

November 2021

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AFRICAN COMMISSION ON AGRICULTURAL STATISTICS

Twenty-Seventh Session

15 – 18 November 2021, Virtual Host – Dakar, Senegal

AGENDA ITEM 3

Review the work on alignment with the Malabo framework in the context of the 3rd Biennial Review

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I. SUMMARY

This paper traces FAO's engagement in the 3rd Biennial Review of the Malabo commitments, providing an update on the organization's efforts to better align SDG indicators related to food and agriculture and related Malabo indicators, as first presented in paper 19-E-44 of the preceding twenty-sixth session of the African Commission on Agricultural Statistics in 2019.

The paper will argue that improved coordination with the AUC and a more systematic engagement by FAO in the proceedings of the 3rd Biennial Review has helped to align certain indicator methodologies and reduce discrepancies in country data, particularly in the area of government expenditures in agriculture; food security statistics; food price volatility statistics, and the Resilience Index Measurement and Analysis (RIMA) approach.

Nevertheless, there is still important scope for further alignment and a more meaningful collaboration with the AUC, given that institutional constraints and data sharing concerns hampered FAO's ability to access country data and thus promote a better alignment of relevant indicators. Besides, a full assessment of the alignment is not yet possible given that the 3rd Biennial Review is still ongoing and country scores have not yet been published.

AFCAS member are therefore requested to consider making a stronger call on FAO to be able to access data submitted by countries under the BR process, and therefore be in a position to identify and address potential discrepancies promptly, before data is officially published.

To this end, FAO reiterates its recommendation to make use of a unique designated group of focal points at country level to ensure coherent reporting on both reporting frameworks and contextualisation, prioritisation of SDGs at national level but also to optimize capacity development efforts on these indicators.

II. INTRODUCTION

At the previous twenty-sixth session of the African Commission on Agricultural Statistics, FAO presented paper 19-E-44 on the *Alignment of Regional monitoring frameworks and the global SDG indicator framework and inter-agency coordination*. That paper highlighted a number of areas of misalignment between the global SDG indicators related to food and agriculture with, on the one hand, the AUC's set of indicators used to monitor the achievement of the Malabo commitments, and on the other hand, the Integrated Regional Framework of Agenda 2030 and Agenda 2063.

This paper will provide an update on the alignment of global SDG indicators related to food and agriculture specifically with regard to the Malabo indicator framework in the context of the ongoing 3rd Biennial Review. The paper will argue that improved coordination with the AUC and a more systematic engagement by FAO in the proceedings of the 3rd Biennial Review (BR) has helped to align certain indicator methodologies and reduce discrepancies in country data. Nevertheless, there is still important scope for further alignment, whereas a full assessment of the alignment is not yet possible given that the 3rd Biennial Review is still ongoing and country scores have not yet been published. Finally, the paper will provide some information on the assistance provided to countries in support to BR reporting and seek Member States' views on possible areas of further collaboration on capacity development.

III. DEVELOPMENT OF THE TOPIC

AFCAS paper 19-E-44 not only presented an analysis of the current state of alignment between the different indicator frameworks, but also provided a number of concrete recommendations for addressing remaining discrepancies and improving alignment. Chiefly, it had proposed the formation of tripartite working groups consisting of AUC, FAO and respective country experts, to conduct a joint data validation exercise once country data are collected for the next Biennial Review, in order to identify any discrepancies, investigate the reasons for them, and propose solutions to overcome them. In addition, as more medium-to-long-term objectives, the paper also proposed exploring the development of harmonized data collection modules and joint data collection activities for equivalent indicators (e.g. SDG indicators 2.1.2, 2.a.1, 5.a.1).

The 3rd Biennial Review (BR) process kicked off in the fall of 2020 with a series of stocktaking events and analyses of the shortcomings of the 2nd BR and possible ways to address these in the new BR cycle. FAO engaged with the AUC right from the start, highlighting the various issues of alignment that were identified in AFCAS paper 19-E-44 and reiterating its eagerness to participate constructively with all relevant stakeholders in order to address these issues. As a result, FAO was invited to participate in a number of newly established BR task forces Technical Working Groups (TWG), which consists of experts from various institutions who provide technical guidance to the BR process across all 7 Malabo Commitments and many technical areas of the Malabo Declaration. In particular, the Task Force TWGs carry out Critical Technical Analysis of the preceding BR process; reflect on how new developments (such as COVID 19) affects the BR process; reflect and advise on the number and type of indicators included; and support countries to understand indicators in a consistent way, including by arranging training-of-trainers events as well as training workshops for national experts.

Of the 7 Task Force TWGs corresponding to the 7 Malabo Commitment areas, FAO prioritized its engagement in three TWGs with the corresponding broader aims as follows:

Task Force TWG	FAO engagement priority
Malabo Theme 2: Investment Finance in Agriculture	Achieve a better alignment of SDG indicator 2.a.1 and Malabo indicator 2.1i – Government agriculture expenditure and eliminate discrepancies between data reported for countries
Malabo Theme 3: Ending Hunger	Eliminate discrepancies between data reported for SDG indicators 2.1.1 and 2.1.2 and the corresponding Malabo indicators 3.5iv and 3.5vii.
Malabo Theme 5: Intra-African Trade in Agriculture Commodities and services	Replace the defunct Malabo indicator 5.2ii: Domestic Food Price Volatility Index with SDG indicator 2.c.1: Indicator of food price anomalies (IFPA), and ensure consistency in data reported

These aims were pursued with a systematic engagement in the three TWGs, coordinated among the FAO Office of the Chief Statistician, the FAO Regional Office for Africa, the FAO Statistics Division and the FAO Sub-Regional Office for Eastern Africa. The next section of this paper describes the results that were achieved and reflects on the factors and constraints that hampered a fuller alignment between relevant Malabo indicators and global SDG indicators.

Malabo Theme 2: Investment Finance in Agriculture

Tracking Government Expenditures in Agriculture is central to the Malabo Declaration and its core commitment of ensuring a minimum 10 percent of government investment in agriculture for signatory States. Therefore, data reported by countries under Malabo indicator 2.1i, “Government Agriculture Expenditure” is crucial for tracking progress towards the achievement of this commitment.

Malabo indicator 2.1i, “Government Agriculture Expenditure” is methodologically equivalent to the numerator of SDG indicator 2.a.1, i.e. “Agriculture share of Government Expenditure”. FAO publishes data for both the numerator and denominator of SDG indicator 2.a.1 separately, and therefore the figures for “Agriculture share of Government Expenditure” are directly accessible through both the global SDG database and FAO’s SDG indicators portal. Given that these two indicators are methodologically equivalent, and that they are both officially reported by countries, one would expect the data to be consistent across countries and years. However, previous analysis as summarized in AFCAS paper 19-E-44, demonstrated that this was not the case – on the contrary, there were systematic discrepancies in values reported by countries, sometimes by an implausible scale of magnitude.

One issue that can account for at least some of these discrepancies is the non-conformity of some data reported under the Biennial Review process to the international Classification of Functions of Government (COFOG), as recognized by a 2017 document by the AUC. By contrast, Government Expenditure in Agriculture data published by FAO and reported by countries either to the IMF or FAO, must be COFOG compliant. This is unsurprising, given that FAO’s responsibilities as a custodian agency of SDG indicator 2.a.1 also include ensuring compliance with applicable standards and classifications and therefore ensuring comparability and reliability of country data.

In order to address the misalignment of country data observed under the 1st and 2nd Biennial Reviews and pre-empt further discrepancies under the 3rd Biennial Review, FAO shared its concerns and analysis of the situation in the relevant Task Force TWG and organized several bilateral meetings with senior AUC and Task Force TWG members, culminating in a written note prepared in June 2021 containing a series of proposed actions (see Annex 1), many of which depended on the possibility of FAO to review the data coming from countries under the Biennial Review in the period July/August, assess their consistency with the data reported by the same countries under SDG indicator 2.a.1, and then have the space to engage directly with relevant national authorities in order to try and resolve potential discrepancies.

Despite several requests by FAO in this regard, based on data confidentiality concerns, the AUC didn't grant access to FAO to the data reported under the 3rd BR, either in a *bona fide* arrangement or a formal data sharing protocol. During the BR data reporting process, FAO was not provided the space to directly engage with national authorities directly responsible for reporting the Malabo indicators although the Organization offered to support the country-level validation process of already reported GEA data. By contrast, FAO was invited to attend the 3rd CAADP BR Report Write shop, organized by the AUC on 6-14 September 2021, during which the FAO delegate attended the break-out group related to Malabo theme 2, and was allowed to temporarily view the data but not further share it within FAO. During this write-shop, the FAO delegate indeed noted a number of discrepancies between the new data coming from countries under the 3rd BR and the latest country data under SDG indicator 2.a.1. At the time of writing, without access to the data, it is therefore not possible to make a full assessment of the alignment of government expenditure in agriculture data under the Malabo framework. This will be carried out once the official 3rd BR report is released (expected January/February 2022).

Malabo Theme 3: Ending Hunger

Under this commitment area, the Malabo indicator framework includes two indicators (3.5iv Prevalence of Undernourished, 3.5vii Reduction in the prevalence (%) of adult individuals (15 years or older) found to be food insecure) that are ostensibly fully equivalent to SDG indicators 2.1.1 and 2.1.2 on the Prevalence of Undernourishment and Prevalence of Food Insecurity respectively. Contrary to the case of government expenditures in agriculture, in the case of these indicators there is no issue of applicability of different standards or classifications which could potentially explain discrepant country values. In principle, therefore, country values for these two indicators reported under the BR process should be identical to country values reported under the SDG framework. However, as the analysis in AFCAS paper 19-E-44 demonstrated, this was not the case for a notable portion of countries.

In order to address the misalignment of country data observed under the 1st and 2nd Biennial Reviews and pre-empt further discrepancies under the 3rd Biennial Review, FAO shared its concerns and analysis of the situation in the relevant Task Force TWG. In addition, the designated FAO focal point and expert on these two indicators attended two training sessions, a continental training of National Experts on 7-9 April and a complementary training on 10-13 May. During these two trainings, the FAO focal point explained the nature and methodological particularities of these two indicators and listed all the online resources available for accessing existing country data. Attending National and Regional Experts were therefore encouraged to use existing data for SDG indicators 2.1.1 and 2.1.2 to populate the corresponding Malabo indicators. In this way, not only would country reporting burden be reduced, but a higher level of alignment in reported data could also be achieved.

As in the case of government expenditure data, the AUC did not grant FAO access to the data reported by countries under the 3rd BR process, and as such, it is not possible to make a full assessment of their ultimate alignment until such time as the BR data are officially released. It is FAO's hope that its engagement in relevant proceedings and the trainings it delivered have had an impact on the consistency of data reported and will thus translate into an improved alignment of country data between the Malabo and SDG indicator frameworks.

Malabo Theme 5: Intra-African Trade in Agriculture Commodities and services

Under this commitment area, the Malabo indicator framework included an indicator of food price volatility called “5.2ii Domestic Food Price Volatility Index”, that was previously curated by FAO as part of a broader “Suite of Food Security Indicators”, but which had already been discontinued and effectively replaced by SDG indicator 2.c.1, the “Indicator of Food Price Anomalies”.

In a note dated November 2020 (see Annex 2), FAO substantiated its proposal for replacing Malabo indicator 5.2.ii with SDG indicator 2.c.1. Aside from an improved methodology that accounted for seasonal variability in food prices, SDG indicator 2.c.1 also benefitted for large country coverage for the Indicator of Food Price Anomalies applied to the general Food Price Index.

After a systematic engagement of the relevant Task Force TWG, the AUC agreed with FAO’s proposal to replace Malabo indicator 5.2.ii with SDG indicator 2.c.1. FAO hence committed to share with the AUC the latest (2020) country data as soon as they became available, which it did in April 2021.

As with the case of the indicators described in the preceding sections, it is currently not possible to assess the degree of alignment of the data reported by countries under the 3rd Biennial Review for food price volatility and SDG indicator 2.c.1, but hopefully the agreed switch of indicator and the data shared in a timely manner by FAO will translate into improved alignment.

Other areas of alignment

AFCAS paper 19-E-44 had identified several other potential areas for further alignment, which nonetheless FAO de-emphasized in its engagement with the 3rd BR process, for various reasons. The potential alignment between, on the one hand, SDG indicators 2.4.1 on sustainable agriculture and 12.3.1.a on Food Losses, and on the other hand, Malabo indicator 6.1ii: Share of agriculture land under sustainable land and water management and 3.3. Reduction rate of Post-Harvest Losses for (at least) the 5 national priority commodities, was not actively pursued due to the current paucity of country data for the SDG indicators. The alignment between SDG indicator 5.a.1: Proportion of agricultural population with ownership or secure rights over agricultural land, by sex and Malabo indicator 3.1vi Proportion of adult agricultural population with ownership or secure land rights over agricultural land was not actively pursued due to the rather divergent methodologies and rationale for these two indicators.

By contrast, FAO invested greater efforts in supporting countries report on Malabo indicator 6.1i on the Percentage of farm, pastoral, and fisher households that have improved their resilience capacity to climate and weather related shocks, even though this indicator does not have a directly corresponding SDG indicator. In particular, FAO provided participated in both the aforementioned continental training and complementary trainings organized by the AUC in April and May 2021, whereas it also provided training at country level for the following countries in 2021: Somalia (in April), Ethiopia (in May), Comoros (in June) and Mali (in July and September), targeting CAADP focal points for the monitoring of the Malabo Declaration. In these events, FAO training country officers on applying the Resilience Index Measurement and Analysis (RIMA) analytical approach to measuring household resilience capacity, and in this way be able to derive Malabo indicator 6.1i. As with the hunger, government expenditure and food price volatility indicators, it remains to be seen to what extent these trainings had an impact on country reporting, pending the official release of the 3rd BR in early 2022.

IV. CONCLUSIONS AND RECOMMENDATIONS

Institutional constraints and data sharing concerns have hampered FAO's ability to promote a better alignment between food and agriculture indicators in the SDG and Malabo Frameworks, while the full extent of any alignment achieved will only be revealed with the official release of the 3rd BR report in early 2022.

AFCAS members are invited to reflect on how FAO can better support the next BR process and ensure that national CAADP focal points report data that is consistent with what the National Statistical Office or other national reporting entity reports to FAO under the SDG reporting framework.

To this end, FAO reiterates its recommendation to make use of a unique designated group of focal points at country level to ensure coherent reporting on both reporting frameworks and contextualisation, prioritisation of SDGs at national level but also to optimize capacity development efforts on these indicators.

In addition, AFCAS member are requested to consider making a stronger call on FAO to be able to access data submitted by countries under the BR process, and therefore be in a position to identify and address potential discrepancies promptly, before data is officially published.

ANNEX 1: NOTE ON THE COLLABORATION BETWEEN AUC AND FAO ON GOVERNMENT EXPENDITURES IN AGRICULTURE

FAO 14 June 2021

There are a variety of areas where we could usefully engage to improve country reporting while also reducing the reporting burden. One area where we could quickly collaborate is in an **update of your Guidance Note on Tracking and Measuring the Levels and Quality of Government Expenditures for Agriculture**. For example, the Guidance Note refers to the IMF *GFSM 2001* presentation of the consolidated general government and its subsectors. However, in the *GFSM 2014*, and in the IMF's annual GFS Questionnaire and the FAO Government Expenditure on Agriculture (GEAQ), consolidated central government data (where available) is now presented without Social Security Funds¹:

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					

In relation to this, it is also worth pointing out that we recently refined the 2.a.1 calculation method to reflect the highest-level-of-government available from the reporting country (the proposal was officially accepted by the IAEG-SDG). Although many African countries only have timely and comprehensive source data to compile the Budgetary Central Government accounts, as defined in *GFSM 2014*, **we propose that it would be useful that my staff and your team review the alignment between the BR Guidance Note and the updated FAO GEA Guidelines to seek to address any major discrepancies**. Your views are welcome.

Alignment of our respective guidelines could also support joint Capacity Development / Training / Technical Assistance efforts. By the end of the month, my staff will have initiated engagement with 25+ African Countries. We would be happy to collaborate with your team as we seek to ramp-up this aspect of our GEA work program as this would ensure our sending consistent messages that should result in more comprehensive, higher quality, and more timely data reporting. To that end, **I propose that we share our outreach schedules as they evolve and that your team joins mine in delivering (for now virtual) capacity development²**. Your views are welcome.

We are also working to improve the quality of the data provided by existing GEAQ reporters. As you may know, where possible we leverage the GFS COFOG series reported to the IMF Statistics Department, with – for calculating Agricultural Share of Government Expenditure

$$\text{Agriculture Share of Government Expenditure} =$$

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

¹ The annual IMF GFS Questionnaire and the FAO GEAQ, allow for deriving Central Government (Including Social Security Funds of central government) as a Memorandum item.

² In a post-COVID environment, we envisage both in country CD as well as FAO HQ-based Workshops.

Where “Agriculture” refers to GFS COFOG category 7042 (agriculture, forestry, fishing and hunting). Ideally, Total Government Expenditure figures will match those reported to the IMF GFS Database, regardless of whether the data are compiled using the Economic or the Functional Classification of Expenditure. However, we have found that some GEAQ reporting countries have either misreported this figure or left the cell blank. In the latter case, we can simply use the IMF GFS data to correct the GEAQ, thereby ensuring consistency with the GFS series, then explaining the rationale to the country compiler(s). In the former instance, FAO staff have worked to derive GFS-compliant total expenditure data for the sector/sub-sector for which the country reported data pertaining to code 7042. **We propose that we work to ensure that our respective data sets are using the consistent total expenditure series through a joint data review exercise.** Your views are welcome.

Similarly, with regard to Government Expenditure on Agriculture, we believe there is scope for a review of what countries include at the aggregate and, as relevant, the detailed breakdown level. In the example of Ghana data³, below, you can see the GEAQ aggregates and breakdowns:

GHANA		Budgetary Central Government	Budgetary Central Government	Budgetary Central Government	Budgetary Central Government	Budgetary Central Government
FAO GEAQ		2015	2016	2017	2018	2019
In Millions of Ghanaian Cedis (GHS) / Fiscal Year Ends Dec. 31st						
7	EXPENDITURE (TOTAL OUTLAYS)	67,410.2	47,841.0	51,940.6	59,055.4	68,586.1
704	Economic Affairs					
7042	Agriculture, forestry, fishing, and hunting	402.1	536.9	966.9	1,237.2	1,699.4
	→ Recurrent	281.4	398.1	888.0	884.0	1,139.3
	→ Capital	120.7	138.8	78.9	353.2	560.2
70421	Agriculture (crops and animal husbandry)	341.9	396.4	818.8	1,059.9	973.1
	→ Recurrent	234.5	271.1	754.6	726.8	499.7
	→ Capital	107.5	125.2	64.2	333.1	473.4
70422	Forestry	15.8	133.1	137.7	151.6	699.1
	→ Recurrent	14.4	121.5	125.7	138.4	619.8
	→ Capital	1.4	11.6	12.0	13.2	79.3
70423	Fishing and hunting	44.4	7.5	10.4	25.6	27.3
	→ Recurrent	32.6	5.5	7.6	18.8	19.8
	→ Capital	11.9	2.0	2.8	6.8	7.5
7048	R&D Economic Affairs					
70482	*R&D Agriculture, forestry, fishing, and hunting	78.2	116.5	135.8	269.6	

While for 2.a.1 the key aggregates are codes 7 and 7042, the authorities provide the additional breakdowns requested in the GEAQ. We think that a review of country data provided to the A.U. (according to the Draft Template Tables for Periodic Reporting on the Level/Ratio and Quality of GEA in your Guidelines and the corresponding table in the Country Performance Reporting Template document) with the data reported in our GEAQ could be useful and informative as we work to improve our collaboration. **I would therefore propose that we seek to examine a select group of countries and support any needed targeted country engagement immediately so as to coincide with the July-August period of data validation and data cleaning of the 3rd BR timeline.** We welcome your views.

Pietro Gennari

FAO Chief Statistician

³ The 2015-2018 estimates for code 7042 and components were reported by the Authorities, while data for 2019 were derived by FAO as part of a validation exercise. Total Expenditure figures are from the IMF GFS Database.

ANNEX 2: FAO PROPOSAL FOR THE CRITICAL ANALYSIS OF COMMITMENT AREA 5 AHEAD OF THE 3RD BIENNIAL REVIEW

November 2020

- *Replace the Malabo indicator 5.2ii “Domestic Food Price Volatility Index” with the SDG indicator 2.c.1 “Indicator of Food Price Anomalies”*

The continued relevance of the PC 5.2ii Domestic Food Price Volatility Index as an indicator under Malabo Commitment Area 5 should be critically reassessed. This indicator was calculated by FAO in the past as part of a broader “Suite of Food Security Indicators”. However, it has now been discontinued and replaced by SDG indicator 2.c.1, the “Indicator of Food Price Anomalies”.

The Indicator of Food Price Anomalies uses weighted sum of two compound growth rates (CGR) to captures the two main source of price variations: seasonality and shocks within the year and across years. In addition, The weights are increasing time weights, so that the more recent past has a higher weight in the calculation of the mean and standard deviation than the beginning of the price series. As a result, the Indicator of Food Price Anomalies (IFPA) offers a more precise answer to the question of whether or not a change in prices is normal or abnormal for any particular period in time.

For the purposes of SDG reporting, the Indicator of Food Price Anomalies is calculated by applying the formula to the food Consumer Price Index (food CPI), which captures general food prices, as well as five major cereal commodities. However, in principle, the formula can also be applied to any additional commodity a country may wish to monitor, provided that the price series is long enough and uninterrupted.

By contrast, the Domestic Food Price Volatility Index was a rather blunt instrument for measuring food price volatility, relying only on the coefficient of variation to measure the variability in the relative price of food around its mean. In this way, the indicator could not take fully into account the fact that there is a normal variability in food prices both within years and between years.

The Indicator of Food Price Anomalies incorporates many methodological improvements over the Domestic Food Price Volatility Index, making it a much more meaningful measure of food price volatility. In addition, its methodology is internationally established as an SDG indicator by the Interagency and Expert Group on SDG indicators (IAEG-SDG). At its most recent meeting (3-5 November 2020) the IAEG-SDG reclassified the indicator to Tier I, given its quasi-universal country coverage (166 out of 193 UN Member). This includes the overwhelming majority of African countries (43 out of 55 AUC members).

FAO thus recommends replacing the Domestic Food Price Volatility Index with the Indicator of Food Price Anomalies, applied to the food Consumer Price Index (food CPI) which is compiled by the International Monetary Fund (IMF). The IMF usually releases the previous year’s full food CPI series in the spring of the subsequent year, meaning that FAO should be able to provide 2020 figures for the Indicator of Food Price Anomalies by June 2021, in keeping with the 3rd Biennial Review timetable.

The metadata and data of the indicator can be found here: <http://www.fao.org/sustainable-development-goals/indicators/2c1/en/> . This page also includes a link to a useful e-learning course on the indicator, available in English, French, Spanish and Russian.