



Food and Agriculture
Organization of the
United Nations



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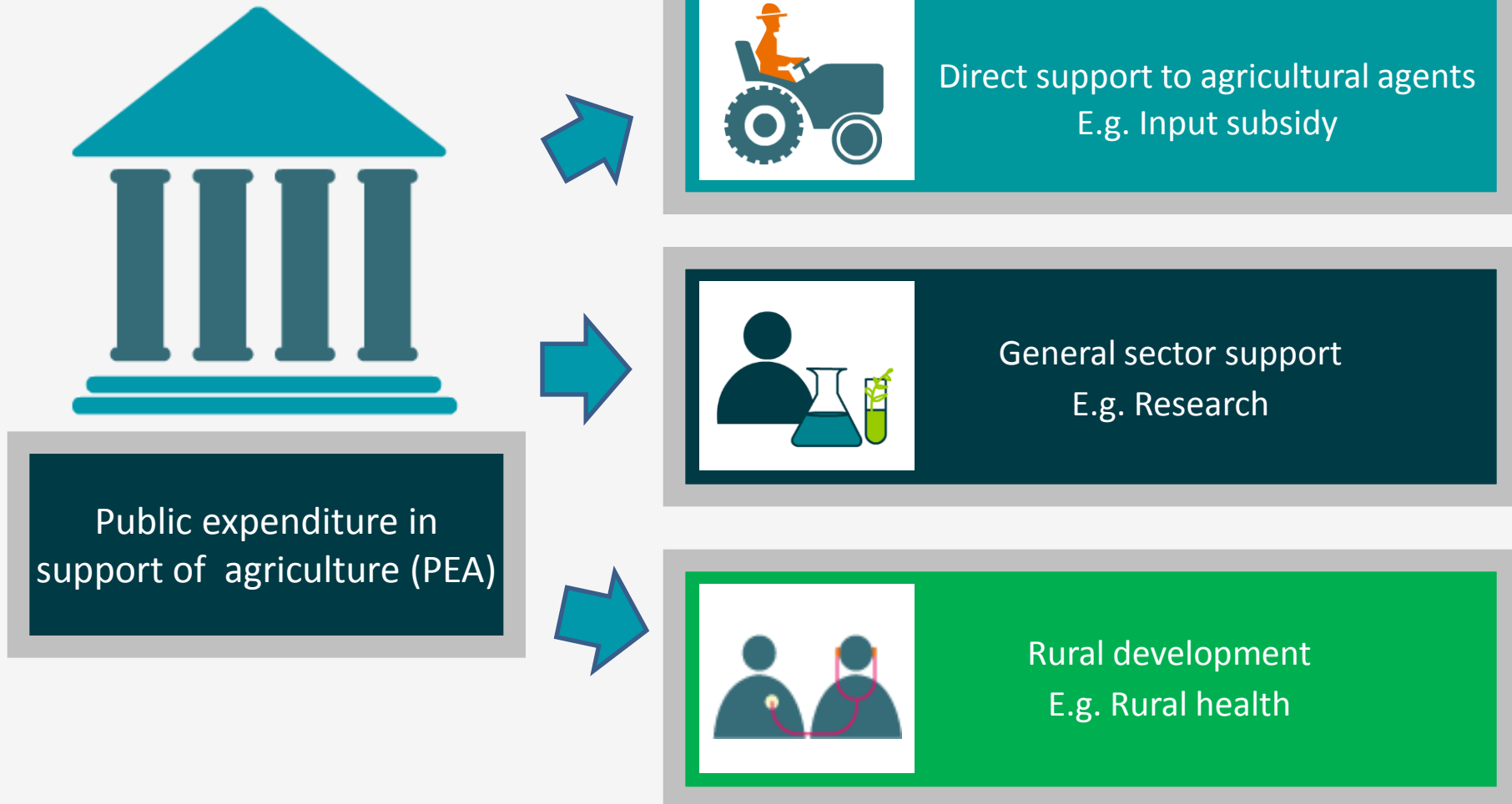
MONITORING AGRICULTURAL POLICIES INCLUDING CLIMATE CHANGE PRINCIPLES



- Projections from existing **GCMs** at local scale with **crop models**
- **Simulation** models
- **Econometric** analysis
- **Cost-benefits** analysis

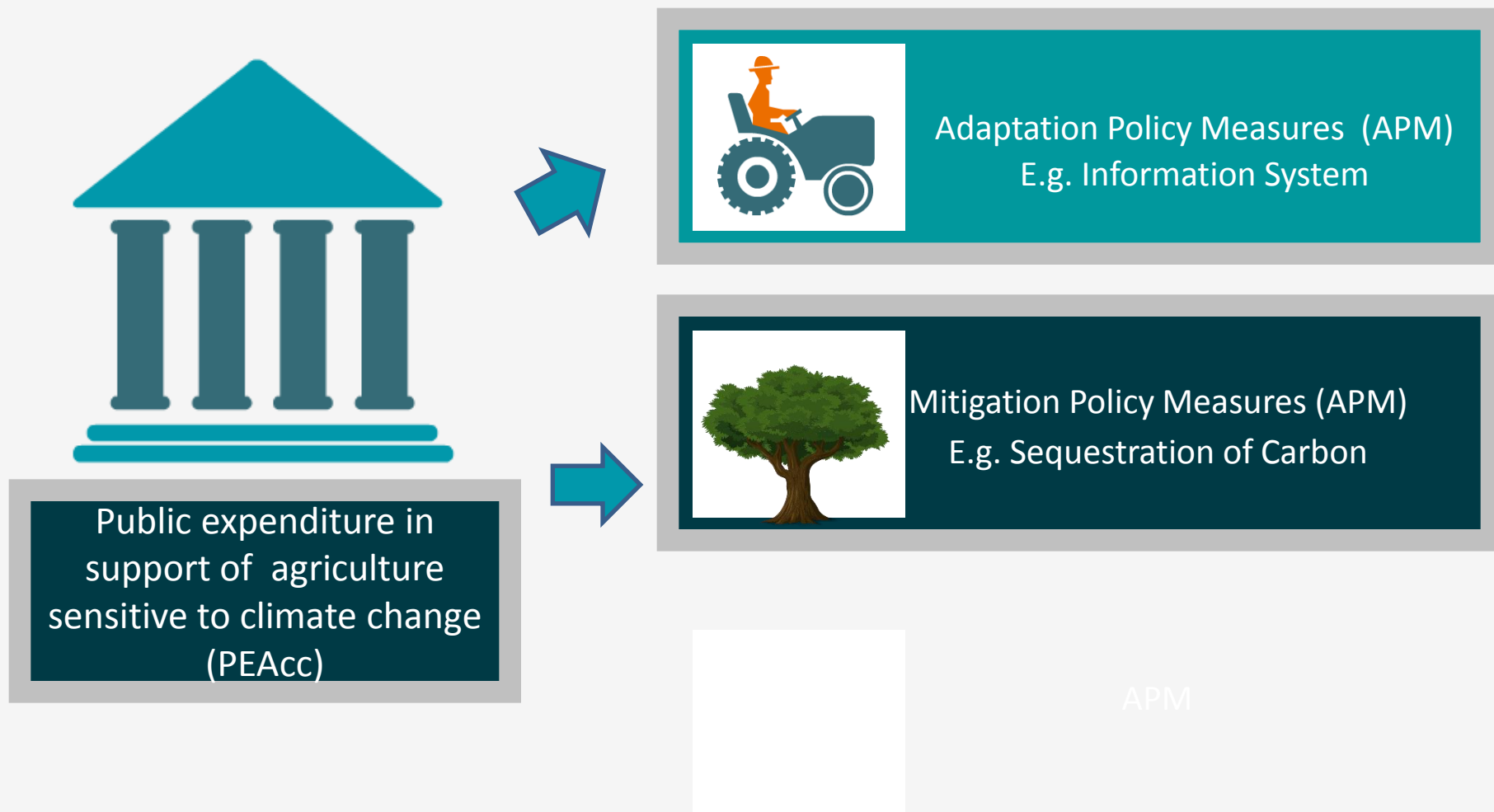
Public Expenditures Captured in the Analysis

Expenditures captured



Public Expenditures Captured in the Analysis

Expenditures captured



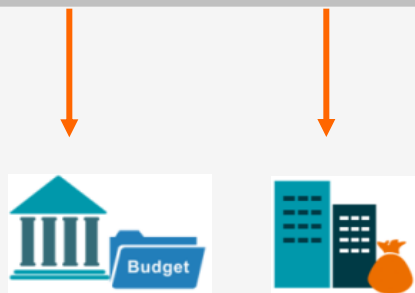


Public Expenditures Considered in the Analysis

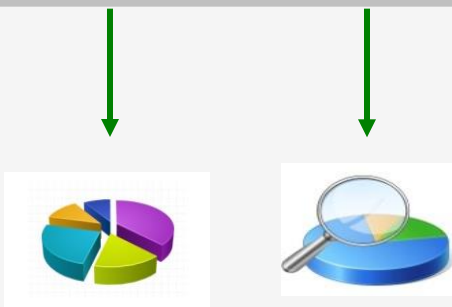
Expenditures considered for PEAcc analysis

Expenditures on agricultural projects and programmes considered for PEAcc analysis

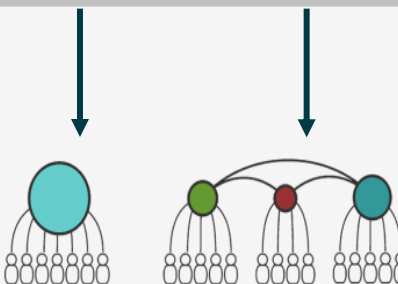
Originating from national or donor sources



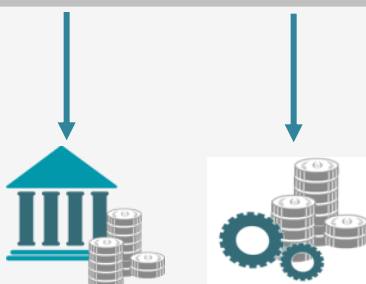
Budgeted and actual expenditures



National (centralized) And decentralized expenditures

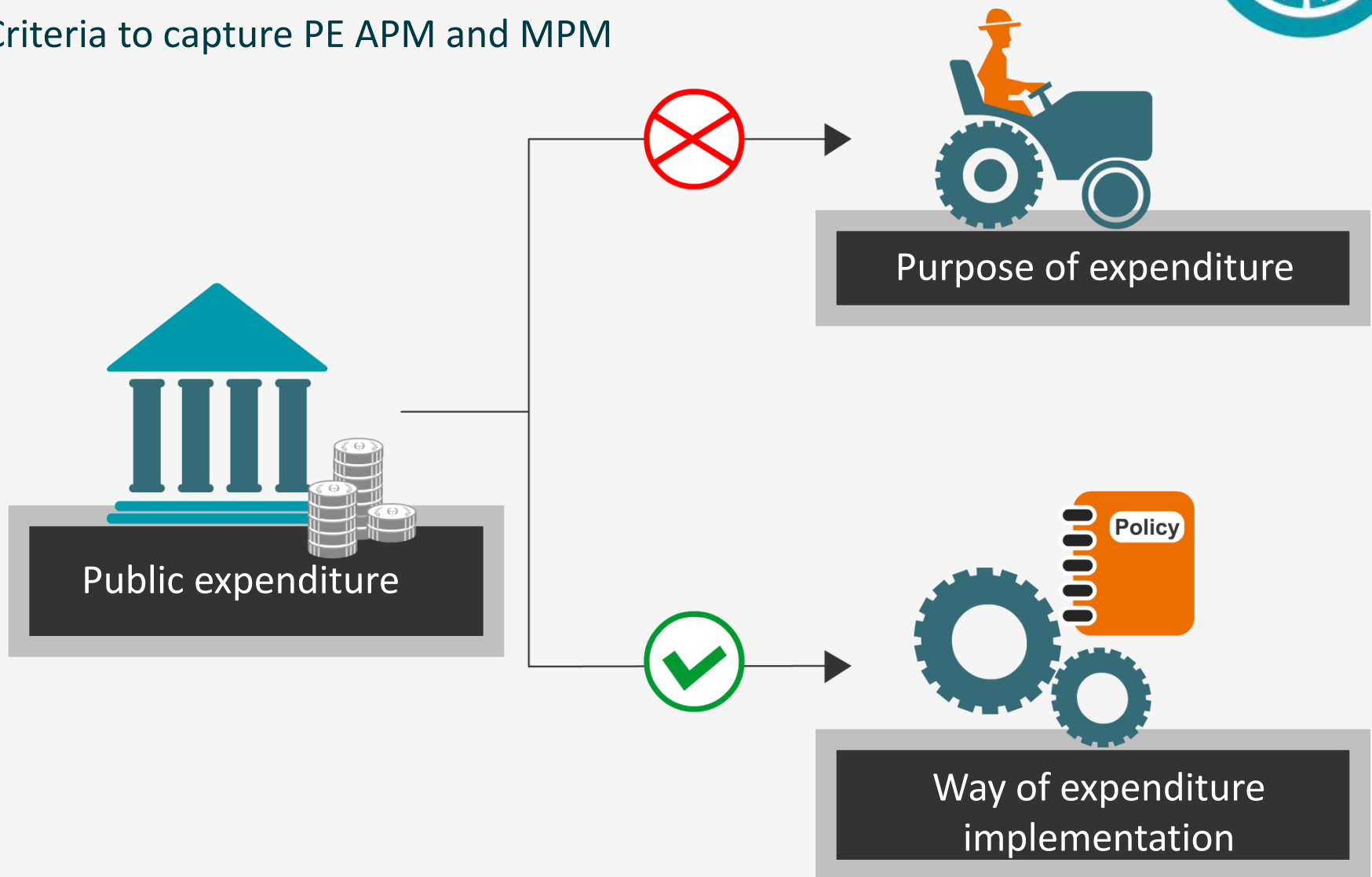


Policy transfers and related administrative costs



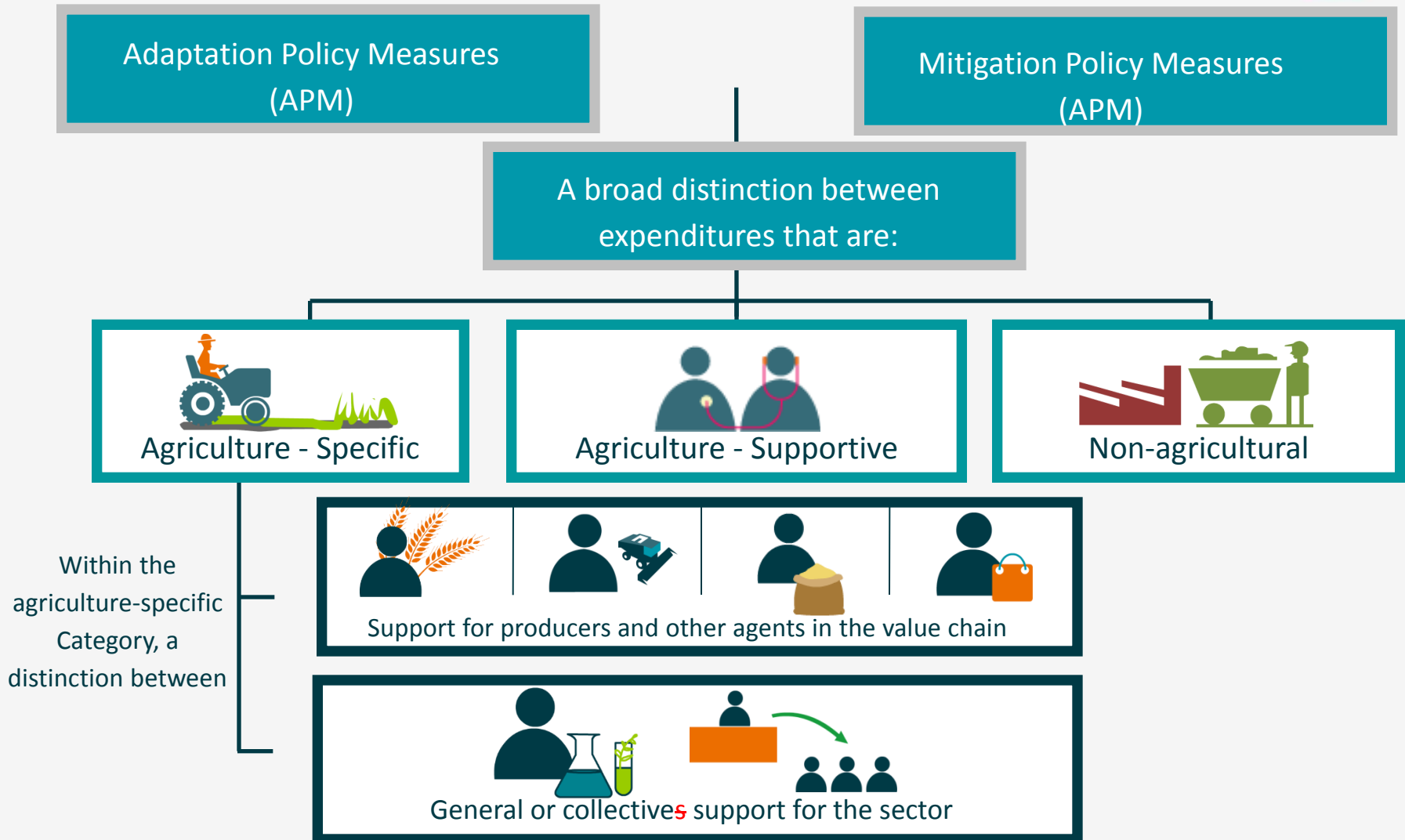
Criteria for Capturing Public Expenditures

Criteria to capture PE APM and MPM



Distinctions Established to Classify PEACC

Distinctions made to facilitate the classification of expenditures



Schematic view of Agriculture-specific expenditure



Price Incentives Analysis – Indicators

price incentives analysis provides key information on the effects of specific agricultural policies and market performance on various agents in the value chain.

PRICE INCENTIVES ANALYSIS



Price Incentives Indicators



EXPLICIT POLICY EFFECTS



IMPLICIT POLICY EFFECTS

Border Paradigm

- Any deviation of the domestic price from the international border price of a commodity, whether import or export, reduces total welfare in the country.



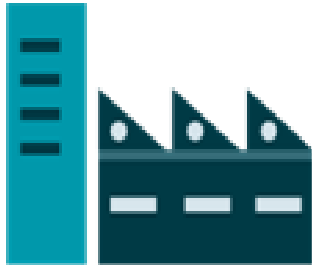
- Within the political economy of trade and price policies under the border paradigm lays an assumption that there exist stable border prices and there are no deviations of domestic price from international border price.

Objectives

FAO price incentives methodology seeks to measure price incentives for :



Producers



Processors/Traders



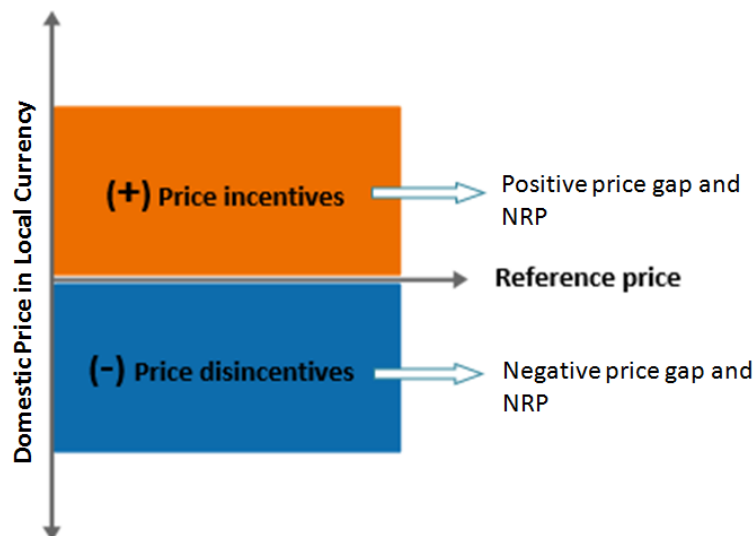
Distributors



Wholesalers/Retailer



Consumers



At farm gate:

NRPo captures all trade and domestic policies, inefficiencies along the product's value chain and other factors affecting incentives or disincentives for the farmer.

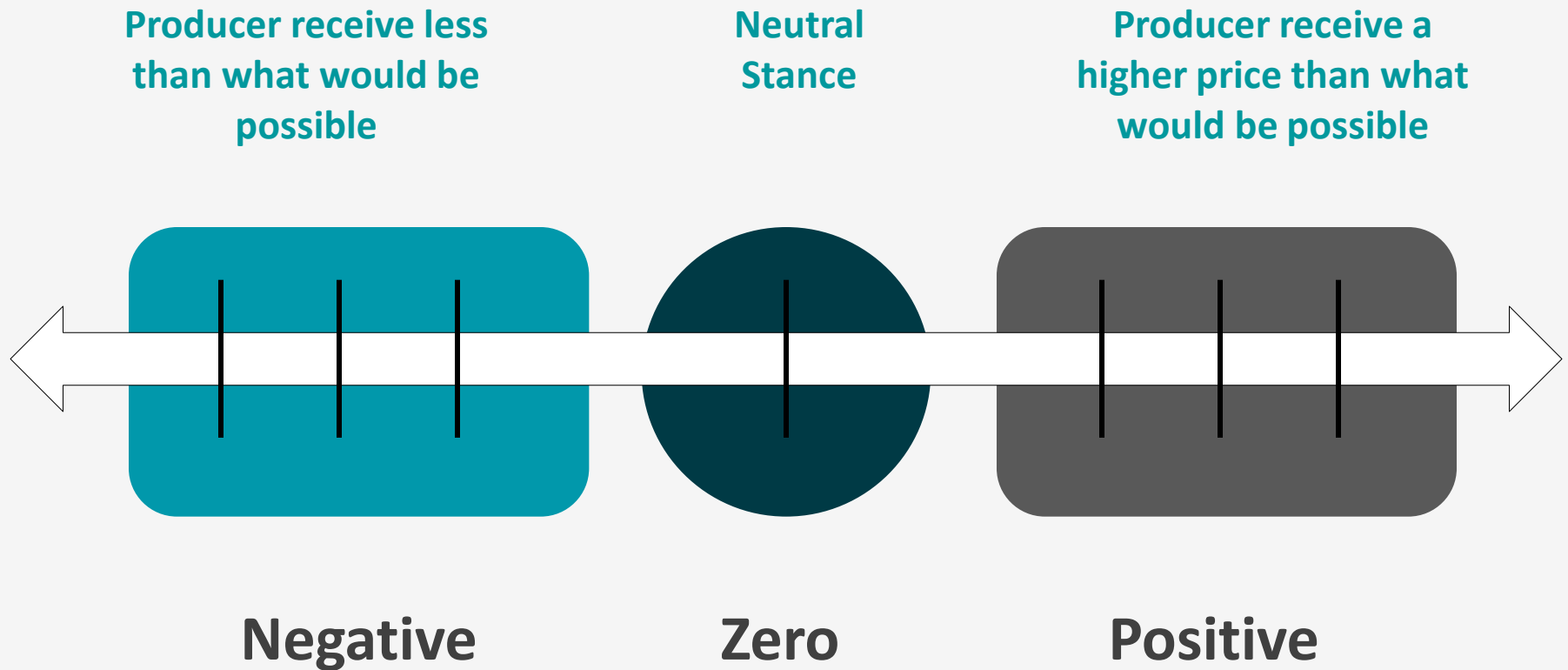
At PoC:

NRPo helps identify where incentives and disincentives may be distributed along the commodity market chain.

At retail:

NRPo allows to examine the impact of trade and price policies on the price paid by agro-processors for primary products or by the final consumer at retail.

Interpretation of NRP_o





If budgetary and other transfers to producers of the commodity are added to the price gap at farm gate when calculating the ratios, an additional indicator is obtained named as the Nominal Rate of Assistance (NRA). This indicator:

- Summarizes the incentives (or disincentives) due to domestic policy, market performance and budgetary and other transfers allocated to the commodity.
- Is only calculated at the farm gate level, as only budgetary and other transfers (BOT) to producers are considered.

The observed Nominal Rate of Assistance (NRA_o) is defined as the percentage by which government policies, and budget transfers, have raised gross returns to producers above what they would be without the government's intervention.



If only climate friendly budgetary and other transfers to producers of the commodity are added to the price gap at farm gate when calculating the ratios, an additional indicator is obtained named as the Nominal Rate of Assistance-Clima (NRA-Clima). This indicator:

- Summarizes the incentives (or disincentives) due to domestic policy, market performance and climate friendly budgetary and other transfers allocated to the commodity.
- Is only calculated at the farm gate level, as only climate friendly budgetary and other transfers (BOT) to producers are considered.

The observed Nominal Rate of Assistance (NRA-Climao) is defined as the percentage by which government policies, and climate friendly budget transfers, have raised gross returns to producers above what they would be without the government's intervention.

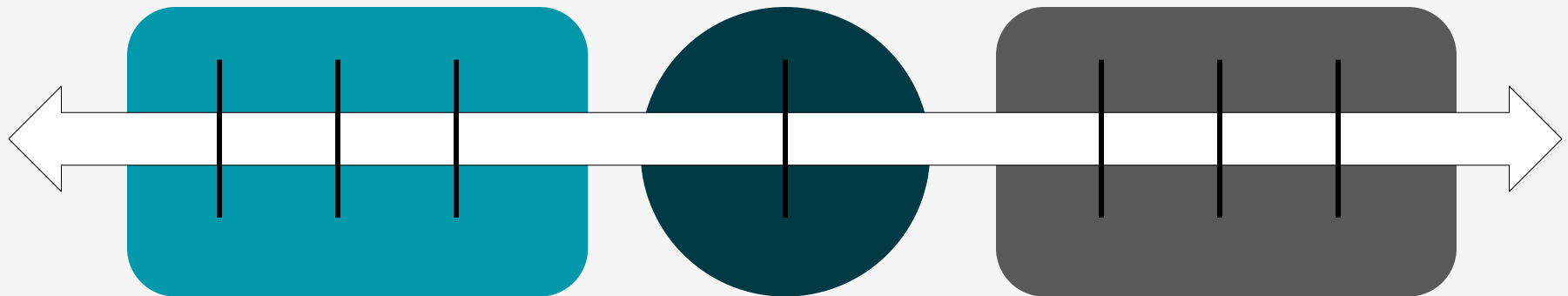


Interpretation of NRA_o

Producer is facing
taxation rather than
subsidization

Neutral
Stance

Producer is receiving
subsidization



Negative

Zero

Positive



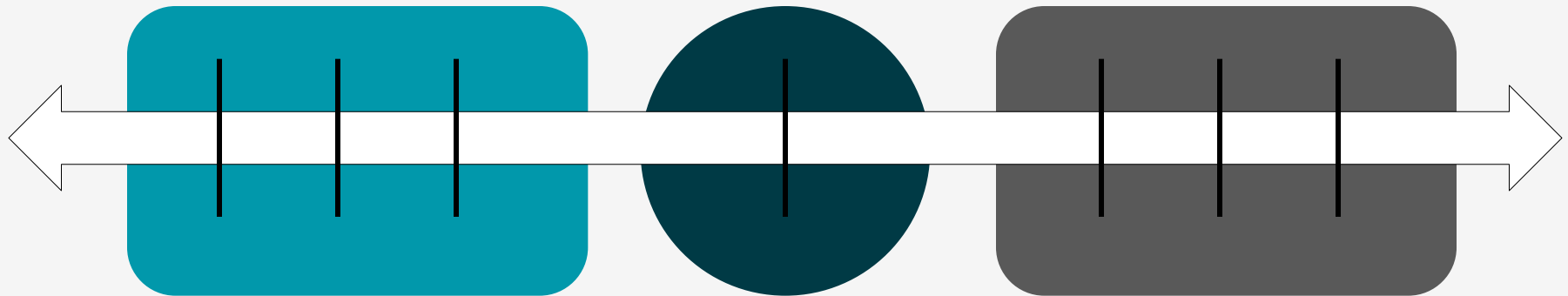
- The effective rate of protection (ERP) is calculated only at the farm gate level and complements the NRP.
- The calculation of the ERP requires data on:
 - the farm-level cost of production inputs (such as seeds, fertilizers and pesticides)
 - the cost structure within the upstream and downstream value chain segments
 - Is possible simulate the impacts on value added of different APM's to climate change related to tradable inputs as fertilizer, agrochemicals, seeds and equipment and machinery



Interpretation of ERP_o

Tariff on output is smaller than
the tariff on the inputs

Tariff on output is larger than
the tariff on the inputs



Negative

Zero

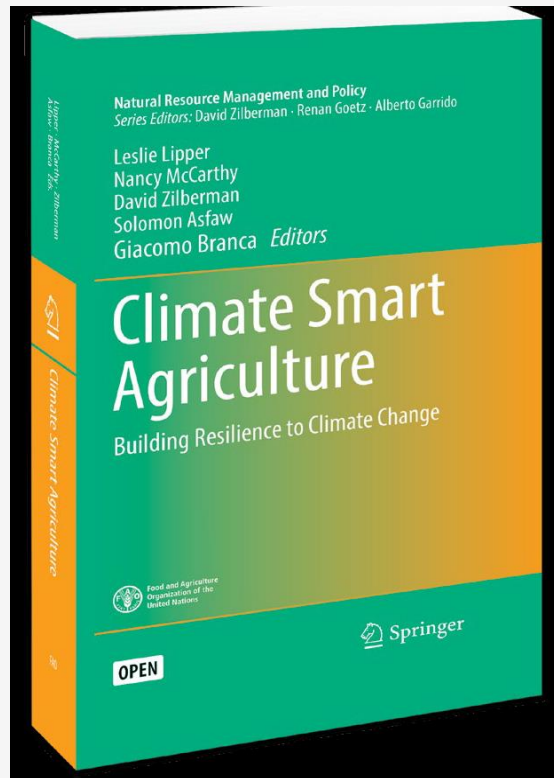
Positive

COMBINING DATA ON THE EMISSION OF of greenhouse gasses (GHG measured in CO2 equivalents) from farming activities with the incidence of policy incentives



Objective

- View agricultural policy from the viewpoint of greenhouse gas emissions
- Are the products that contribute the most to GHG emissions also those that receive the most protection?
- Or are the incentives emerging from policy in line with GHG emission mitigation objectives?
- ACE Concept



Thanks
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