

ENDING RURAL HUNGER

2016 Update:
Progress Toward SDG 2

October 2016

www.endingruralhunger.org

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Brookings gratefully acknowledges the Bill & Melinda Gates Foundation's support of the Ending Rural Hunger project.

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Introduction

A full year has passed since the Sustainable Development Goals (SDGs) were adopted by the members of the United Nations. The second of these goals calls for ending hunger, achieving food security, improving nutrition and promoting sustainable agriculture in all countries—all by 2030. Given the ambition of these targets, it was clear when the SDGs were launched that business-as-usual would not be enough to meet the goals—we need to change course and significantly accelerate progress. Today, in late 2016, is there any evidence that such a transformation is under way? In brief the answer is no, based on the most recent available data.

This note provides an update of where the world stands on the path toward ending rural hunger by 2030. The upshot is that prevalence of undernourishment and malnutrition in the developing world is falling, but not nearly fast enough to achieve the hunger SDG targets. Though some countries have seen important increases in agricultural productivity, many others are being left behind, with cereal yields languishing below 2,000 kilograms per hectare (kg/ha) and little evidence of improvements. Meanwhile developed countries have not significantly reformed their own remaining agricultural trade and subsidy policies which distort global markets, nor have they delivered needed increases in development assistance: The total amount of aid for food and nutrition security (FNS) is flat. To be sure, there are a number of individual success stories at the country level, some of which are discussed below. These demonstrate that real transformations are possible.

Shortly after the SDGs were announced, in October 2015, we released the *Ending Rural Hunger* report and accompanying dataset, an analytic tool designed to help governments, firms, philanthropies, and other stakeholders identify priorities, efficiently allocate resources and ultimately track progress toward achieving the hunger SDG. We focus specifically on the issue of rural hunger in developing countries because approximately three quarters of the world's hungry people live in rural areas, a large share on smallholder family farms which depend on agriculture for their income. The constraints to ending hunger in developed countries and in urban areas, while also important areas of concern, are significantly different from the constraints to ending rural hunger in developing countries.

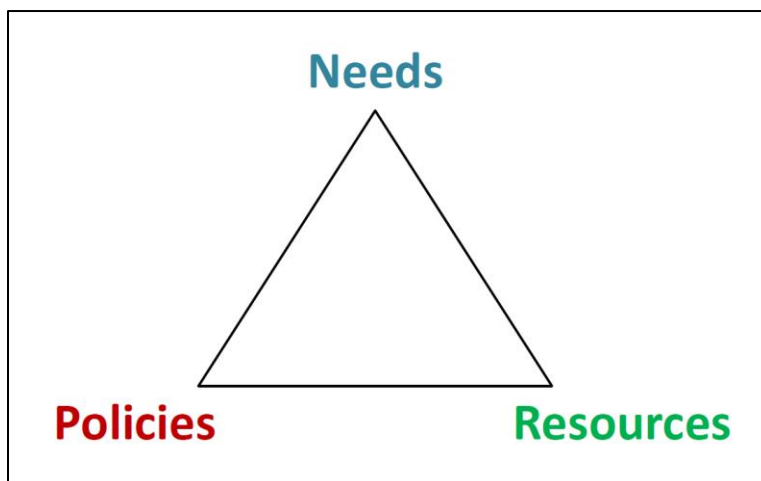
The revised, updated and expanded 2016 *Ending Rural Hunger* dataset is now available at endingruralhunger.org, where users can see for themselves the state of rural hunger across 153 developing countries as well as how the policies and resources of 29 developed countries rate toward ending rural hunger. Below we draw on newly released data for a subset of indicators included in the dataset in order to assess the latest evidence on advances and setbacks. Challenges in FNS data quality and lagged availability make it difficult to draw any decisive conclusions, especially when many indicators are so far only available as of 2014 (see Box 1 below). Nonetheless, available data suggest we are still not on track.

The pivotal question is how to change course—how to achieve the transformations that realize the ambition of the FNS goals. The next 12 months will be a critical period for governments to put in place the needed policies and resources. A series of multilateral financing rounds and summits related to FNS will take place in 2017, so the final section of this note suggests where to look for evidence that we are moving beyond business as usual.

Assessing the challenge: Mapping needs, policies, and Resources for FNS

To achieve SDG 2, a crucial first step is to organize the evidence in a way that informs practical strategies. To this end, the *Ending Rural Hunger* project uses a simple framework for distilling the global challenge. Our framework focuses on three pillars: needs, policies, and resources (Figure 1). To maximize impact, international actions should focus on supporting countries where the needs are greatest, where the domestic policies and political commitment are strongest, and where resources are inadequate for success. Similarly, for developing countries themselves, an objective assessment of where they stand across these three dimensions can help local leaders inform the targeting of their own domestic efforts for progress.

Figure 1: Linking needs, policies, and resources for Ending Rural Hunger



We distill needs, policies, and resources as follows:

- **Needs:** The hunger SDG includes four distinct country-level targets: ending undernourishment, ending malnutrition, boosting agricultural productivity, and promoting resilient, sustainable agricultural systems.¹ We define countries with the greatest needs as those that are furthest away from reaching these targets.
- **Policies:** Domestic FNS policies include the market infrastructure to allow farmers to operate effectively, the national economic policies to encourage efficient investment, and the domestic political commitment to prioritize ending hunger. We assess countries in these realms based on performance relative to their peers.
- **Resources:** Financial resources for FNS come from a variety of sources, including domestic government spending, foreign direct investment, official development assistance, other official lending flows, and philanthropic and nongovernmental organizations (NGOs) spending. We add up all measurable sources to estimate investments per rural capita. (While domestic private investment is almost certainly the largest source of FNS resource, unfortunately there are no standardized cross-country data of this measure, making it impossible to track.)

For each of these three pillars, it is possible to both benchmark individual country performances and track global trends. Here we look at some of the larger regional and global trends reported over the past year, while digging deeper into a few national stories which are indicative of experiences at the country level. We aim to identify where needs are falling, policies are strengthening and resources are increasing fast enough to meet the SDG hunger targets.

¹ The fifth target, maintaining genetic diversity, is more relevant at the regional or global level than as a national target.

Box 1: Data Limitations to Real Time Assessments of FNS Progress

The state of data quality for agriculture and FNS is poor. Many desirable data points, on crucial priorities such as the productivity of smallholder farms or the scale of domestic private investment, are simply not available on a comparable, cross-country basis. This makes it impossible to track relevant variables at the regional or global level. Moreover, even when data are available, they are often only published with a significant lag. Thus while this note relies primarily on indicators which were published during the last 12 months, many of the data points we report – for example on foreign assistance flows – actually refer to values from 2014, as the most recent year available. Finally, available data are often noisy and imprecise, and it is not always clear if differences from year to year represent real changes in the underlying variables of interest or simply measurement error.

All of these reasons make it very difficult to track the key indicators for measuring progress toward the SDGs on an annual basis. Indeed, while the spirit of this note is to provide an update on events in the year since the SDGs were announced, a lack of timely data mean in many instances the best we can do is report on status as of two years ago, i.e., the year *before* the SDGs were launched. Without substantial advances in the production and dissemination of high-quality data, it will remain extremely difficult to track progress toward the SDGs over the coming years. Such data are crucial for holding governments and other stakeholders to account.

There are a few signs that data may improve in the future. For example, in September 2016 the Global Open Data for Agriculture and Nutrition (GODAN) initiative held its first summit, billed as the largest ever event for open data in FNS. Similarly, the Agricultural Incentives Consortium – which brings together the Food and Agriculture Organization (FAO), the Inter-American Development Bank (IADB), the International Food Policy Research Institute (IFPRI) and the Organization for Economic Cooperation and Development (OECD) – is working to produce a new database which consolidates and harmonizes data on government policies that distort agricultural incentives. There is scope for similar multi-stakeholder alliances, for example around the specific needs of smallholder farmers, to advance the state of data in other priority issues for FNS. Ultimately, if national governments, donors and international institutions are serious about tracking progress toward the SDGs, they will need to invest more effort and resources in producing high quality, publicly available data.

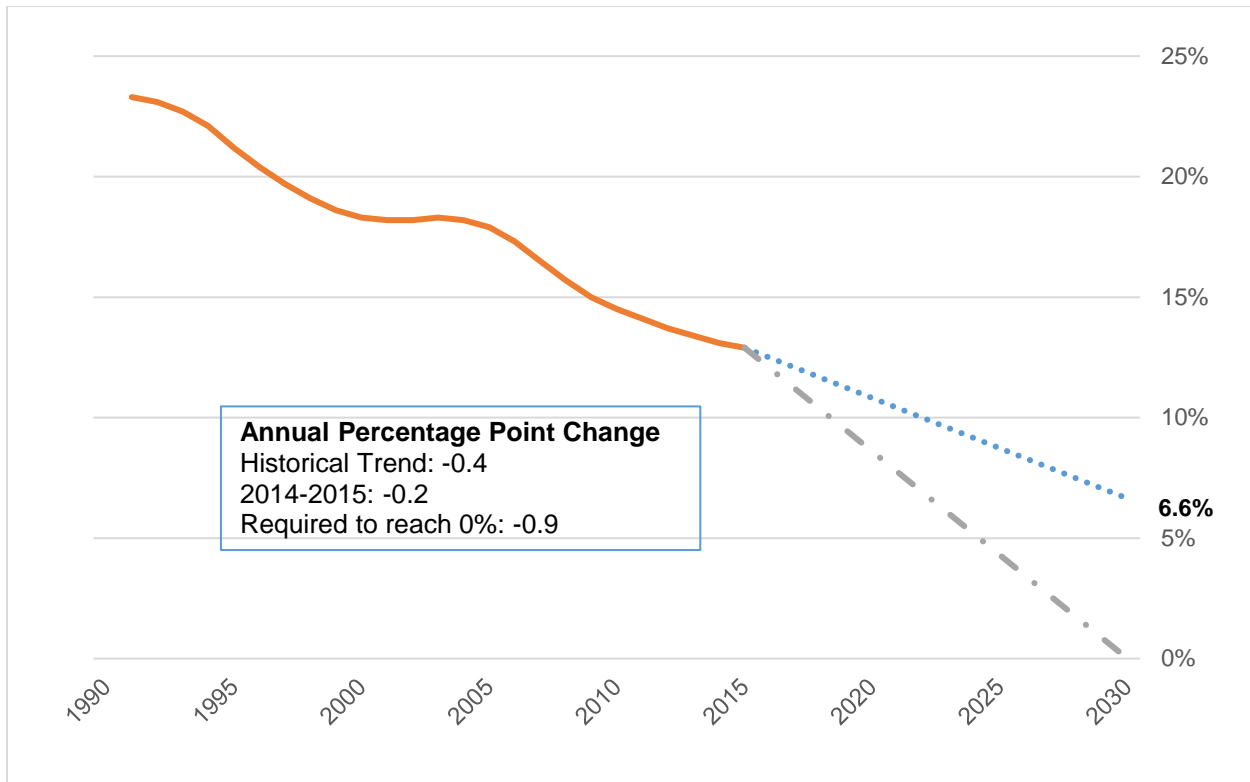
Needs

Overall, the most recent data available suggest FNS needs continue to fall in most developing countries, albeit at a relatively modest rate and with considerable cross-country variation. The Food and Agriculture Organization (FAO) estimates that as of 2015, 12.9 percent of the developing world's population was undernourished, down from 13.1 percent in 2014. This translates to only 3 million fewer undernourished people, not nearly fast enough progress to meet the SDG target. To achieve 0 percent undernourishment by 2030, this figure needs to fall by an average of 0.9 percentage points per year (Figure 2). Thus in order to meet the goal we will need to accelerate progress significantly from current trends.

At the country level, an analysis of recent trends in 135 developing countries shows that only 51 are on track to achieve the SDG undernourishment target by 2030, 53 are off track, and 31 lack sufficient data to allow for a meaningful projection.²

² McArthur and Rasmussen (forthcoming). Countries are considered on track to achieve the SDG target if they currently have a malnutrition rate below five percent or if the extrapolation of current trends of declining malnutrition suggests they will achieve 0 percent malnutrition by 2030.

Figure 2: Prevalence of undernourishment in the developing world



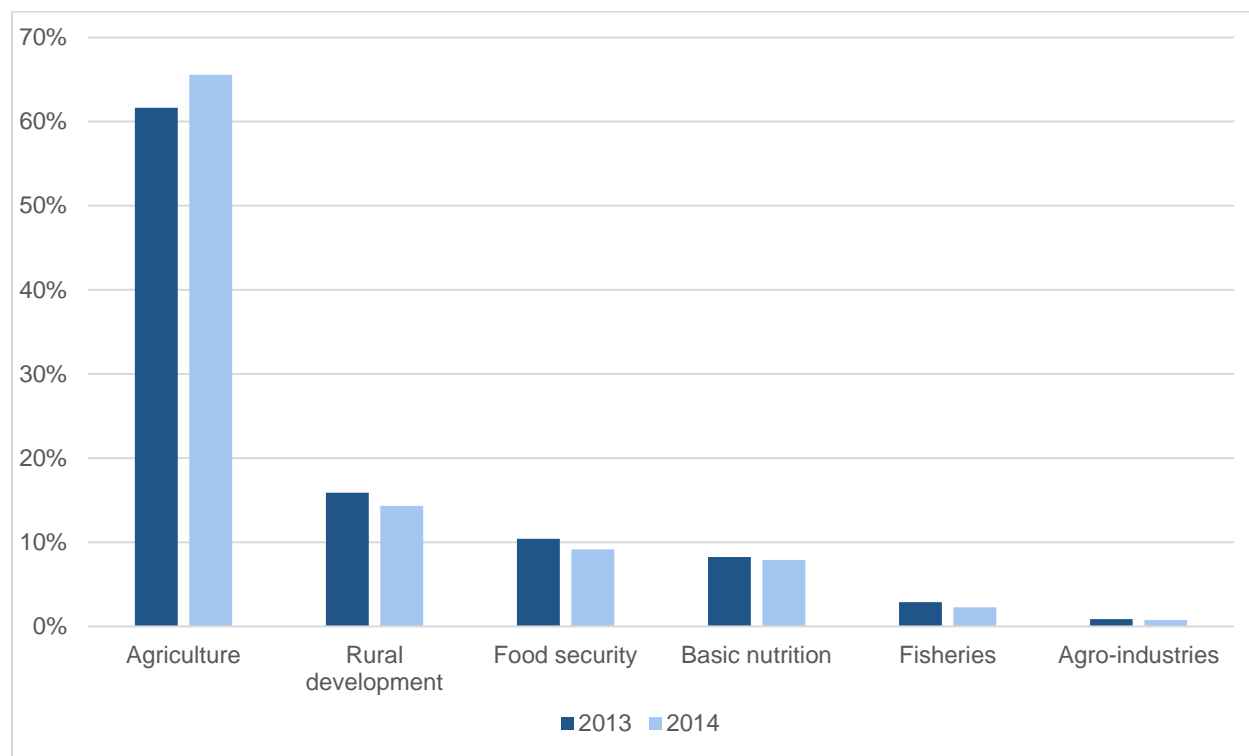
Source: FAO Food Security Indicators 2016

Looking at malnutrition we see a similar story. The World Health Organization (WHO) estimates that as of 2014, the prevalence of stunting in the developing world was 26.6 percent, down from 29.5 percent in 2010, the next most recent available estimate. This implies that stunting is falling on average by 0.7 percentage points a year. (A separate WHO publication estimates that for the entire world, malnutrition dropped to 23.2 percent in 2015 from 23.8 percent in 2014, a fall of 0.6 percentage points.³) Again, while this fall is to be welcomed, the rate of change is not fast enough. Achieving 0 percent stunting in developing countries by 2030 would demand an average annual decrease of 1.7 percentage points, more than twice the current rate of progress (Figure 2).

³ See WHO, *World Health Statistics 2016: Monitoring Health for the SDGs*, 2016.

Nutrition Report notes, four of the five largest donors contributing to nutrition decreased their assistance in 2014: the United States, Canada, the United Kingdom, and Japan.

Figure 8: Sectoral Allocation of FNS ODA



Source: OECD CRS

Targeting

One of the primary conclusions of our first *Ending Rural Hunger* report was to show how donors could do a better job of targeting their FNS aid toward the countries where it will have the greatest impact: those where needs are high, policies are strong, and resources are scarce. As we reassess the data one year later, there is not yet evidence to suggest that targeting has improved. Assessing the aid system as a whole, FNS assistance was no more likely to flow to countries with high needs, strong policies, and scarce resources in 2014 than in 2013.

Interestingly, individual donor countries showed greater variation in their year-to-year results. Perhaps most notably, two of the largest players in FNS aid moved in opposite directions: the U.S. significantly improved its targeting, while the European Union significantly worsened (see Box 3). Among 28 members of the OECD's Development Assistance Committee (DAC), eight donors improved their targeting scores by at least three points, five worsened by this same margin, while 15 saw no substantial change.¹⁴

¹⁴ Note that Greece is not included in this analysis, as no data are available.

Box 3: A tale of two donors: The United States and the European Union

The United States and European Union (EU) are two of the largest overall donors of FNS aid, and thus the targeting of their aid has important implications for the overall system. In 2014 the two donors moved in opposite directions.

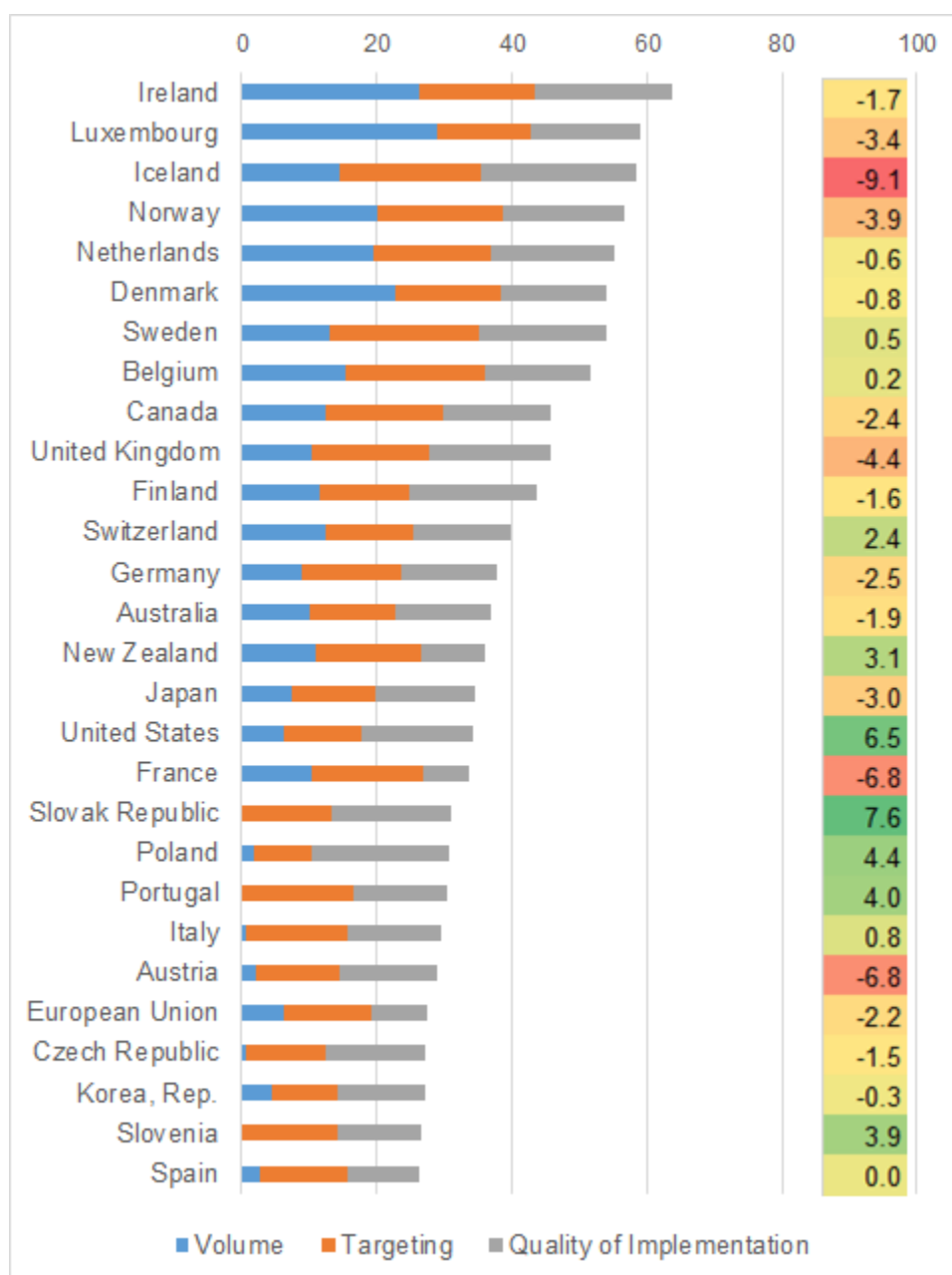
In 2014 the United States significantly improved its FNS aid targeting. Based on the *Ending Rural Hunger* index, which scores donors from 0 to 100 based on their FNS aid targeting, the U.S. improved from a score of 36 to 50, while its rank among 28 donors jumped from 22nd to 10th. In particular, the U.S. did a much better job targeting aid to countries with high needs and scarcer resources in 2014 than it had the previous year, while it did no worse targeting FNS aid to countries with strong policies. Most notably, in 2013 the largest recipient of U.S. FNS ODA was Morocco, which received \$180 million as part of a Millennium Challenge Corporation project. Relative to most developing countries Morocco has only moderate needs and relatively large resources available, which dragged down the U.S. targeting score for 2013. In 2014, on the other hand, the largest recipient of U.S. FNS ODA was Ethiopia, at \$164 million, twice what it received in 2013. Ethiopia has some of the world's highest FNS needs, and relatively strong policies compared to its level of development, boosting the U.S. targeting score. Other countries receiving large amounts of FNS ODA from the U.S. include Burkina Faso, Kenya, and Tanzania, all countries with high needs, relatively good policies, and limited resources.

The EU, on the other hand, saw its score on the targeting index drop from 34 to 25, while its overall rank among donors fell three places, from 24th to 27th. Relative to 2013, in 2014 the EU's FNS aid tended to go to countries with lower needs, worse policies, and more available resources. Much of this shift is explained by a major new project in Turkey worth \$187 million—14 percent of the EU's total FNS aid budget, and three times the FNS aid the EU invested in any other country. Relative to other recipient countries Turkey has fewer needs and much more available resources, bringing down the EU's targeting score. Similarly, the EU also disbursed large amounts of FNS aid to Morocco, as discussed above a country with only moderate needs and substantial resources, as well as Afghanistan, a country with significant needs but a particularly poor policy score. Notably, Europe has significant diplomatic interests in these three countries, suggesting the EU may be allocating some FNS aid more by foreign policy calculations than by investing where it is likely to achieve the greatest impact for ending hunger.

Figure 9 uses scores from the *Ending Rural Hunger* database to rank the 28 members of the DAC by three crucial dimensions of their FNS ODA policy: how much FNS ODA they give, measured as a share of GNI; how well they target their FNS aid; and how well they implement their FNS aid projects.¹⁵ Scores are presented based on data for the year 2014, while the column to the right shows how each donor's score changed from the previous year. As can be seen, six donors improved their FNS aid policy scores by at least three points, seven worsened by this same margin, while 15 saw no substantial change.

¹⁵ For further details on this methodology and how these scores are calculated, see endingruralhunger.org.

Figure 9: Ranking donor's development assistance for Ending Rural Hunger



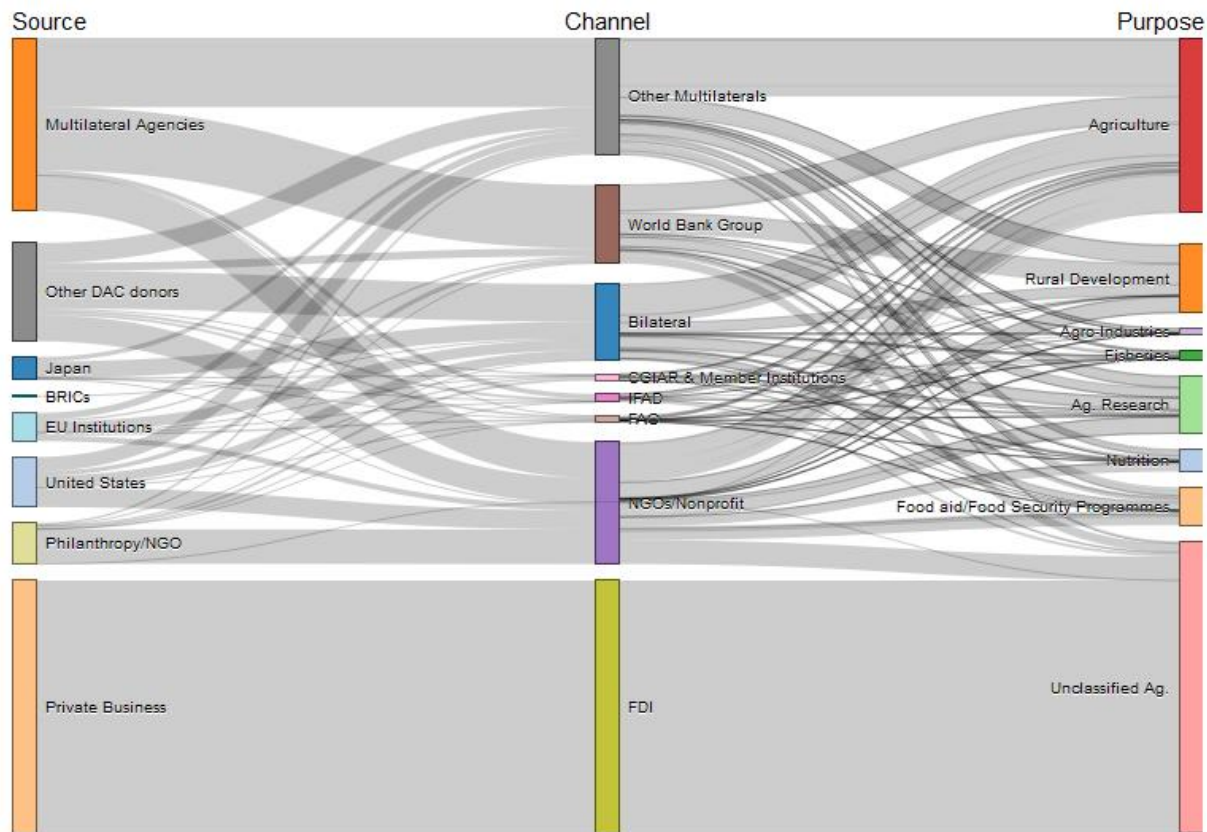
Source: *Endingruralhunger.org*

Mapping Global FNS Financing

Figure 10 presents a new contribution of our project this year: a graphical overview of the current landscape for international financing for FNS. On the left side of the figure are the primary sources of international financing: donor governments, private for-profit investors, and private NGOs and philanthropies. The middle column of the figure displays the implementing agencies and actors through which funds are channeled, including direct government-to-government bilateral transfers, multilateral institutions, and private domestic and international NGOs. Finally, the right side of the figure shows the purpose of financing according to OECD categories, such as agriculture, food aid, nutrition, research, and rural development.

Figure 10: FNS flows to developing countries

(Total flows equal \$28.6 billion [2010-2014 averages, measured in constant \$2013]. For scale, flows from United States equal \$2.2 billion.)



Source: Author's calculations

The graph reveals that, while there is a dense funding landscape for FNS, there are still certain priority areas that receive limited financing. For example, only a small share is intended specifically for nutrition, and the majority of nutrition spending is channeled through nonprofits and multilateral institutions.

The figure suggests a need to improve the global FNS architecture considerably in order to ensure currently underfunded and overlooked priorities are better targeted. Yet caution is warranted before advocating for new institutions and partnerships to be added to this international architecture, as there are already many fragmented and overlapping initiatives in the global system. Any new efforts should only be considered to fill carefully identified needs, and organized around clear outcome-based accountability structures

Conclusion: Accountability and the Path Ahead

This *Ending Rural Hunger* update has found that international progress toward meeting SDG 2 has to date been limited. While data are scarce and often only available after a lag of several years, we do not find adequate evidence to claim that the world has escaped its longer-term 'business as usual' scenario. There have been modest decreases in undernourishment and malnutrition, but not nearly rapid enough to meet the ambitious SDG targets. Meanwhile the needed additional resources and policy reforms, in both developing and developed countries, have yet to materialize at scale.

This analysis begets a broader question for FNS advocates as well as all other stakeholders in the SDG process: where will accountability come from? In the run-up to 2015, stakeholders rightly focused their

attention on debating what should be included in the SDGs and how specific targets should be designed. Now, as we enter the implementation phase, the challenge is to identify and strengthen accountability mechanisms capable of driving the necessary reforms.

Indeed, the upcoming year will be crucial for strengthening accountability, and can set the stage for long term strategies for SDG 2. All stakeholders with an interest in holding governments accountable will need to pay close attention to a select number of processes and events.

One initial signal of countries' practical commitment to SDG 2 will be their contributions to four upcoming financing campaigns to replenish multilateral institutions that channel funds toward FNS: the Global Agriculture and Food Security Program (GAFSP), the International Fund for Agricultural Development (IFAD), the International Development Association (IDA), and a capital increase for the International Bank for Reconstruction and Development (IBRD), the lending arm of the World Bank. These institutions provide crucial financing to support developing countries in their national strategies for boosting sustainable agriculture and ending hunger. They need substantial new resources to do their job.

But even successful financing rounds for GAFSP, IFAD, IDA, and IBRD will be insufficient to fully close the financing gap that currently exists for ending rural hunger. Unless those institutions dramatically expand operations, most of the burden to increase funding will be shouldered by developing countries themselves, through more domestic resource mobilization or re-allocations of budgets toward FNS.

Given the likely shortage of public financial resources from donors, multilateral institutions must also ensure the greatest possible impact out of available financial resources. Better targeting of FNS aid, to the countries and the subsectors where it is most needed, is one means to maximize impact. Similarly, multilateral institutions can catalyze greater flows by leveraging their capital to borrow funds in public and private markets and on-lend to developing countries for sustainable agricultural investments. IFAD and IDA, for example, have received the authority from their members to borrow from public financial institutions (and from capital markets in the case of IDA). There is considerable scope for IFAD to use this authority to increase its non-concessional lending. Furthermore, multilateral institutions can do more to partner with other public and private actors to combine their efforts, including through coalitions to tackle specific FNS challenges, such as the particular needs of smallholder farmers and boosting nutrition interventions.

Governments will also signal their commitment to ending hunger through their actions and commitments at a series of major international events scheduled for 2017. In May, the G-7 will hold its annual summit in Italy, followed in July by a G-20 summit in Germany. In the past such summits have periodically served as catalysts for international FNS action. For instance, the last time Italy hosted the G-7/G-8 was the L'Aquila meeting in 2009, which produced the L'Aquila Food Security Initiative, where donors pledged \$20 billion toward achieving sustainable global food security over the following three years.¹⁶ The German G-20 summit is also an opportunity to build on the hunger theme that it emphasized when hosting the G-7 at Schloss Elmau in 2015. Last year's event included a commitment to help lift 500 million people out of hunger. Next year's G-20 will be an opportunity to make sure the practical elements of this commitment are fleshed out to align fully with the SDG to eliminate hunger among the nearly 800 million people who struggle with undernourishment today.

Of course, the original L'Aquila commitments took place against the backdrop of a global food price crisis. Over the coming year it will be crucial for the international community to demonstrate that collective resolve for ending hunger does not wane with falling food prices, and indeed for donors to underline that investments in FNS are not short-term remedies for price spirals but rather long term sustainable solutions. Strong commitments from the G-7 and G-20 summits could send such a message, and lock in political commitments from the world's largest economies on the need to escape the current business-as-usual approach in international support for FNS.

¹⁶ The figure was subsequently increased to \$22 billion.

In July, shortly after the G-20 event, the U.N. High Level Political Forum (HLPF) on Sustainable Development will meet in New York. This is the central annual forum for follow-up and review on the SDG agenda; the theme for the July 2017 meeting is “Eradicating poverty and promoting prosperity in a changing world”, and a review of progress on SDG2 will explicitly be on the agenda.

The HLPF is centered around voluntary national reviews, where countries present their strategies for contributing to the SDGs. In many instances the ambition of these national strategies will be affected by outcomes of the G-7 and G-20. But in any case, a top practical priority for each country will be to map out the domestic means through which it will fulfill its responsibilities under SDG 2. In putting together such strategies, we hope countries take advantage of the *Ending Rural Hunger* logic and database, alongside similar tools, to identify specific performance benchmarks across needs, policies, and resources. By publicly pre-committing to specific indicators, governments will make it easier to conduct peer reviews moving forward, to garner support from international actors, and to permit civil society to contribute to outcomes through their own channels. This will help ensure accountability toward SDG 2.

The SDGs represent a remarkable international consensus on the need for transformational change in global sustainable development. The scale of the ambition embodied in the goals has rightfully been lauded as essential, but we must emphasize the corollary that business as usual will not suffice. One year in to the SDG process, the world still needs much starker indications of breakthrough. For many people the SDG horizon still feels far away, but the path to 2030 is being set today.