

# C2A Notes

## Agriculture and food in question

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### FRANCE'S OFFICIAL DEVELOPMENT ASSISTANCE FOR THE AGRICULTURE AND FOOD SECURITY SECTOR

#### Agriculture Is Back on the International Agenda

The 2008 food crisis placed agriculture back at the top of the international agenda. In the space of two years, several international summits were devoted to world food security, and the last two G8 summits led to joint declarations on this subject. In Aquila in 2009, the members of the G8 announced more than 20 billion dollars to combat hunger. Since the Seoul Summit, the G20 have also decided on an action plan for world food security.

#### Still Well Below Needs

Yet, 925 million people worldwide are going hungry. The food crisis that hit the Sahel hard in 2010 illustrates the fragility of accomplishments and the magnitude of the financial needs necessary to fulfill the international community's promise in 2000 to halve the number of people suffering from hunger by 2015.

Fighting hunger is not only a matter of financial investments: it is vital that better coherence be ensured across the trade, agricultural, energy, environmental and investment policies of developed countries to ensure world food security.

Coordination must be improved between institutions addressing agriculture and food issues worldwide. Improving agriculture aid effectiveness in the field notably requires better coordination of donors' activities and support for local policies.

The reform underway of the Food Security Committee (FSC) should therefore be continued in order to form the essential policy pillar of the Global Partnership for Agriculture, Food Security and Nutrition. The aim is to build global food governance that provides a coordinated and coherent approach across the various sectoral policies.

#### Analysis of French ODA

France is used to publicity stunts. In response to the food crisis, Nicolas Sarkozy made two promises. In June 2008, during the extraordinary food security summit organized by the FAO, France promised to devote one billion euros over five years to food security in Africa. One year later in June 2009, during the G8 summit in Aquila, Nicolas Sarkozy announced 1.5 billion euros for world food security over the 2009-2011 period, as part of the overall announcement of more than twenty billion dollars in the G8 members' joint declaration in Aquila.

This paper compares the evolution of France's official development assistance (ODA) devoted to agriculture and food security with France's announcements at the G8 summit in Aquila in June 2009. It provides understanding of ODA stakes beyond announcements of overall aid amounts.

However, opacity of data on France's official development assistance in the agricultural sector makes it difficult to track commitments. The data used in this paper were obtained by Oxfam France.

## ODA FINANCING: SMOKE AND MIRRORS

During the G8 Summit in Aquila in June 2009, France promised to devote 1.5 billion euros to world food security over the 2009-2011 period (or 500 million euros per year). However, to fulfill these presidential promises, France is forced to use creative accounting. For instance, the government counts a range of financing that is wider than the official scope of official development assistance to the “agriculture and food security” sector as defined by the French Comité Interministériel pour la Coopération Internationale et le Développement (CICID, interministerial committee for international cooperation and development).

Thus, the financing announced by France:

- 1) Includes financing devoted to infrastructure, environment, water and sanitation, and microfinance projects, which are not part of the “agriculture and food security” sector as defined by

the CICID. In 2009, this financing accounted for more than 10% of France’s announced financing.

- 2) Includes sums that cannot be counted as ODA:
  - For Agence Française de Développement loans, which make up most of the announced financing, France counts *gross commitments*—in other words, not including repayments by recipient countries. Yet, donor countries are only authorized to declare *net commitments* after deducting repayment flows, according to the rules of the Creditor Reporting System of the OECD Development Assistance Committee (DAC), with which all creditor countries follow.
  - The financing counted also includes shareholding in the private sector of the African agriculture investment fund.

## AGRICULTURE AID DROPPING SINCE THE START OF THE FOOD CRISIS

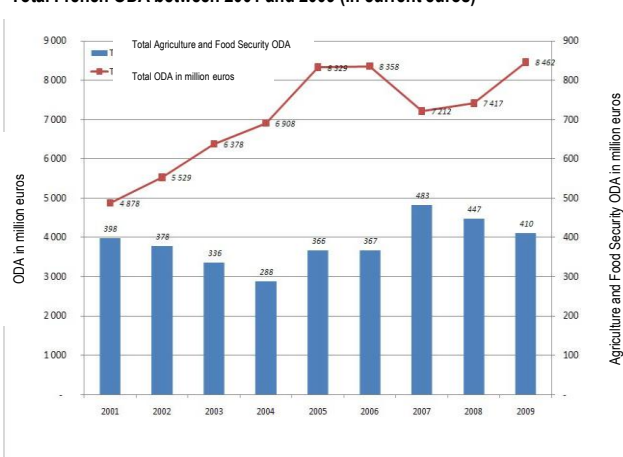
*“Until now, agriculture has been neglected in development aid policies. It was a strategic error. Credits must be re-routed to food agriculture, to local production.” – Nicolas Sarkozy, during the High-Level Conference on World Food Security, June 3, 2008, in Rome.*

### Aid Dropping Since the Start of the Food Crisis

Despite announcements, French ODA to the “agriculture and food security” sector is at its lowest point since 2007. It accounted for only 410 million euros in 2009 (Figure 1), or 5% of total ODA for the year, and 90 million euros less than France had announced at the G8 Summit in Aquila.

This situation cannot be explained only by the economic crisis and the associated budget constraints. It is the result of a strategic decision by France that led it to de-prioritize agriculture in its development policy and increase the volume of soft loans to the detriment of grants. This priority given to loans de facto excludes support for food agriculture in Least Developed Countries (LDCs), unable to meet the Agence Française de Développement’s eligibility criteria.

**Figure 1: Evolution of ODA to the “Agriculture and Food Security” Sector and Total French ODA between 2001 and 2009 (in current euros)**

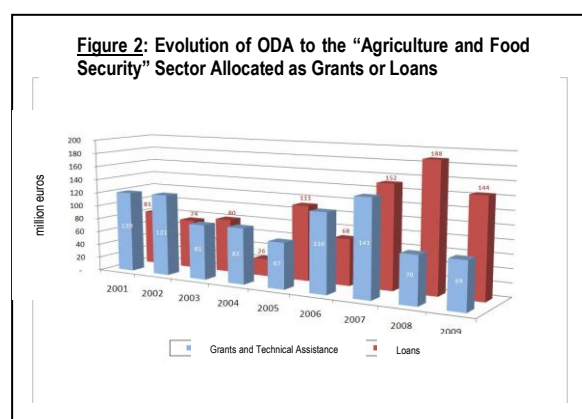


Another major consequence: the sharp drop in support for agricultural policy in developing countries.

## Instruments that Do Not Allow Support for the Most Needy Countries and Populations

Despite the political promises to target the most vulnerable and poorest populations, France's aid instruments do not allow it to support small farmers and food agriculture.

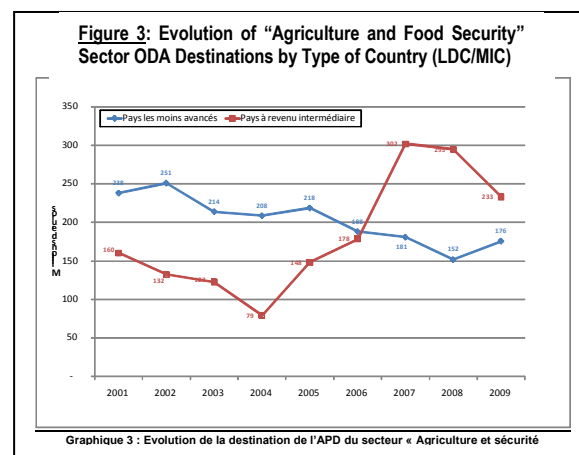
Between 2001 and 2009, the ratio of grants to loans in bilateral aid for the "agriculture and food security" sector reversed itself (Figure 2).



The government seems to aim above all to increase the volume of loans to "generate ODA" that can be declared to the OECD DAC. Increasing the volume of soft loans, to the detriment of grants, therefore slowly turns the Agence Française de Développement away from the fight against poverty and inequalities that should be at the heart of a development cooperation agency's actions.

## Poor Countries Neglected

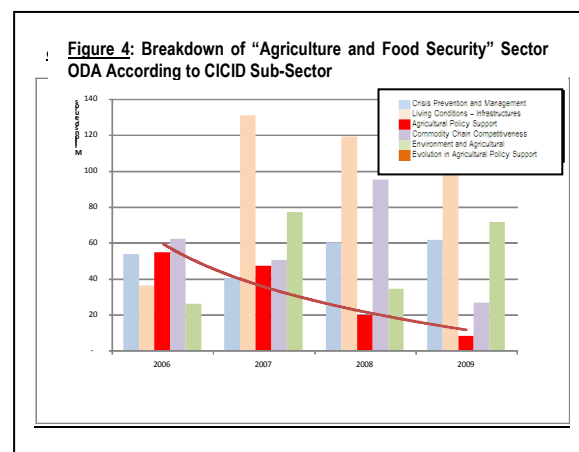
The Least Developed Countries (LDCs), most affected by the food crisis, are progressively being neglected by France's official development assistance because they do not meet the Agence Française de Développement's loan eligibility criteria. France's aid is therefore mostly focused on middle-income countries (Figure 3).



In the agricultural sector, small farmers are the biggest losers in this new orientation because they cannot provide sufficient guarantees to receive loans (insufficient structure, too small in size, etc.).

## Waning Support for Agricultural Policy

The drop in grants results in a sharp drop in support for agricultural policies, to the benefit of infrastructure and production support projects (Figure 4). And this is taking place despite the fact that the G8's joint declaration on food security in Aquila and the final declaration of the World Food Summit (November 2009), endorsed by France, both call for countries and donors to fight hunger by supporting the implementation of agricultural policies and notably the Comprehensive Africa Agriculture Development Programme (CAADP).



The drop in French agricultural policy aid also contradicts the promise made by Michel Barnier, Minister of Agriculture during the French Presidency of the European Union, to the President of the ECOWAS Commission to make the region's common agricultural policy a model of partnership with Europe and a "pilot initiative for regional agricultural and food security policy development" (M. Barnier, Dec. 9, 2008).

### Net ODA Sometimes Negative

Loans imply large repayment flows from countries receiving official development assistance from France.

In 2009, eight countries therefore had negative ODA in the "agriculture and food security" sector—in other words, their repayments totaled more than the amount of aid they received: Tunisia (-6.4 million euros), Mauritius (-0.35 million euros), Morocco (-4.7 million euros), Kenya (-0.7 million euros), Côte d'Ivoire (-50.7 million euros), Cameroon (-3.4 million euros), Burundi (-1.3 million euros), and Angola (-0.2 million euros).

Given that, in the case of loans, ODA is measured by net flows (i.e. having subtracted repayments), increasing ODA through loans condemns the AFD to a headlong rush for aid volumes, all the more difficult to avoid as the volume of subsidies is dropping.

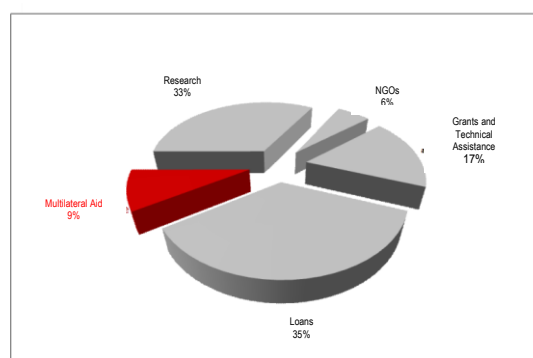
### Multilateral ODA Sluggish

Finally, **multilateral ODA devoted to the "agriculture and food security" sector dropped by nearly 20%**

**between 2008 and 2009** (excluding non-agricultural multilateral aid), contrary to the promises in the final declaration endorsed by France during the World Food Summit in Rome in November 2009, that agreed to ensure that the multilateral system play a preponderant role.

**France devoted only 37 million euros to this sector in 2009**, compared to an average of 46 million euros from 2001 to 2008 (Figure 5). Far from a "preponderant role," multilateral ODA in 2009 accounted for only **9% of total aid to the "agriculture and food security" sector**.

**Figure 5:** Breakdown of "Agriculture and Food Security" Sector ODA in 2009 by Disbursement Channel



As part of its mission to support the collective advocacy of its members, Coordination SUD has set up working committees. The Agriculture and Food Commission (C2A) brings together international solidarity NGOs that act to realize the right to food and increase support for smallholder farming in policies that impact world food security: 4D, Artisans du Monde, AVSF, AITEC, CARI, CCFD-Terre Solidaire, CFSI, CIDR, CRID, GRET, IRAM, MFR, Oxfam France, Peuples Solidaires in association with ActionAid, Secours Catholique, Secours Islamique.

The Commission aims to coordinate the work conducted by its participants, and facilitate consultation among its members for their advocacy work with social actors and international policy makers. The members of the Commission reach agreements on the representation provided in the name of Coordination SUD in a range of arenas (Concord in Europe, FAO, WTO, UNCTAD) and share information on current international stakes. The Commission is mandated by Coordination SUD to formulate the positions taken by the group during the main institutional meetings on the subject of agriculture and food.



This document was written by: Jean-Denis Crola, Oxfam France

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