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# Government expenditures in agriculture 2001–2019

Global and regional trends

## HIGHLIGHTS

- Over the last decade, the global share of agriculture in government expenditure remained stable at around 2 percent on average. Asia recorded the highest percentage of government expenditure allocated to agriculture, with Eastern Asia and Central Asia driving the increase.
- Between 2015 and 2019, the countries with the highest share of agriculture in government expenditure were Malawi (18 percent), Mali (12.4 percent) and Bhutan (12 percent).
- The global agriculture orientation index (AOI), an SDG indicator, showed an increasing trend from 0.45 in 2010 to 0.53 in 2019. Eastern and South-eastern Asia registered the highest AOI while sub-Saharan Africa registered the lowest. Values below 1 indicate a lower share of agriculture expenditure relative to the sector's contribution to GDP, while values above 1 indicate a larger share of agriculture expenditure relative to the sector's contribution to GDP.

\* The term “agriculture” includes forestry and fishing.

\*\* The term “government” mentions the highest level of government for which data is 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

Between 2001 and 2019, the global share of agriculture in government expenditure reported by countries showed a steady increase from 1.63 percent in 2001 to 1.71 percent in 2010 and 2.12 percent in 2019 – it remained stable at around 2 percent during the last decade. At the country level, the share is very variable, ranging between 0.02 percent and 25 percent of the total outlays. In absolute terms, this translates to an estimated government spending of about USD 413 billion in 2010 to USD 613 billion in 2019, roughly around 18 percent of the global agriculture value added.

The share of agriculture in government expenditures decreased in all regions except Asia between 2001 and 2019. Asia also stands out as the region with the highest share of agriculture in government expenditure throughout the period, starting at 3.25 percent in 2001 and ending at 5.66 percent in 2019. The average annual growth rate of the budgetary allocation to agriculture sector during the last decade reached 7 percent in the region.

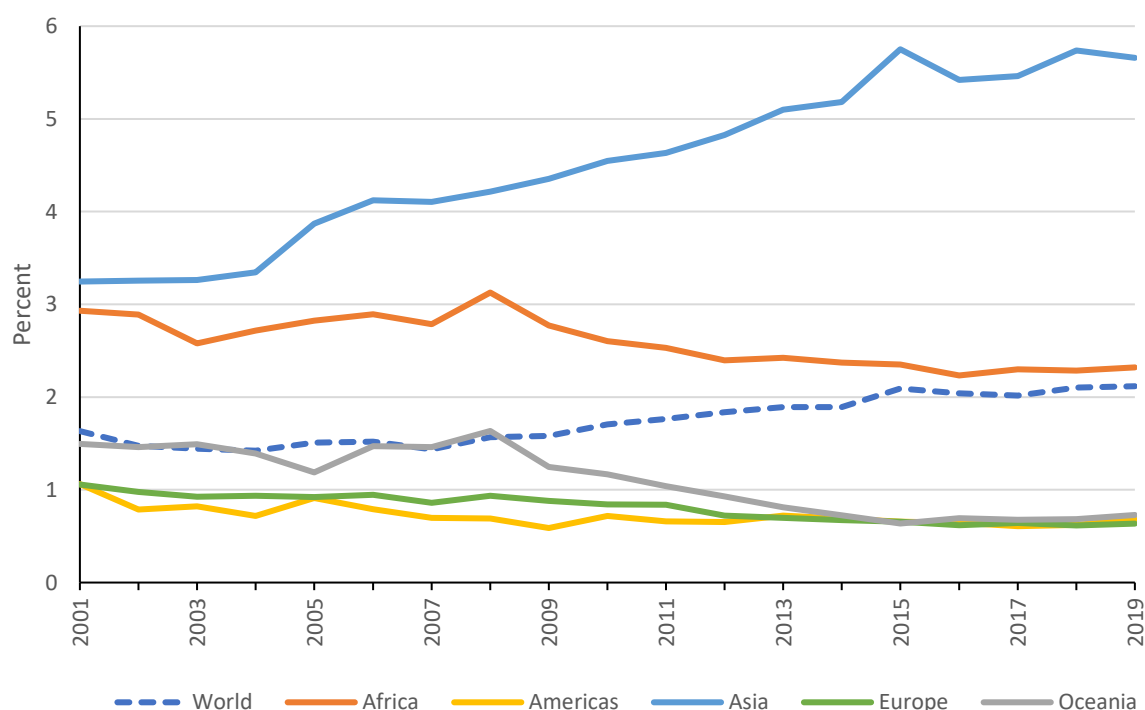
The share of agriculture value added in Gross Domestic Product (GDP) is around 10 to 15 percent in Africa, compared to 4 percent for the world (FAO, 2021). Most African countries are signatories of the



African Union's Maputo Declaration of 2003, under which they committed to allocate 10 percent of their expenditures to agriculture and rural development, and the subsequent Malabo Declaration of 2014. Even though some countries have already met this objective (ReSAKSS, 2021), the region as a whole is still well below the 10 percent level. Between 2001 and 2019, the share of agriculture expenditures in Africa declined slightly from 2.93 percent to 2.32 percent. In absolute terms however, Africa spent around USD 12 billion on agriculture in 2019, three times the level of 2001.

The Americas, Europe and Oceania, each allocated 1 to 1.5 percent of their government spending to agriculture in 2001. By 2019, this share dropped to 0.68, 0.64, and 0.73 percent, respectively, having remained stable since 2014. While government spending on agriculture is increasing in absolute terms in the Americas, it is declining in Europe and Oceania (Figure 1).

**Figure 1: Share of agriculture in government expenditure, by region**



**Source:** FAOSTAT, 2021.

The share of agriculture in government expenditure went up between 2001 and 2019 only in the Caribbean, Central Asia, Eastern Asia and South-eastern Asia. Most subregions in Asia are also increasing their government spending in agriculture in absolute terms. In particular, Eastern Asia and Central Asia propelled the growth in Asia, primarily driven by increasing agricultural expenditures in China and Kazakhstan, respectively. In many subregions, the share of agriculture declined even though the absolute amounts of budgetary allocation to agriculture went up, for example in Northern Africa, Southern Africa, Central America and South America [Table 1].

**Table 1. Share of agriculture in government expenditures by region, 2001–2019 (percent)**

<i>Region</i>	<i>2001</i>	<i>2005</i>	<i>2010</i>	<i>2015</i>	<i>2018</i>	<i>2019</i>
World	1.63	1.51	1.71	2.09	2.10	2.12
Africa	2.93	2.82	2.60	2.35	2.28	2.32
Eastern Africa	5.68	6.02	6.92	4.16	2.95	3.11
Northern Africa	2.98	2.82	2.49	2.45	2.38	2.27
Middle Africa	1.79	1.97	1.27	0.97	0.50	1.17
Southern Africa	1.93	1.91	1.86	1.58	2.04	1.70
Western Asia	3.58	4.10	3.02	2.50	2.75	3.19
Americas	1.06	0.91	0.72	0.66	0.62	0.68
Caribbean	1.96	2.03	1.61	3.55	4.22	3.80
Central America	2.65	2.04	3.79	2.46	1.76	1.27
Northern America	1.04	0.87	0.56	0.44	0.46	0.56
South America	1.28	1.39	1.53	1.34	1.15	1.12
Asia	3.25	3.87	4.55	5.75	5.74	5.66
Central Asia	2.85	3.63	3.78	4.47	4.21	4.66
Eastern Asia	3.08	3.84	4.78	6.74	6.44	6.50
Southern Asia	6.43	5.92	7.15	5.92	6.76	5.78
South-eastern Asia	3.28	3.21	2.82	3.93	3.93	3.82
Western Asia	1.71	1.98	1.62	1.37	1.36	1.28
Europe	1.06	0.92	0.84	0.65	0.62	0.64
Eastern Europe	2.16	2.17	1.83	1.46	1.35	1.59
Northern Europe	1.04	0.79	0.62	0.50	0.52	0.50
Southern Europe	1.33	1.05	0.87	0.63	0.57	0.64
Western Europe	0.80	0.70	0.66	0.53	0.48	0.49
Oceania	1.50	1.19	1.17	0.64	0.68	0.73
Australia and New Zealand	1.49	1.18	1.16	0.63	0.67	0.71
Oceania excluding Australia and New Zealand	2.42	2.88	2.70	3.59	1.92	1.97

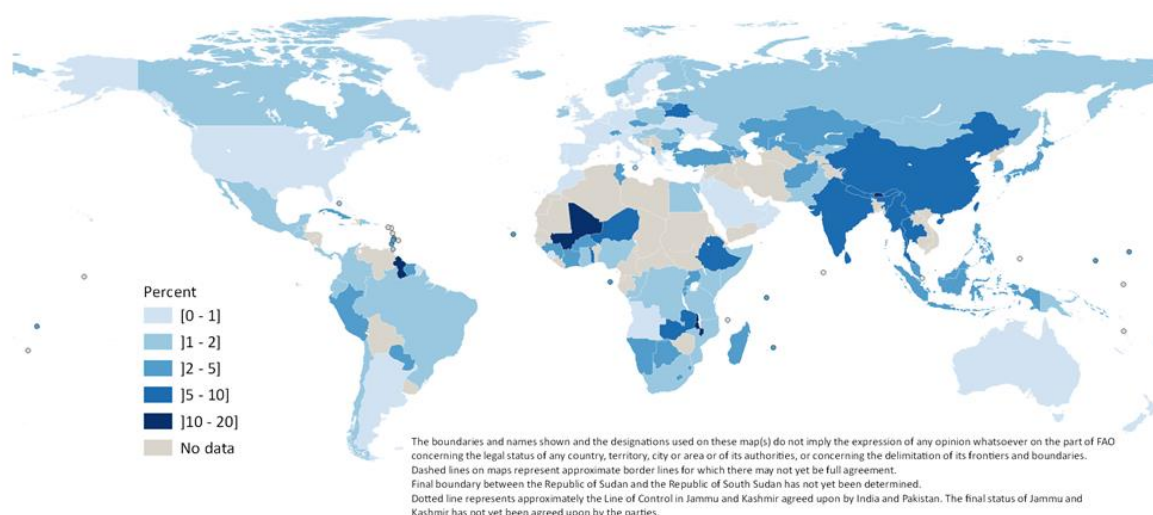
**Source:** FAOSTAT, 2021.



## AGRICULTURAL EXPENDITURES IN COUNTRIES

Figure 2 shows that, among countries with the highest share of agriculture in government expenditure in 2015–2019, many belong to the least developed countries (LDCs) and landlocked developing countries (LLDCs) categories. The 10 top countries are led by Malawi (18 percent), Mali (12.4 percent), Bhutan (12 percent), Guyana (10.3 percent), China (9.6 percent), Nepal (8 percent), India (7.3 percent), Zambia (7.1 percent), Togo (6.7) and Thailand (6.5 percent). Six out of the top 10 countries are LDCs, four of which are from Africa and two from Asia. The remaining countries are from Asia (3) and South America (1). In many of these countries, the share of agriculture in government expenditure actually declined between 2015 and 2019. Even though the absolute spending on agriculture increased, the rate of increase in agricultural spending was lower than that of other sectors of the economy. Countries allocate more to current expenditures (such as salaries and wages, operational costs, overhead costs) than capital expenditures (for example assets such as land, machinery, equipment). A detailed breakdown of spending is only available for a few countries, but those that reported an incremental increase in capital expenditures (for example land) also reported an overall growth in agriculture spending.

**Figure 2: Share of agriculture in government expenditure, 2015–2019 average**



**Source:** FAO, 2021b based on UN Geospatial, 2020.

## THE AGRICULTURE ORIENTATION INDEX FOR GOVERNMENT EXPENDITURES

Government spending is one of the main sources of investment in agriculture. The State of Food and Agriculture 2012 report has recognized that “investing in agriculture is one of the most effective strategies for reducing poverty and hunger and promoting sustainability” (FAO, 2012). However, despite the growing evidence that agricultural investment is essential to promoting agricultural growth and reducing poverty and hunger, the share of agriculture in government expenditure is declining in many countries.

One of the measures to show the extent to which government expenditures on agriculture reflect (or not) the importance of agriculture in the overall economy is the agriculture orientation index (AOI) (UNCTAD, 2016). The AOI, which is used to track Sustainable Development Goal (SDG) indicator 2.a.1, measures the government contribution to the agriculture sector compared to the sector's contribution to GDP.

Table 2 presents the trend in the AOI for the last two decades by SDG region. Between 2001 and 2019, the global AOI showed a declining trend from 0.52 in 2001 to 0.45 in 2010 then started to pick up again from 2015 (0.50) onward. It reached 0.53 in 2019, a slightly higher than the level reported in 2001. This is attributed to a small parallel increase in the value added share of agriculture, fishing and forestry, and an even greater increase of public expenditure dedicated to these sectors. Among SDG regions, the AOI decreased in Oceania, and Europe and Northern America, while it remained stable around 0.30 in Northern Africa and Western Asia. Among SDG subregions, the Caribbean (from 0.39 to 0.93), Central America (from 0.28 to 0.34), Central Asia (0.27 to 0.48), and Eastern Asia (from 0.73 to 1.21) all reported notable increases in their AOI. However, Europe and Northern America, both developed subregions, showed a declining trend. LLDCs and LDCs showed a modest increase in AOI, from 0.22 to 0.28, and from 0.15 to 0.21, respectively, between 2001 to 2019, while the growth in Small Island Developing States was much stronger, from 0.36 to 0.89.

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