



Public Investment Strategies

As policymakers decide how to allocate public spending to achieve higher growth and poverty reduction, they need accurate information to provide a clear understanding of how public investments translate into development outcomes. To help meet these information requirements, the International Food Policy Research Institute (IFPRI) undertook a research project on Pro-Poor Public Investment. Research to date has produced several important findings, in particular for African and Asian countries. Returns to public investments vary widely across different types of investments and regions, even within the same country. This finding implies that significant potential exists to achieve more growth and poverty reduction with a given amount of investment through better regional targeting.

Agricultural research, education, and rural infrastructure are the most effective means of promoting agricultural growth and reducing poverty. Regional analysis in Asia suggests that investments in less-developed areas not only offer the largest poverty reduction per unit of spending, but also produce the highest economic returns. Government spending on antipoverty programs, such as safety nets or food subsidies, generally has a small impact in reducing poverty mainly because of inefficiencies in targeting and misuse of funds.

Evidence from China and Uganda shows that low-quality, low-cost forms of infrastructure, such as rural feeder roads, often have the highest payoff per unit of investment in terms of growth and poverty reduction. Although other findings in Africa are similar to those in Asia, regional analysis in Africa has also led to some distinct findings. For instance, research in Africa reveals that returns from public investment are high even in high-potential areas, indicating an overall lack of investment in all regions.

Case studies of the returns to public spending undertaken by IFPRI in China, India, Tanzania, Thailand, and Uganda have been widely cited and were used in the 2008 World Development Report to argue for a reversal of the declining trend in government budget allocations to the agricultural sector.

Results from the case study in Uganda showing that the impact of investments in agricultural research and extension on income and poverty is higher than that of spending on roads, education, or health have been used by the government in its poverty eradication action plan.

IFPRI has conducted social impact evaluation of individual investment projects. Findings from an assessment of a public-private extension system in Uganda have been used by the media to educate the public on the potential impacts of the system and to advocate for more investment in the development and dissemination of more profitable and practical information and technologies for farmers.

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