

PUBLIC EXPENDITURE REVIEW OF THE AGRICULTURE SECTOR AT THE SUB-NATIONAL LEVEL IN NIGERIA: THE CASE OF ONDO STATE

Reuben Adeolu Alabi

Department of Agricultural Economics, Ambrose Alli University, Ekpoma, Nigeria

E-mail: bayobimb@yahoo.com

Introduction

Various studies, including the World Development Report on agriculture (World Bank 2007a), assert that effective resource allocation to the agricultural sector, such as for the delivery of services like extension, credit, research and development, and plant and livestock disease control, is critical to the strong performance of the agricultural sector. In Nigeria, the public sector still plays a major role in providing and financing such services—although private service providers are also central, for example in input supply and output processing and marketing. As in other countries, the public sector involved in agricultural investments in Nigeria is not monolithic, but consists horizontally of different agencies and parastatals, as well as vertically of different tiers of government, i.e. the federal, state, and local governments. Specifically, the 36 states of the Federal Republic of Nigeria, the Federal Capital Territory and the 774 Local Governments in Nigeria all perform a critical role in service delivery and public expenditure outcomes. The role of sub-national governmental ministries is potentially large. State and local governments account for about 46% of public spending across all sectors in Nigeria (World Bank, 2007b). The equivalent figure in agriculture, i.e. the share of sub-national agricultural spending in public agricultural spending across all tiers, may possibly be even higher than that, given that there is a relatively stronger role for state and local governments in agriculture as compared to several other sectors such as energy, defense, or certain types of infrastructure. Thus, a review of public expenditure in the agriculture sector in Nigeria would be incomplete without an understanding of the policies, processes and procedures guiding the allocation of public resources by states and local governments in Nigeria to this sector. The activities and outputs under this Terms of Reference (TOR) relate to undertaking an agricultural public expenditure review at the state and local level, specifically, in Ondo State and one selected Local Government Area/LGA (Odigbo LGA) in the state. This output will feed into a larger agricultural public expenditure review covering three states, three LGAs, and the federal level.

The Objectives

The objectives of the agricultural public expenditure review to be carried out under this Terms of Reference (TOR) are to:

1. Examine the extent to which the level and composition of spending in the agricultural sector have been consistent with both national and subnational priorities in Ondo State.
2. Analyze the efficiency of budget implementation processes in the allocation of resources to the sector in line with stated priorities.
3. Develop a database on public expenditure in agriculture for Ondo State and the selected LGA.
4. Understand the flow of funds between the state and the local governments under its jurisdiction and the level of autonomy granted to local governments in the formulation of policy, the design of projects and programs and the allocation of funds to implement the local government budget.

The Scope of the Work

This agriculture public expenditure review in Ondo state and one selected LGA in the state will be conducted for the years 2000 to 2012. Total public expenditures should include annual and supplementary appropriations (inclusive of any revisions) and transfers or grants received from the federal government or any other federal agency. As much as possible, off-budget public expenditures and donor spending should be included as well. A critical outcome of the review would be a detailed analysis of the relationship between the state and local governments on fiscal matters. The review will entail:

1. Construction of a **database on public expenditures** in the agriculture sector – 2000-2012.
2. Analysis of main sources of **revenue** for financing the agriculture budget.
3. Analysis of the absolute and relative **magnitude and patterns** of agricultural public expenditures.
4. Analysis of **budget** performance, covering the following.
5. Analysis of the **reach of, and benefits from**, agricultural public expenditures.
6. Analysis of the **cross-tier** fiscal and planning **relationship**, between federal, state, and local governments.
7. Provision of detailed policy **recommendations** based on the analysis.

The Methodology

1. **Engagement with government:** The collaborator implementing the work described in this TOR will work closely with counterparts in state- and local-level ministries and offices responsible for: agriculture and agriculture-related activities, budget, planning, finance, and local government affairs, among other government agencies.
2. **Conceptual framework:** This inquiry will develop, or adapt, an existing conceptual framework on the political economy and other determinants of public spending in agriculture.
3. **Descriptive quantitative analysis:** Many of the study components will rely on quantitative data.
4. **Qualitative empirical analysis:** Several study components, however, will need to go beyond analysing quantitative data, to undertake a more qualitative investigation.
5. **Benefit incidence analysis:** The benefit incidence analysis will not only require public spending data, which will be collected under this AgPER, but also data on access to agricultural goods, services and transfers that have been publicly provided.

Required data and Information

The research team will be expected to obtain from the collaborator a full set of budget documents (proposed executive budget, approved budgets, amendment budgets, supplementary budgets, periodic budget performance/monitoring reports, Medium Term Sector Strategies (MTSS), etc.) and copies of other supporting documents.