

## Indicator 2.a.1

### Indicator Name, Target and Goal

**Indicator 2.a.1** The agriculture orientation index for government expenditures

**Target 2.a** Increase investment, including through enhanced international cooperation, in rural infrastructure, agricultural research and extension services, technology development and plant and livestock gene banks in order to enhance agricultural productive capacity in developing countries, in particular least developed countries

**Goal 2** End hunger, achieve food security and improved nutrition and promote sustainable agriculture

### Definition and Rationale

#### ○ Definition

The Agriculture Orientation Index (AOI) for Government Expenditures is defined as the Agriculture Share of Government Expenditures, divided by the Agriculture Share of GDP, where Agriculture refers to the agriculture, forestry, fishing and hunting sector. The measure is a currency-free index, calculated as the ratio of these two shares. Government Expenditures are compiled according to the international Classification of Functions of Government (COFOG), and Agriculture Share of GDP according to the System of National Accounts (SNA).

#### ○ Concepts

Government Expenditures are all outlays or expenses associated with supporting a particular sector, including compensation of employees, and subsidies and grants paid as transfers to individuals or corporations in that sector. The Agriculture Share of GDP is measured by the ratio of Agriculture Value-Added over GDP.

#### ○ Rationale and Interpretation

An Agriculture Orientation Index (AOI) greater than 1 reflects a higher orientation towards the agriculture sector, which receives a higher share of government spending relative to its contribution to economic value-added. An AOI less than 1 reflects a lower orientation to agriculture, while an AOI equal to 1 reflects neutrality in a government's orientation to the agriculture sector.

The AOI index takes into account a country's economic size, Agriculture's contribution to GDP, and the total amount of Government Expenditures. As such, it allows for the setting of a universal and achievable target.

## **Data Sources and Collection Method**

Data on government expenditures, agriculture value-added and GDP is based on *National Accounts* published by the Cabinet office, Government of Japan.

## **Method of Computation and Other Methodological Considerations**

### ○ Computation Method

$AOI = (\text{Agriculture Share of Government Expenditures}) / (\text{Agriculture Share of GDP}),$

where

1) Agriculture Share of Government Expenditures = (General Government Expenditures on Agriculture) / (Total General Government Outlays); and

2) Agriculture Share of GDP = (Agriculture Value-Added) / GDP

### ○ Comments and limitations

The General Government Expenditures are used for this computation because the Central Government Expenditures are not available.

## **Data Disaggregation**

N/A

## **References**

SDG Indicators Metadata repository Indicator 2.a.1 updated: 16 July 2016.  
<https://unstats.un.org/sdgs/metadata/files/Metadata-02-0A-01.pdf>

## **Custodian Ministries of Data**

Economic and Social Research Institute, Cabinet Office

## **Custodian Ministries of Related Policies**

Ministry of Agriculture, Forestry and Fisheries

## **International Organizations**

Food and Agriculture Organization of the United Nations (FAO)