AGRA
Growing Africa's Agriculture

TONY BLAIR INSTITUTE FOR GLOBAL CHANGE

Engaging Ministries of Finance in the Country's Agricultural Transformation

RECOMMENDATIONS FOR MINISTRIES OF AGRICULTURE

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Securing the buy-in of the MoF requires anticipation, stakeholder management and year-round efforts

A key goal for a Ministry of Agriculture (MoA) or of an equivalent as it engages with the Ministry of Finance (MoF) or of an equivalent is **to increase the budget allocated to the food and agriculture sector**, and for that budget to actually reflect **its priorities for the sector and drive agriculture and economic transformation**. Yet many MoAs struggle to secure the budget they require. This document is a reference guide for MoAs on how to engage with the MoF in a constructive and successful way, especially when trying to increase public spending allocated to agriculture. **This document is divided into 3 parts:**

1) The right pitch

- Anticipating the budget process and preparing ahead
- Showcasing returns on investment: in terms of trade balance and government revenues
- Using data and projections to make the case to MoF
- Fitting agriculture within the wider economic transformation agenda
- Standing out in the budget presentation for a convincing pitch

2) Creating a coalition

- Using the budget process to push coordination and collaboration across government, ensuring a whole-of-government approach to agricultural transformation
- Building and maintaining relationships with MoF at different levels
- Building alliances with key agencies in government and with influential non state actors
- Securing high-level buy-in from the top in government

3) Engaging year-round

- Managing the budget well throughout the year: exemplary disbursement and timely requests from MoF
- Implementing a strong communication strategy to showcase progress
- Leading a proactive fundraising strategy with external actors
- Setting up delivery systems to improve implementation and showcase credible progress

The engagement with MoF should be at the Minister and at the staff level. Put your best people on this, showing that it is not “business as usual”.

1) The right pitch: anticipating the budget process and making sure to showcase economic impact

Preparation	**Prepare well ahead of the budget process** as putting together a well drafted and researched pitch will take time. This process should be led by the Permanent Secretary and other staff who usually run the budget process in the Ministry, but the Minister should also involve an advisor who will ensure quality control, reporting and strategy fit.
Returns on investment	Showcase **returns on investment** of the planned projects in the agriculture sector – in terms of economic growth, jobs created, increased exports, decreased imports, etc. When done right, public agriculture investments can deliver important returns – as has been the case in Rwanda, Morocco, Senegal, Ethiopia and others. • How will these projects **improve the trade balance**? (reduce imports and/or increase exports) • How will these projects **increase government revenues**? Through increased private investment, increased jobs & livelihoods (consumption), decreased subsidised imports, etc.
Numbers	Use **data and projections** to make the investment returns case. MoF staff might also be able to support putting together these projections and analysis – if ahead of the budget process when they tend to be very busy. If capacity is low, technical assistance might be provided by partners to undertake this analysis.
Economic strategy	Show how the projects fit within the national economic strategy: agriculture is not just one sector among others but should be a **core part of the economic transformation strategy**. Most advanced and emerging economies went through an agricultural transformation, like the USA, Israel, China, Vietnam, Brasil (see annex). The MoA plan and budget should put forward **key priority value chains** with the greatest economic returns and show tangible projects that empower these value chains.
Presentation	**Stand out in the budget presentation to MoF and/or to Parliament**: preparing quality and convincing summary slides and handouts will strongly support a well researched pitch. The presentation should focus on the potential economic impact of planned activities, put forward the Ministry's collaborative attitude (see next slide) and its accountability and serious spending (next slide).

Example elements for a MoF pitch : funding an agro-input subsidy voucher scheme

- **Agricultural transformation vision**: Help x farmers exit subsistence to cut hunger in half and become a next exporter by 2030.
- **Current situation**: ad-hoc government support to the planting season costing $x million to governments but reaching only x farmers and having no impact on production.
- **The project**: set up a new subsidy scheme for agro-inputs via an e-voucher system which can also integrate e-extension and other supports.
- **Project span**: x years, with strategy for gradual exit and handover to the private sector.
- **Strategic fit**: Project identified as key priority in the agricultural transformation plan. Integrated into the NAIP. Will contribute to hit the livelihood and hunger targets under the national development plan. Project championed by the President in political speech.
- **Project objectives**: increase yields and agric production for rice and maize by improving access to agro-inputs.
- **Leverage and complementarity**: project on increased mechanisation; e-extension reforms; new rice policy; digitalisation reforms; credit facility to agrodealers; arrival of new telecom; infrastructure investment in region X; new private investments in processing in area X.
- **Economic impact**: increased farmers' livelihoods through commercialisation of increased production. Decreased rice and maize imports, replaced by local production. Increased government revenues through taxing increased private investment around rice and maize (production, agrodealers, processing, trading, etc.) and reducing rice import subsidies.
- **Social impact**: decreased hunger through increased local production. Improved rural socio-conditions through increased rural incomes. Improved political stability through reduced hunger.
- **Assumptions**: import prices remain mostly unchanged. More agrodealerships are created. There are no extreme weather events.
- **Government partners**: Ministry of Finance, Central Bank, Ministry of Commerce, Ministry of Digitalisation
- **Non government partners**: IFAD, World Bank, Farmers' Union, Agrodealers' Union, technology partner
- **Government funds requested**: $x million over x years; $x million needed for the first year
- **Additional funds secured**: IFAD $x million over x years, World Bank $x million over x years. Planned PPP worth $x million
- **Expected return on investment**: total of $x million over x years (x%): Expecting increase in total livelihoods of $x million after x years, or $x per farmer. Expecting decrease in rice imports of $x million per year, and $x million per year for maize. Expecting $x million in government revenues. Expecting reduction in hunger of x and hence government spending decrease of $x million to address hunger.
- **Timing of funds disbursement**: x% of funds will be incurred between May – August when farmers are planting

2) Creating a coalition of actors within MoF and within government to support the agricultural plan

Leveraging the budget process	**Use the budget process to create a coalition and improve coordination** around planning and delivery of the agricultural transformation plan. The opportunity here is to make a case to MoF that the agriculture plan and budget is a **whole-of-government effort**, not a single Ministry effort: MoF should use agriculture as a policy anchor and leverage public investment across sectors (energy, infrastructure, water, commerce, etc.) towards a key goal of economic transformation through agriculture. The center of government (which includes MoF as well as the Office of the Head of State and other high-level decision-making bodies) should facilitate this cross-government work.
MoF buy-in	The MoA should **build and maintain relationships with MoF at different levels**: of the Minister, the Minister's Cabinet / Advisors, the Directors, the analysts. Identify agriculture champions within MoF who can support the sector during the budget process and throughout the year – champions can also be found at different levels, with staff in the economic research or economic development departments most likely to be good candidates. Meetings can be organised regularly at these different levels and with the champions to show progress of the agriculture plan, discuss the agriculture strategy and get support on the economic analysis. These meetings will be more successful if the MoA staff come with **good news, solutions and progress**, not only requests and problems.
Coalition of actors	**Build alliances with other Ministries, Department and Agencies (MDAs)** that are involved in the agricultural plan and who yield political influence, showing a united front to MoF: Water, Trade, Infrastructure, Energy, Investment Promotion, etc. Local governments are key players to have on board, including local elected officials. Other actors like private sector associations, farmers organisations and development partners can also help make the case to MoF (see annex).
High-level buy-in	To influence the MoF, it is key that the **MoA engages the Head of State and other actors in the center of government** as agricultural transformation needs a whole-of-government approach that ultimately can hardly succeed without political buy-in at the highest levels. The high-level officials should not be engaged on the details of the budgeting process, but they should be well aware of the plans for the sector and support priority projects. If an economic development board or a similar structure exists, actors of this coalition should be engaged to ensure they support the agricultural transformation strategy. **Building alliances in Parliament** will also support this wide coalition.

3) Year-round: managing responsibly and developing strategies for communication, fundraising and delivery

Responsible budget management	Of course, the MoF will be attentive to how last year's budget has been spent and to the timeliness of requests from the MoA when deciding on a new budget. The MoA should be an **exemplary manager of its budget**, showcasing high absorptive capacity, anticipating disbursement requests (given timeliness of agriculture activities in particular) and following due procedures. The Minister in the MoA should receive weekly reports on **expenditures, income, disbursement requests, public procurement**, etc. so he or she can be up to date on the financial situation. Through the procedural channels, and through the champions identified where needed, the MoF should receive: • Timely request for disbursements, and plans for requests – this requires having developed a strong yearly plan for delivering activities • Regular financial and economic reports (at least quarterly) • Timely requests for approvals on public procurement and other financial procedures
Communica-tion	Engaging throughout the year relies on **an effective communication strategy** showcasing the activities delivered for the sector. The MoA needs to regularly provide reports to MoF on the implementation of the plan. Develop a strong **communication plan for strategic audiences**, to showcase progress in delivering the agricultural plan: if the MoA is seen to deliver, there will be added pressure on MoF to increase the budget for the sector. Strategic audiences include media, civil society, social media, and also champions identified inside and outside government.
Resource mobilisation	The MoA needs to be **proactive in fundraising for the agricultural transformation plan** with development partners and other stakeholders, and should develop a strong resource mobilisation strategy, involving the MoF. The strategy should highlight how government spending on the sector will leverage and complement funding from development partners and funding from the private sector (through public private partnership for example).
Delivery	**Putting in place delivery systems will support the MoA and its wider coalition to implement their plan and their vision for agricultural transformation**. *Delivery* are principles and mechanisms used by governments to improve policy implementation, based around prioritisation, planning and effective performance management (see TBI's delivery framework in the annex). A delivery system allows the MoA to keep track of the plan implementation, to manage coordination and communicate effectively with the MoF and other strategic audiences. Effective delivery and budget management is the surest way to secure buy-in and funding from the center of government.

Using similar principles for resource mobilisation with development partners

Often, most of the agriculture budget is sourced from development partners like AGRA, the World Bank, USAID, IFAD and others. As part of a **resource mobilisation strategy**, the MoA can use the principles presented in the previous slides to engage with these partners and secure additional funding for the agricultural transformation plan.

The right pitch	**Anticipate**: before the initial conversation and the reception of the first funds, more than two years can lapse with many development partners having rigid procedures and decision mechanisms. **Priorities**: it is up to MoA to communicate the agriculture priorities and align partners around them. Evaluating and understanding the partners' country strategies will help to secure buy-in. Partners should support government priorities, but it is key to show how projects align with their strategy. **Plans**: showcase to partners how the priorities, plans and projects fit within the wider agricultural context on the continent, through the country's NAIP and within the Malabo commitments. Many partners can support this planning through technical assistance.
Creating a coalition	**Coordination:** the MoA needs to be leading coordination for planning and implementing projects and programmes from all the partners involved in agriculture. A strong coordination strategy will help show the Ministry is proactive and effective.
Engaging year-round	**Accountability:** development partners need to work with reliable agencies who are responsible managers of their budget and who report on impact. Strong financial and M&E systems will show the Ministry is serious and understands the accountability requirements from partners. **Delivery**: like for the engagement with the MoF, implementing delivery systems for the agricultural transformation plan is a great way of showcasing results, signalling credibility and hence securing additional funding with partners. Some might support setting up and running this delivery system.

List of funding partners (not comprehensive) in the agriculture space:

- IFAD
- World Bank
- FAO
- GAFSP
- AfDB
- IDB
- GEF
- AGRA
- BMGF
- Rockefeller
- EU
- USAID
- DFID / FCDO
- China
- BMZ
- AFD
- CDC
- IFC
- DFC
- Proparco
- Etc.

Annex

Key elements of a pitch to MoF

How this year's activities will lead to economic development:

MoF usually cares most about the impact on exports and revenues.

Show with numbers from:

Government actions in the agri-food sector

- Annual and quarterly plans
- Activities report
- External reports (partners, local governments)

Explain expected impact

Increased agricultural production, yields
Increased private investments

- Projections done by MoA, MoF, partners
- Monitoring and evaluation reports, from MoA and partners
- External data
- MoF and other MDAs data
- Private sector data

Increased livelihoods, jobs
Increased exports, decreased imports

Additional government revenues

- Projections done by MoA, MoF, partners

How agricultural transformation fits within the wider national economic development plan:

National Dvpt Plan	Economic Growth Plan	Agric. Sector Strategy	National Agric. Invt. Plan	Yearly agric. budget
10+ years	5-10 years	5-10 years	5 years	1 year

How agriculture expenses are time sensitive:

Timely government support to the farming season:

Land preparation	Planting	Weeding, agro-chem.	Harvest
Machinery support, Extension	Seeds, fertiliser, Extension	Other inputs, Extension	Machinery support, Extension

How the MoA collaborates with other MDAs to leverage their activities for agricultural transformation:

Ministry Agriculture	Leads upstream transformation
Ministry Justice	Advises on legal aspects
Ministry Commerce	Leads downstream transformation
Ministry Industry	Ensures private sector involvement
Ministry Land	Leads lands lease initiatives
Ministry Water	Manages water resources
Ministry Infrastructure	Leads infrastructure development

Main actors in the agriculture space and their role

Central government

Centre of government

President
- Commits, authorizes and motivates
- Solves problems

Ministry Finance
- Formulates economic policy
- Approves/monitors budget, taxes

Prime Minister
- Convenes stakeholders
- Escalate issues

Ministries and agencies

Ministry Agriculture – Leads upstream transformation

Ministry Commerce – Leads downstream transformation

Ministry Justice – Advises on legal aspects

Ministry Land – Leads lands lease initiatives

Ministry Industry – Ensures private sector involvement

Ministry Infrastructure – Leads infrastructure development

Ministry Water – Manages water resources

Standards Bureau – Tests and certifies products

Investment Promotion – Promotion, facilitation, aftercare

Agriculture Research – New agric. technologies

Inputs Regulation – Regulates seeds, fertilizer, pesticides

Commodity Board – Marketing for specific commodities

Local government

Local Council / State Gov't / Dept / District / etc.
- Local convening and financing
- Monitoring
- Knowledge

…etc.

Non State Actors

Development partners
- Technical assistance
- Expertise
- Funding
- Mutual accountability
- Convener

Private sector
- Investments
- Job creation
- Taxes
- Expertise
- Consultation

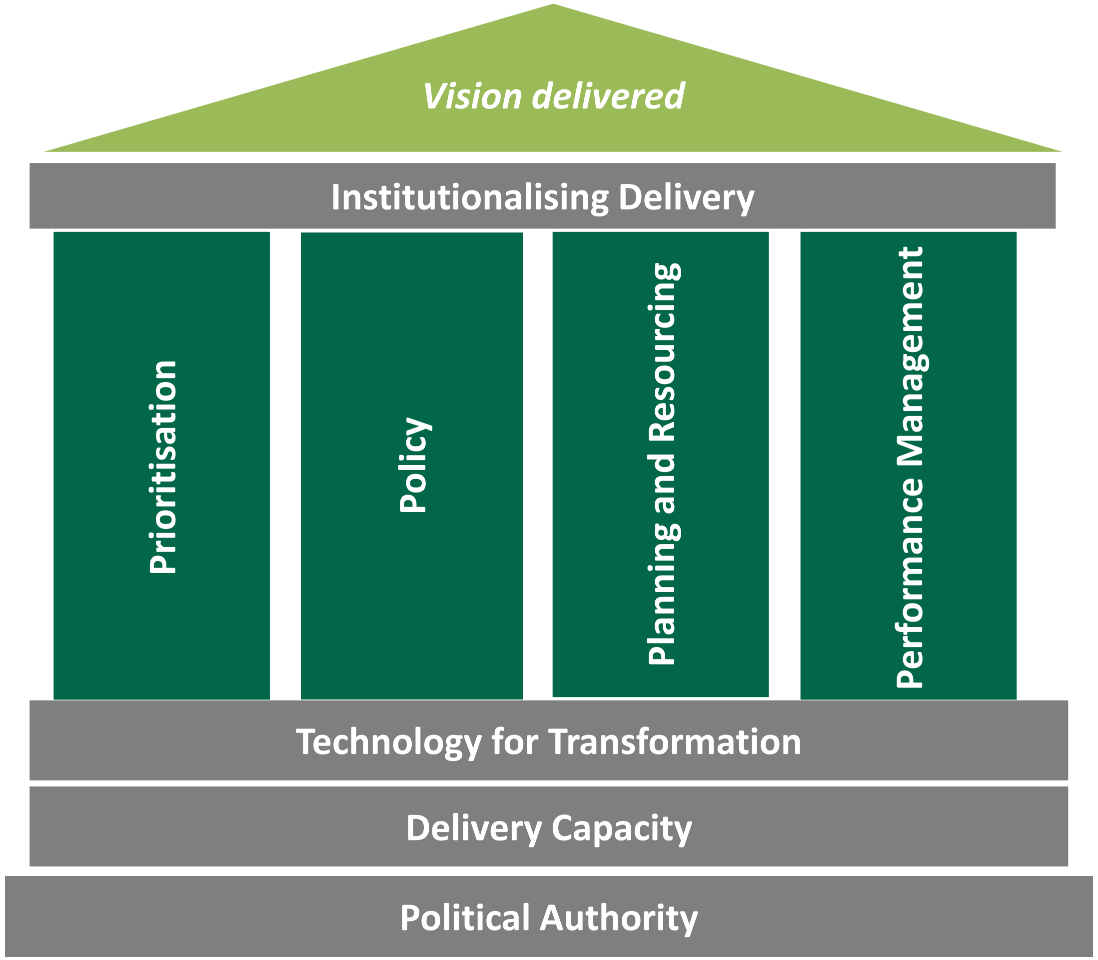
Farmers organisations
- Beneficiaries
- Consultation
- Convener
- Aggregator
- Representation

Other civil society organisations
- Beneficiaries
- Consultation
- Convener
- Representation

Sources: TBI

Delivery building blocks

Successful implementation of a vision requires 4 enablers and 4 functions:



Functions

1. **Prioritisation**
   - Few strategic outcomes & projects
2. **Policy**
3. **Planning and Resourcing**
   - Road map
   - Budgeting
   - Donor coordination
4. **Performance Management**
   - Dashboard and monitoring
   - Periodic stocktake meetings
   - Problem solving

Strategic Enablers

5. **Political Authority of Leader**
6. **Delivery Capacity**
   - Personnel
   - Organisational set up
   - Structures for gov't coordination
7. **Technology for Transformation**
   - Tech & digitisation to accelerate results
8. **Institutionalising Delivery**
   - Delivery communications
   - Institution building
   - Incentives

Sources: TBI

Agricultural transformation in Brazil, China, Israel, Vietnam

Brazil

Brazil went **from net food importer to net food exporter** in three decades, with productivity in the sector increasing by 110% between 1975 and 2010. The key factors of success were all driven by the Brazilian government: increased public agricultural research through the Brazilian Agricultural Research Corporation, promotion of agricultural exports and establishment of open agriculture trade policies, favourable agriculture credit policies and incentives, and macroeconomic stabilization policies. **The government invested and intervened heavily in the sector at first**, using increasingly sophisticated policy instruments, before withdrawing to allow space for the private sector to lead. The country now boasts a powerful export-oriented agribusiness sector: it is the largest exporter of 7 key commodities like sugar, coffee and soybean.

China

China's "Miracle" was to feed 22% of the world's population, including its own, with only 9% of global arable land. Cereal yields went from 1 ton/ha in 1961 to 6 ton/ha in 2015, despite China's soil being considered not fertile enough to improve cereal production. The Chinese Communist Party **government invested heavily in research to improve soil quality**, fertiliser use and genetic modification of crops. In 1978, the government gave responsibility for their land to farmers, commercialising production and facilitating access to markets. This was supported by various subsidies, including for seeds, agro-inputs and machinery. **Policies promoted high growth in productivity and encouraged diversification** to the large smallholder population. Agricultural growth has been a key driver of China's impressive poverty reduction given the sector's impact in rural areas.

Israel

Israel has been described as an "agriculture miracle". It boasts some of the highest yields in the world whilst being constrained by small areas of land and limited water resources. The first factor of Israel's success was **the government's total commitment to agricultural development and strong leadership**. It saw agricultural transformation as a national mission: it started by spending a third of budget on agriculture and water infrastructure over two decades in the 1950s and 1960s and invested a disproportionate amount in **agricultural research and extension system**. The government institutionalised the citrus board, overcoming complicated complex vested interests in the sector, and since the 1990s has promoted private investments into the sector, with the Prime Minister the main advocate globally for Israeli agriculture.

Vietnam

Vietnam's more recent (an ongoing) agricultural transformation has seen phenomenal productivity improvements since the 1990s (farm production tripled in less than 15 years), which played a **great role in poverty reduction, food security, and social stability**. Vietnam is now a top 5 exporter of rice, shrimps, coffee, cashews and pepper. The Doi Moi reforms in 1988-1992 created small landholdings and empowered rural farmers to commercialise. The Vietnamese government led an expansion of farm land, predominantly based on increasing rice production. **Agricultural institution reforms and land reforms** were central to the country's success. The government promoted self sufficiency in rice but also export-oriented crops – it did so by **intervening heavily in the markets and then gradually pulling out, pursuing an active industrial policy**.

Sources: World Bank, FAO, TBI, IFAD, Zuhang 2016, Newman et al 2017

Agricultural transformation in Ethiopia, Morocco, Kenya

Ethiopia's Agricultural Transformation Agenda

A Transformation Agenda aimed at accelerating growth and impact through a value chain approach

Dedication to achieving sustained agricultural growth and transforming the sector

- Developed 8 diagnostic studies (e.g. seed system, extension & irrigation) and recommendations
- Identified 2 key challenges to transforming the sector and proposed a Transformation Agenda for prioritization of strategies to resolve bottlenecks
- Set clear, results-based targets aligned with other MoA-led initiatives to facilitate transformation

Setup of Agricultural Transformation Agency (ATA)

- Supports key sector stakeholders whilst strengthening existing institutions and structures to effectively execute agreed upon solutions in a coordinated manner
- Takes a holistic approach by addressing deficiencies across entire commodity value chain

Supporting trade-oriented policy and export promotion

- Supported by the Ethiopia Commodity Exchange

Morocco's Green Plan

Swift GDP growth through prioritization of high value crops and dedicated role of the private sector

Prioritization of high value crops for GDP growth and increases in smallholder income

- Set well-defined target of converting 300,000 hectares of land from cereal to citrus-fruit and tomato cultivation
- Dual social and commercial agricultural focus

Focus on demand-side interventions to further facilitate the agricultural transformation

- Provision of technical assistance, economic/ political support to facilitate the export of high-value crops
- Expansion of tariff-free access for Moroccan producers in the EU

Defined role for the private sector

- Aggregation program for smallholders with land leased to commercial farmers who commits to working with surrounding smallholders ("outgrower scheme") in return for marketing their output
- Creation of agricultural-development agency to ensure equity between outgrowers and farmers

Kenya's Agriculture Transformation Office

Renewed momentum towards agricultural transformation with a new plan and delivery structure

Development of the Agriculture Sector Transformation and Growth Strategy 2019-2029

- 3 strategic anchors: increasing farmer's income, food production, food resilience
- 9 flagships projects over the first 5 years (priorities)
- Broken down into 13 milestones for the Ministry of Agriculture to deliver over 2 years
- The ASTGS aims that 80% of the plan's costs can be funded through public private partnership, giving a prominent role to the private sector

Creation of the Agriculture Transformation Office under the Ministry of Agriculture – mid 2020

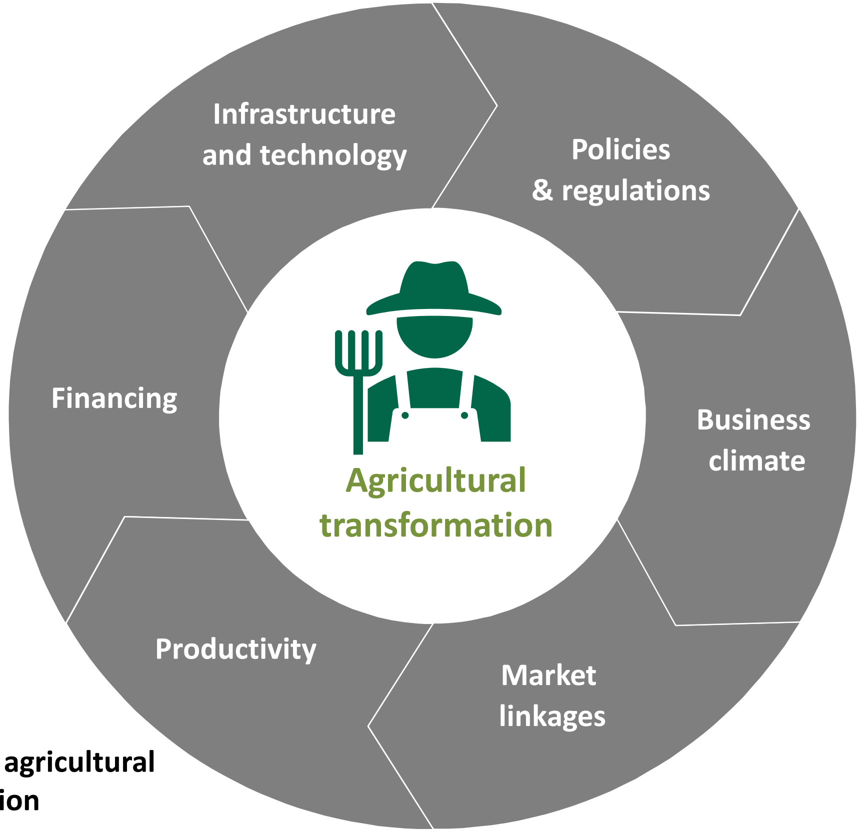
- Responsible for inter-ministerial coordination, performance management and mutual accountability
- Support to the ASTGS steering committee
- Initial wins: food security war room for the COVID-19 response, strategic food reserves reforms, launch of e-voucher subsidy program to 90k farmers

Agricultural transformation is not possible without investment from government…

Agricultural transformation is the process by which an agri-food system transforms over time from being subsistence-oriented and farm-centered into one that is more commercialized, productive, and off-farm centered (Timmer, 1988).

Agricultural transformation lies at the core of poverty reduction, food security, and improved nutrition as, on average, **GDP growth from agricultural benefits the income of the poor 2-4 times more** than GDP growth from non-agricultural sectors. With few exceptions, countries that moved toward middle-income status have been initially driven along that path of economic growth by the **transformation of their agriculture sector**, like China, Israel, the USA, India, Ethiopia, Morocco and others.

The **agri-food system** involves various stakeholders - farmers, agro-dealers, service providers, traders, processors, exporters, etc., and each component of the system **is enabled by policies and government support**. Government is both an **enabler** of the agricultural transformation, but also a **driver** that stimulates the whole system through its policies and actions. Agricultural transformation requires a **coordinated, whole-of-government approach**, including the Head of State, the Ministry of Finance, Trade, Water, Land, Justice, but also local governments and key agencies like agricultural research and investment promotion.



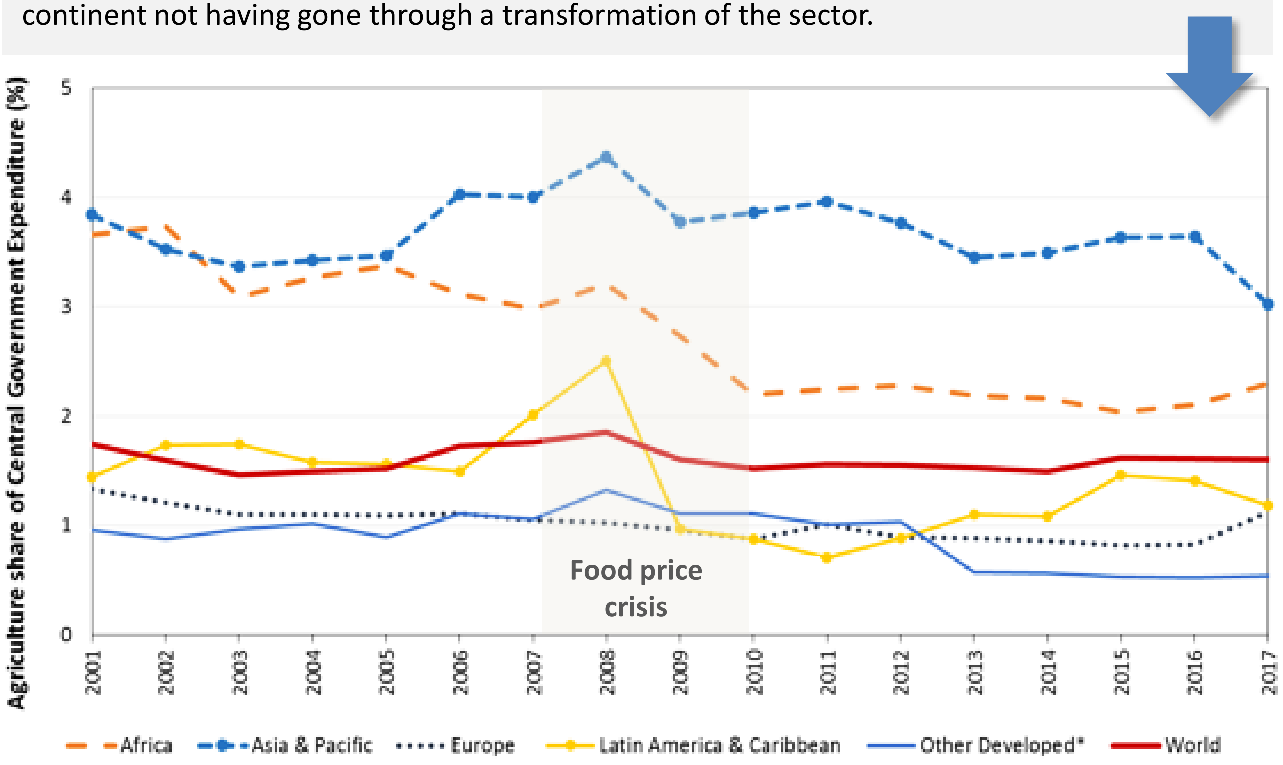
Elements of agricultural transformation

Sources: TBI; Timmer 1988 [link]

.. and increased resources are needed for Ministries of Agriculture and governments to drive this transformation

At the **Malabo meeting of the Comprehensive Africa Agricultural Development Programme (CAADP)** in 2003, 32 African governments committed to **spend at least 10% of their government budget** in the agriculture sector.

… But Africa is the region which has **most reduced its share of spending on agriculture to government expenditures over the past two decades**, despite many countries on the continent not having gone through a transformation of the sector.



Sources: FAOStat, IFPRI, FAO, TBI [links]

Betting on high returns on investment

Government spending in agriculture is needed to overcome market failures, to fix undesirable levels of poverty and inequality, and to encourage and support private investments into the sector. Stories of agriculture transformation have all involved **heavy public spending for government to drive change**. In Israel in the 1950s and 1960s, government spent approximately a **third of the national budget** on agriculture and water, with Israel now a world leader in yields for milk, citrus, tomatoes, dates and other fruits.

Agriculture spending usually brings high returns on investment, with IFPRI assessing **aggregate spending on the sector brings a 11% return on investment**. Spending on agricultural research in particular can bring a 93% return on investment. A 1% change in agricultural expenditure as a share of GDP produces a **0.43% reduction in poverty**. But a 10% increase in the **instability** of government agricultural spending can lead to a **0.36% decline in agricultural growth**.

Expenditures related to agriculture are usually **high** (for example an irrigation project), they are **timely** (providing inputs to farmers ahead of the planting season), and can **run over many years**, requiring the full buy-in over time of the Ministry of Finance.

Talking like an economist and an accountant…

- **Market failure**: is the economic situation defined by an inefficient distribution of goods and services in the free market. In market failure, the individual incentives for rational behavior do not lead to rational outcomes for the group.
- **Public good**: refers to a commodity or service that is made available to all members of a society. Typically, these services are administered by governments and paid for collectively through taxation. Examples include law enforcement, national defense, and the rule of law. Public goods also refer to more basic goods, such as access to clean air and drinking water.
- **Efficiency**: Economic efficiency is when all goods and factors of production in an economy are distributed or allocated to their most valuable uses and waste is eliminated or minimized.
- **Externality**: is a cost or benefit that stems from the production or consumption of a good or service. Externalities, which can be both positive or negative, can affect an individual or single entity, or it can affect society as a whole. The benefactor of the externality—usually a third party—has no control over and never chooses to incur the cost or benefit.
- **Tragedy of the commons**: is an economics problem in which every individual has an incentive to consume a resource, but at the expense of every other individual -- with no way to exclude anyone from consuming. What would happen if every shepherd, acting in their own self-interest, allowed their flock to graze on the common field? If everybody does act in their apparent own best interest, it results in harmful over-consumption (all the grass is eaten, to the detriment of everyone).
- **Information asymmetry**: The theory proposes that an imbalance of information between buyers and sellers can lead to market failure: sellers may possess more information than buyers, skewing the price of goods sold; or low-quality and high-quality products can command the same price, given a lack of information on the buyer's side.
- **Competition**: is defined as the effort of enterprises to be leaders in their industry and increase their market share. When one business tries to win over another business' customers or clients by offering different products, better deals, or by other means.
- **Trade balance**: is the difference between the value of a country's exports and the value of a country's imports for a given period. Balance of trade is the largest component of a country's balance of payments.
- **Cost-benefit analysis**: is a process businesses use to analyze decisions. The analyst sums the benefits of a situation or action and then subtracts the costs associated with taking that action.
- **Return on investment**: is the money made or lost on an investment over some period of time. A return can be expressed nominally as the change in dollar value of an investment over time, or as a percentage derived from the ratio of profit to investment.
- **Disbursement rate**: a disbursement is an act of paying out money and includes the actual delivery of funds from a bank account or other funds. The disbursement rate is the ratio of total programmed funds that was disbursed during a specific period of time.

Sources: Investopedia

Thank You

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