

Public Agriculture Expenditure

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**FSRP/ACF Agriculture Policy Dialogue
with High Level Government Officials
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Outline

- **FNDP strategic goals**
 - National consensus of development priorities
- **Public agricultural expenditure (PAE)**
 - Definitions, sources and spending agents
- **Trends in size and share of PAE**
- **Composition of PAE**
 - Economic and functional spending classes
- **Summary**

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FNDP's Goals For Agricultural Sector Development

- Attain 90% HH food security by 2015
- Increase agriculture's contribution to FOREX earnings from 3-5% to 10-20%
- Increase agricultural export output at an annual rate of 20%,
- Grow agriculture from 1% to 7-10% per annum from 2006 onwards
- Increase agriculture's contribution to GDP from 18-20% to 25%
- Facilitate the role of private sector
- Increase incomes for those in agriculture

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Ag Development Priorities: Four Pillars/Drivers of Growth

- Land and Water Management
 - Farm blocs, Irrigation, conservation farming
- Rural infrastructure and trade-related capacities for markets
 - Roads, power, communication, reliable & competitive markets
- Increasing food supply and reducing hunger
 - Food security, safety nets & emergency services
- Agricultural research technology dissemination and adoption
 - ZARI, NISIR, UNZA & Agricultural research & development trusts

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Definition of Agricultural Expenditure

- Agriculture includes crops, livestock, fisheries and forestry
- Spending for activities whose primary purpose is to **restore, improve and maintain** agriculture
- Range of activities
 - administration of commodity affairs & services
 - operation or support programs or schemes
 - production and dissemination of information
 - compensation, grants, loans or subsidies
 - administration and operation of government agencies engaged in research activities

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Where are Agriculture Growth Funds Sourced?

- Government
 - **Direct expenditures**
 - Indirect through tax incentives
- Development partners
 - **Budget and project support**
 - Non-budget support
- Private sector including farm households
 - Commercial loans
 - Equity investment funds
 - Outgrower inputs in-kind

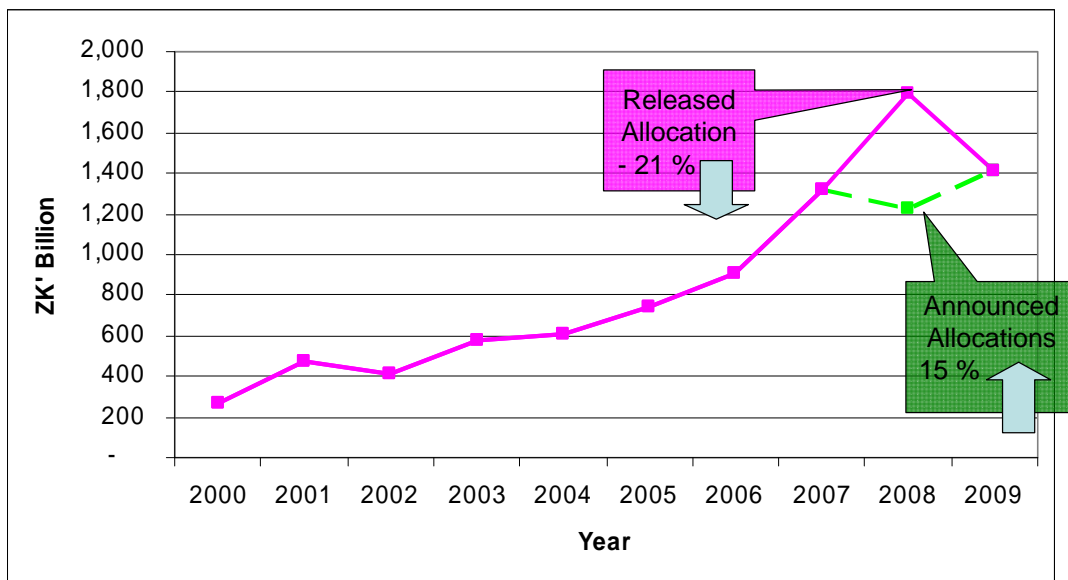
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Ministries and Spending Agencies

- “Take-all” ministries & agencies
 - MACO, FRA, NCZ
- “Partial budget” ministries
 - Home affairs (prison farms)
 - Community Development & Social Services (food security pack)
 - Defense (Zambia National Service – farm production)
 - Works & Supply (building of agricultural infrastructure)
 - Lands (survey and demarcation of agric lands)
 - Natural resources (forestry) tourism, and environment
 - Energy and water (construction of dams for irrigation)
 - Finance & national planning (loans and investments)
 - Office of President (crop, livestock & forestry projects)
 - Office of Vice President (resettlement & disaster management)

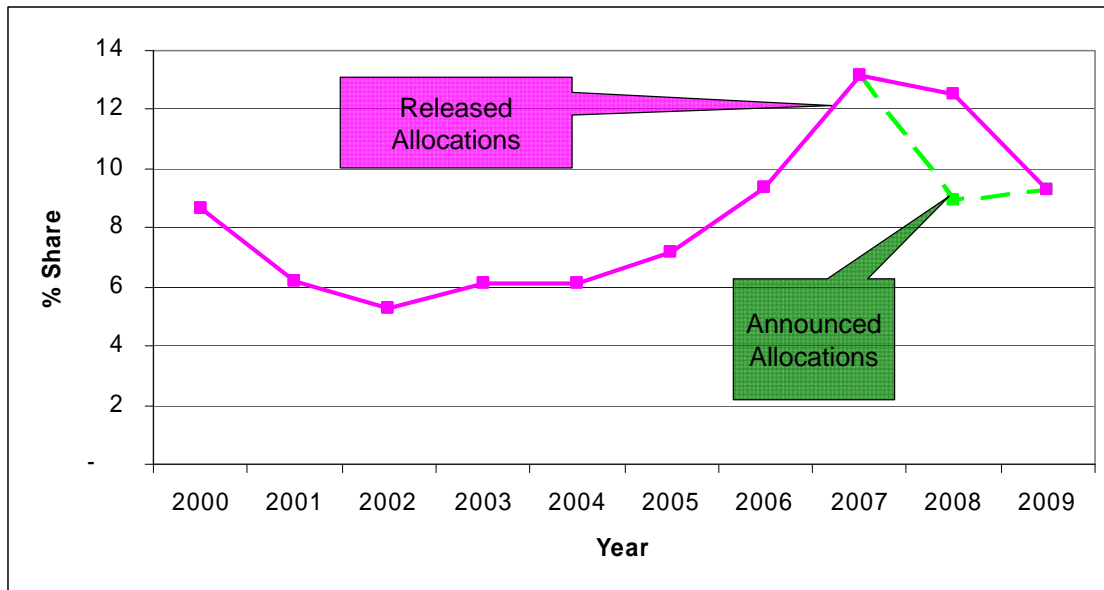
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Real Size of Agricultural Budget 2001 – 2009 (2008 Dec = 100)



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Agriculture's Share of Zambian National Budget



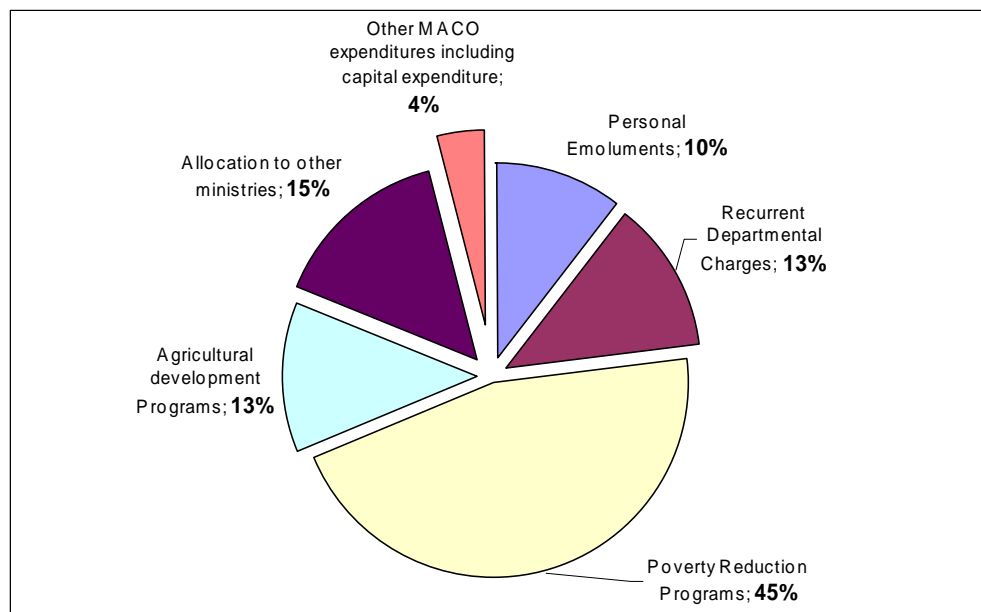
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Economic Expenditure Classes

- Personnel Emoluments (PEs)
 - Salaries and Wages
- Recurrent Departmental Charges (RDCs)
 - Supplies and other requisites
- Grants and other payments
 - CDT, IFAD, International Red Locust
- Poverty Reduction Programs (PRPs)
 - Fertilizer Support Program, Strategic Food Reserves/FRA
- Agricultural Development Programs
 - ASIP/ADB, ADSP

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2009 Resource % Allocation Within Agriculture: ZMK1,263 billion



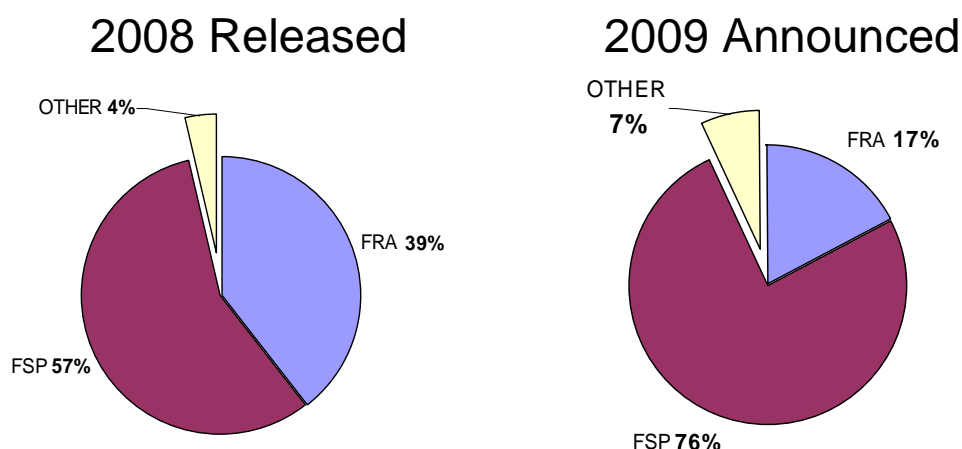
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Average Discretionary Expenditure by Government Function (2000 – 2008)

Functions	Per cent (%)	Annual Average (ZMK' millions)	Growth (%/yr)
Agric administration	7.6	40,309	-3.1
Crops research	5.0	26,170	1.4
Support to extension	16.7	88,071	8.9
Support to subsistence farmers	38.1	201,239	16.0
Maize price and income support	20.2	106,765	12.7
Forestry	4.1	21,518	2.6
Livestock research & development	3.3	17,387	5.3
Fisheries, land, data & investment	4.9	26,125	?
Total Agric Sector	100	527,480	7.7

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Composition of Poverty Reduction Programmes 2008 & 2009



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Agricultural Donor Development Programs – 2008 (2009 in progress)

Category	Allocation	
	('ZK billion)	(%)
Smallholder Enterprise and Marketing Programs - mkting	1.6	1
ASIP/ADB Eastern Province – livestock & infrastructure	19.0	7
Small-scale Irrigation Project – irrigation	23.1	8
Program for Luapula Province Agric Rural Dev (PLARD)	16.1	6
Smallholder Livestock Improvement Programme	15.8	6
Agricultural Diversification and Food Security Project – Ext	41.7	15
Agricultural Support Program – crops, livestock & infra	22.0	8
Kwando Zambezi Tsetse and Tryps Eradication Project	21.7	8
Regional Irrigation and Water Management Project	53.1	19
Agricultural Development Support Program (ADSP) – Com	51.6	19
Other	11.7	4
TOTAL	360.6	100.0

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Planned Priorities & Actual Spending

Programs	Average spending		Growth (%/yr)	FNDP Ranking
	(%)	(ZMK' billion)		
Long-term investments	2	10	8.3	1
Subsidies	59	307	6.5	4
Research & Development	15	82	8.6	2
Administration	5	25	-2.5	3
Personnel Emoluments	19	97	2.9	5
Total	100.0	521	5.6	

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Summary

- Volume of spending not in proportion to the role of agriculture
 - Need more to stimulate growth – COMPACT
 - Size matters but direction equally matters
- Composition/Direction
 - Dominated by short-term/emergency social survival programs
 - Less human, physical and financial capital investments
 - Need to spend limited kwacha wisely & show desire to grow the sector

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