

Agricultural Consultative Forum Breakfast Meeting: What is in the 2008 National Budget for Zambian Agriculture?

Pamodzi Hotel, Lusaka - Jan 30, 2008

2008 AGRICULTURAL SECTOR BUDGET ANALYSIS

Comments From FSRP Cooperating With
MACO/ACF/CSO/MSU – Revised Version








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Outline

- MACO's & FNDP strategic plans/goals
- Structure of agriculture budget
- Review summary budget trends
- 2008 agriculture sector budget
- 2007 budget releases
- Summary

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Summary

- 2008 ag. budget size  significantly, reversing ½ the growth since 2004
- Ag operating funds for implementation 
- Poverty reduction programs continue  staple centered & dominated by FSP
- Strategic food reserve funding 
- Many drivers ag. growth still underfunded 
- Budget speech focus for ag sector calls for  growth of cash crops, livestock and fisheries
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MACO's Strategic Plan

- Objective
 - Achieve accelerated growth and competitiveness in the agricultural sector
- Goal
 - Poverty reduction and income growth
- Strategy
 - Private sector led development
 - Government focuses on infrastructure and support services

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FNDP's Goals For Agricultural Sector Development

- Attain 90% HH food security by 2015
- Increase agriculture's contribution to FOREX earnings from 3-5% to 10-20%
- Increase agricultural export output at an annual rate of 20%,
- Grow agriculture from 1% to 7-10% per annum from 2006 onwards
- Increase agriculture's contribution to GDP from 18-20% to 25%
- Increase incomes for those in agriculture

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2007 Ag Sector Performance - Announcements in Budget Speech

- Ag sector growth reduced to 2.8 % growth
- Food surplus and cumulative stocks grew
- Rural poverty increased 2004 to 2006 while urban poverty decreased significantly
- Execution of the budget needs to improve, especially for rural development programs

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Well Accepted Basics: What Drives Growth in Agriculture?

- Irrigation
 - Small scale and large schemes
- Research, technology and extension
 - GART, ZARI, NISIR, UNZA
- Soil fertility management
 - Fertilizer use & management
 - Conservation farming
- Reliable & Competitive Markets
 - Domestic and international
- Strategic Infrastructure
 - Soft and hard (eg. Road building/maintenance, electric power, communication, storage facilities)

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Observations on the Structure of the Zambian Agricultural Budget

- Sources of funds
- Spending agents

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Where are Agriculture Funds Sourced?

- Government
 - Direct expenditures
 - Indirect through tax incentives
- Development partners
 - Budget and project support
 - Non-budget support
- Private sector including farm households
 - Commercial loans
 - Equity funds
 - Outgrower inputs in-kind

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Agricultural Funds Spending Agents

- UN standards describe agriculture as including crops, livestock, fisheries, forestry & hunting
- Agricultural expenses incurred by other ministries including:
 - Home affairs (prison farms)
 - Community development & social services (food security pack)
 - Defense (Zambia National Service – farm production)
 - Works & Supply (building of agricultural infrastructure)
 - Lands (survey and demarcation of agric lands)
 - Tourism, environment and natural resources (forestry)
 - Energy and water (construction of dams for irrigation)
 - Finance & national planning (loans and investments)
 - Office of President (crop, livestock & forestry projects)
 - Office of Vice President (resettlement & disaster management)

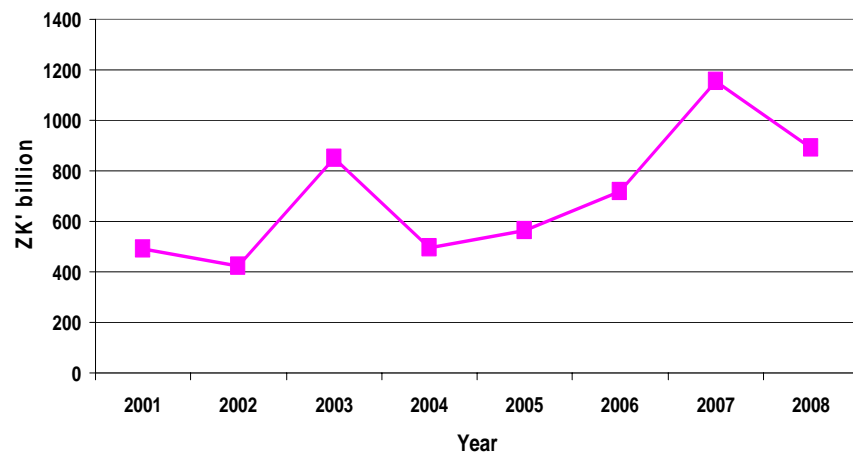
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Agricultural Budget Trends in Zambia

- Real size of budget
- Agriculture's share of national budget

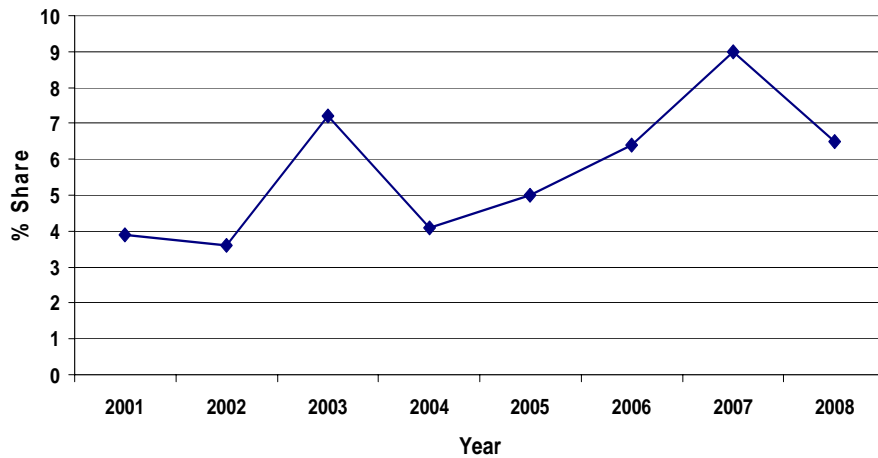
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Real Size of Agricultural budget 2001 – 2008 (2008 = 100)



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Agriculture's Share of Zambian National Budget



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2008 – Zambian Agriculture Sector Budget – Key Provisions

- Personnel Emoluments (PEs)
 - Salaries and Wages
- Recurrent Departmental Charges (RDCs)
 - Supplies and other requisites
- Grants and other payments
 - CDT, IFAD, International Red Locust
- Poverty Reduction Programs (PRPs)
 - Fertilizer Support Program, Strategic Food Reserves
- Agricultural Development Programs
 - ADB, SHEMP, ASP
- Allocation to other ministries
 - Food Security Pack, Construction of Dams and Roads

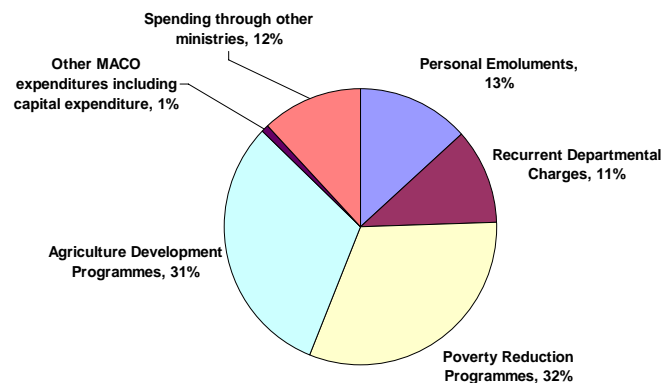
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2008 Resource Allocation to Agriculture (ZMK' billion)

Category	Allocation (ZK' billion)
Personal Emoluments	118.1
Recurrent Departmental Charges	84.0
Grants and Other Payments	4.1
Poverty Reduction Programs	297.2
Capital Expenditure	3.0
Agricultural show	2.7
Agricultural development Programs	277.3
Allocation to other ministries	106.4
TOTAL	893.1

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2008 Resource % Allocation Within Agriculture: ZMK893.1 billion



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Resource Allocation to Agriculture: 2007 vs 2008 (nominal)

Category	Allocation	
	(ZK' billion)	
	2007	2008
Personal Emoluments	107.6	118.1
Recurrent Departmental Charges	148.5	84.0
Grants and Other Payments	4.0	4.1
Poverty Reduction Programs	393.3	297.7
Capital Expenditure	3.3	3.0
Agricultural show	1.7	2.7
Agricultural development Programs	360.6	277.3
Allocation to other ministries	67.4	106.4
TOTAL	1086.5	893.1

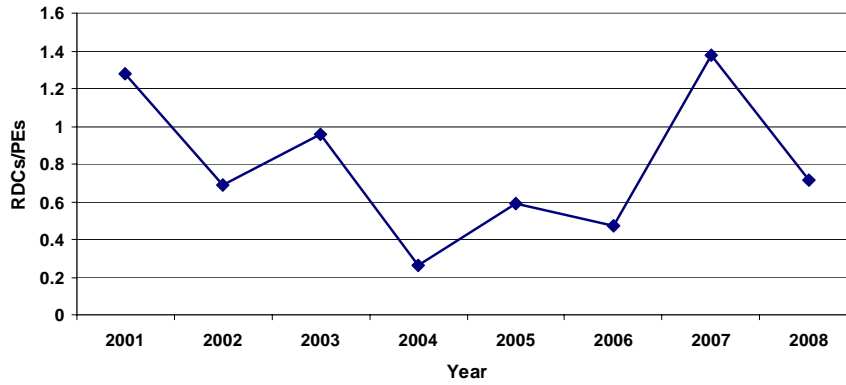
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Recurrent Departmental Charges - 2008

Category	Allocation	
	('ZK billion)	(%)
Provinces and Districts	45.7	55
Fisheries, Vet & Agric Research Stations	16.6	19
Agricultural Training Institutions	4.6	5
Other Head Quarters Based Departments	17.1	20
TOTAL	84.0	100.0

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Ratio of RDCs to Personnel Emoluments



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Poverty Reduction Programs 2008

Category	Allocation	
	('ZK billion)	(%)
Irrigation support	5.8	2
Commercialization of farm blocks	6.4	2
Animal disease control	9.7	3
Livestock development	1.8	1
Fertilizer Support Program	185.0	62
Strategic Food Reserves	80.0	27
Cooperative Education and training	0.5	0
Other	7.9	3
TOTAL	297.2	100.0

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Poverty Reduction Programs: 2007 vs 2008 (nominal)

Category	Allocation (ZK 'billion)	
	2007	2008
Irrigation support	9.2	5.8
Commercialization of farm blocks	10.1	6.4
Animal disease control	6.5	9.7
Livestock development	3.4	1.8
Fertilizer Support Program	150.3	185.0
Strategic Food Reserves	205.0	80.0
Cooperative Education and training	2.6	0.5
Other	6.2	7.9
TOTAL	393.3	297.2

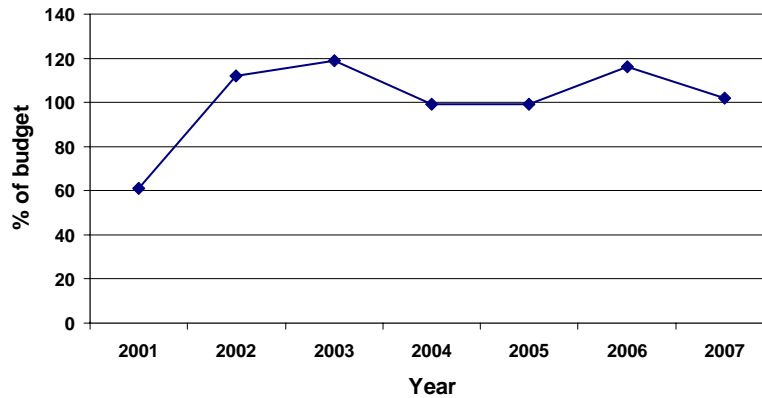
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Agricultural Donor Development Programs - 2007

Category	Allocation	
	('ZK billion)	(%)
Smallholder Enterprise and Marketing Programs - mktng	1.6	1
ASIP/ADB Eastern Province – livestock & infrastructure	19.0	7
Small-scale Irrigation Project – irrigation	23.1	8
Program for Luapula Province Agric Rural Dev (PLARD)	16.1	6
Smallholder Livestock Improvement Programme	15.8	6
Agricultural Diversification and Food Security Project – Ext	41.7	15
Agricultural Support Program – crops, livestock & infra	22.0	8
Kwando Zambezi Tsetse and Tryps Eradication Project	21.7	8
Regional Irrigation and Water Management Project	53.1	19
Agricultural Development Support Program (ADSP) – Com	51.6	19
Other	11.7	4
TOTAL	360.6	100.0

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Budget Releases as % of Allocation: MACO 2001 - 2007



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Resources Approved vs Released for MACO only - 2007

Category	Approved	Released
Personal Emoluments	107	101
Recurrent Departmental Charges	148	114
Grants and Other Payments	4	3
Poverty Reduction Programs	393	440
Agriculture Development Programs	5	5
Total	657	663

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PRP Resources Approved vs Released

Poverty Reduction Programs	Approved	Released
Fertilizer Support Program	150	204 ^a
Strategic Food Reserves	205	205
Others	38	31
Total	393	440

^a supplementary funds spent on FRA & NCZ instead of FSP

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Zikomo Kwambili,
Natotela sana,
L'i tumezi ahulu,
Twalumba kapati,

Thank you to Zambian smallholders and to stakeholders for this opportunity to obtain/share information and ideas – we welcome questions and comments

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