

Measuring Public Expenditures in Agriculture

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- The rationale for tracking agricultural expenditures has already been explained
 - Now the task is *how to do it* in a meaningful way

Objectives:

- To provide guidelines for monitoring public expenditure trends to agriculture
- To provide guidelines for assessing shifts in the sources and composition of agricultural spending

Broad principle #1

- Agreement that agricultural sector spending should be defined according to internationally accepted standards
- COFOG (Classification of Functions of Government)
- But very few African governments use COFOG

<i>Classification of Functions of Government (COFOG)</i>			
01	General public services	06	Housing and community amenities
012	Foreign economic aid	062	Community development
013	General Services	063	Water supply
014	Basic research	064	Street lighting
015	R&D ¹ General public services	064	R & D Housing and community amenities
032	Fire protection services	083	Broadcasting and publishing services
036	Public order and safety n.e.c	09	Education
04	Economic affairs	091	Pre-primary and primary education
041	General economic, commercial, and labor affairs	092	Secondary education
042	Agriculture, forestry, fishing, and hunting	093	Post secondary non-tertiary education
043	Fuel and energy	094	Tertiary education
044	Mining, manufacturing, and processing	095	Education not definable by level
045	Transport	096	Subsidiary services to education
046	Communication	097	R & D Education
047	Other industries	098	Education n.e.c
048	R & D Economic affairs	10	Social protection
049	Economic affairs n.e.c	101	Sickness and disability
05	Environmental protection	102	Old age
051	Waste management	103	Survivors
052	Waste water management	104	Family and children
053	Pollution abatement	105	Unemployment
054	Protection of biodiversity and landscape	106	Housing
055	R & D Environmental protection	107	Social exclusion n.e.c

Principle #2: Develop *consistent* way of counting public ag. expenditures

- Need for agreement on what to count
- Apply these definitions consistently
 - Across years
 - Across countries

Examples from Zambia of activities that might be included or excluded from public agricultural expenditure

<i>Agency paying for activity</i>	<i>Likely to be agricultural-related</i>	<i>Unlikely to be agriculture-related</i>
Ministry of Lands – Surveying of properties	Survey and demarcation of land for Farm Block Development	Survey and demarcation of land for Commercial, Industrial & other purposes
Agriculture department – Commemorations	World Food Day	International Women Day
Office of the President – CP(HQ) Women enterprise development	Procurement of cattle and goats for women in Chibombo	Procurement of hammer mills for women in Chibombo

Principle #3: Disaggregate by funding source and recipients / service providers

	<i>Primary/Original Funding Sources</i>				
<i>Recipients</i>	S1	S2	S3	S4	
1	A	B			A+B
2	C				C
3		D	E		D+E
4				F	F
TOTAL	A+C	B+D	E	F	G

Source: Adapted from De et al, 2004

<i>Ministries, provincial governments and other recipients</i>	<i>Primary Funding Sources</i>					<i>Service provided</i>
	Ministry of Finance	Donors	Local Govt	Co-Pay	Loans	
Ministry of Agriculture	X			X	X	Research, extension, training
Ministry of Environ & Tourism	X				X	Research, extension, training
Ministry of Community Dev	X					Agriculture welfare agencies
Ministry of Finance	X	X				Agric development projects
Ministry of Works & Supply	X				X	Roads on farming blocks
Ministry of Water & Energy	X				X	Dams & Electricity
Ministry of Lands	X					Land surveys in farm blocks
Office of the Vice President	X	X				Agric disaster management
Provincial Government	X	X				Agric development projects

Principle #4: The Composition of Agricultural Spending Matters Greatly

- The impacts of agricultural spending on agricultural growth depend on the composition of spending
- Hence *the need to disaggregate*

Expenditures for FY 2006: Recurrent and Investment (million kwacha)

	Government Funds	External Funds	Total
Agriculture:			
personal emoluments			
irrigation			
R&D / crop science			
extension			
input subsidies			
etc.			

Expenditures for FY 2006: Recurrent and Investment (million kwacha)

	Government Funds		External Funds		Total
	recurr	invest	recurr	invest	
Agriculture:					
personal emoluments					
irrigation					
R&D / crop science					
extension					
input subsidies					
etc.					

Broad Summary for Each Year

	Recurrent	Investment	Total
Agriculture + forestry + fisheries			
Total Ag. Expend:			
Total Govt. Expend:			
Total Ag. Expend as % of Total Govt Exp.			

Thank you