

DT INSIGHTS

Hunger in times of crisis: Trends in donor financing for food and nutrition security



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Food and nutrition are fundamental to our human existence, economy, and society, yet an estimated 768 million people in the world faced hunger in 2020: 118 million more than in 2019. The COVID-19 and climate crises are unraveling development progress made over the last 10 years; getting the world back on track toward achieving the Sustainable Development Goals (SDGs) by 2030 will require donors to more than double their current investments in food and nutrition security, to increase small-scale farmers' incomes, and protect the planet for a fair sustainable future.

This Donor Tracker 'Insight' examines the trends in Organisation for Economic Co-operation and Development (OECD) Development Assistance Committee (DAC) donors' official development assistance (ODA) and policies for food and nutrition-related sectors. It gives recommendations to donor governments on the funding and policies in these sectors needed to meet the SDGs by 2030 and provides advocates with a list of key events to watch in the coming months.

The Committee on World Food Security's Global Strategic Framework for Food Security and Nutrition defines food and nutrition security as "the physical, social, and economic access to sufficient, safe and nutritious food that meets the dietary needs and food preferences for an active and healthy life of all people". Food and nutrition security is a fundamental aspect of global development; our current inability to adequately feed and nourish the planet's population affects global poverty and employment levels, educational and health outcomes, and political stability.

The combined challenges of the COVID-19 and climate crises in the last decade have threatened progress toward achieving global food and nutrition security and ending hunger (SDG 2), as well as achieving the related goals of alleviating poverty (SDG 1) and combatting climate change (SDG 13). This has put the world's poorest — particularly those who rely heavily on small-scale farming for their meals and income — at the greatest risk.

Food crises require immediate action, but similar urgency is needed for solving systemic agricultural problems like crop failure and increasing greenhouse gas emissions. Donors' approach to funding food and nutrition security has historically been reactive; when famines strike, the global community rallies together and pledges new money, but as crises fade from the headlines and food prices

level, donor investment and public attention dry up. To achieve long-term, sustainable food and nutrition security, prevent future famines, and reduce donor dependencies, donors must collaborate to transform the global food systems (the system of actors, activities, policies, and cultural norms across the value chain from farm to fork) through investments in sustainable agriculture and rural development and the deployment of effective food and nutrition policy and legislation.

According to a report by Ceres2030 (a partnership of Cornell University, the International Food Research Policy Institute, and the International Institute for Sustainable Development), ending hunger and doubling incomes of small-scale producers in low- and middle-income countries — while honoring climate-related commitments made in the Paris Agreement — will require an additional US\$14.0 billion in annual donor funding on average until 2030: US\$9.0 billion to agriculture, US\$3.0 billion to rural development, and US\$2.0 billion to the reduction of post-harvest losses and support to small and medium enterprises in agricultural value chains. This funding is needed in addition to current spending (US\$12.0 billion in 2019). Although Ceres2030 presents a similar number for total annual spending on food and nutrition to those presented in this analysis, the methodologies used to derive these figures differ and are therefore not fully compa-

table. The Ceres2030 estimates do, however, indicate the scale of funding increases required to achieve a sustainable end to hunger.

This Donor Tracker Insight examines the trends in OECD DAC donors' development financing and policies for the food and nutrition-related sectors, as defined below. It gives recommendations to donor governments on the funding and policies needed in these sectors to meet the SDGs by 2030 and provides advocates with a list of key events to watch in the coming months, such as the UN Food Systems Summit, where key cross-sectoral stakeholders will come together to chart the way forward on meeting these goals.

Donor funding for food and nutrition security can be assessed using OECD data

Following recommendations discussed in the OECD's '[Proposal to amend the OECD CRS purpose codes related to the food security in light of SDG2](#)', this Insight analyzes ODA from OECD DAC donors and multilateral institutions for 1) agriculture, 2) rural development, 3) food security, and 4) nutrition.

Investment in all four of these areas is necessary to achieve sustainable food and nutrition security, as these sectors are intricately related. In addition to the obvious areas of nutrition and food security, this Insight assess donor funding agriculture and rural development because with [80%](#) of the world's extreme poor living in rural areas and relying heavily on small-scale farming for their income, an examination of investments in these areas can reveal donors' prioritization of meaningful support of food and nutrition security.

Data were drawn from the OECD's Creditor Reporting System (CRS) database, which uses purpose and sector codes to denote the "specific area of the recipient's economic or social structure [...] the transfer is intended to foster". Data for the following sector and purpose codes were analyzed:

1. Funding for **agriculture** is reflected in total ODA to the sector 'Agriculture – including fishing and forestry' (sector code 310). Projects in this sector include activities such as enhancing food crop productivity and crop diversification, efforts essential to sustainably feeding and nourishing a population set to reach 9.9 billion by 2050.
2. Funding for **rural development** is measured by total ODA to the 'Rural Development' sector (sector code 43040). Donor investments in rural development may fund projects to increase market access and enhance rural youth employment in non-agricultural sectors, for example, to increase the income of the extreme poor earning less than US\$1.90 per day, who are over-represented in rural areas and are particularly vulnerable to food and nutrition insecurity.
3. Funding for **nutrition** is determined by total ODA to the purpose code for 'Basic nutrition' (12240) which falls under the sector of 'Basic Health' (sector code 122). Activities such as food fortification fall under this category.
4. Funding for **food security** is calculated based on the total ODA allocated to a set of purpose codes within the sectors of 'Development Food Assistance' (sector code 520), 'Emergency Response' (720), and 'Other Multisector' (430). Within each sector code, funding is further differentiated using purpose codes which provide a more specific description of the purpose of a contribution. The purpose codes include:
 - 43071: 'Food security policy and administrative management';
 - 43072: 'Household food security programs';
 - 43073: 'Food safety and quality';
 - 52010: 'Food assistance'; and
 - 72040: 'Emergency food assistance'.

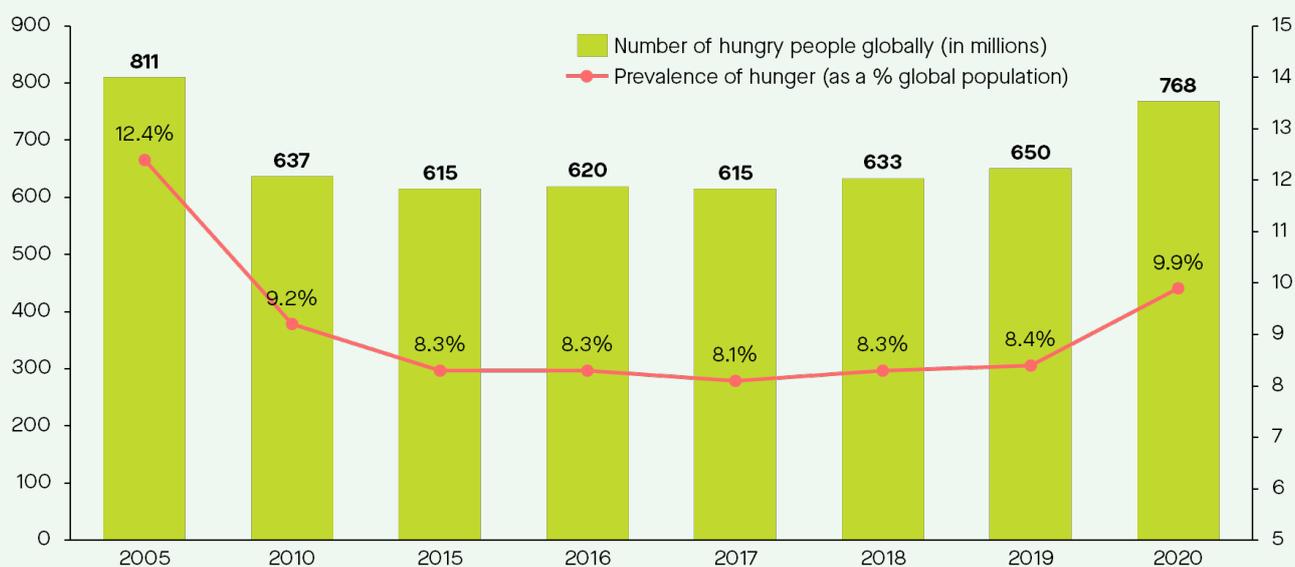
Funding to these sector and purpose codes is referred to throughout this insight as "funding to the food and nutrition-related sectors".

Urgent action is needed to bend the hunger curve

In 2020, hunger levels increased by an unprecedented 18%, in part due to the combined effects of the COVID-19 and climate crises (see Figure 1). The scale of the problem is immense; in 2020, [10%](#) of the world's population (an estimated 768 million people) faced hunger, an increase from 8% or 650 million people in 2019. This level of global hunger hasn't been seen in over a decade.

As the COVID-19 and climate crises rage on, this frightening new trend in global hunger may only worsen. By 2022, disruption due to the COVID-19 crisis is [expected](#) to result in nine million additional wasted children (children who are too thin for their height), three million additional stunted children (children who are too short for their age), 168,000 additional child deaths, and US\$29.7 billion in future productivity losses due to extreme stunting and child mortality. By 2030, 660 million people are [projected](#) to face hunger: a staggering 30 million increase over pre-pandemic projections.

Figure 1. Global Hunger Levels 2005-2020



Source: State of Food Security and Nutrition in the World (SOFI) Report 2021: Transforming food systems for food security, improved nutrition, and affordable healthy diets for all

Meanwhile, climate change is also negatively affecting the prevalence of hunger. The increasing number and severity of extreme weather events, such as floods and droughts, are leading to a decline in agricultural yields, particularly of fruit and vegetable crops, which are key components of a healthy diet. In addition, according to the 'Fifth Assessment Report of the Intergovernmental Panel on Climate Change', the food value chain, from harvest to disposal, accounts for 21–37% of global greenhouse gas emissions, worsening climate change and its detrimental effects on food and nutrition security.

Donors' historical focus on emergency food assistance does not adequately prevent famines

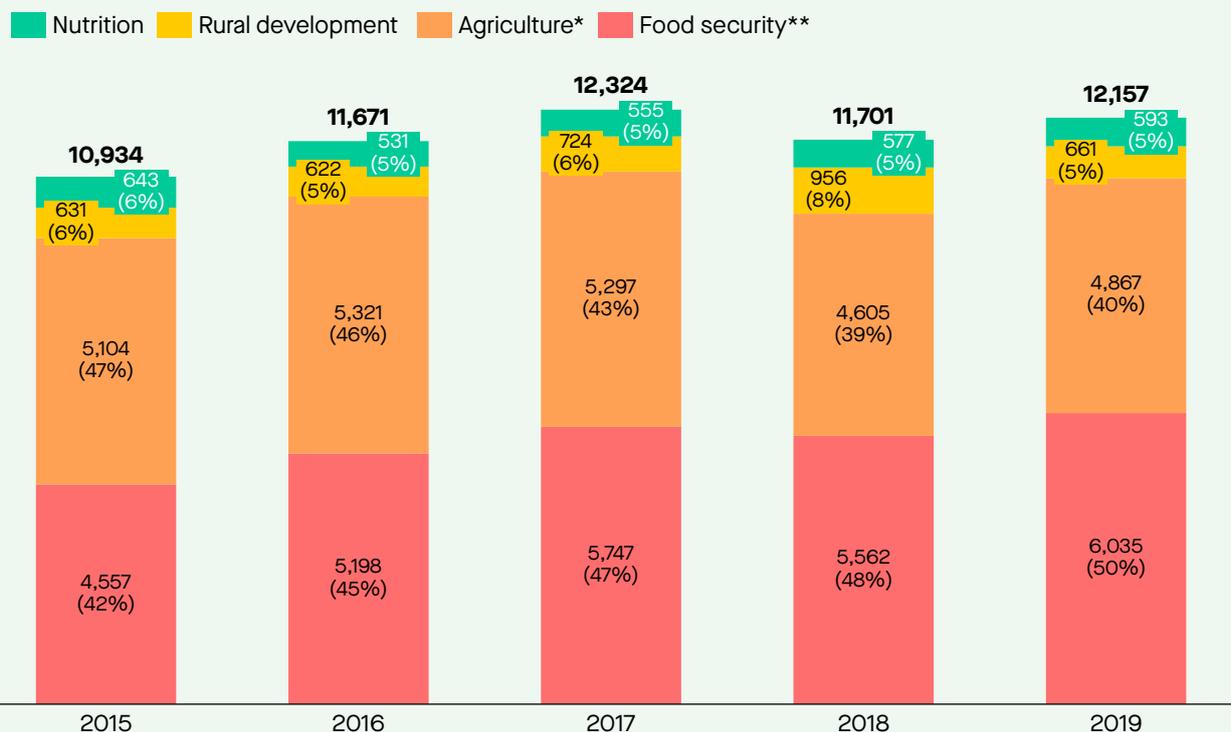
DAC donors provided US\$12.2 billion in bilateral funding to the food and nutrition-related sectors in 2019, an 11% increase compared to 2015 (see Figure 2). This growth was primarily driven by spending on **food security**, which reached US\$6.0 billion in 2019, up from US\$4.6 billion in 2015. Food security received more funding than any other area in 2019, accounting for roughly half of the total bilateral ODA to the food and nutrition-related sectors. In 2019, more than 80% of donors' bilateral funding for food security was allocated toward emergency food assistance, highlighting a distinctly reactive approach to donor investment in these sectors which finances humanitarian crisis response but does not adequately prevent famines. While funding for food security has increased since 2015,

bilateral ODA for **agriculture** has decreased. In 2019, DAC donors spent US\$4.9 billion on projects related to agriculture, making it the second-highest-funded among the food and nutrition-related sectors, down from first place in 2015 (US\$5.1 billion). The largest share (30%) went to agricultural development which includes farm development and integrated projects. Investments in agricultural resilience are imperative to famine prevention yet donors seem to be deprioritizing funding to this area, endangering progress toward ending hunger.

Donors allocated US\$661 million in bilateral ODA to the **rural development** sector in 2019. Funding for rural development fluctuated between 2015 and 2019; at its lowest point in 2016, donors' spending on rural development sat at only US\$622 million but funding spiked in 2018 to US\$956 million before falling again in 2019. Funding to this sector is essential to poverty alleviation but, like the nutrition sector, rural development receives a relatively small proportion of the total funding to the food and nutrition-related sectors (5% in 2019).

Nutrition received the lowest volume of bilateral ODA among the food and nutrition-related sectors in 2019. Bilateral funding to nutrition also varied over the five years analyzed, though, after a small dip between 2015 and 2016 (from US\$643 million to US\$531 million), funding grew slowly to reach US\$593 million in 2019. According to the 2020 Global Nutrition Report, current levels of nutrition

Figure 2. Total bilateral ODA to food and nutrition-related sectors
DAC Donors, US\$ millions



Source: OECD CRS. Gross Disbursements; 2019 prices. *Including forestry and fishing; **Includes food security policy and administrative management, household food security programs, food safety and quality, food assistance, emergency food assistance. Note: DAC donors excluding the EU Institutions

financing also remain far below the levels required to deliver on global targets.

Funding to food and nutrition-related sectors is currently insufficient to address the major challenges across these sectors. In addition to the necessary increases in overall funding volume, donors must better balance their investments in the food and nutrition-related sectors; donors should fund sustainable agriculture, rural development, and nutrition as a means of proactive famine prevention, and fund food assistance (contained within food security) as a reactive measure on the other. Balancing donor funding in these sectors will ultimately cost less than simply reacting to famines.

The World Food Programme, the food-assistance branch of the United Nations, urged donors to immediately allocate US\$5.5 billion to prevent famine globally. The International Fund for Agricultural Development (IFAD), an international financial institution dedicated to eradicating poverty and hunger, has increased the donor contribution target for its 2022-2024 replenishment cycle to US\$1.6 billion but is still yet to meet its target. The fund-

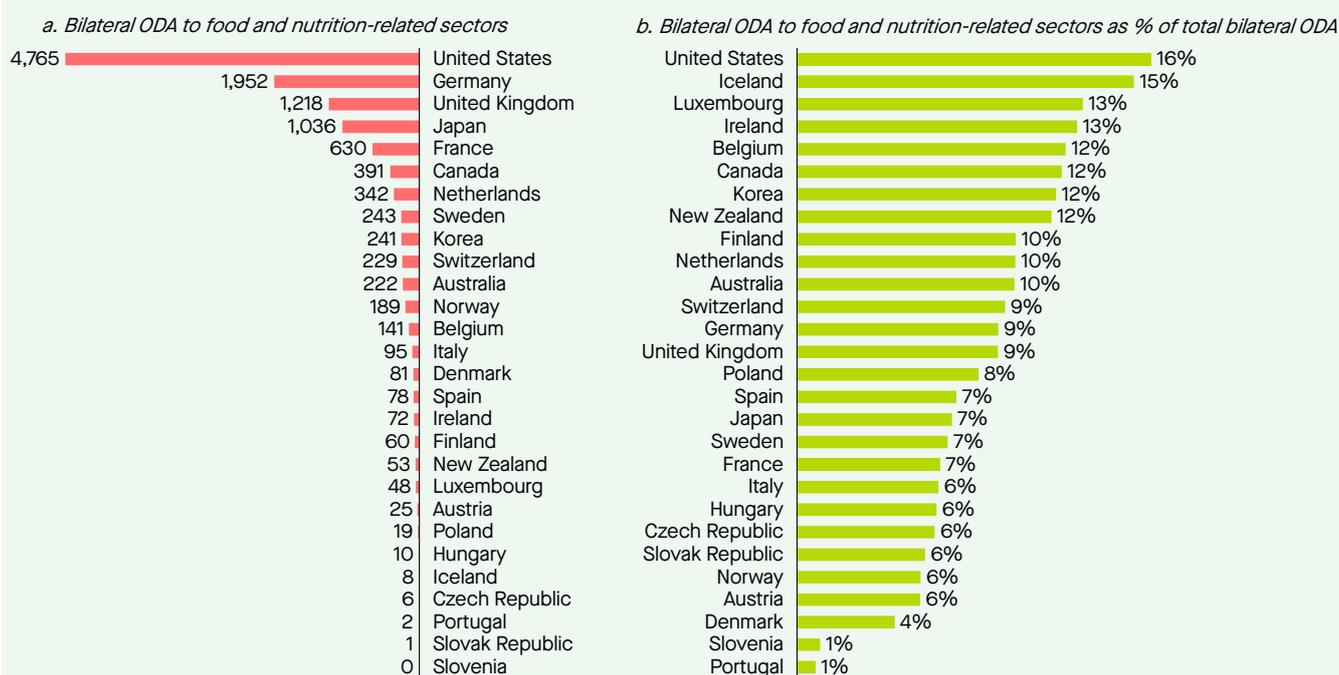
ing required for the food and nutrition-related sectors to meet the SDGs by 2030 is difficult to calculate, as funding needs will depend on future food and nutrition-related policies, economic and environmental climates, and the impacts of shocks such as COVID-19. What is clear, however, is that donors need to urgently scale up investments in these sectors if we hope to alleviate poverty, end hunger, and combat climate change.

The US, Germany, and the UK were the largest donors to the food and nutrition-related sectors in 2019

Combined ODA flows from the US, Germany, and the UK constituted 65% of all DAC donors' bilateral ODA funding to the food and nutrition-related sectors in 2019; this funding pattern has remained relatively stable since at least 2015.

The US alone disbursed US\$4.8 billion in bilateral ODA to these sectors in 2019 as part of the realization of the 'US Global Food Security Strategy 2017-2021' (see Figure 3a). This strategy includes funding for agricultural and rural

Figure 3. Bilateral ODA to food and nutrition-related sectors, 2019
DAC donors, US\$ millions



Source: OECD CRS. Gross Disbursements; 2019 prices. Note: DAC donors excluding the EU Institutions. Greece did not report any funding to food and nutrition-related sectors in 2019.

economic development, food assistance, and nutrition. In addition to being the top donor in absolute terms, the US also provided the largest proportion of its total bilateral ODA toward agriculture (16% of total bilateral ODA), more than any other DAC donor (see Figure 3b). The US’ largest bilateral agriculture initiative, ‘[Feed the Future](#)’, focuses on 1) inclusive agriculture sector growth, 2) gender integration, 3) improved nutrition, 4) private sector engagement, 5) research and capacity building, and 6) resilience to climate change. During the COVID-19 crisis, the United States Agency for International Development (USAID) reported to have had provided food assistance to almost five million people globally, but additional support to the food and nutrition-related sectors appeared to be marginal.

In 2019, **Germany** spent US\$2.0 billion in bilateral funding for the food and nutrition-related sectors as part of the implementation of its 2017-2021 ‘[ONE WORLD - No Hunger](#)’ strategy. The initiative focuses on 1) food and nutrition security, 2) famine prevention and resilience-building, 3) innovation in the agricultural and food sectors, 4) structural transformation in rural areas, 5) natural resource protection, and 6) secure access to land. Although Germany allocates the second largest overall sum of bilateral ODA to these sectors, it ranks thirteenth among

DAC donors in relative terms; food and nutrition-related sectors received only 9% of Germany’s total bilateral ODA in 2019. In response to COVID-19, Germany allocated €195 million (US\$218 million) to additional food assistance. Its future priorities and ODA budgets will depend on the outcome of the federal elections in Germany, which will take place at the end of September of 2021.

The UK allocated US\$1.2 billion to the food and nutrition-related sectors in 2019, making it the third-largest absolute donor. In relative terms, it ranks fourteenth among DAC donors: bilateral funding to these sectors accounted for 9% of its bilateral ODA. The UK is not expected to maintain its current funding prominence in this area given that the country’s total ODA in 2021 will fall by 27% from US\$17.4 billion in 2020 to US\$12.8 billion, due to the negative economic impacts of the COVID-19 crisis on the country’s GNI. While the UK’s 2021 ‘[Integrated Review of UK Security, Defence, Foreign Policy and Development](#)’ addresses agriculture as part of its climate response, food security and nutrition appear deprioritized. According to an [analysis](#) by Save the Children, the UK government could potentially slash nutrition spending by 79% from US\$156 million in 2019 to less than US\$33 million in 2021.

Japan, another large donor, takes fourth place in terms of its total bilateral ODA to the food and nutrition-related sectors (US\$1.0 billion in 2019), but ranks seventeenth based on its relative prioritization; Japanese bilateral ODA to these sectors represented 7% of the country's total bilateral ODA in 2019. Japan targets agriculture, rural development, food security, and nutrition in its development cooperation framework, the '[Development Cooperation Charter](#)', with a focus on promoting sustainable agriculture, stable food production, and rural development. Japan's funding for nutrition has historically been strong and is expected to increase in the future. Japan will host the [Tokyo Nutrition for Growth Summit](#), postponed from 2020, in December of 2021. The Summit aims to mobilize resources for health, food, and resilience.

France is the fifth-largest donor to the food and nutrition-related sectors, although it spends substantially less in this area than other top donors (US\$630 million in 2019). Food and nutrition-related sectors account for 7% of its total bilateral ODA, putting it in nineteenth place among DAC donors in relative terms. France outlines its approach to food and nutrition security in the 2019-2024 '[International Strategy for Food Security, Nutrition, and Sustainable Agriculture](#)'. The strategy prioritizes 1) strengthening global governance of food security and nutrition, 2) developing sustainable agricultural and food systems, 3) strengthening France's action on nutrition, 4) supporting the structuring of sustainable agri-food chains to promote the creation of decent jobs in rural areas, and 5) enhancing food assistance for vulnerable populations and improving resilience. Future funding to the food and nutrition-related sectors appears promising, with France doubling its contribution to IFAD at its Twelfth Replenishment for 2022-2024.

Multilateral funding to food and nutrition-related sectors should take center stage to end hunger

Multilateral ODA to the food and nutrition-related sectors climbed by 37% from US\$4.6 billion in 2015 to US\$6.3 billion in 2017 before falling to US\$5.8 billion in 2019 (see Figure 4). Total multilateral funding to the food and nutrition-related sectors has equaled roughly half of the total bilateral funding to the same sectors during those years.

Funding from multilateral organizations to food and nutrition-related sectors has an important role to play in ending hunger, alleviating poverty, and combatting climate change. Compared to bilateral funding, multilateral funding tends to better balance investments in food

security with funding to agriculture, nutrition, and rural development, representing a more proactive approach to famine prevention than bilateral donors have historically demonstrated.

In 2019, the largest multilateral funders to the food and nutrition-related sectors were the International Development Association of the World Bank Group (IDA; 43% of multilateral funding), European Union Institutions (EU institutions; 32%), African Development Bank (AfDB; 6%), the Food and Agriculture Organization (FAO; 5%), and the World Food Programme (WFP; 4%).

Unlike bilateral funding, the majority of multilateral funding focuses on **agriculture**. In 2019, allocations to agriculture represented 69% of total multilateral ODA to the food and nutrition-related sectors (US\$3.9 billion). Total multilateral funding for agriculture increased between 2015 and 2017 but declined from 2017 to 2019.

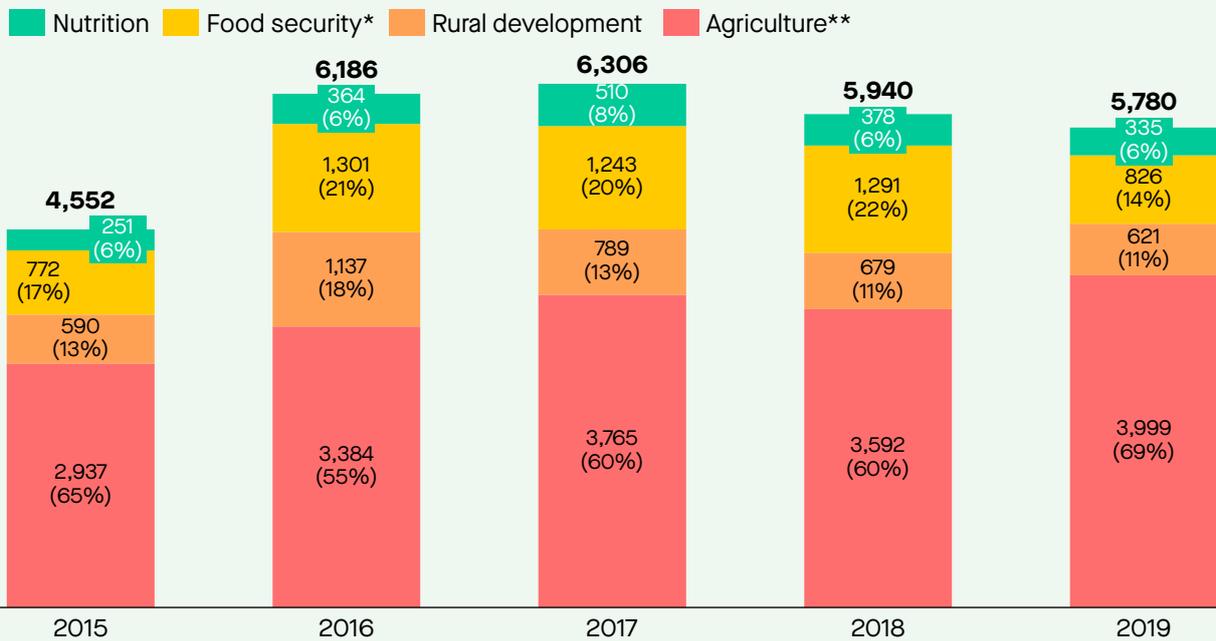
14% of the overall multilateral ODA to the food and nutrition-related sectors went to **food security** in 2019 (US\$826 million). This sector has seen a decline in funding in recent years (after a peak of US\$1.3 billion in 2016) although funding in 2019 remained above the low 2015 funding levels (US\$772 million).

Rural development accounted for 11% of total multilateral spending in the food and nutrition-related sectors in 2019 (US\$621 million). As with food security, funding to this sector peaked in 2016 at US\$1.3 billion before beginning a slow decline.

Nutrition's US\$335 million in 2019 represented the final 6% of the total spending by multilateral donors on the food and nutrition-related sectors that year. Funding for nutrition peaked in 2017, the year that total funding to all food and nutrition-related sectors was highest, at US\$510 million.

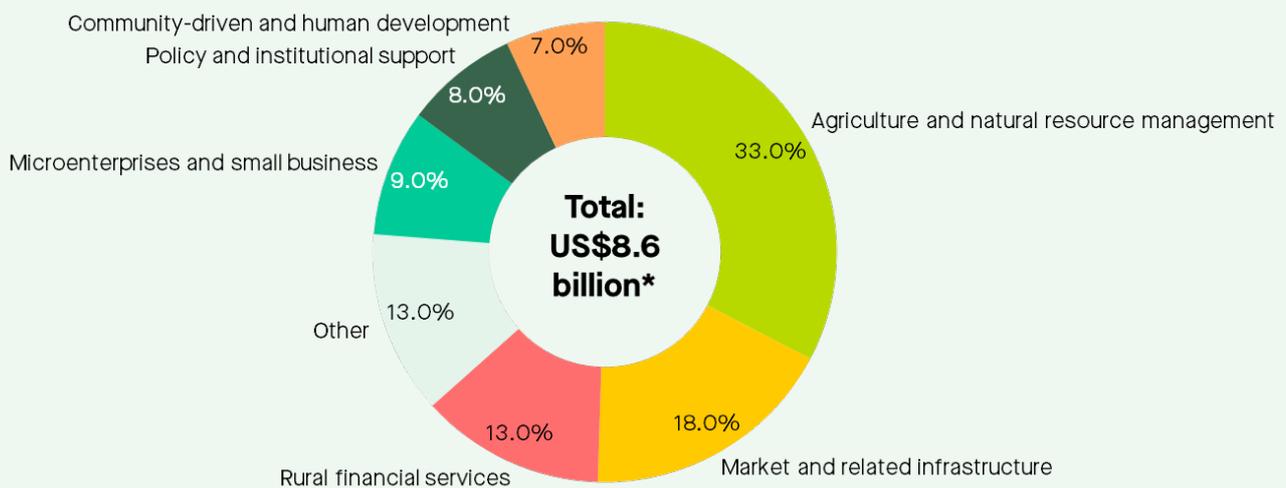
Multilateral donors are well-positioned to finance much-needed efforts to end hunger, alleviate poverty, and combat climate change through proactive investments in sustainable agriculture, rural development, and nutrition, and to respond to humanitarian emergencies through food assistance funding. IFAD, for example, received the top overall ranking in the 2021 Quality of ODA (QuODA) report by the Center for Global Development. Strengthened government support to multilateral agencies helps minimize fragmentation in food and nutrition-related funding strategies, lowers transaction costs for partner countries, and improves development effectiveness.

Figure 4. Total multilateral ODA to food and nutrition-related sectors
US\$ millions



Source: OECD CRS. Gross Disbursements; 2019 prices. *Includes food security policy and administrative management, household food security programs, food safety and quality, food assistance, emergency food assistance; **Including forestry and fishing. Note: Multilateral ODA flows include disbursements from the EU Institutions

Figure 5. IFAD's portfolio financing by sector, 2019



Source: 2019 IFAD Annual Report. *According to conversion from IFAD

The funding in Figure 4 is likely an underestimation of the actual funding flows from multilateral agencies because it does not include funding from IFAD, which does not report on the OECD CRS. This is particularly striking as IFAD is one of the largest multilateral funders of agriculture and rural development in low and middle-income countries. IFAD instead reports using its own internal data management system. A translation from IFAD's data management system to the CRS sector codes is a complicated task due to the data's sensitivity to interpretation, the lack of a direct association between IFAD's system and the OECD's, and the cross-sectoral nature of IFAD's support.

According to IFAD's 2019 annual report, the institution disbursed US\$855 million in 2019 to supported projects (see Figure 5); 33% of the organization's portfolio was allocated to agriculture and natural resource management, 18% to market and related infrastructure, and 13% to rural financial services, and other sectors. IFAD reports on rural financial services, a sector that the CRS does not consider agriculture as funding isn't limited to farmers. Figure 5 is therefore not comparable with the sector allocation of other multilaterals in this Insight due to differences in reporting methodology.

While IFAD doesn't report to the OECD, other multilaterals report some or all elements of their spending to these sectors, further complicating analysis of multilateral spending in the food and nutrition-related sectors. In 2019 alone, of the US\$1.4 billion of ODA disbursements by multilateral institutions not assigned to any specific sector or was directed toward multisector activities, US\$724 million came from IFAD.

For donors to meet the SDGs by 2030, more comprehensive data is needed from multilateral agencies to invest in the food and nutrition-related sectors. Without this, it will be difficult for multilateral agencies that finance the efforts towards the SDGs to assess the results of their efforts. Improved availability of data will also provide DAC donors, which fund these multilaterals, with transparency and assurance of funding allocations and potential impact. This could, in return, build a case for DAC donors to increase core funding to multilateral agencies to support the global efforts towards ending hunger, alleviating poverty, and combatting climate change.

The road ahead: Recommendations

More ODA towards agriculture, rural development, nutrition, and food security will play an important role in achieving the SDGs by 2030. Delivering on the commitments made in the 2030 Agenda for Sustainable Development will depend on the design and implementation of activities to prevent famine, feed and nourish a growing world population, and increase small-scale farmers' incomes, all while significantly decreasing greenhouse gas emissions. In the context of the COVID-19 and climate crises, these challenges are particularly pressing. With just nine years left until 2030, bold financial investments and policies for food and nutrition security are required. As we work together to deliver on the SDGs, donor governments and advocates should consider the following recommendations:

- 1. Donors urgently need to scale up funding to the food and nutrition-related sectors and prioritize proactive famine prevention.** While bilateral and multilateral ODA funding to the food and nutrition-related sectors did increase overall between 2015 and 2019, levels of hunger have dramatically risen during the COVID-19 crisis. According to Ceres2030's analysis, to eliminate hunger, double the incomes of 545 million small-scale farmers, and reduce agricultural CO2 emissions, DAC donors must more than double current funding to the food and nutrition-related sectors. An estimated US\$14.0 billion in additional annual funding is needed: US\$9.0 billion allocated to agriculture, US\$3.0 billion to rural development, and US\$2.0 billion to the reduction of post-harvest losses and support to small and medium enterprises in agricultural value chains. (Note that the Ceres 2030 methodology differs from that used in this analysis, so these figures are only presented to give a sense of general size of the funding gap). If donors scale up funding, they can begin to support the establishment of a proactive, and unified global approach to food and nutrition security, which prevents rather than reacts to famines and fosters a more sustainable and equitable future.
- 2. DAC donors should better leverage multilateral financing mechanisms to alleviate poverty, end hunger, and combat climate change.** Strength-

ened government support to multilateral agencies helps minimize fragmentation in food and nutrition-related funding strategies, lowers transaction costs for partner countries, and improves development effectiveness. Multilateral agencies such as IFAD have deep knowledge of the sector's challenges and are well-positioned to effectively deliver funding to the food and nutrition-related sectors. IFAD's 2022 replenishment target of US\$1.6 billion has yet to be reached; governments should increasingly channel funding for these sectors through multilateral agencies, including IFAD.

3. Governments and advocates should use major upcoming events as opportunities to collaborate, share insights, and mobilize resources for the food and nutrition-related sectors:

- **The UN Food Systems Summit:** Set to take place virtually on September 23, 2021, during the UN General Assembly, the Summit seeks to integrate siloed dialogues on the various themes addressed by the SDGs and share expertise across the following action areas: 1) safe and nutritious food for all; 2) sustainable consumption; 3) nature-positive production boosting; 4) equitable livelihoods; and 5) building resilience to vulnerabilities, shocks,

and stress. The event will be attended by high-level government representatives, experts, and NGOs.

- **Global Citizen Live:** The 24-hour global event on September 25, 2021, is a key part of Global Citizen's 'Recovery Plan for the World' campaign that seeks to "end COVID-19, end the hunger crisis, resume learning for all, protect the planet; and advance equity for all". The event includes various live concerts across the world such as Dubai, Paris, Lagos, New York, Seoul, and Sydney. It will be attended by renowned artists, world leaders, and advocates from the public, private and philanthropic sectors.
- **Nutrition for Growth Summit (N4G):** Hosted by Tokyo in December of 2021, the N4G Summit aims to mobilize resources for the following five areas: 1) integrating nutrition into universal health coverage; 2) building climate-smart food systems that promote nutrition and provide livelihoods for producers; 3) addressing malnutrition in fragile and conflict-affected contexts; 4) promoting data-driven accountability; and 5) securing new investments and driving innovation in nutrition financing. The event will convene governments, corporations, multilateral agencies, and other development partners.