
Foreign Assistance for Food Security and Agricultural Development

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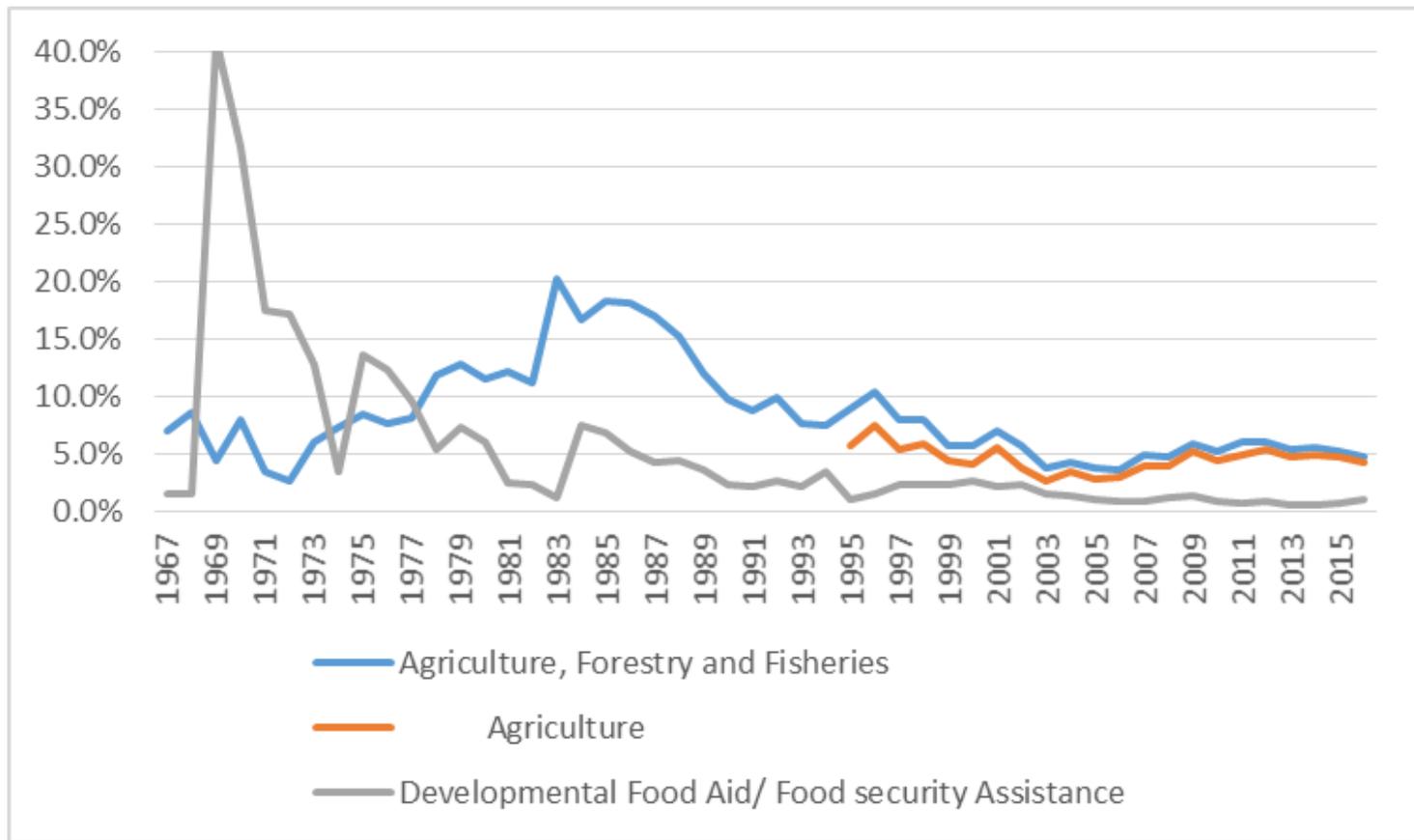
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Foreign Assistance to Agricultural Development declined markedly, steadily from mid 1980s until 2006

- Peak at 20.3% of total ODA in 1983
 - Minimum at 3.7% in 2006
 - Developmental Food Aid/Food Security Assistance at another 7.5% in 1984, 1.0% in 2006
 - Islam (2011 - IFPRI) discusses measurement issues for this data as well as reasons for decline
 - Aggregation of Ag, Forestry and Fisheries; Humanitarian aid
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ODA to Agriculture, Forestry, Fisheries and Developmental Food Aid/Food Security Assistance – Shares from 1967 to 2016



Source: OECD

Why the decline in Aid to Agriculture?

- Many projects failed or experienced only limited success
 - Resources went to more successful population, health and education interventions
 - Agriculture involves many small, highly competitive private entities – difficult to intervene
 - Structural transformation
 - Some economic models deemphasize agriculture
 - Importance of agriculture in transitioning economies declined
 - Subsidies, taxes and parastatals distorted markets
 - **Missing markets**
 - **Governance and policy failures**
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2007-08, 2011 Food Crises brought promises of much more aid, and some actual increase in agriculture's share

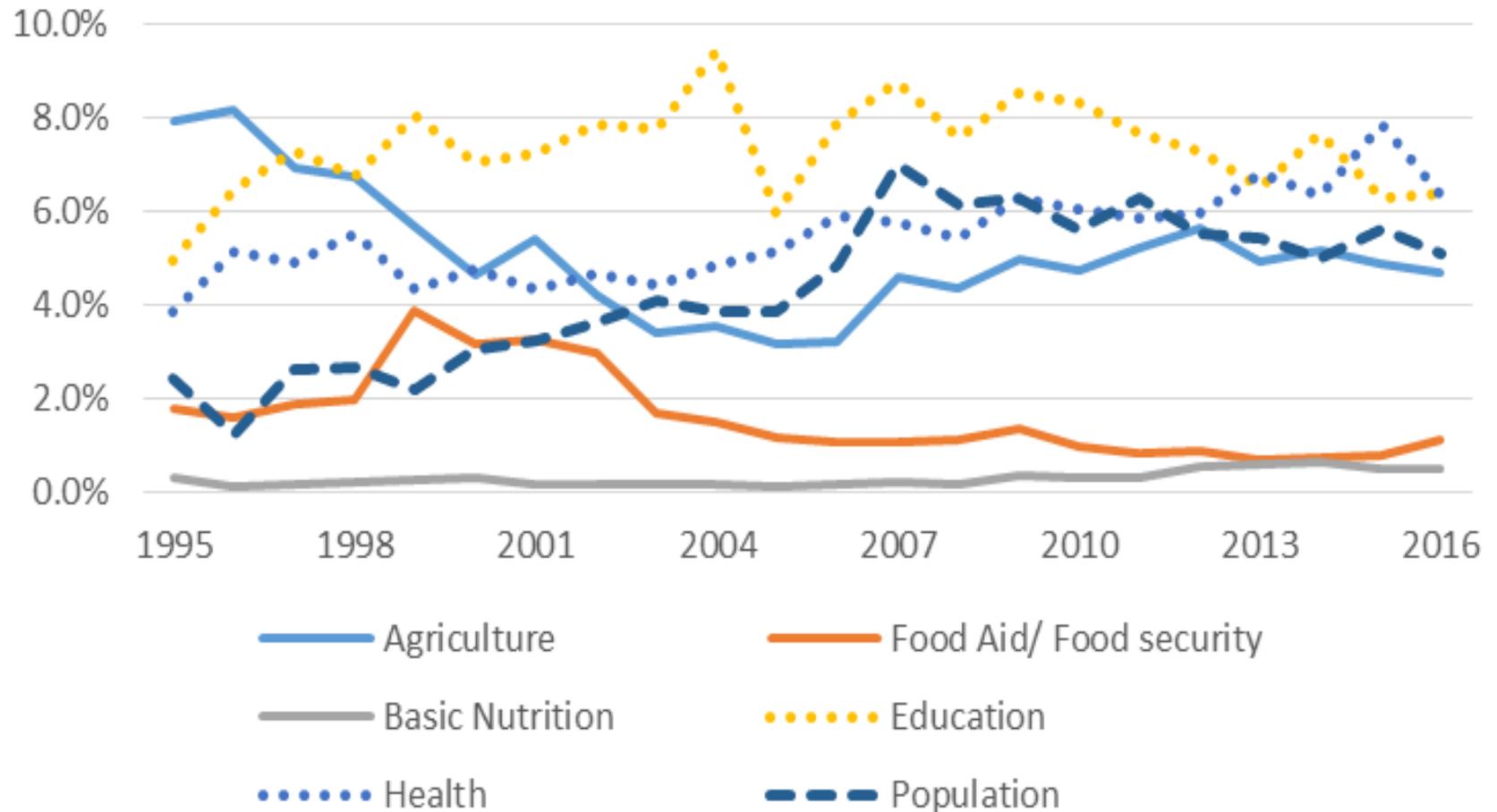
- Ag share of ODA was
 - 3.7% in 2006 (low) **5.3% in 2009**
 - 5.5% in 2012 **4.3% in 2016**
 - Promises at international meetings post crisis
 - G8 countries promised additional \$22.4 billion at La Quila summit
 - 2006 total foreign assistance to ag was \$4 billion and in 2007 was \$6 billion; Food security assistance \$1.4 billion then
 - Promise to be committed over several years; not all proved to be additional
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Table 1. Global Responses to the Food Crisis of 2008-2009: Promises

	Committed as of mid-2009	Framework
United Nations		
WFP	1 billion dollars	755 million dollar Emergency Funding Appeal
FAO	1.7 billion dollars	Soaring Food Prices Initiative
UN Central Emergency Response Fund	100 million dollars	Set aside of existing funds, announced at the 2008 Food Summit
IFAD	200 million dollars	Reallocation from existing loans and grants
Development Banks		
World Bank	2 billion dollars	Global Food Crisis Response Program
African Development Bank	1 billion dollars	African Food Crisis Response
Asian Development Bank	500 million dollars	
Islamic Development Bank	?	1.5 billion dollars announced at the 2008 Food Summit
Inter-American Development Bank	2 billion dollars	
Bilateral Donors		
European Union	1 billion euros	Food Facility Plan
France	?	1.5 billion dollars announced at the 2008 Food Summit
Japan	1.5 billion dollars	150 million dollar announced at the 2008 Food Summit
Korea	100 million dollars	
Kuwait	?	100 million dollars announced at the 2008 Food Summit
Netherlands	?	75 million dollars announced at the 2008 Food Summit
New Zealand	?	7.5 million dollars announced at the 2008 Food Summit
Spain	200 million dollars	773 million dollars announced at the 2008 Food Summit
United Kingdom	?	590 million dollars announced at the 2008 Food Summit
United States	1.5 billion dollars	5 billion dollars announced at the 2008 Food Summit

Source: Abbott and Borot di Battisti 2011

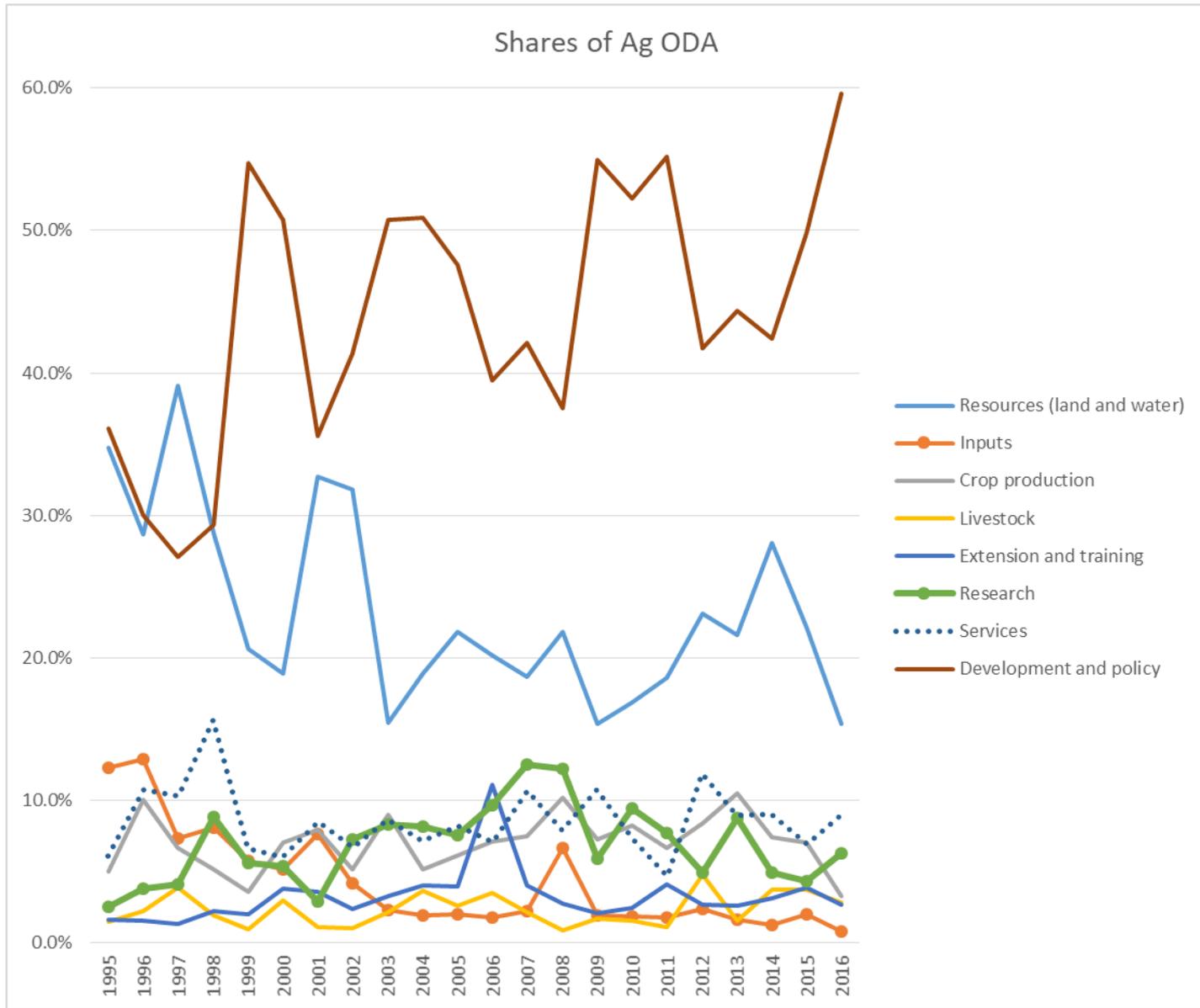
Shares of Total ODA



Source: OECD

As foreign assistance to agriculture declined and then increased, **design of interventions has changed**

- Fewer resources to input and credit subsidies
 - Less support for land and water augmentation
 - Integrated rural development complex, hard to implement
 - Governance, policies and institutions emphasized more now – identified as part of public goods
 - Returns to research now recognized
 - Alternative development (cocoa instead of drugs in Colombia)
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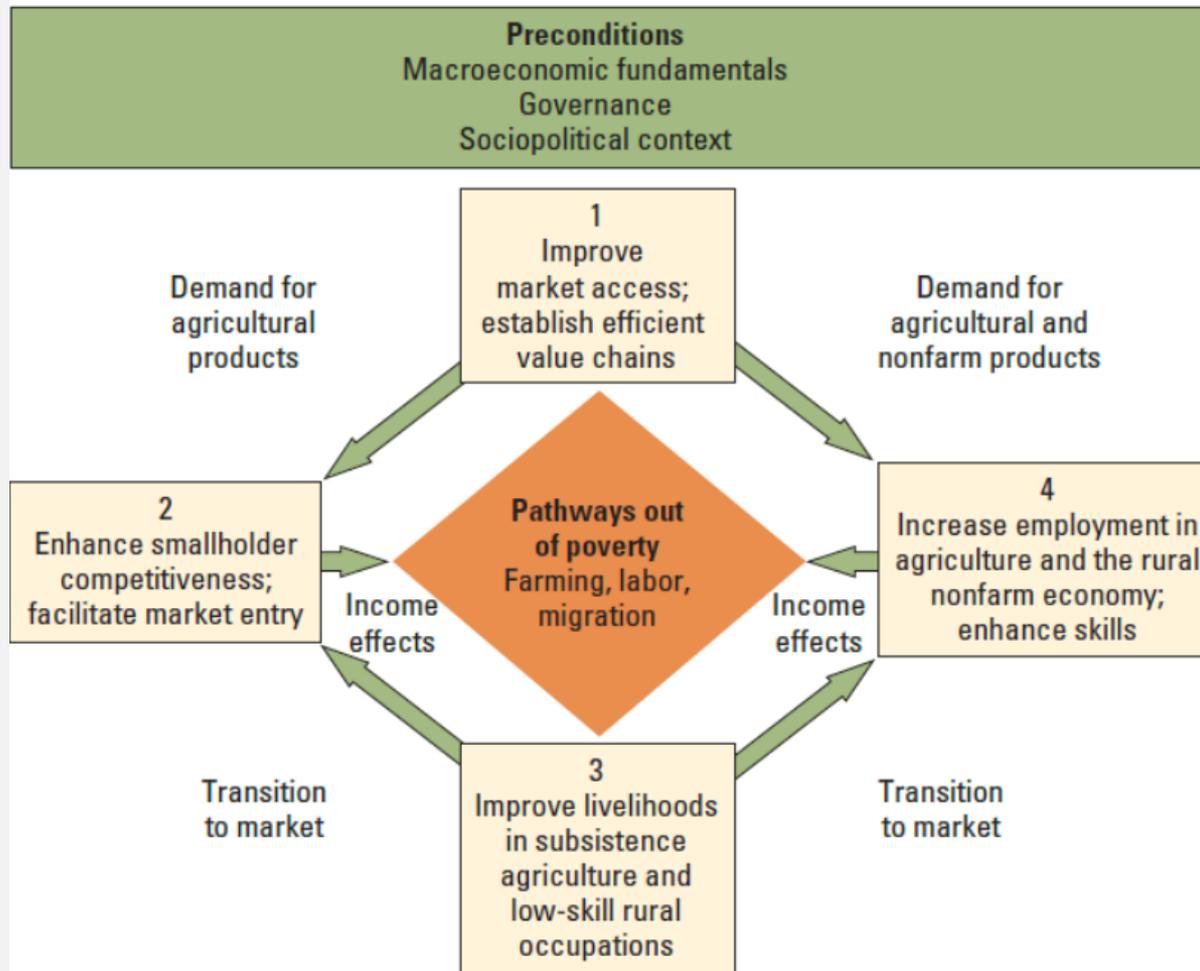


Source: OECD

World Development Report on Agriculture in 2008

- Advocated increased investment in agriculture **ahead** of food crises
 - Provided framework for subsequent interventions, based on past experience
 - Emphasized past governance and policy failures
 - Objectives: Market access/ value chains, smallholder competitiveness, employment – subsistence and nonfarm rural, improve subsistence livelihoods
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Figure 9 The four policy objectives of the agriculture-for-development agenda form a policy diamond



Source: WDR 2008 team.

New Aid Initiatives and concepts

- Global and national public goods
 - Technology, Infrastructure and **Institutions**
 - Policy, regulation and governance as public goods
 - Value chains
 - Inputs, markets, institutions
 - Exports, higher value added goods
 - Nutrition interventions
 - Maternal and child health – vulnerable groups
 - Nutrition sensitive agriculture
 - Scaling up
 - Public/private partnerships
 - Foreign investment
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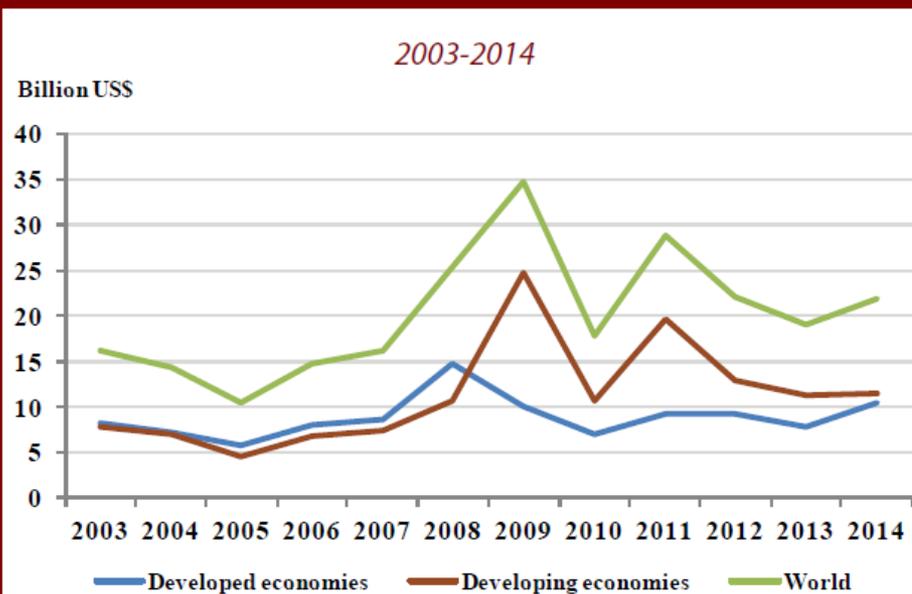
Foreign Assistance and Foreign Investment

- Foreign aid had in some cases been huge part (>80%) of a country's agricultural development investments/ public budget
- Feeding 9+ billion in 2050 will require substantially increased production, huge investments that dwarf foreign aid resources
 - FAO estimate – need increased \$83 billion annually on current \$142 billion invested in agriculture in developing countries
 - Foreign aid and FDI are each about \$10 billion in 2016
- Public private partnerships; leveraging private investment
 - Lots of talk, sometimes difficult to implement
- Multinationals in Africa?
 - Long history in export industries (e.g. cocoa)
 - Penetration inside borders limited
 - Harder to profit from investments in smallholder, subsistence agriculture
 - Value chains emphasizing missing markets, exports, higher value goods

Developing economies have benefitted most from increased FBT-FDI and received constantly more investments than developed economies since 2009. However, recent trends indicate that the share of developing economies in global FBT-FDI flows may decrease again in the future.

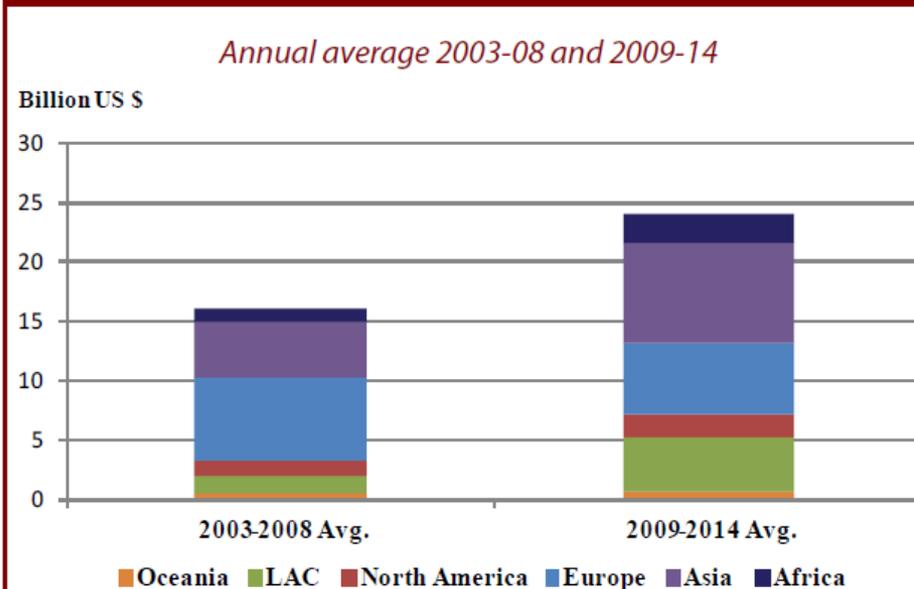
FBT-FDI was considerably higher in 2012-14 (US\$5.6 billion) than from 2003-05 (US\$3.6 billion). The share of Africa in global FBT FDI increased slightly, from 7.4 to 10.4 percent.

Figure 4: Global FDI inflows in food, beverages and tobacco



Source : fDi Markets (April 2015)

Figure 5: Global FDI inflows in food, beverages and tobacco



Source : fDi Markets (April 2015)

WIDER themes and Agriculture

- WIDER themes key to successful agricultural development and achieving food security
 - **Transformation** – agriculture led economic growth?
 - **Inclusion** – agricultural growth and poverty reduction; safety nets
 - **Sustainability** – adaptation to climate change
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Some specific WIDER Contributions

- Aid effectiveness
 - Structural transformation
 - Climate change
 - Policy effectiveness after the Food crisis
 - Food system governance – global and local
 - Poverty and income distribution –
 - safety nets
 - agriculture led growth to reduce poverty
 - Project and policy evaluations
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WIDER Projects

- The political economy of food price policy
 - Ag Policy reform and food crisis responses
 - ReCom
 - Aid effectiveness; Foreign Aid to Ag; Donor's roles
 - Reconciling Africa's growth, poverty and inequality trends – growth and poverty project (GAPP)
 - Policy reform & institution building effectiveness
 - DUCC – Development under climate change
 - Mitigation and adaptation; agriculture and energy
 - New directions in development economics
 - Poverty & ag; Global policy
 - The political economy of social protection systems
 - Food aid versus cash transfers
-

WIDER Projects: Key Citations

- The political economy of food price policy
 - Ag Policy reform and food crisis responses
 - **Pinstrup-Andersen, P. (2014). Food Price Policy in an Era of Market Instability: A Political Economy Analysis** . Oxford: Oxford University Press
- ReCom – research and communication on foreign aid
 - Aid effectiveness; Foreign Aid to Ag; Donor's roles
 - **Abbott, P. (2012) Foreign Assistance and the Food Crisis of 2007–08**. WIDER Working Paper 2012/019. Helsinki: UNU-WIDER
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 - von Braun, J. (2013). 'International Co-Operation For Agricultural Development And Food And Nutrition Security: New Institutional Arrangements For Related Public Goods'. WIDER Working Paper 2013/061. Helsinki: UNU-WIDER.

WIDER Projects: Key Citations

- Reconciling Africa's growth, poverty and inequality trends – growth and poverty project (GAPP)
 - Policy reform & institution building effectiveness
 - **Arndt, C., McKay, A. & Tarp, F. (2016) Growth and Poverty in Sub-Saharan Africa.** WIDER Studies in Development Economics. Oxford University Press.
 - Arndt, C., McKay, A. & Tarp, F. (2016) Two cheers on growth and poverty in Sub-Saharan Africa: Evidence from a 16 country study. WIDER Policy Brief 2016/1. Helsinki: UNU-WIDER
 - Roger Williamson, Growth Yes, but where's the Transformation and Inclusion?, WIDER Blog, 2014
 - DUCC – Development under climate change
 - Mitigation and adaptation; agriculture and energy
 - **Arndt, C., W. Farmer, K. Strzepek and J. Thurlow (2011). 'Climate Change, Agriculture, And Food Security In Tanzania'.** WIDER Working Paper 2011/052. Helsinki: UNU-WIDER
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WIDER Projects: Key Citations

- New directions in development economics
 - Poverty & ag; Global policy
 - **Christiaensen, L., Demery, L. & Köhl, J. (2010) The (Evolving) Role of Agriculture in Poverty Reduction.** WIDER Working Paper 2010/036. Helsinki: UNU-WIDER
 - Christiaensen, L. (2009) Revisiting the Global Food Architecture: Lessons from the 2008 Food Crisis. Discussion Paper 2009/004. Helsinki: UNU-WIDER
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 - Christiaensen, L. (2009). 'Revisiting The Global Food Architecture: Lessons From The 2008 Food Crisis'. Discussion Paper 2009/004. Helsinki: UNU-WIDER
- The political economy of social protection systems
 - Food aid versus cash transfers
 - **Amarante, V. & Brun, M. (2016) Cash transfers in Latin America: Effects on poverty and redistribution.** WIDER Working Paper 2016/136. Helsinki: UNU-WIDER.

Observations

- Local, small scale interventions well understood & successful (Millenium villages, AGRA)
 - On the shelf technology exists now
 - Foreigners brought institutions and markets along with technology
 - Scaling up is challenging
- Value chains
 - Facilitating market development
 - Higher value and exported products?
 - Some great successes, but some not at all cost effective
- Fertilizer subsidies by national governments
 - Donor agenda: long term ag development and safety nets; subsidies inefficient
 - Government agenda: subsidies, broad consumer protection
- Challenge of structural transformation
 - Agriculture-led economic growth?
 - Employment in transition
 - Ag growth may benefit extreme poor, but less effective relieving \$2/day poverty
 - Can the evolution that led to developed country agricultural policy/subsidies be leapfrogged
- Greening poverty – price collapses with increased production
 - Benefits mostly to consumers
- Public/private partnerships – more talk than action, little assessment of scope and success of activities, hard to find interventions that help smallholders and yield profits
- Global governance –fragmented, duplicative and poorly focused
- National governance – only 10 of 47 CAADP member states have met the goal of allocating 10% of public expenditures to agriculture (by 2017) Maputo 2003, Malabo 2014
 - African Union finds 20 of 47 members “on-track” to meet Malabo declaration (2014) goals

WIDER's Future Ag research Agenda

■ Structural transformation

- Agriculture led growth? Agriculture as a business (Adessina in Nigeria)
 - Scale versus smallholders
 - Path to inclusive employment?
 - Employment and poverty along the way
 - Leapfrogging ag policy history?

■ Policy, governance and institutions

- Are reforms working?
 - Can we improve institution through foreign aid?
 - Should ag foreign aid be limited to well governed countries?
 - Economists role in climate change to ensure good policy
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