

Promoting Strategic Agricultural Public Spending in Nigeria

Outcomes of IFPRI's Agricultural Public Expenditures Research at the federal, state, and local levels in Nigeria



In 2015, the World Bank awarded Nigeria a \$100 million grant for the implementation of Nigeria's public expenditure action plan to reform the country's agricultural sector. The Nigerian Federal Ministry of Finance drew heavily from IFPRI's research during its dialogue with the World Bank, which helped Nigeria acquire the grant.

The strategic allocation of public expenditures in agriculture is crucial to ensuring food and nutrition security, and poverty reduction. In Nigeria, increasing agricultural productivity promises positive impacts on the poor given that a large portion of its labor force remains in subsistence farming, and a large portion of the poor relies on agriculture for their livelihoods. Despite this, Nigeria allocated less than 4 percent of its total public spending to agriculture in 2012, which is low compared to other African countries.

IFPRI has been at the forefront of public expenditure research and measuring its impact on agricultural productivity and rural poverty for many years. So, the World Bank asked IFPRI to conduct a review to understand why agricultural spending is low in Nigeria and to develop policy solutions. The consequent report, **"Analysis of Agricultural Public Expenditures in Nigeria: Examination at the Federal, State, and Local Government Levels,"** offered analyses and recommendations to help stimulate strategic agricultural public spending. Not surprising, IFPRI's evaluation found that public spending in agriculture

were low at both the national and subnational levels, amounting to only 4.6 to 5.5 percent of total expenditures between 2008 and 2012. More surprising, however, is that agricultural spending has been at a decline. In addition, IFPRI identified inefficiencies that plagued the agricultural public expenditure system across the three tiers of government: federal, state, and local. A lot of the money was expended in operations, subsidy payments, and other items that do not create valuable and long-lasting assets. National and subnational budgets were bogged down by delays in reviews, approvals, and funding releases.

To assist policymakers in addressing these problems, IFPRI recommended that agricultural spending in all three government levels be raised, and that states and local governments increase internally generated revenue to reduce overdependence on federal allocations. Further, IFPRI's research revealed that dramatic improvements in collaborations across ministries and government levels could reduce the multiple inefficiencies in the budget process and implementation. The findings and recommendations of the study informed the Nigerian government's decision to prioritize public spending in agriculture and, in collaboration with the World Bank, to transform the agricultural sector.

INTERNATIONAL FOOD POLICY RESEARCH INSTITUTE (IFPRI)

A world free of hunger and malnutrition

2033 K Street, NW • Washington, DC 20006-1002, USA • Phone: +1-202-862-5600 • Fax: +1-202-467-4439 • Email: ifpri@cgiar.org • Web: www.ifpri.org

June 28, 2016

For more outcome stories from IFPRI's work, visit <http://outcomestories.ifpri.info/>.