SPENDING TRENDS FOR EACH MDG SECTOR

Agriculture and food

Are countries meeting the spending targets for agriculture and food?

Tracking spending on agriculture and food allows us to see how much is being spent to achieve MDG target 1.C, which aims to halve the number of people who suffer from hunger. It also allows us to see the level of government spending on agricultural development, which (because most poor people in low-income countries rely on agriculture for livelihoods) can lift many poor people out of poverty.

Government spending is only one of the drivers of agricultural growth: development experience shows that this has been mostly about adoption of improved technologies by smallholder farmers. However, analysts agree that, especially in low-income countries, where poor farmers cannot afford to pay for market-based services, government can provide crucial support in terms of extension and training services, irrigation, and other inputs such as seeds or fertilisers.

In addition, many countries invest via their budgets in supporting farmers’ organisations, or in providing microcredit to encourage agriculture – and some also invest in state-run agro-processing facilities to increase value added of agricultural products, as well as broader rural development such as rural markets and feeder roads.

The only formal target for agriculture spending was agreed in 2003 at a meeting of African Union (AU) agriculture ministers in Maputo, Mozambique. They called on member states to spend at least 10 per cent of national budgets on agriculture by 2008.

Figure 3.4 shows how 30 African countries are performing in relation to this target, in terms of planned expenditure for 2011 and 2012. Seven have met the target (Burkina Faso, Burundi, Ethiopia, Guinea-Bissau, Malawi, Mali and Gambia), while Niger is close. Benin, the Democratic Republic of Congo (DRC), Madagascar, Rwanda, Senegal, Sierra Leone, Tanzania and Zambia spend 6 per cent or more; Cameroon, Cape Verde, Central African Republic (CAR), Congo, Kenya, Mozambique, Togo and Uganda spend 5 per cent or less; and Angola, Côte d’Ivoire, Ghana, Lesotho, Liberia and Nigeria spend only 2 per cent. These countries need to accelerate their efforts considerably to meet the target.

Though there is no formal target for other regions outside Africa, we have assessed the performance of other countries against the Maputo target (see Figure 3.5). The World Bank also regards this target as desirable, based on evidence that countries which had successfully transformed their agricultural sectors had allocated around 10 per cent of total government spending to agriculture (World Bank 2007). Figure 3.5 shows that of the 17 other countries covered by this report, only Bhutan and India are allocating more than 10 per cent of their national budget to agriculture (though Afghanistan also did in 2011).
Figure 3.4: Are African countries meeting the Maputo target for spending on agriculture?

Figure 3.5: Are other countries meeting the World Bank estimate?
What are the recent trends in agriculture and food spending?

Across all the countries studied, agriculture spending rose by just 0.06 per cent of GDP between 2008 and 2012, much less than spending on education or health. However, non-IMF programme countries increased their spending by 0.4 per cent of GDP, while spending by IMF programme countries stagnated, after only a small rise in 2009. As a result, agriculture spending is now 63 per cent higher as a proportion of GDP in non-IMF than in IMF programme countries. This suggests a strong case for greater attention to the level of agriculture and food-related spending in IMF programme ‘anti-poverty’ spending floors.

Given these overall trends, it is not surprising that after an initial small rise in 2009, around two-thirds of countries have seen falls in agriculture spending as a percentage of GDP or total spending (the benchmark used for targets) since 2009. Nevertheless, around half managed to raise spending in real terms, as their economies grew.

Figure 3.6: Percentage of countries increasing spending on agriculture, 2009–12