Agric Public Expenditure Reviews: How Being Used? How MakeThem More Useful?

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Side-Event: Towards Strengthening Agriculture Public Expenditure Analysis for Improved Decisions and Learning

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Two Questions

How have Government authorities and sector stakeholders used their recent Ag PERs?

• Indications from responses to questions put to agriculture ministry contacts, Ag PER national consultants and World Bank country staff.

How make Ag PERs more useful?

• Preliminary observations drawn from a synthesis being prepared of a sample of 19 Ag PERs
Uses of Ag PER

1. Improve Strategy Planning and Monitoring
   • Foundation for strategic planning and strategy monitoring
   • Identify policy-expenditure nexus where reform needed.
   • Use in development of national agricultural investment plan

2. Improve Expenditure Levels and Composition
   • Identification of underfunded sub-sectors.
   • Substantiate claims for more public finance for the sector.
Uses of Ag PER

3. Strengthen Budget Processes for Better Expenditure Management
   • Strengthening of budget management capacity.
   • Baseline for annual updating as input to improved expenditure management.
   • Baseline for transition to program budgeting.
   • Identify need for follow-up specialized studies.
   • Input to sector authorities’ own action plan.
Uses of Ag PER

4. Strengthen Communications and Accountability
   • Input to communication with domestic stakeholders (farmers, private sector, parliamentarians, JSR).

5. Mobilize External Finance
   • Orientation of World Bank Assistance.
   • Identify other lessons for follow-up.
AgPE Issues Not (Yet) Getting Follow-up

AgPE problem areas identified which do NOT seem to be getting acted upon – 4 examples:

- Recurrent budgeting – sufficient to sustain investment scale-up?
- Recurrent budgeting – sufficient to provide essential public services?
- Coordinating central and devolved expenditure authority – are systems in place for this?
- Linking expenditure to sector outcomes – what is needed for simple analysis?
## Recurrent Budgeting – Sufficient To Sustain Investment Scale-up?

<table>
<thead>
<tr>
<th>Country</th>
<th>Ratio of Non-Wage Recurrent to Investment Expenditure</th>
<th>Investment Change Over Period, %, current value</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Start of Period</td>
<td>End of Period</td>
</tr>
<tr>
<td>Chad (2004-11)</td>
<td>0.03</td>
<td>0.02</td>
</tr>
<tr>
<td>Cote d’Ivoire (2000-10)</td>
<td>0.52</td>
<td>4.51</td>
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<tr>
<td><strong>Ghana (2004-11)</strong></td>
<td><strong>0.85</strong></td>
<td><strong>0.43</strong></td>
</tr>
<tr>
<td>Guinea (2004-12)*</td>
<td>0.04</td>
<td>0.05</td>
</tr>
<tr>
<td>Sierra Leone (2004-12)</td>
<td>16.13</td>
<td>5.13</td>
</tr>
<tr>
<td>Togo (2002-10)</td>
<td>0.19</td>
<td>0.12</td>
</tr>
<tr>
<td>Madagascar (2007-12)*</td>
<td>0.14</td>
<td>0.35</td>
</tr>
<tr>
<td>Mozambique (2002-07)*</td>
<td><strong>0.04</strong></td>
<td><strong>0.03</strong></td>
</tr>
</tbody>
</table>

Red – potential problem of inadequate recurrent budget as investment expands?
Important public goods and services require recurrent budgets
  • Extension and advisory services, research
  • Crop and livestock phyto-sanitary services
  • Input quality regulatory systems

Ag PERs reveal that recurrent budget planning is underemphasized, incremental more often than strategic

Nigeria example of critical recurrent budgets lacking to accompany fertilizer and seed sector reform
### Devolution of Agricultural Spending, Sub-National Share, %

<table>
<thead>
<tr>
<th></th>
<th>Burkina Faso</th>
<th>Chad</th>
<th>Ghana</th>
<th>Liberia</th>
<th>Togo</th>
<th>Mozambique</th>
<th>Zambia</th>
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</thead>
<tbody>
<tr>
<td>Regional &amp; Local Authorities</td>
<td>82.5</td>
<td>4</td>
<td>27</td>
<td>0</td>
<td>2</td>
<td>19</td>
<td>14</td>
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</table>

### Decentralization

<table>
<thead>
<tr>
<th></th>
<th>Nigeria</th>
<th>Cameroun</th>
<th>Rwanda</th>
<th>Sierra Leone</th>
<th>South Africa</th>
</tr>
</thead>
<tbody>
<tr>
<td>Regional &amp; Local Authorities</td>
<td>~50</td>
<td>15</td>
<td>5</td>
<td>19</td>
<td>57</td>
</tr>
</tbody>
</table>
Linking expenditure to sector outcomes – what is needed for simple analysis?

Ag PERs struggle to in clarify the correlation between sector public expenditure and outcomes

Types of public expenditure outcomes:

- Overall sector growth
- Sub-sector growth
- Physical productivity improvement
- Broader development impacts - rural poverty, national food security, agricultural trade balance

M&E statistical systems capacity needs building
Next?

Challenges are:

- data available but analysis not done in Ag PER
- data lacking for analysis
- intractable problem even if data available and analysis done

Solutions being pursued:

- Make improved AgPER routine -> Ag PER Lite
- Strengthen analytical capacity -> network of practitioners
- Build into national dialogue -> JSR
- Strengthen data and monitoring and evaluation -> Country SAKSS