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Impact of public expenditure on agricultural growth and food security: The case of South Africa

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Governments in developing countries are often faced with expenditure needs that often outstrip the resource envelopes. In trying to respond to regional and the international calls to increase and redirect resources to agricultural development for the achievement of 6% annual growth by 2012 and meeting Millennium Development Goals number one by 2015, efforts by governments are affected by a 'dearth' of information about which type of public investments to prioritize. This study set to trace and analyse the size, quality and impact of various public expenditures on agricultural growth and crop productivity for the period of 30 years on South Africa. Using the classification of functions of government to obtain time series data, the study employed cointegration and error correction methodology to analyse the impact of various expenditures on growth and found out that the economic composition of public expenditure matters for accelerated growth alongside a favourable policy environment. However, current expenditure was found to be growth retarding for the agricultural sector if its increase is at the expense of capital expenditure. Non agricultural expenditures were found to be positively related with agricultural growth during the 1981-2011 period, with a speed of adjustment to the equilibrium of 50.3%. Finally, the study recommends the need for increasing capital expenditures for the agricultural sector. Further, it is also necessary to increase public expenditures on the agricultural sector but with priority being given to productive enhancing investments that induce growth if food security is to be a success story in the region.

Biography

Timothy Manyise completed his Master of Science in Agricultural economics and agribusiness at the University of Venda in 2013. His vision is to become a research in the field of agricultural investment in developing countries. Not only is he involved in school higher degrees student matters but also has been a lecturer assistant and student mentor in agricultural economics for the past two years.

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