Agriculture Public spending

WTO Agriculture symposium
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AGRA at a Glance

Our History...

Our Ambitious Goals...
To increase the incomes and food security for 30 million farming households in 11 countries by 2021

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To increase the incomes and food security for 30 million farming households in 11 countries by 2021

Business Model
- Grant-Making
- Technical Assistance
- Government relations
- Convening and engagement
- Partnerships

Geographic Footprint

AGRA selected these countries based on:
- AGRA’s existing assets and value proposition (including existing network of local partners and grantees)
- Government commitment to Agriculture
- Potential for impact (including opportunities for private sector engagement)

Focus on agro-ecological zones that overlap with targeted countries
What We Do

Aim to be the go-to partner for governments and continental bodies seeking to drive agricultural transformation through:

- State capacity
- Building partnerships
- Systems development
Our Approach

Cross-cutting Themes

- Resilience
- Women Empowerment
- Youth Empowerment
- Capacity Development

- Farmer centered
- African Led
- Partnerships Driven
- Integrated Delivery
- Aligned to country priorities
AGRA Board and Leadership

- Strive Masiyiwa
  Board Chair
- Nick Austin
- Frank N. J. Braeken
- Prof. Joachim von Braun
- H.E Hailemariam Desalegn
- Cristina Duarte
- Dr. Agnes Kalibata
- H.E. Jakaya Mrisho Kikwete
- L. K. Mohohlo (nee Tsiako)
- Dr. Kanayo F. Nwanze
- Thembaliile Hixonia Nyasulu
- Dr. Rajiv J. Shah
- Josette Sheeran
- Fred Swaniker
- Rodger Voorhies
- Dr. Usha Barwale Zehr
- Lionel Zinsou
Agriculture spending in Africa

**Context**

- Agriculture **employs** over 70% of the population
- ** Majority** of the population is primarily **engaged** in agriculture
- Empirical studies show **positive growth** and poverty reduction effects from public spending in agriculture, yet in most African countries **public expenditure** to agriculture is **stagnant** or **declining**.

**Status**

[Bar chart showing agriculture expenditure in different regions of Africa over different years.]
**Trends**

**Annual Average Change in Agriculture Expenditure (%)**

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**Source:** Makombe *et al*, 2018 in *Wouterse, and Taffesse, 2018*
Where do we stand relative to the CAADP Target of 10%

Share of Agriculture Expenditure in Total Government Expenditure (%)
## Challenges

- **Low investments** in the agriculture sector
- **Development budget** very small compared to the **recurrent expenditure**;
- **Low** burn rate
- Lack of **prioritisation** - absence of market-led approach
- **Inadequate** programmes execution capacity
- Lack of in-depth and **evidence** based **problem definition**

## Limitations in Public Expenditure Tracking

- Lack on proper **M&E systems**
- Agriculture sector **expenditure data** is problematic
- No **systematic data** that decompose agricultural expenditures by **functions** (such as irrigation, extension, research) or by **subsectors** (such as crop, livestock, fishery), except for individual country case studies.
## POLICY INTERVENTIONS

### Enabling environment
- **Countries’ comparative advantages** (Agro-ecologies Infrastructure; information; industrial development – productive capacities)
- **Adaptive** policies/ balanced approach between export and domestic
- **Evidence** based and **political economy** landscape
- **Market led** approach
- **Private sector** friendly
- Policy and advocacy **interventions** for more **predictable**, climate friendly government interventions that reduce obstacles to internal and regional food trade
- **Sector** policies and strategies (NAIPs), **sub-sector** or **commodity specific** policies and **governing** regulations

### Complementing public investments in the agriculture sector
- Promotion of **PPP** interventions
- **Blended** financing mechanisms
- Attracting the **right types** of investors – **problem solving** focus
- Commodity **specific** policies and laws (seeds, fertilizers, market policies)
- **Coordinated** investments – proper business cases
- **Alignment** to government priorities
- Clear **sequencing** of interventions
- **Soft** and **hard** infrastructure to go hand in hand
- Implementation **capacity** of all key actors
POLICY INTERVENTIONS

Composition of public spending vs provision of public goods and sustainability

- **Political economy analysis**
  - What are the major policy, regulatory and market systems blockages?
  - Who are the winners and losers of policy choices?
  - Who will be our ally? And who will oppose our efforts?
  - Develop an influencing strategy

- **Market trends and value chain prioritization – Viable investments**
  - Which value chains are competitive?
  - Which corridors are functional?
  - Where can improvements be made?

- Holistic prioritization approach that is **evidence** based
- Implementation **capacity** of all key actors
- **Alignment** to government priorities
- Clear **sequencing** of interventions
- Enhancing **investments quality** (balance budget between recurrent and development)
How does AGRA support countries?

   - Deliberate prioritisation of programs at the highest level of government leadership

2. Enabling Policy Environment
   - Up-to-date and evidence-based policies.

3. Implementation Capacity & Delivery
   - Sectoral plans, priorities and timely completion of flagship programs

4. Stronger Sector Coordination
   - Strong sector governance, including clear institutional structures, delivery mechanisms, capacity and ensuring that results-based management systems are in place

5. Accountability Mechanisms in place
   - Functional mutual accountability frameworks including regular presentation of sector performance; functional M&E systems in place in the ministry including enhanced capacity in data and analytics capacity
Conclusion

- **Centrality** of the Government
- Comprehensive **problem definition** based on countries **comparative advantages**
- **Evidence based** policies that promote **private sector**
- **Integrated market led** interventions - Viable investments
- Enhance government’s **implementation capacity**
- **Balanced** policy (local and export) – national and international trade issues
- Promotion of **PPP investments**
References


  https://pim.cgiar.org/2016/01/12/public-expenditure-in-agriculture-interview/
