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Tracking Government Expenditures in Agriculture: FAO application of IMF Methodology and Data

Gary Jones and Atang Moletsane

FAO Office of the Chief Statistician (OCS)

SDG GOAL 2, TARGET 2.a & INDICATOR 2.a.1

Indicator 2.a.1 monitors progress in achieving Target 2.a

Indicator 2.a.1: The **Agriculture Orientation Index (AOI)** for Government Expenditures:

- refers to domestic public flows to agriculture
- compares government's relative contribution to the agricultural sector compared to the sector's contribution to Gross Domestic Product (GDP).

2 ZERO HUNGER

INDICATOR 2.A.1 – AOI FORMULA

$$AOI = \frac{Agriculture\ Share\ of\ Government\ Expenditures}{Agriculture\ value\ added\ Share\ of\ GDP}$$

Where:

$$Agriculture\ Share\ of\ Government\ Expenditure =$$

$$= \frac{Government\ Expenditure\ on\ Agriculture}{Total\ Government\ Expenditure} * 100$$

Agriculture refers to IMF GFS COFOG category 042 (agriculture, forestry, fishing and hunting); and

$$Agriculture\ value\ added\ Share\ of\ GDP =$$

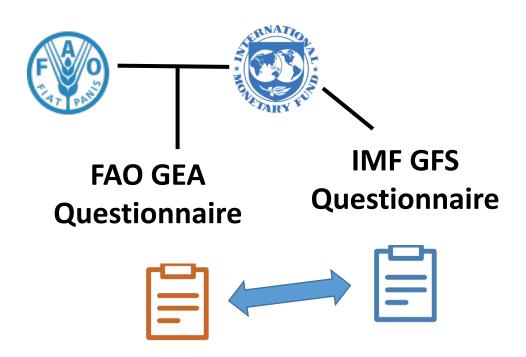$$= \frac{Agriculture\ value\ added}{GDP} * 100$$

SDG Goal 2, target 2.a & indicator 2.a.1

Indicator 2.a.1: is considered a Tier 1 Indicator

- conceptually clear
- has an internationally established methodology and standards are available
- data are regularly produced by countries for at least 50 per cent of countries in every region

FAO - Government Expenditure on Agriculture (GEA) Questionnaire

FAO GEA Questionnaire

IMF GFS Questionnaire

- **Developed in collaboration with IMF**;
- **Aligns** with **Table 7** of the **IMF GFS Questionnaire** – "Expenditure by Function of Government (**COFOG**)"
- Seeks **more details on Agriculture sector,** plus recurrent/capital breakdown

The FAO GEA and IMF GFS Questionnaires

- FAO GEA Questionnaire **replicates relevant aggregates** of Table 7 of IMF GFS Questionnaire

- GEA requests **additional detail related to agriculture** and environmental protection sectors.
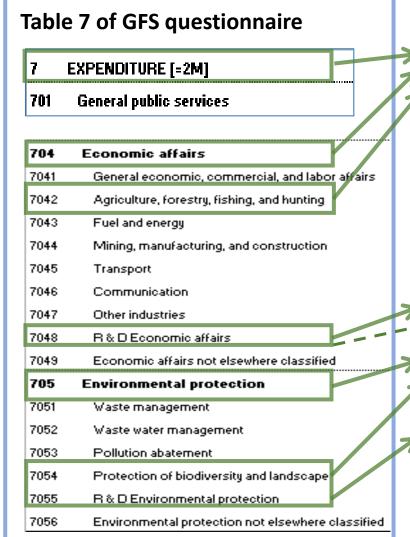
FAO-Government Expenditure on Agriculture (GEA) - COFOG

Albania - Consolidated General Government Lek, Millions / Fiscal Year ends December 31	2019
7 Expenditure	**488,444.2**
701 General public services	83,881.8
702 Defense	13,337.1
703 Public order & safety	30,908.5
704 Economic affairs	**47,449.5**
o/w: 7042 **Agriculture, fishing, forestry, & hunting**	**8,675.2**
705 Environment protection	**3,125.0**
706 Housing & community amenities	36,612.7
707 Health	51,181.8
708 Recreation, culture, & religion	7,310.0
709 Education	55,683.5
710 Social protection	158,954.4

TABLE A:	Albania -Government expenditure on agriculture and related functions	2019 General Govern-ment
7	**EXPENDITURE (TOTAL OUTLAYS)**	**488,444.2**
704	**Economic Affairs**	**47,449.5**
7042	Agriculture, forestry, fishing, and hunting	8,956.0
	→ Recurrent	
	→ Capital	3,944.0
70421	Agriculture (crops and animal husbandry)	8,181.0
	→ Recurrent	
70422	Forestry	1,527.0
	→ Recurrent	1,111.0
	fishing and hunting	
	→ Recurrent	114.0
	→ Capital	134.0
70432	R&D Agriculture, forestry, fishing, and hunting	0.0
705	**Environmental protection**	**3,125.0**
7054	Protection of Biodiversity and Landscape	14.0
	→ Recurrent	14.0
	→ Capital	0.0
7055	R&D Environmental Protection	0.0
	→ Recurrent	0.0
	→ Capital	0.0

GFS reporting to the IMF and GEAQ to the FAO by UNECE countries is relatively comprehensive

- FAO conducts benchmarking exercise comparing government expenditure on agriculture in the IMF and FAO databases to identify non-reporting countries

- Few UNECE countries (Andorra, Bosnia and Herzegovina, Montenegro, North Macedonia, Tajikistan and Turkmenistan) have not yet reported (or only irregularly report) through GEAQ or GFS

REPORTING BY UNECE COUNTRIES

Percentage of data respondents (2013 - 2020)

DEVELOPING A MORE GRANULAR DATA SERIES

2019

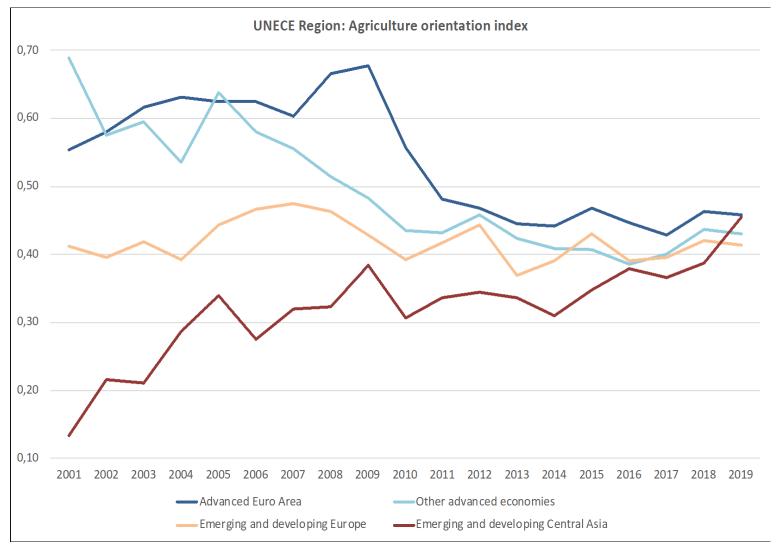| TABLE A: Government expenditure on agriculture and related functions		General Government								
		Central Government (excluding social security funds)				Social Security Funds	State Governments	Local Governments	Consolidation Column	General Government[3]
		Budgetary Central Government	Extrabudgetary Units	Consolidation Column	Central Government[2]					
	Functional classification2	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
7	EXPENDITURE (TOTAL OUTLAYS)	18.525.487	2.706.901	-1.373.552	19.858.836	13.847.703	17.151.483	9.268.554	-18.702.522	41.424.054
704	Economic Affairs	2.422.480	203.232	-148.200	2.477.513	0	2.652.162	605.338	-1.192.823	4.542.191
7042	Agriculture, forestry, fishing, and hunting	333.703	75.380	-36.277	372.805	0	354.038	20.476	-219.178	528.141
	→ Recurrent	325.869	75.380	36.277	364.971	0	352.345	20.212	219.178	518.351
	→ Capital	7.834	0	0	7.834	0	1.693	264	0	9.790
70421	Agriculture (crops and animal husbandry)	287.015	56.136	-26.484	316.667	0	282.984	19.595	-161.411	457.836
	→ Recurrent	279.221	56.136	-26.484	308.873	0	281.348	19.331	-161.411	448.142
	→ Capital	7.794	0	0	7.794	0	1.637	264	0	9.694
70422	Forestry	42.390	9.324	-5.790	45.924	0	71.054	881	-57.767	60.091
	→ Recurrent	42.375	9.324	-5.790	45.909	0	70.998	881	-57.767	60.020
	→ Capital	15	0	0	15	0	56	0	0	71
70423	Fishing and hunting	4.298	9.919	-4.003	10.214	0	0	0	0	10.214
	→ Recurrent	4.273	9.919	-4.003	10.189	0	0	0	0	10.189
	→ Capital	25	0	0	25	0	0	0	0	25
7048	R&D Economic Affairs	69.568	25.655	-25.655	69.568	0	859	10	-101	70.336
70482	R&D Agriculture, forestry, fishing, and hunting	4.668	4.627	-4.627	4.668	0	0	0	0	4.668
705	Environmental protection	195.255	29.926	-26.621	198.560	0	74.589	17.044	-47.000	243.195
7054	Protection of Biodiversity and Landscape	9.934	9.142	-9.142	9.934	0	23.413	1.350	-9.017	25.680
	→ Recurrent	9.934	9.142	-9.142	9.934	0	23.371	1.340	-9.017	25.628
	→ Capital	0	0	0	0	0	43	10	0	52

2013

TABLE A: Government expenditure on agriculture and related functions		General Government								
		Central Government					State Governments	Local Governments	Consolidation Column	General Government[4]
		Budgetary Central Government	Extrabudgetary Units	Social Security Funds	Consolidation Column	Central Government[3]				
	Functional classification2	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
7	EXPENDITURE (TOTAL OUTLAYS)	12.526.322	83.200	7.913.216	-4.006.952	16.515.786	7.466.561	3.651.951	-1.954.327	25.679.971
704	Economic Affairs	1.427.828	83.200	0	-2	1.511.026	1.370.117	324.554	-323.980	2.881.717
7042	Agriculture, forestry, fishing, and hunting	237.745	0	0	0	237.745	333.065	26.759	-178.100	419.469
	→ Recurrent									
	→ Capital									
70421	Agriculture (crops and animal husbandry)									
	→ Recurrent									
	→ Capital									
70422	Forestry									
	→ Recurrent									
	→ Capital									
70423	Fishing and hunting									
	→ Recurrent									
	→ Capital									
7048	R&D Economic Affairs									
70482	R&D Agriculture, forestry, fishing, and hunting									
705	Environmental protection	25.358	0	0	0	25.358	21.469	2.587	-1.137	48.277
7054	Protection of Biodiversity and Landscape									
	→ Recurrent									
	→ Capital									

AOI OUTCOMES IN UNECE COUNTRIES

UNECE Region: Agriculture orientation index

- AOI for **advanced economies is generally higher but has declined** in comparison to emerging market and developing countries.

- In **emerging and developing UNECE countries** the trends have been steadier, and there has been a **slight rise in the AOI since 2010**

- Emerging and developing UNECE countries spend a much h**igher proportion of their budgets on agriculture**

QUESTIONS FOR DISCUSSION

- Future focus should be on optimizing the use of available CD resources by tailoring them to countries' specific circumstances. Do participants see the need for a general (virtual) UNECE workshop on the status of the SDGs for which FAO is the Custodian Agency?

- There is also scope for reducing the reporting burden. For many countries this could be addressed by adopting the Statistical Data and Metadata Exchange (SDMX) Data Structure Definitions under Domain 2: Economic statistics for Domain 2.5 Government finance to the GEAQ, fiscal and public sector statistics. Do participants support – and are there UNECE countries willing to pilot – SDMX data transmission of the disaggregated data included in the FAO GEAQ?

- FAO would welcome the opportunity to participate in UNECE's formal platforms of cooperation where relevant for SDG Indicator 2a.1. Are there UNECE member countries that would like to engage with FAO to develop (or further develop) GEAQ reporting capacity?

Contact us at: Gary.Jones@fao.org   and   Atang.Moletsane@fao.org