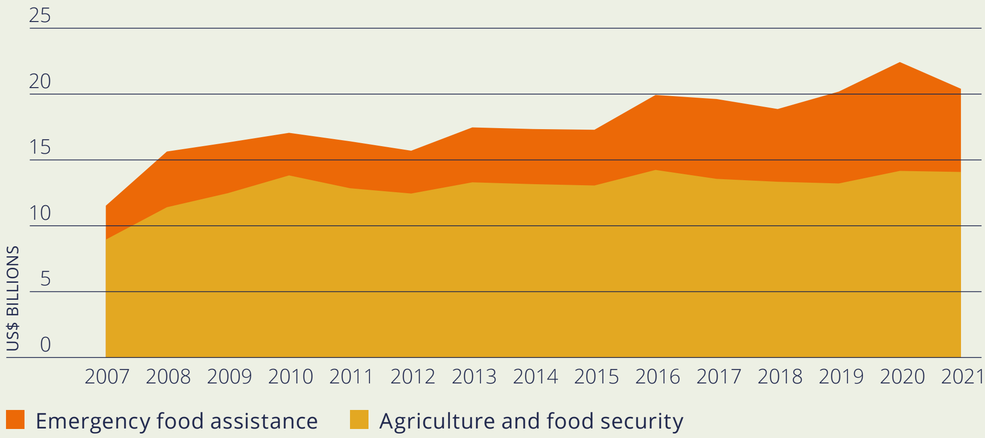
Main sources of development finance for SDG 2

Official development assistance (ODA) grants for agriculture and food security comprise one of the major sources of development finance in the global effort to eradicate hunger sustainably and achieve SDG 2. For the past 16 years, donors have consistently allocated significant volumes of public finance in the form of grants to agriculture and food security. Overall, between 2007 and 2021, the global volume of ODA grants for agriculture and food security increased, with the value growing from US$8.9 billion per year in 2007 to US$14 billion in 2021. However, since 2010, it has remained relatively constant, hovering between US$12 billion and US$15 billion in value, with no clear upward or downward trend. By contrast, and although it makes up only a fraction of all ODA allocated to agriculture and food security, ODA for emergency food assistance has increased by 77 per cent (see Figure 1).

ODA loans are also being used to fill the investment gap for agriculture and food security to achieve SDG 2. ODA loans are provided on a concessional basis, in other words, with longer repayment periods and lower interest rates than commercial loans. According to the Organisation for Economic Co-operation and Development (OECD) Development Assistance Committee Creditor Reporting System, ODA loans for agriculture and food security amounted to US$10.2 billion in 2021 (constant 2021 prices) (OECD. Stat, 2023).

FIGURE 1 **ODA FOR AGRICULTURE AND FOOD SECURITY HAS STAGNATED WHILE EMERGENCY FOOD ASSISTANCE HAS INCREASED**

ODA grants in billions of United States dollars, 2007–2021 (constant 2021 value)



Note: Analysis using Ceres2030 definition of ODA for agriculture and food security.

Chart: Mali Eber-Rose | *Source:* OECD.Stat, 2023

Multilateral and bilateral development banks are the other major source of development finance. They not only channel ODA grants and loans from bilateral donors but also use their own money to provide concessional and commercial finance at market rates. For instance, in 2023 the Asian Development Bank, the African Development Bank and the Islamic Development Bank committed US$14 billion, US$10 billion and US$5 billion, respectively, to sustainable agricultural transformation programmes (African Development Bank Group, 2021a).

Despite these efforts, development finance alone is insufficient to fill the additional US$33 billion to US$50 billion per year investment gap in order to achieve SDG 2 by 2030. The investment gap will not be filled by the public sector exclusively. More is needed to make other sources of development finance work, including commercial loans from multilateral and bilateral development banks, and blended finance from both public and private sectors.