. The WFP is supporting local farmers through the Purchase for Progress programme and other local procurement schemes. In 2008, the WFP bought \$1.1 billion worth of food in 73 developing countries. Some European countries are also pursuing local purchase initiatives for bilateral food assistance and the Global Food Security Act, which was recently reintroduced in the US Senate, would, if passed, allow for local purchase of \$500 million of emergency food assistance.

Though investing in local purchase is a positive step, it is essential that food security initiatives are focused on reducing the vulnerability of the poor in both the short and long terms. The G8 should invest in building a robust agricultural sector in countries and regions that can eventually eliminate the need for food assistance and end the cycle of poverty and hunger in the developing world.