UNLOCKING A JUST TRANSITION IN PUBLIC SUPPORT TO AGRICULTURE

A report by the High-Level Panel for Just Rural Transition

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CLIMEAT

Authors

Sonja Vermeulen, Carlos Alvarado Quesada, Gabriel Ferrero de Loma Osorio, Gertrude Kambauwa, Tshilidzi Madzivhandila, Andrea Meza Murillo, Alice Ruhweza, Orhan Solak, Dario Soto Abril, Ishmael Sunga, Martien van Nieuwkoop

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EXECUTIVE SUMMARY

Every year, governments spend more than USD 842 billion in public support for agriculture. While this expenditure shapes global food systems and rural livelihoods, it currently delivers poor value for farmers, soil health, and ultimately food systems, as it predominantly supports inefficient, high-emission and nature-depleting agricultural models. Small-scale food producers, including crop cultivators, livestock keepers and fishers, produce up to 70% of the world's food, but largely suffer the consequences of the impacts of climate change and these systems, while being left out of policy-making processes, facing extreme poverty and receiving a mere 0.7% of climate finance.

This report by the High-Level Panel for a Just Rural Transition goes beyond making the case for repurposing this immense financial lever — that case has already been made, powerfully and repeatedly, over the past decade. Its purpose is to show how: a practical, political-economy playbook for overcoming the vested interests, institutional inertia and political risk that have stalled reform for years.

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Crucially, a just rural transition demands holistic action, including robust labour protections, broader policies for climate and nature, and responsible corporate practices. This report focuses on public support to agriculture as an important lever within this wider agenda for action. The report outlines three primary pathways for repurposing public support to better serve societal goals:

1. **Making input subsidies smarter:** Transitioning to practice-based payments that reward carbon sequestration, soil health, and efficient resource use, moving away from untargeted subsidies for fertilisers and other inputs.

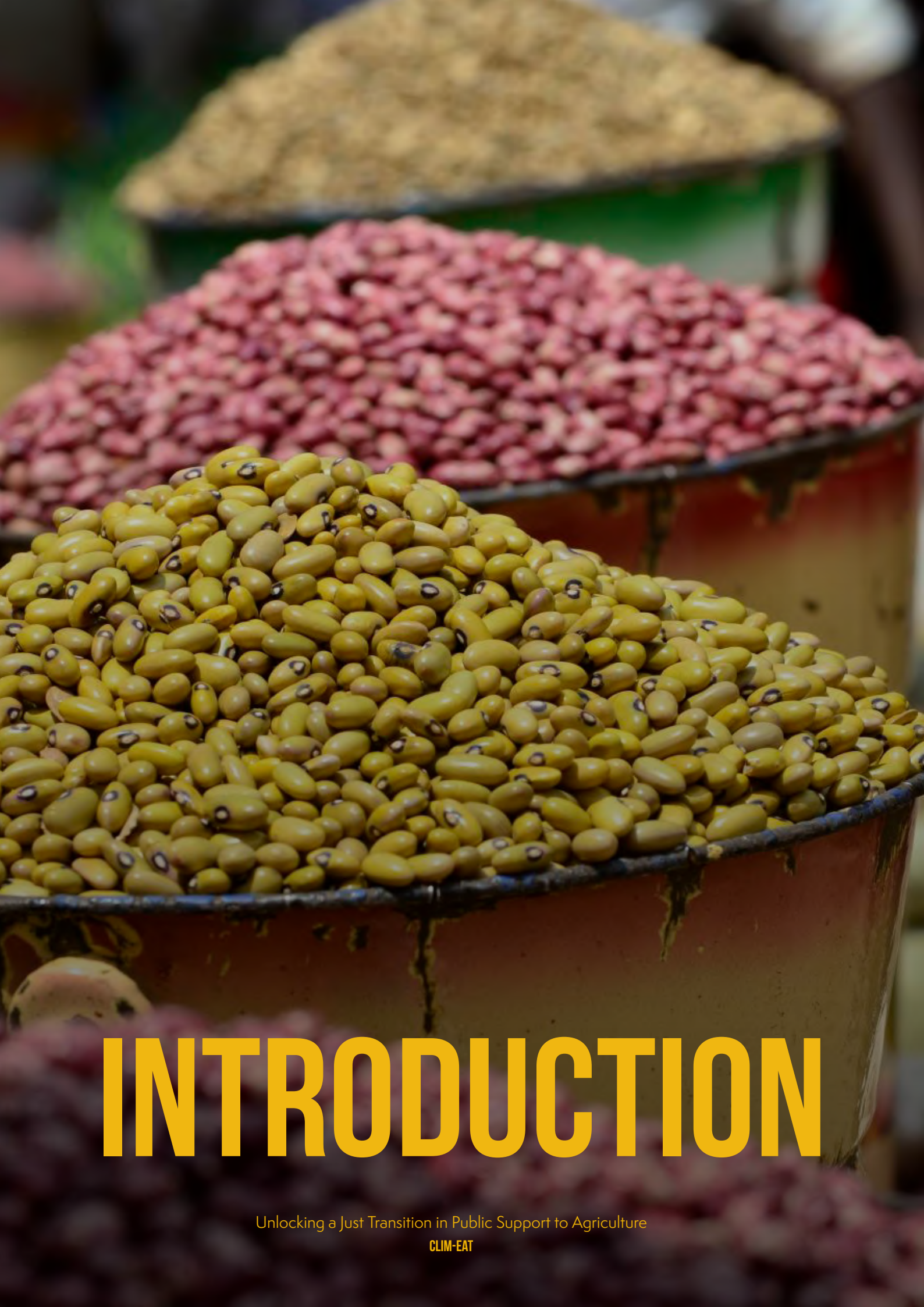
2. **Pivoting from subsidies to services:** Redirecting funds from direct producer payments towards critical public goods, such as digital climate advisories and irrigation infrastructure.

3. **Focusing on poverty reduction:** Shifting from untargeted agricultural production support toward investment that raises smallholder incomes and resilience, complemented by targeted social protection, such as direct cash transfers and school feeding programmes for vulnerable populations.

Yet, the primary obstacle to these technical solutions is the political economy. Vested interests, institutional inertia and the prospect of severe political backlash routinely derail reform. The core of this report provides a practical playbook to navigate these political realities, offering ten actionable strategies for reformers:

- **Build coalitions for action:** Unite diverse interest groups across health, environment, finance and other sectors around shared public goals.
- **Shape compelling narratives:** Move beyond technical critiques to tell a powerful story of rural prosperity and national resilience.
- **Use crisis as opportunity**: Leverage economic or environmental shocks to rapidly enact prepared reform agendas.
- **Work with electoral agendas:** Frame new strategies for public support in ways that align with political incentives and voter priorities.
- **Fully engage small-scale producers and less powerful interest groups:** Bring smallholders, women, Indigenous peoples and local communities directly to the decision-making table.
- **Compensate policy losers:** Provide sufficient and transparent support to groups that will struggle to navigate the transition.
- **Coordinate across ministries and sectors:** Institute cross-government mandates to harmonise policies among different parts and levels of government.
- **Harness international cooperation:** Use global frameworks and fora to share lessons, benchmark progress, and secure transition finance.
- **Create more effective roles for the private sector:** Utilise blended finance to unlock investment while ensuring stringent public accountability.
- **Develop a predictable and fair transition:** Phase out previous forms of public support with clear, legislated milestones to build trust.

The barrier is not the lack of viable options for public spending; rather, it is a series of tractable obstacles in the arena of the political economy. There are immediate opportunities for action by politicians, civil servants, civil society, producers' organisations, the private sector and international funders. Repurposing public support is the defining opportunity to transform agricultural spending into a driver of shared global resilience.



INTRODUCTION

Unlocking a Just Transition in Public Support to Agriculture

CLIM-EAT

The opportunity of a just rural transition

Around the world, leaders are searching for levers that deliver real progress against today's biggest and most interconnected challenges. The good news is this: research and experience increasingly demonstrate the power of integrated action. Investments in food systems have an exceptionally strong track record for poverty reduction, while landscape restoration and smarter agricultural practices can sharply reduce greenhouse gas emissions and enhance climate resilience. A just rural transition – a transformation of rural economies, food and land use systems that simultaneously advances social, environmental and economic goals – is within reach.[1]

What is needed is not just incremental progress but a profound rethinking of public policy, financial flows and institutional priorities to align incentives for prosperity with planetary boundaries and ethical imperatives. There is urgency behind this opportunity: a convergence of global crises threatens to stall or reverse decades of development gains. Climatic volatility, economic pressures and a deepening input crisis driven by geopolitical tensions are undermining food security locally, regionally and globally.

As geopolitical volatility and resource competition intensify, a just rural transition has become a matter not only of justice and sustainability but of national and global security. Strong rural livelihoods stem the pressures that fuel rural-to-urban and international migration. Investments in rural stability can prevent local and regional conflict, as seen in the Sahel and other regions, and help address the polarisation and unrest linked to rural decline. Moreover, given that renewables are disproportionately rural, just transitions in these regions enable progress towards energy autonomy, strengthening both security and sovereignty.

The injustices embedded in existing food systems are profound. While family farmers provide up to 70% of the world's food (or up to one-third if considering smallholders alone), extreme poverty and hunger remain predominantly rural phenomena. Poor rural people stand on the front lines of climate change, despite being among the least responsible for it, yet they receive a mere 0.7% of climate finance. Broadly, agrifood systems account for approximately one-third of global GHG emissions, consume 75% of available water, and serve as a core driver of biodiversity loss and ecosystem depletion. Addressing these disparities is not merely an ethical imperative but a strategic necessity.

Box 1. What is a just rural transition?

We understand a just rural transition as the process through which rural economic, ecological and social systems, landscapes, agriculture, and food systems are transformed to advance food and nutrition security, preserve land, soil and ecosystems, and reduce GHG emissions in a way that enhances social justice, equality and inclusion; empowers smallholder farmers, workers, fisherfolk, pastoralists and rural dwellers to become the agents and primary beneficiaries of the process; increases their well-being and incomes; and reduces or ultimately ends rural poverty. Crucially, justice must be understood in both intra- and intergenerational terms: by supporting people and communities today, we lay the groundwork for prosperity and sustainability tomorrow.

Public support to agriculture as a driver of the just rural transition

Each year, governments spend more than USD 842 billion supporting agriculture through farm subsidies, public services, infrastructure and assistance to consumers (Diagram 1). These investments shape the real world: the price of bread, the viability of a small farm, the survival of a forest, the contents of a school meal, the quality of a rural road, or the future of a young person deciding whether to stay in farming or fishing. Public money can lock in unjust, high-emission and nature-depleting systems. Used differently, it can lower risks for small-scale food producers and build food systems that are fairer, healthier and more resilient.

More than spending, public support for agriculture should be understood as a vehicle to create the society that people want. It expresses what societies value, whose risks we are willing to share, and whose opportunities we choose to enlarge. Public investments determine whether a drought pushes a household into hunger, whether a woman farmer can access veterinary services or credit, whether public procurement supports nutritious local food, and whether rural communities see a future. Agricultural policy is therefore about food production and rural development, but it is also about justice and democratic choices over who gets what and who decides.

Inequality blocks the path to prosperity within planetary boundaries.[2] Extreme gaps in income, wealth, land ownership and political voice corrode trust, weaken democracy, and make climate action harder to finance and sustain. Food systems sit at the centre of these divides: between large and small producers, men and women, rural and urban communities, landholders and landless workers, and consumers and corporations. When public support flows mainly to those already best placed to capture it, it widens these gaps. Repurposing public support can shift incentives towards decent rural livelihoods, healthier diets, fairer markets and stewardship of the soils, water, forests and biodiversity on which everyone depends.[3]

This is also an agenda of opportunity. Social justice is built by changing the conditions that determine who can thrive. Public investment in agricultural research, digital services, irrigation, storage, inclusive finance and local markets changes who gets to create value – it drives pre-distribution rather than redistribution.[4] It empowers smallholders to manage risk, workers to move into better jobs, women and young people to access productive assets, and consumers to afford diverse, healthy food. Done well, agricultural investment raises productivity while reducing poverty, malnutrition, emissions and vulnerability. It turns public support from a defensive tool for managing crises into a platform for shared resilience and long-term prosperity.

It is important to clarify that a just rural transition is much broader than spending public money differently. Achieving systemic change requires coordinated policies across labour, land rights and trade; legal protections for decent work; new forms of private investment; innovation and responsible business practices; and wholesale repurposing of climate finance. These elements must work in concert to support truly resilient,

inclusive and sustainable rural futures. However, subsidies and other forms of public support play a decisive and highly visible role. If redirected strategically, they can unlock and incentivise the deeper transitions that society needs. This report focuses specifically on the crucial lever of public financial support, not in isolation but as one key driver within a broader landscape of reform.

Political economy as the key to change

Over the past decade, civil society, reform-minded governments and international institutions have built a powerful case for repurposing public support to agriculture.[5] Yet, progress remains too slow. Many advocates identify the political economy – meaning the political and economic conditions that authorise and mobilise change – as the central obstacle. Barriers to action include vested interests, institutional inertia, unchecked corporate power, public mistrust, narrow fiscal space and fears that reform will leave producers or consumers worse off. Practical guidance on how to overcome these barriers remains limited. Progress requires tactics based on political insights and skills – over and above technical design.

The political economy is difficult, but it is not immovable. Reform becomes possible when coalitions are broad, narratives are compelling, farmers are fully engaged, losers are compensated, ministries coordinate, private interests are incentivised and accountable, and transitions are predictable and fair. A just rural transition requires political courage and a great deal of patience and legwork. This report, an output of the High-Level Panel for a Just Rural Transition (Box 2), seeks to bridge that gap. It aims to inform and inspire leaders, advocates and coalitions working to achieve the political breakthroughs needed to redirect public support towards a just rural transition.



Diagram 1. Public support to agriculture across 54 countries

Source: OECD

Box 2. The High-Level Panel for Just Rural Transition

The High-Level Panel for Just Rural Transition (HLP) is working during 2026 towards inclusive reform of public support for agriculture that delivers improved productivity, land and soil health, food and nutrition security, biodiversity protection, reduced emissions, and fiscal efficiency, with benefits reaching small-scale food producers.

Chaired by H.E. Carlos Alvarado Quesada – who, as President of Costa Rica, led the transformation of public support for agriculture towards a low-carbon and resilient future – the HLP includes global membership from individuals active in farmers' organisations, international development agencies, policy research and social justice movements.

The HLP addresses the challenge of unlocking reform of public support to agriculture through three interlocking workstreams: (1) building an evidence base that draws on local producer realities and global best practice; (2) facilitating dialogue and research on innovations that can be scaled through repurposing; and (3) analysing the political economy levers required, complementing parallel ongoing efforts in the global sphere to enhance peer-learning for diagnostic and problem-solving work. This publication draws on published materials, conversations with people working in this field, panellists' insights, and current work with partners around the world.

These activities are designed to deliver three concrete intermediate outcomes: (1) political coalitions anchored in the existing agricultural reform momentum; (2) renewed commitment on subsidy reform; and (3) investments in capacity building that empower local experts and small-scale producers to carry these messages themselves at the global level.

Through these deliverables, the HLP aims to contribute to strengthened national policy frameworks, inclusion of reformed public support to agriculture within National Adaptation Plans (NAPs) and Nationally Determined Contributions (NDCs), National Biodiversity Strategies and Action Plans (NBSAPs), and Land Degradation Neutrality (LDN); and a shift in global norms towards a horizontal, win-win framing with social justice at its centre.



THE WHY

WHY REPURPOSE PUBLIC SUPPORT

Unlocking a Just Transition in Public Support to Agriculture

CLIM-EAT

There is global consensus that redesign of public support to agriculture offers one of the most significant opportunities to accelerate progress towards climate-resilient agriculture, sustainable food systems, inclusive rural development, and healthy diets for both rural and urban consumers.[6] Repurposing agricultural subsidies is not about reducing support to small-scale food producers but using public resources more strategically to achieve productivity, equity and sustainability goals in modern food systems.

Social justice considerations also support reform. In many countries, a disproportionate share of subsidies benefits larger, wealthier farmers, while smallholders receive limited support. Repurposing subsidies allows governments to target resources better and to address problems of leakage and elite capture. Furthermore, conventional input subsidies often distort markets and encourage overuse of resources. This can crowd out private investment and reduce incentives for innovation. Redirecting these funds towards public goods, such as agricultural research, infrastructure and extension services, tends to generate higher long-term returns.[7]

Fiscal pressures make reform urgent. Agricultural subsidies can impose significant burdens on public budgets, particularly in low- and middle-income countries. Repurposing offers a way to improve the effectiveness of spending without increasing overall expenditure. Current public support to agriculture delivers low value for money. For every dollar spent, the return to farmers is 35 cents.[8] Repurposing therefore offers a pragmatic fiscal strategy as well as a food-system reform agenda. The prize is not less support for agriculture but smarter support: spending that improves food security, strengthens rural economies, and delivers better value for taxpayers.

Goals and principles for repurposing public support to agriculture

In practice, the design of public support to agriculture reflects distinct national priorities, institutional capacities and interest group dynamics. For example, in Brazil, policy debates focus on closing the gap between large-scale and small-scale farmers, providing healthy food to low-income consumers, and avoiding deforestation, whereas Indonesia places stronger emphasis on achieving self-sufficiency in key commodities such as rice, beef and sugar.[9] Moreover, reform is most likely to happen in response to immediate budgetary crises rather than larger societal ideals.[10] Governments change expensive systems of public support when they need more effective and efficient use of taxpayer money in a fiscally constrained world. Current and upcoming fuel, input and food supply bottlenecks in the context of Ukraine, the strait of Hormuz and a strong El Niño season provide an urgent rationale.

On one hand, urgency could lead to rushed, poor-quality policy outcomes; but on the other hand, it offers a compelling opportunity to achieve better outcomes for social justice, national development priorities and achievement of the Sustainable Development Goals. As argued in the introduction, repurposing of public support is not merely a means to correct market failures but rather a powerful tool to achieve shared societal goals, if guided by principles that have broad social support (Box 3).

Box 3. Possible principles for repurposing public support to agriculture

1. **Frame public investment as a means to create shared value**
   Use public money not simply to correct market failures but to deliver the kinds of food systems, livelihoods and futures that people across the country aspire towards.

2. **Deliver better value for public money**
   Shift scarce public resources away from inefficient or harmful subsidies and towards support that generates clear returns to people's social, economic and environmental priorities.

3. **Strengthen food security**
   Support stable, resilient and affordable food supplies by investing in productivity, soil health, resilience, storage, infrastructure, risk management and climate-resilient production systems.

4. **Improve nutrition and healthy diets**
   Move beyond calories. Use support to increase the availability, affordability and consumption of diverse, nutritious foods such as pulses, fruits, vegetables, nuts, whole grains and other nutrient-rich foods.

5. **Raise producer incomes and rural livelihoods**
   Empower producers and value chain workers to earn more sustainably through better access to knowledge, markets, finance, technology, infrastructure, natural resource tenure, collective bargaining and legal protections.

6. **Reduce poverty and inequality**
   Target support to those who need it most: overlapping demographics of small-scale farmers, women, youth, Indigenous peoples and local communities, pastoralists, fisherfolk, landless workers and vulnerable rural communities.

7. **Cut greenhouse gas emissions**
   Redirect incentives towards low-emission farming, efficient fertiliser use, improved livestock and manure management, circular re-use of waste, renewable energy, and avoided deforestation.

8. **Build climate resilience**
   Empower small-scale producers to withstand droughts, floods, heat, pests and market shocks through climate information services, resilient seeds, water management, insurance, diversified production and adaptive extension.

9. **Protect and restore soils, water and biodiversity**
   Align agricultural support with biodiversity, forests, oceans, waterways, wetlands, rangelands, soils and pollinators. Reward stewardship, resource use efficiency and restoration.

10. **Enhance social justice and democracy**
    Use reform to distribute power more equitably – for example, with new institutional structures, devolved decision-making, and strong accountability and safeguard measures.

Why repurposing public support to agriculture matters to key constituencies

Public support to agriculture matters far beyond the farmgate. It shapes food prices, rural jobs, trade, energy demand, water use, land management, nutrition, public health, and the resilience of communities facing climatic and economic shocks. As these impacts reach many constituencies, repurposing agricultural support can create a broad value proposition that unites the agendas of a wide spectrum of interest groups. Annex 1 shows how reform can speak directly to the priorities of different constituencies. If common interests in repurposing public support to agriculture can bring constituencies together, the value proposition can rise above sectoral priorities to achieve global gains in social justice.

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Alignment with the UN conventions

Redirecting public support to agriculture can enable governments and their partners to deliver on their commitments under a range of key UN conventions, including the Framework Convention on Climate Change (UNFCCC), Convention on Biological Diversity (UNCBD), Convention to Combat Desertificatinn (UNCCD), and the conventions on organic and inorganic pollutants (Stockholm and Rotterdam). For example, public support to agriculture is among the most powerful policy levers available to governments for delivering on NDCs and other commitments such as NBSAPs and LDN to reduce greenhouse gas emissions and build resilience to climatic instability. Current public investments shape not only agriculture and its outcomes for social justice and the environment but also society-wide impacts. Repurposing this support can therefore help turn commitments under the UN conventions into practical actions across climate adaptation and mitigation, circular economies, waste reduction, clean energy, biodiversity, land and soil health, health, food security, youth employment and resilient communities.



THE WHAT

WHAT IS PUBLIC SUPPORT TO AGRICULTURE AND WHAT ARE THE OPTIONS FOR CHANGE?

Unlocking a Just Transition in Public Support to Agriculture

CLIM-EAT

This section clarifies both the scope of public support to agriculture and the practical choices available for reform. Public support takes many forms, from direct payments and public services through to market interventions, job creation programmes, credit and insurance products, enforcement of standards, and investments in research and innovation. Repurposing does not mean withdrawing support from agriculture but rather redirecting it towards better outcomes. Most governments are looking for realistic options for repurposing support that deliver on policy priorities but that are also politically and technically feasible.[11]

Typology of public support to agriculture

In the broadest sense, 'public support to agriculture' might include all public interventions to influence agriculture and food systems, including all laws, regulations and market controls. Here, following Organisation for Economic Co-operation and Development (OECD),[12] we focus on public support that involves budgetary transfers to producers, services and consumers (Diagram 2).

Budgetary support falls into three categories of expenditure that provide either direct payments or services to producers, value chain participants and consumers:

Producer support

Direct payments to agricultural producers, which may be structured as:

- Input-based payments to reduce the cost of factors of production, such as fertiliser, seeds, pesticides, vaccines, machinery, land or labour.
- Output-based payments based on the quantity of a specific commodity produced.
- Practice-based / outcome-based payments: rewards for implementation of agreed practices, particularly environmental services.
- Decoupled payments: transfers made to producers regardless of what they produce, the inputs they use or the outcomes they achieve; often based on land size.

Services support

Public spending on an enabling environment for the agricultural sector, including:

- Research and development
- Extension and training
- Veterinary and plant health
- Rural and value chain infrastructure
- Monitoring and controls, e.g. for food safety, soil quality or animal welfare

Consumer support

Social programmes or direct payments to improve food security and nutrition, including:

- Food vouchers
- School and public meal programmes
- Food distribution programmes, including emergency food relief
- Cash transfers, which tend to extend beyond food into healthcare, childcare and education (if conditional), or to provide unconditional financial support to poor individuals and households

"Repurposing does not mean withdrawing support from agriculture but rather redirecting it towards better outcomes."

Market support

Market support entails policies that keep domestic prices higher or lower than international prices. The most common instrument is setting floor or ceiling prices, which do not involve expenditure of government budgets but instead lead to indirect transfers between producers and consumers. Another common instrument is trade policy, with import protection raising domestic prices and export restrictions reducing them. These policies are sometimes designed to protect farming and national food availability by raising domestic prices above their international equivalents, which creates transfers away from taxpayers and consumers towards agricultural producers. Alternatively, policies can be designed to reduce consumer food prices below international levels, which creates transfers from producers to consumers. Price support mechanisms are often criticised for distorting markets.[13]

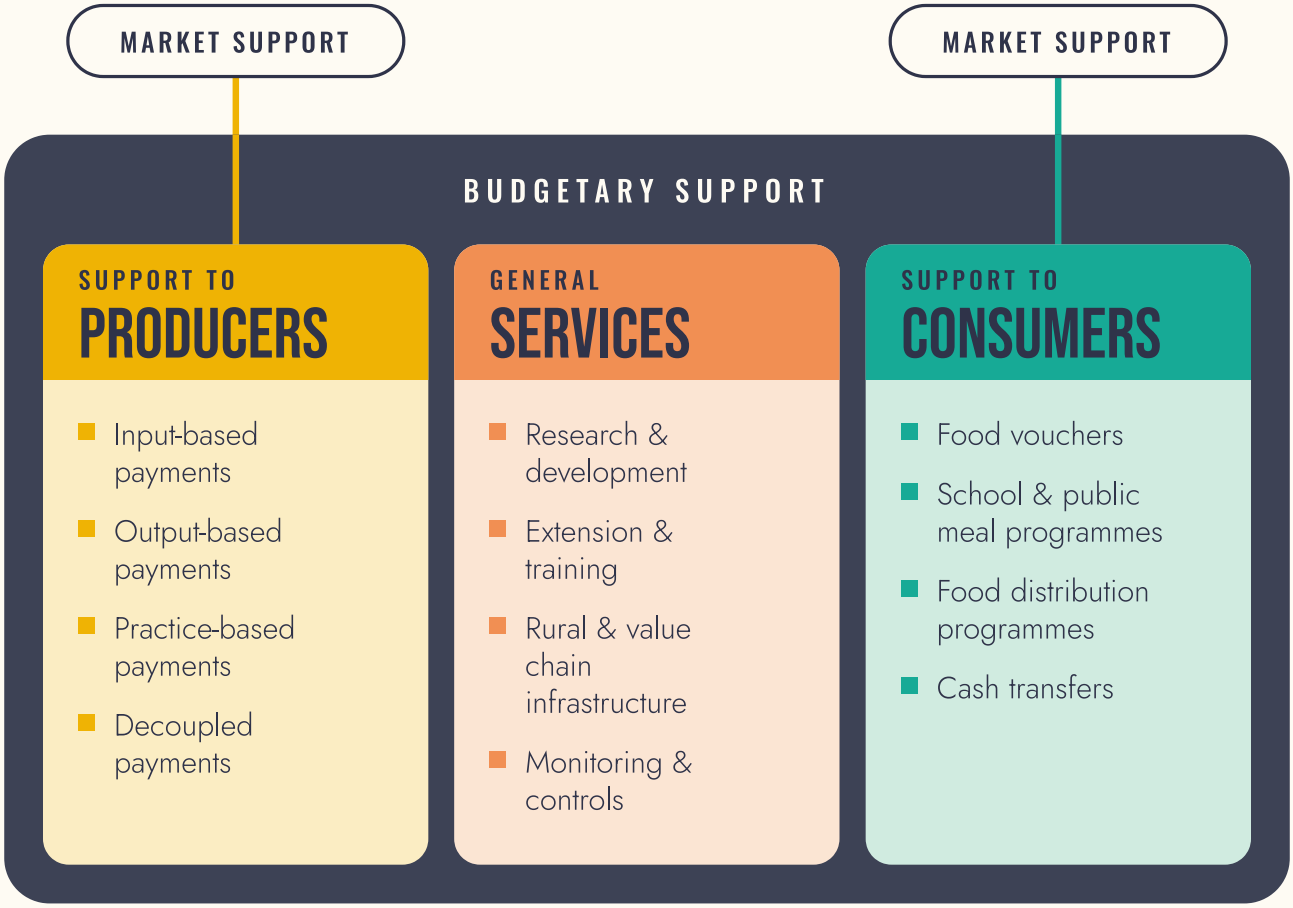


Diagram 2. Typology of public support to agriculture

Menu of options in repurposing public support to agriculture

Governments have a range of evidence-backed options available when seeking to repurpose agricultural support to deliver better social justice outcomes, as outlined in the principles above. There is no blueprint or preferred recipe, as solutions need to be context-specific, co-designed and locally led. Furthermore, the different options for reform are not 'either/or' choices. They can be combined in mutually supportive ways. For example, new types of support to producers are proven to work better when supported by extension and infrastructure investments.[14] Sequencing also offers options. Few governments change abruptly from one model of support to another; rather, they gradually phase in, say, a wider set of innovation and extension services while phasing out market support mechanisms or input subsidies.[15]

Applying the typology above (Diagram 2) to recent reform experiences around the world, we can recognise three broad levels of repurposing in the modern context: (1) making input subsidies smarter; (2) pivoting from subsidies to services; and (3) putting the focus onto social protection instruments for poverty reduction rather than agricultural production. These levels can be applied together and support each other, depending on country priorities. Below, we provide more information on each of these.

Make input subsidies smarter

Many countries are updating producer subsidies to be more efficient and effective. Experience over time with implementation tends to reveal problems such as sub-optimal targeting (e.g. fertiliser subsidies to farmers who are too well off to need the support, or not well off enough to have complementary factors of production such as irrigation or adequate land), leakage to farmers and input suppliers who are not the intended beneficiaries (sometimes involving smuggling across borders), or rent-seeking behaviours among officials.[16] Measures such as updated farm registers, satellite monitoring, traceable digital payment systems, cross-regulation compliance, payment audits and other controls are among the responses in jurisdictions such as Colombia, Ukraine, Nigeria and the European Union. These efforts can also be designed to broaden the basket of choices on offer to farmers. For example, switching from subsidising fertiliser to providing e-vouchers and e-wallets that farmers can use for a spectrum of inputs, sourced from a spectrum of local agro-dealers, is gaining momentum now across African and Asian countries such as Zambia, Kenya and the Philippines.

> "Greener producer subsidies may incentivise farmers to use more local fertiliser products that mix externally sourced inorganic materials with local organic materials.."

Another opportunity is to make input subsidies greener, or to substitute those and decoupled subsidies with practice-based subsidies that reward environmental stewardship (Diagram 3). A new wave of 'smart subsidies' across Africa, for example, is conditional on farmers implementing integrated soil fertility management and other environmentally friendly practices.[17] Greener producer subsidies may incentivise farmers to use more local fertiliser products that mix externally sourced inorganic

materials with local organic materials (e.g. Malawi) or to implement integrated soil fertility management (e.g. Bhutan, Sri Lanka, Rwanda). Aside from the long-run environmental benefits to farmers and consumers, these approaches may be more resilient to breakdowns in international fertiliser and fuel trade than blanket increases in support to fertiliser purchases. Conditional payments for environmental services are now well established in countries such as Costa Rica (see case study below). More recently, Australia, China and the United Kingdom have been switching from decoupled or input-based payments to payments to producers for specific environmentally friendly practices that deliver carbon sequestration, soil quality and anti-erosion measures, biodiversity conservation, and regulation of water flows.

Box 4. Case study on Payments for Environmental Services

Costa Rica's Payments for Environmental Services programme is one of the world's best-known conservation finance schemes. Created in 1996 and implemented by the *Fondo Nacional de Financiamiento Forestal* (FONAFIFO), it pays landholders for forest conservation, reforestation, sustainable forest management and agroforestry. The programme recognises four services: carbon sequestration, water regulation, biodiversity protection and landscape beauty. Payments are collected from beneficiaries of the services via water charges as well as a fuel-tax earmark, public budgets and international funds. By 2023, FONAFIFO reported that the programme had supported over 1.3 million hectares under PES contracts and 8 million trees in agroforestry systems. Costa Rica's forest cover rose from roughly 21% in the 1980s to about 59% by 2020, with the PES scheme being one of several contributing policies. Recent reforms emphasise inclusion of Indigenous peoples, women and smallholders, as well as alignment with Reducing Emissions from Deforestation and forest Degradation (REDD+) and climate goals. The case shows how long-term, legally grounded payments can turn ecosystem services into rural income.[18] However, Payments for Environmental Services schemes remain largely confined to agroforestry and water management and are not yet widely applied to common agricultural land uses such as annual cropping or pasture.

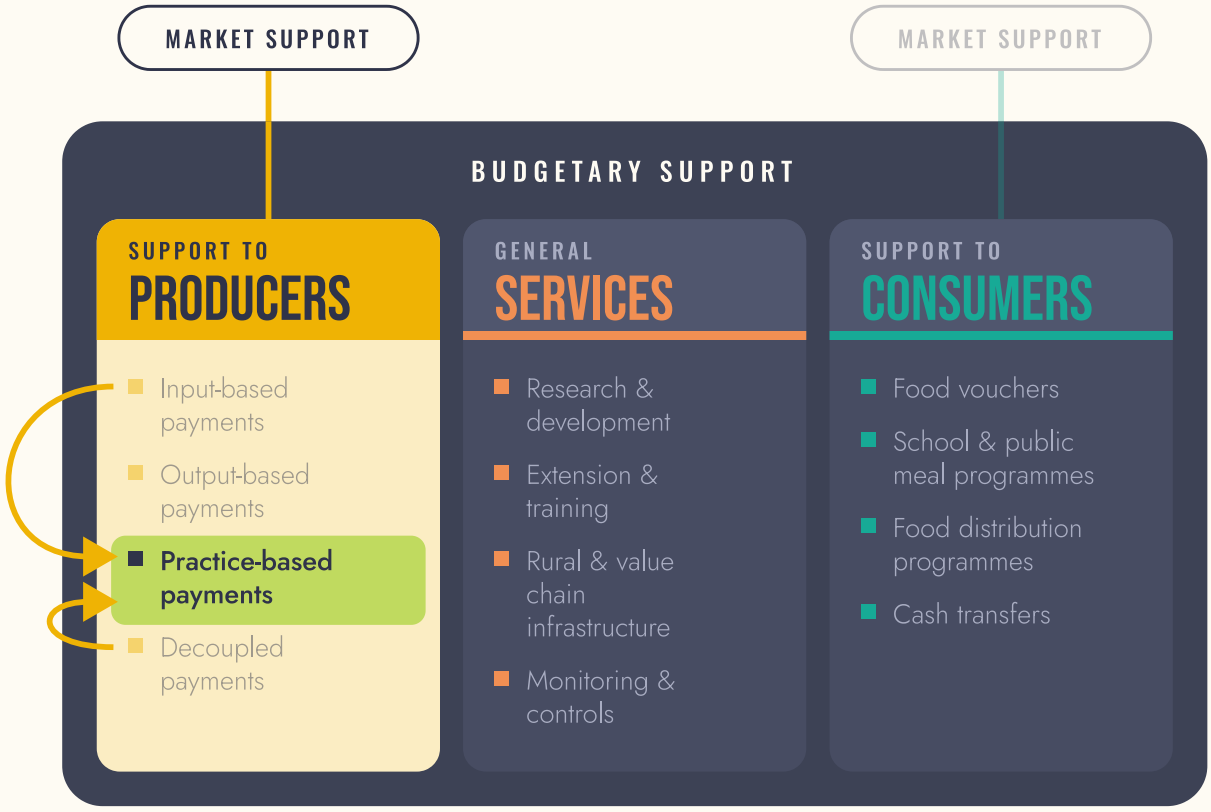


Diagram 3. Making subsidies smarter via a transition to practice-based payments to producers

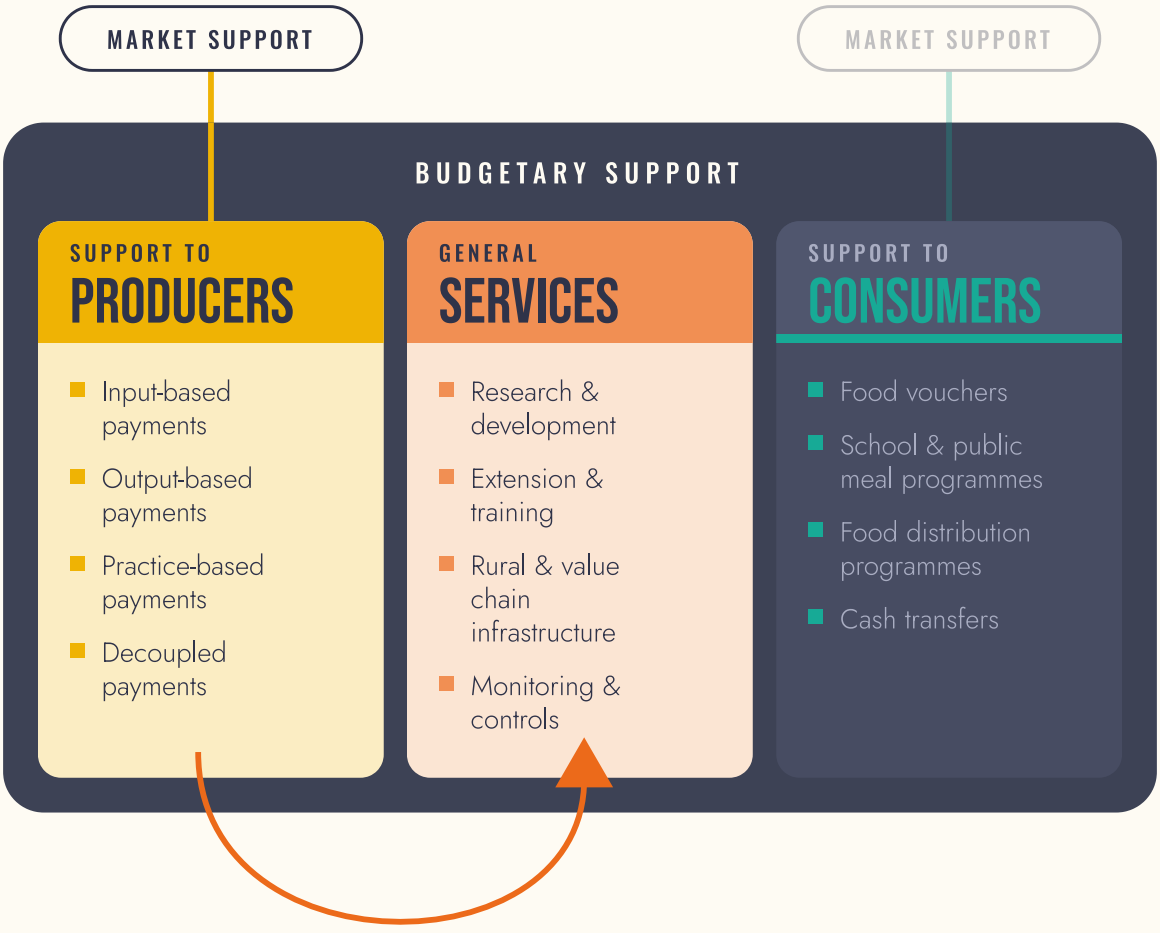


Diagram 4. Pivoting from producer subsidies to investments in infrastructure and public services

Pivot from subsidies to services

Another option is to repurpose subsidies to individual producers towards provision of broader public services and infrastructure investments (Diagram 4). The risk here is that any loss in individual benefits to producers needs to be visibly and amply compensated by the new service. Attractive options include digital advisories, especially those combining weather forecasts with agricultural advice (see the Africa-wide case study below), and small-scale irrigation and energy provision, such as solar-powered water pump systems. New Zealand and Argentina have decades of experience now in offering services but not subsidies to farmers. Elsewhere, Vietnam and Ethiopia stand out as examples of large-scale public investments in rural roads, electrification, irrigation, seed supply, market development, extension services, and research capacities that have had demonstrable success in improving farm incomes, food security and, more recently, carbon sequestration and environmental outcomes.[19]

Box 5. Case study on digital climate advisories

Accelerating Impact of CGIAR Climate Research for Africa (AICCRA), a World Bank–supported Consultative Group on International Agricultural Research (CGIAR) programme, has scaled digital climate advisory services across Africa by linking climate science with national meteorological agencies, extension systems, radio, SMS and digital platforms. Operating in countries such as Senegal, Ghana, Mali, Ethiopia, Kenya and Zambia, AICCRA packages seasonal forecasts, short-term weather information and climate-smart agriculture advice for farmers and value-chain actors. By 2025, AICCRA reported reaching more than 12 million farmers and value-chain actors across Africa.[20] Earlier evidence from Senegal showed that farmers using climate advisories and supportive services gained 25% to 56% more income from crop sales than non-users, indicating the potential economic return from timely advisories.[21] AICCRA's model is significant because it works with meteorological services, government departments, agribusinesses and farmer organisations to provide weather forecasts, co-design advisories, train intermediaries and embed services in national systems, empowering smallholders to manage droughts, floods, pests and planting decisions at scale.

Focus on poverty reduction

A further shift for governments to consider is to put a greater share of financial transfers towards people rather than production (Diagram 5). Direct cash transfers to poor people have several advantages over producer subsidies. Putting buying power into the hands of disadvantaged people has direct benefits for their personal wellbeing and social justice. Consumer choices, in turn, drive the food system and provide incentives for producers. Furthermore, direct cash transfers are a good choice wherever reducing poverty and inequality is a government priority. In contexts where poor rural households are net purchasers of food – which is the case for the majority of the rural poor in low- and middle-income countries – consumer-facing subsidies can be more directly effective in reducing poverty than untargeted producer subsidies.[22] For reasons of both effectiveness and recipients' dignity, policymakers may favour a 'cash first' approach that does not limit how the benefit is used (e.g. Tunisia, Zambia, Mexico, several European countries). On the other hand, food voucher schemes and public meal programmes have proven effective in encouraging healthy eating patterns and better nutritional outcomes, especially among children and adolescents (e.g. Brazil, Yemen, Peru, Japan, United States). Again, this is not an 'either/or' choice, and the most effective approaches to reducing poverty will combine coordinated investments in public services and infrastructure, households' productive capacities, and social safety nets (see case study below on poverty reduction in China).

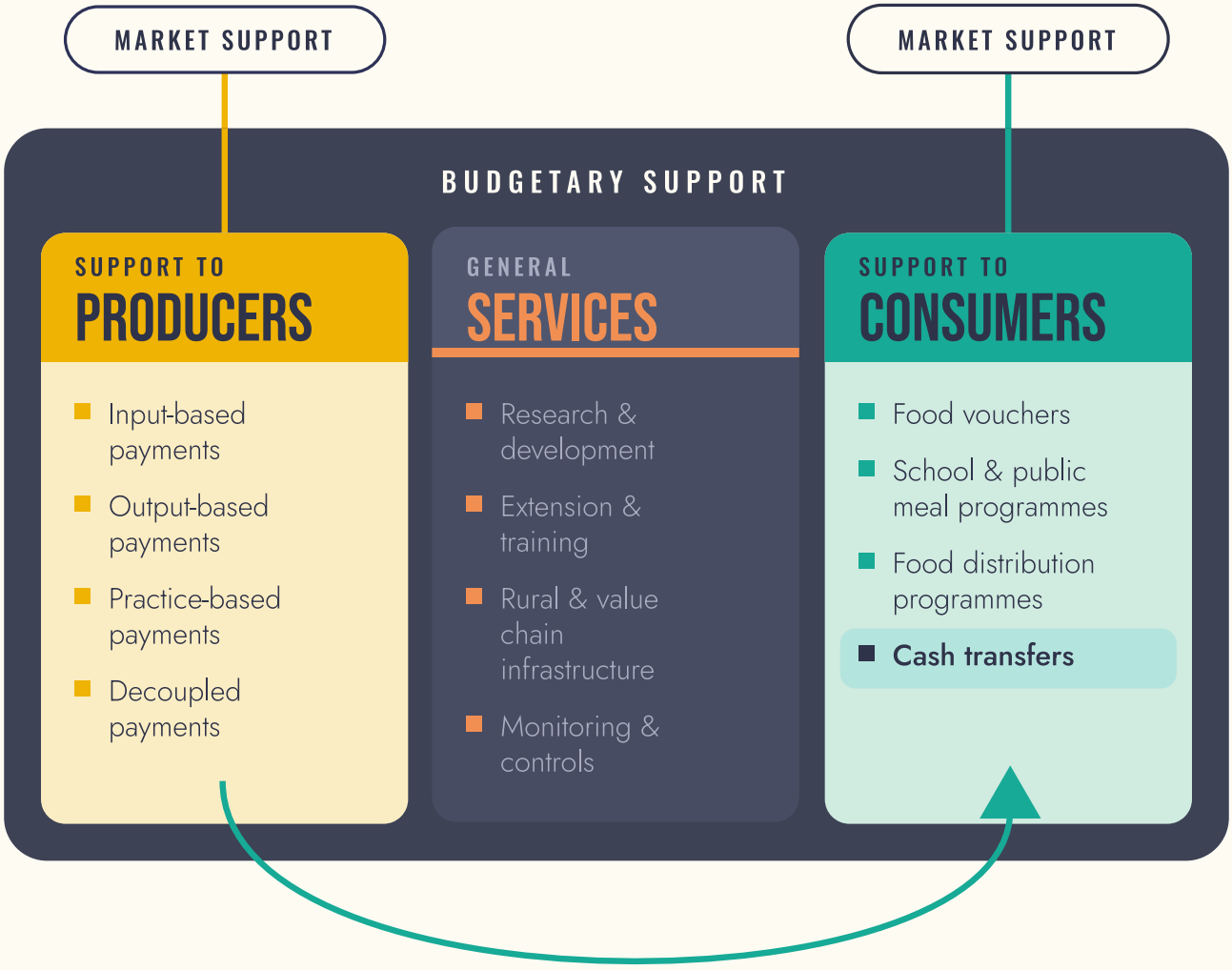


Diagram 5. Shifting from producer subsidies towards cash transfers to poor people

Box 6. Case study on rural poverty reduction

China launched its Targeted Poverty Alleviation Strategy in 2013–2014. The approach shifted public investment from untargeted regional programmes to household-level targeting, with officials registering poor households – regardless of their level of dependency on agricultural livelihoods – and matching them to tailored support. Community-level investments included rural roads, electricity and internet access. Targeted households accessed agricultural upgrading (e.g. training and machinery), relocation from remote areas, education and health support, microcredit, digital market access, and direct cash transfers. China announced in 2020 that it had fully eliminated absolute poverty according to national and World Bank definitions, lifting 99 million rural people out of poverty between 2012 and 2020. Concerns remain about sustainability and vulnerability to relapse; nonetheless, China's campaign is the foremost rural poverty reduction effort of the 21st century.[23]



THE HOW

HOW CAN POLITICAL SUPPORT BE BUILT?

Unlocking a Just Transition in Public Support to Agriculture

CLIM-EAT

Over the last decade, powerful calls have been made for repurposing public support to agriculture.[24] Many parliaments and ministries are ready to reconsider how they use precious public resources to provide the best support and incentives for agriculture and food systems. There is no shortage of good ideas about what to do: what a repurposed public investment could support, what benefits would accrue and to whom, how much it would cost, and how it would work. Coalitions of experts and interest groups have put together credible context-specific plans backed by strong evidence.

Nevertheless, actual reform stutters and stalls. Proponents of change report political will as the stumbling block.[25] Breakthroughs need tactics based on political economy, not strong technical thinking alone. Guidance and analysis on what works in tackling the political economy of agricultural subsidy reform is sparse. Therefore, this report zooms in on how to advance meaningful repurposing of public support in the context of real-life politics, contexts of which differ per country context. We have gathered lessons from experience in different countries around the world. We draw on published materials, conversations with people working in this field, authors' insights and current work with a wide range of partners. The aim is to stimulate and inform leaders to achieve the political economy breakthroughs that will accelerate a just transition in public support to agriculture.

"There is no shortage of good ideas about what to do: what a repurposed public investment could support, what benefits would accrue and to whom, how much it would cost, and how it would work."

Rather than hoping that evidence and technocratic processes will drive reform, a political economy approach recognises that policy change is inherently political and proposes strategies for change that address political realities. Political economy analysis examines how politics and economics interact to shape outcomes. For subsidy repurposing, it focuses on the following:

- **Actors:** Who benefits from subsidies? Who loses from reform? What are the interests and relative power of leaders, citizens and interest groups?
- **Institutions:** What formal and informal rules govern decision-making? How does the political system create or prevent opportunities for change?
- **Narratives:** How are subsidies justified and contested in public discourse? What underlying beliefs and ideas promote or hinder change?

A political economy approach to subsidy reform would map and assess actors, institutions and narratives; develop politically informed reform strategies; and then implement these strategies while monitoring and adapting to dynamics.26 Preferably, all these activities should engage interest groups strategically. Most importantly, any process of reform needs to listen to the voices of those with most to lose and most to gain, such as small-scale producers, rural micro-entrepreneurs, landless farmers, and low-income consumers. Justice in rural transitions will depend on sustained, meaningful, accountable engagement with these often-marginalised interest groups.

Key insights from the discipline of political economy explain why political will is lacking and why repurposing public support to agriculture is a frustratingly slow process. In general, the government is under very little pressure from voters to undertake reform. This is because the most common form of public support is producer subsidies. Even if they consume sizeable public spending and therefore affect everyone, these subsidies are often too dispersed in their costs and remote in their effects to be 'salient' in political economy terminology, meaning they do not swing media, public opinion or votes. Urban food consumers and taxpayers are generally not well organised and may be less concerned with expensive rural subsidy schemes since the costs are so widely distributed.[27] On the other hand, the interest groups in receipt of subsidies – not only the farmers but the input supply firms, insurance companies and other businesses or officials that benefit indirectly – will lobby strenuously to retain the status quo. This scenario is the 'iconic' political economy case,[28] in which citizens pay diffused costs while special interest groups gain concentrated benefits.

Another highly relevant political economy dimension is the source and security of political leaders' power. A leader in any country depends on a mix of support from the population at large and a web of relationships with elites. On one hand, leaders in more democratic countries may be more responsive to their electorates and thus more open to reform; but on the other hand, one-party states that depend on a smaller power may be better positioned to undertake difficult subsidy reforms.[29] Leadership's political security is crucial. Evidence from energy subsidy redesign shows that leaders do not make difficult policy choices when their own hold on power is more fragile.[30] In New Zealand, major agriculture subsidy reforms were only possible because the government at the time did not depend on the recipients of the subsidies – rural constituencies – for its parliamentary majority.[31]

These insights from the sphere of political economy help to identify the changes in circumstances that usually precipitate repurposing of public support to agriculture away from established subsidy regimes (building on work from the energy sector[32]):

- **Fiscal alarm:** The budgetary cost of the subsidies increases enough to become politically salient.
- **Political turnover:** The government changes and special interest groups in favour of existing subsidies are less influential on the new government.
- **External shock:** An economic, environmental or political shock, like the 2008 financial, Covid-19, or the Ukraine or Iran crises, disrupts the system so that the subsidies are no longer tenable.
- **Smart compensation:** The government reduces opposition to change among special interest groups, most likely by proposing alternative benefits that meet the interests of special interest groups better than the current subsidies do, or at least that adequately compensate for any losses.
- **Stake shift:** The vested interest or power of one or more of the special interest groups decreases, perhaps through a new business model that does not benefit from subsidies or a shake-up that means they are less well organised and influential.
- **Citizen power:** Citizens develop greater awareness of the role of agricultural subsidies in issues they care about (e.g. food prices), then they organise, agitate and vote around these concerns.

A practical agenda to bring about repurposing of public support to agriculture will seek to capitalise on these changes in circumstances. Doing so entails treating politics as part of the

work, not an obstacle to it. The importance, feasibility, and fit of opportunities will depend on the country context. Three questions that help locate the starting point of the political economy in a country are: which of the circumstances above is already present; what does this realistically create room to do next in the given institutions and structures; which actors and in what sequence is this best carried out. The World Bank's 2025 Policy Compendium illustrates how differently these pathways play out in practice.

In the remainder of this section, we consider ten opportunities for successful reform. These are not a fixed sequence but rather a menu of tactics for turning good reform proposals into durable, just and politically feasible change (Diagram 6). For each of the opportunities, we identify practical lessons for reformers, along with recent examples of successes and challenges in countries and jurisdictions around the world.

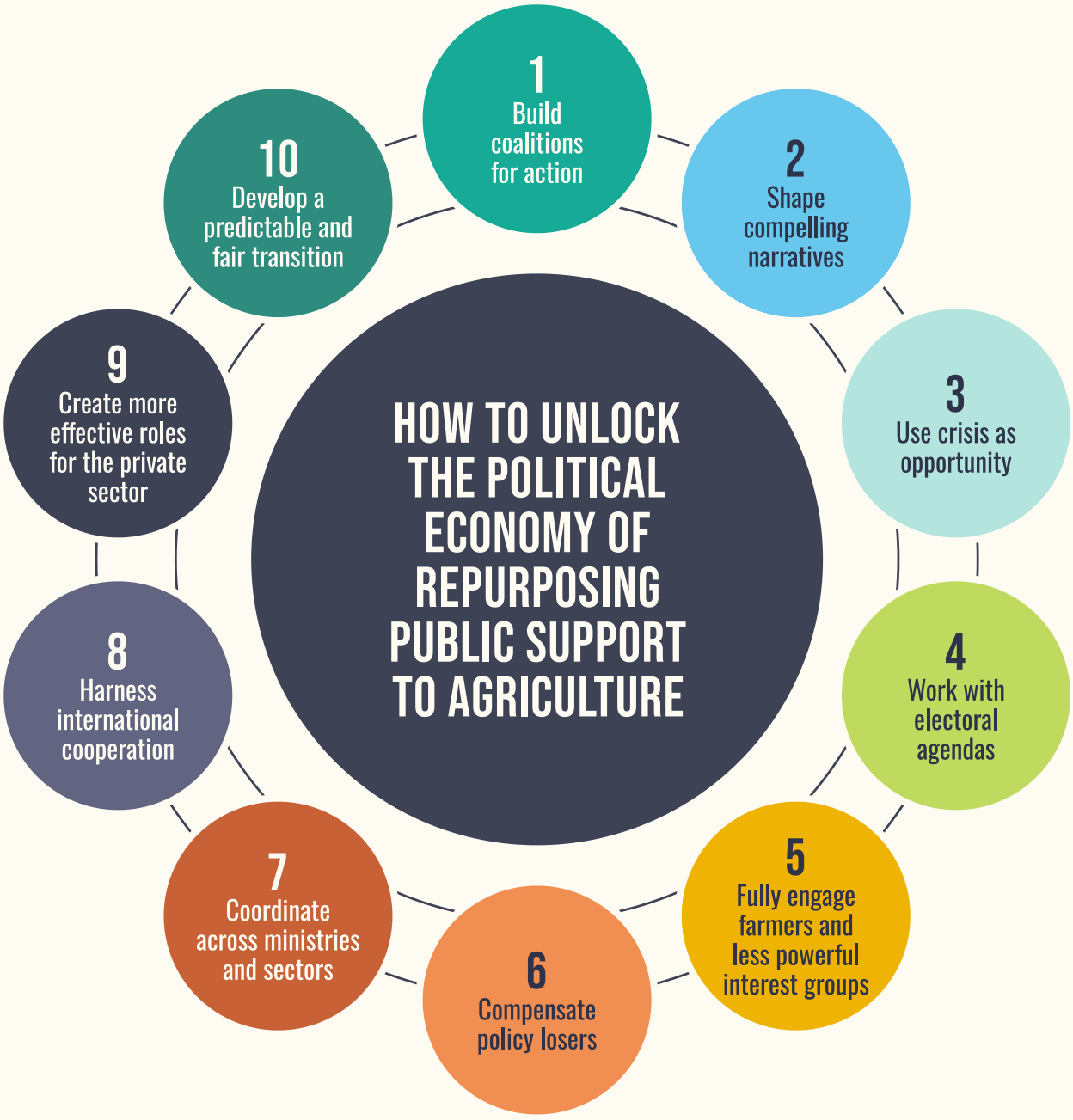


Diagram 6. Opportunities for unlocking the political economy of repurposing public support to agriculture

1 Build coalitions for action

Effective coalitions are rarely built around a single objective. Instead, they emerge when different actors recognise that reform advances multiple goals simultaneously and that their priorities align with those of other interest groups. Farmers may support investment in irrigation, extension services or soil health if these improve productivity and reduce production risks. Ministries of finance may favour reforms that reduce fiscal pressures, while ministries of health, education and social protection may support investments that improve nutrition or school feeding. Environmental organisations may see opportunities to restore ecosystems, while private businesses may benefit from stronger markets, improved infrastructure and reduced investment risks. Building these diverse interests into a common narrative allows reformers to move beyond zero-sum debates over subsidy reductions and instead present repurposing as an opportunity to generate wider public value. Bridge concepts such as healthy food, rural prosperity and climate resilience can help actors with different priorities find common ground without requiring complete agreement on every aspect of reform.[33]

Recognising and managing power asymmetries among special interest groups is central to the political economy of agricultural subsidy reform. In broad terms, those who stand to lose have the greatest incentives for political action. The much larger groups that stand to gain are less likely to act.[34] Thus, alliances that connect across multiple interest groups and sectors are more likely to find success. The objective is not consensus but legitimacy: in political economy terms, durable reform occurs not when every stakeholder agrees but when a sufficiently broad alliance concludes that the benefits of change outweigh the costs of preserving the status quo.[35]

Practical lessons

1. **Start with common interests, not shared ideologies**
   Build coalitions around practical outcomes – better producer incomes, food security, healthier soils, lower fiscal costs or climate resilience – rather than expecting stakeholders to agree on all social justice goals.

2. **Structure reform packages to build broad constituencies**
   Connect rural and urban interests, for example, by linking support for healthy diets to support for producers' incomes.

3. **Include both winners and potential losers**
   Coalitions are stronger when they acknowledge the concerns of groups that may lose from reform and involve them in designing transition pathways.

4. **Look beyond the agriculture sector**
   Allies may be found among activists on health, digital rights, gender equality, animal welfare, tourism or other interests.

5. **Use credible messengers**
   Farmers persuade farmers; taxpayer groups persuade fiscal conservatives; health groups persuade urban voters.

6. **Build coalitions around solutions rather than problems**
   People are more likely to unite behind practical alternatives than around criticism of existing policies.

7. **Invest in relationships, not just meetings**
   Long-term partnerships, regular dialogue and joint learning are more effective than one-off consultations.

8 **Be prepared to adapt the coalition**
As reforms progress, new allies will emerge while others may withdraw. Successful coalitions evolve in response to changing political and economic circumstances.



Country successes and challenges

United States

An alliance formed around the 2023–24 US Farm Bill debate brought together normally separate constituencies: fiscal conservatives, environmental campaigners, small farm advocates, rural equity groups and anti-corporate market reformers. Their shared message was that increasing commodity subsidies would mainly benefit the largest farms and input suppliers, while excluding many small, diversified and specialty crop producers. The coalition helped make subsidy expansion politically contentious by reframing it not as support for farmers but as a costly transfer to large agribusiness interests.[36]

Malawi

Since the introduction of the Farm Input Subsidy Programme (FISP) in 2005, fertiliser subsidies have remained politically popular and closely associated with electoral competition. However, growing concerns over fiscal costs, declining soil fertility and climate vulnerability encouraged new alliances among farmer organisations, development partners, research organisations, soil health advocates and parts of government responsible for climate resilience. Rather than campaigning for the abolition of fertiliser subsidies, these actors promoted a narrative of fertiliser+, combining more targeted input support with investments in soil health, extension, legume integration, irrigation and climate-resilient farming. Soil health initiatives are helping bring together government agencies, farmer organisations, researchers and donors to demonstrate that productivity and resilience could be improved through complementary public investments rather than fertiliser alone.[37]

European Union

In the European Union, reform of the Common Agricultural Policy (CAP) has increasingly involved alliances among environmental organisations, consumer advocates, organic producers, animal welfare groups and some younger or smaller farmers. These groups have pushed for shifting subsidies away from production-linked payments towards eco-schemes, climate action, biodiversity protection and rural development. Their campaigning helped make biodiversity, climate and public-goods payments central to subsidy reform debates. This is a clear case of non-traditional agricultural actors influencing how farm support is justified.[38]

Türkiye

Türkiye's organic agriculture movement has acted as a bridging agenda linking constituencies that do not always share wider political priorities. The Ministry of Agriculture and Forestry's agricultural support programmes have provided dedicated payments for organic agriculture, alongside support for certified seed and rural development, backed by legislation and certification systems that harmonise with the EU (e.g. Good Agricultural Practices (GAP)). Public support reflects the importance of export markets, especially for the EU, for organic products such as nuts and dried fruit. Politically, organic agriculture depends on a broad but somewhat fragile coalition, brought together by organisations such as Ekolojik Tarım Organizasyonu Derneği (the Ecological Agriculture Association). But interests vary: exporters prioritise certification, traceability and

market standards; grassroots food movements value food sovereignty, trust, local markets and farmer autonomy; urban food consumers care about health and food quality; while the government emphasises competitiveness and compliance. These interests overlap, keeping the loose coalition going, but they also produce tensions between export-led organic and domestic food democracy, between certified organic and trust-based agroecology, and between market opportunity and social justice for small producers.[39]

2 Shape compelling narratives

Ideas are central to the political economy. Our ideas about how the world works stem from our individual and shared experience, culture and education. People's preferred model of meaning-making is through narrative: stories with jeopardy, an arc, heroes and villains, and a moral.[40] Narrative is equally important in public policy as in our personal lives. Coalitions of interest groups coalesce around narratives, so that shifting these narratives is pivotal to achieving policy change. The quality of storytelling is just as important as the content of competing narratives. Substantial practical advice is available on how to build better policy narratives.[41]

The central importance of storytelling does not mean that evidence is unimportant; on the contrary, numbers and facts can be an impactful element of a good story.[42] In the Indonesia fuel subsidy reform described below, quantitative presentations of national budget options made the invisible costs of the subsidies visible to the public and civil society organisations.[43] In both Ghana and Jordan, proponents of agricultural subsidy reform advocate 'starting with the numbers' to show how benefits and costs accrue to winners and losers.[44] Visibility to voters – and to less empowered interest groups – matters strongly in complex issues like subsidies, where powerful special interest groups will be much better informed on the size and shape of benefits and costs.

Practical lessons

1. **Replace, not merely criticise, the old story**
   'Subsidies are inefficient' rarely beats 'subsidies feed the nation'. Offer a better promise.

2. **Make public goods tangible**
   Talk about water in wells, soil fertility, reduced fertiliser bills, reliable roads, school meals and higher farm incomes.

3. **Use farmer messengers**
   Farmers who saved water, restored soils or gained market access are more persuasive than economists.

4. **Keep the beneficiary visible**
   Say exactly who gains: small-scale producers, women trading in fresh markets, low-income consumers, schoolchildren, drought-prone communities.

5. **Link reform to civic pride and security**
   Local diets, secure farmers and climate readiness can compete with older productionist narratives.

6. **Show the transition story**
   Explain what happens this season, next season and over five years.

7 **Create simple slogans backed by serious policy**
Examples: 'healthy soils, secure harvests'; 'public money for public goods'; 'support farmers, not waste'.

8 **Tell both household and national stories**
Combine a producer's lived experience with fiscal, food security and environmental evidence.

9 **Show the numbers**
Make hidden costs and benefits visible to everyone.

10 **Institutionalise the narrative**
Put the new story into budgets, speeches, extension materials, payment rules and monitoring reports.



Country successes and challenges

Ethiopia

Ethiopia's Productive Safety Net Programme (PSNP) is a major reframing of public rural support. Instead of repeated humanitarian relief after droughts, the government and donors built a narrative around predictable transfers plus public works that create community assets: soil and water conservation, watershed rehabilitation, roads and irrigation.[45] The storyline 'Support people before crisis, while building productive landscapes' outcompeted the older cycle of emergency aid in many policy discussions. It helped justify long-term public spending that integrates social protection, agriculture and climate resilience.

Vietnam

Officials used the slogan 'three reductions, three gains' to repurpose subsidies towards low-carbon rice, which focused attention on the positive side of the reductions: immediate cost savings of 25% on seeds, fertilisers and chemicals, which increased net profits by 30%.[46]

Indonesia

For decades, Indonesia has struggled to reform consumer fuel subsidies that are fiscally costly and inequitably distributed. Interest groups for and against change affiliated into 'technocratic-economic' and 'ideological-social' discourse coalitions. The first argued for long-term budgetary health, with more balanced expenditure across sectors like health and education, but the second countered that affordable fuel is a basic human right. As reform moved forward spasmodically, one factor was the shift of civil society organisations concerned with social justice towards the 'technocratic-economic' narrative, aligning with the position that fuel subsidies favoured the rich and in fact caused net disbenefits to poor people.[47]

Senegal

In Senegal, supporters of transfers to agricultural producers were able to tell a simple story with a direct chain of causality: subsidies lead to better productivity, rural incomes and food supply. The opposing coalition that preferred market-based approaches lacked 'an equally straightforward narrative that tells a better story'. It relied on critiques of public policy and abstract arguments about economic systems or public goods.[48] A breakthrough was a meta-narrative that brought the opposing positions together and opened the space for allegiance between the two camps: the idea of 'market-smart subsidies' that provide incentives to the private sector, incentivise new practices among farmers, and are run more efficiently. The effectiveness of this meta-narrative is borne out in the now widespread use across African countries of e-voucher schemes, payment conditionalities and online registries that help efficiency and crowd in private sector suppliers of inputs and services.[49]

Netherlands

This case is a cautionary tale. The government's nitrogen agenda tried to replace an older narrative of Dutch farming as a world-leading export success with a new public goods story: agriculture must protect nature, climate, water and public health. This reframing faced fierce resistance from farmers who argued that they were being unfairly blamed and economically sacrificed. Tractor protests from 2019 helped turn subsidy and regulation debates into a wider rural identity conflict. The Farmer-Citizen Movement (BBB) then converted this narrative into electoral power, becoming the largest Senate party in 2023.[50]

3 Use crisis as opportunity

A subsidy scheme has a typical life cycle.[51] It starts as a small, tightly focused solution to an immediate problem, then attracts interest groups who lobby for bigger and longer-term transfers, then matures into an entrenched juggernaut like the European Union's Common Agricultural Policy or China's Agricultural Support and Protection Subsidy. Awareness of this life cycle matters because of the opportunities available for redesign at each stage. Tackling a nascent subsidy when it is still in the form of temporary drought relief or a short-term price control gives much more room for political manoeuvre. Once subsidies have grown to be substantial fiscal burdens with large numbers of interest groups and beneficiaries, it is much more difficult to unlock the trends and events that precipitate reform, with the only choice being to wait for exogenous disruption. This is a real risk for governments that are responding to current rises in fuel and fertiliser costs by implementing expanded producer subsidies.

Sudden disruption that renders existing subsidy systems politically or fiscally untenable opens windows of policy opportunity. From a political economy perspective, crises can lower resistance to reform by shifting incentives and weakening entrenched interests.[52] These crises may be economic, environmental or political. Most commonly, economic crises force governments to confront the fiscal burden of subsidies, as seen in New Zealand, where reforms were driven by an acute sense of impending economic collapse and the inability to sustain public spending.[53] Economic shocks are also frequently linked to geopolitical instability, such as the rise in fertiliser prices linked to disruptions in global supply chains for oil and ammonia through the Strait of Hormuz. Environmental crises can similarly expose the unsustainability of existing agricultural support and prompt policy change, as seen historically in the United States' New Deal response to the 1930s Dust Bowl, or more recently Australia's Black Summer Bushfires leading to the Future Drought Fund.54 Finally, political transitions, including changes in government (e.g. Bangladesh, Chile, Malawi) or governance (e.g. UK following Brexit) can open space for agricultural subsidy redesign.[55]

However, while crises create opportunities for big-bang reforms, these do not automatically lead to well-designed outcomes. Rapid reforms undertaken under pressure may increase the risk of social and political backlash.[56] This highlights the importance of preparing in advance. Reform coalitions should have policy tools and

implementation plans in hand, ready to deploy when a window opens.

Practical lessons

1. **Be prepared**
   Have policy proposals, political messages and delivery details ready to go.

2. **Use crisis to reframe reform, not to rush it**
   Urgency without sequencing or targeting can destroy trust.

3. **Avoid temporary relief becoming permanent capture**
   Emergency payments should include sunset clauses, targeting and resilience conditions.

4. **Protect vulnerable groups first**
   Crisis reform must include small-scale producers, tenants, workers and consumers, or backlash will be severe.

5. **Use fiscal stress to argue for public rather than private benefits**
   Redirect public funds towards research and development, water systems, animal health, storage, roads, soil health and extension.

6. **Pair cuts with credible alternatives**
   Remove inefficient subsidies only when producers can access finance, extension, markets and risk protection.

7. **Build transparent delivery systems that cope with shocks**
   Registries, e-vouchers and digital payments make rapid targeting possible during crises.

8. **Anchor reform institutionally**
   Put changes into budgets, legislation and performance indicators so they survive the crisis moment.

Country successes and challenges

Sri Lanka

Sri Lanka provides an important cautionary case. In 2021, the government imposed a sudden ban on synthetic fertiliser and pesticide imports, utilising foreign-exchange pressure to realise an ambition to shift to organic agriculture. The policy was presented as environmental reform and a way to reduce import costs, but it was implemented abruptly, without farmer consultation, transition support, adequate organic alternatives or agronomic planning. Yields fell, tea exports were disrupted, food prices rose, and farmer anger intensified. The ban was later reversed. This was a crisis-driven attempt to reform input dependence, but it became a policy failure because the reform shifted risk onto farmers and consumers without government support in place to mitigate the impacts.[57]

European Union

Russia's invasion of Ukraine in 2022 created food, fertiliser and energy shocks across Europe. The EU used the crisis to adjust Common Agricultural Policy implementation, including temporary freezes of some environmental rules and emergency support for farmers affected by rising input costs. At the same time, the shock strengthened arguments for reducing dependence on imported fertilisers, improving soil health, expanding protein crops and reinforcing resilience through the 2023–27 CAP eco-schemes and national strategic plans.[58]

Cambodia

The disruption caused by the COVID-19 pandemic prompted the government to institutionalise and expand the national school feeding programme that had previously relied

heavily on external donors. In 2021, Cambodia joined the School Meals Coalition and expanded government ownership of school feeding as part of its post-pandemic recovery strategy, recognising that school meals could improve children's nutrition, encourage school attendance, support vulnerable households, and create stable markets for local farmers through home-grown procurement models.[59]

Pakistan

Pakistan's recent agricultural reforms have been driven by overlapping crises: fiscal pressure, water scarcity, inflation, climate shocks and food-security concerns. The World Bank position was that Pakistan should shift public spending away from inefficient subsidies and price supports towards agricultural research and development, extension, water management, livestock, horticulture and climate resilience. The crisis opened space for subsidy repurposing, such as digital delivery (Kissan cards) that offers greater farmer choice, and investments in high-efficiency irrigation. But reform was politically fragile. In 2024, there was a halt to public wheat procurement, which meant that farmers faced suddenly falling wheat prices, resulting in widespread protests. This exposed the risks of abrupt withdrawal from price support systems without transitional support.[60]

4 Work with electoral agendas

Front of mind for any political leader is the question 'what is required to stay in power?'61 This preoccupation drives a preference for policies that reward supporters and enhance narratives of success. It explains why subsidies are particularly attractive to politicians: they generate quick, tangible benefits, such as increased yields; they are highly visible, allowing governments to claim credit; they provide private goods that can be selectively distributed to reward supporters; and they are relatively simple to implement compared to more complex interventions like research or extension services.[62] These characteristics explain why governments often prioritise input subsidies over higher-return yet less visible public goods investments, even when the latter are more efficient in the long term. [63]

Subsidy regimes may also create opportunities for capture of rents by officials operating within patronage networks or by informal and illegal actors – for example, smugglers involved in cross-border trade in subsidised inputs. These dynamics are often hidden but can significantly undermine reform efforts by creating vested interests in maintaining inefficiencies.[64] Political campaigns can be a useful moment to highlight and tackle corruption.

Perhaps surprisingly, there is not much evidence that agricultural subsidy schemes do in fact translate into electoral success, even given the outsize voting power of rural constituencies in most countries. Across Africa, the empirical evidence is mixed, with the caveat that data on secret ballots are difficult to collect.[65] Politicians, perhaps wisely, tend to act on the assumption that the nature of public support to agriculture is a vote winner or loser. Therefore, proposals for reform need to be acceptable to politicians' electoral constituencies. They also need to find favour among politicians' support groups across politics, media, business, military and other arenas. Politics responds to comparative opportunity, not abstract arguments.[66]

Campaigns work when opponents face greater electoral costs for opposing change. The key is crafting a compelling 'value proposition' that aligns with politicians' imperatives and translates into voter benefits.

Practical lessons

1 **Map the politician's support network**
Identify donors, media outlets, farm unions, business groups, consumer organisations and constituency interests before designing any campaign.

2 **Offer a voter-facing value proposition**
Politicians need a simple promise: fairer support for small-scale producers, cheaper food, cleaner water, lower fertiliser dependence and rural jobs.

3 **Time reform around electoral cycles**
Push technical design early after elections; avoid imposing painful changes just before voting unless compensation is immediate and visible.

4 **Provide district-level evidence**
Show politicians exactly which voters benefit in their constituency and which vested interests currently capture support.

5 **Amplify supportive voices**
Stimulate media coverage of positive visions for the future expressed by people in the electorate.

6 **Do not let opponents define reform as anti-farmer or anti-consumer**
Always frame reform as replacing weak support with better support.

7 **Address corruption**
Take advantage of greater public scrutiny around elections to make a case to voters on patronage and illegality.

8 **Launch with an early easy win**
Begin the campaign or reform process with an immediate high-visibility benefit that can be communicated clearly to beneficiaries and critics alike.



Country successes and challenges

Malawi

Fertiliser subsidies have dominated electoral politics since the introduction of the Farm Input Subsidy Programme (FISP) in 2005. Successive governments promised expansion of the programme during election campaigns because the benefits were highly visible and reached millions of rural voters. Yet, mounting fiscal pressures and declining returns gradually created political space for reform. Rather than abolishing subsidies, the government reframed reform around improving targeting and complementing input support with investments in soil health and resilience. The Affordable Inputs Programme introduced in 2020 retained electoral appeal while opening discussion about modes of public investment beyond the subsidy programme. The lesson is that politically feasible repurposing often builds on, rather than abruptly replaces, popular programmes.[67]

Brazil

The election of President Luiz Inácio Lula da Silva in 2002 demonstrated how social protection and agricultural support could be politically reinforcing rather than competing priorities. The Fome Zero (Zero Hunger) strategy combined cash transfers, school feeding, public food procurement through the Food Acquisition Programme (PAA), and targeted support under PRONAF, Brazil's Programme for Strengthening Family Farming. These policies created constituencies that included consumers, municipalities, schools and smallholder farmers,

broadening political support beyond traditional agricultural interests. Rather than presenting family farming as a welfare issue, successive governments framed it as central to national food security, rural employment and economic inclusion, enabling sustained public investment despite changing political circumstances.[68]

Mexico

During the 2018 presidential election, Andrés Manuel López Obrador promised to redirect agricultural spending away from programmes perceived to favour large commercial producers and towards poorer smallholders. New initiatives such as Producción para el Bienestar replaced elements of earlier subsidy schemes with direct income support targeted at small-scale producers. Although debate continues about programme effectiveness, the reform illustrates how governments can use electoral mandates to justify redistribution within agricultural budgets by explicitly linking reform to equity, justice, rural poverty reduction and food sovereignty.[69]

India

Ahead of the 2022 Punjab Assembly elections, concerns over declining groundwater and rising fertiliser costs encouraged renewed political interest in direct income support and incentives for sustainable agriculture alongside existing fertiliser subsidies. Although major subsidy reform remained politically difficult, state-level politicians increasingly promoted schemes rewarding crop diversification, water conservation and natural farming rather than relying solely on subsidised fertiliser.[70]

5 Fully engage small-scale producers and less powerful interest groups

Political economy analysis shows that subsidy regimes are often shaped by the influence of well-organised and politically connected actors, such as large-scale farmers, agribusinesses and input suppliers, whose interests may not align with those of poorer rural populations. Without deliberate efforts to include less powerful voices, reforms risk reinforcing existing inequalities rather than addressing them.[71] Involving small-scale producers and other marginalised groups, such as rural micro-entrepreneurs or poor urban consumers, in reform processes can make policies more grounded in local realities, improving both uptake and impact as part of a just rural transition pathway.

Farmer organisations themselves are often well organised and highly influential. For example, the Japan Agriculture Group, with its 10 million members and large financial resources, has historically exercised strong political influence to sustain among the world's highest subsidy rates to farmers.[72] Elsewhere, the Pan African Farmers' Organisation represents 80 million farmers and holds a formal voice within the Comprehensive Africa Agriculture Development Programme.[73] However, producer groups are

not homogeneous. Important internal divisions exist between large-scale commercial and subsistence producers, or across different commodity groups.

Small-scale producers, including crop cultivators, livestock keepers and fishers, constitute a large share of agricultural producers in many countries, yet they frequently lack the political leverage needed to shape policy outcomes. Small-scale producers frequently lack representation in formal decision-making spaces, and producer organisations may be weak or captured by elites.[74] Even when they do manage to organise public protests, their activism tends to have little influence on subsidy reform.[75] As a result, subsidy programmes often fail to meet their needs, whether due to poor targeting, limited access or inappropriate design.[76]

Meaningful inclusion of less powerful interest groups is both an instrumental strategy and a policy goal in its own right, as a means to promote procedural and social justice. Evidence from participatory governance and deliberative democracy shows that inclusive processes improve not only the legitimacy of reforms but also their efficiency and effectiveness, while strengthening trust in institutions and confidence among participants.[77] Addressing the gap in power and participation requires moving beyond one-off one-way consultations towards sustained participatory governance mechanisms that allow active accountability and continuous engagement as subsidy systems evolve. It is critical to move beyond participation to genuine political inclusion.[78]

Emerging evidence shows how inclusive approaches can support more effective reform. In Costa Rica, for example, the development of a national agricultural programme integrates small and medium producers into the decision-making behind the design of tailored extension services and targeted financial support, reflecting local needs and priorities. Similarly, in Jordan, inclusive dialogue informed by political economy analysis has helped identify feasible reform pathways while incorporating compensation measures to protect vulnerable groups. In Morocco, including young and disadvantaged farmers in conversations on targeted subsidies and financial incentives demonstrates how inclusive policy design can promote equity and participation.[79]

These experiences highlight that very deliberate engagement of excluded people broadens the base of policy ownership and brings in the realities of those most affected by public support but often least able to influence change. By fully incorporating the voices of marginalised groups, representative governments can counter dominant narratives shaped by more powerful actors and reframe subsidy reform around fairness, shared benefits and just outcomes.[80]

Practical lessons

1. **Build small-scale producer participation into design**
   Producers should contribute to the design of eligibility rules, payment timing, delivery mechanisms and grievance systems.

2. **Start engagement before decisions are made**
   Consultation should shape the design of reform, not merely validate decisions that have already been taken.

3. **Recognise that producers are not a single constituency**
   Different commodities, production systems, farm sizes and regions have different priorities and will experience reform differently.

4. **Go beyond farmer organisations**
   Include self-organised representation from women, youth, Indigenous peoples, fisherfolk, pastoralists, landless workers,

consumer groups and informal food-system actors alongside mainstream farmer organisations.

5 **Invest in the capacity of less powerful groups**
Provide funding, training and technical support so that smaller organisations can participate on equal terms with better resourced industry bodies.

6 **Reduce barriers to participation**
Hold meetings at accessible locations and times, use local languages, reimburse travel costs where appropriate, and provide childcare or other practical support that enables participation.

7 **Make information accessible**
Present budgets, subsidy data and policy options in simple language using visual tools so that all participants can engage on an informed basis.

8 **Create safe spaces for dissent**
Participants should be able to question proposals without fear of political or economic repercussions.

9 **Establish grievance and appeal systems**
Producers need accessible channels to challenge exclusion, unfair contracts or poor service.

10 **Give participants real influence**
Clearly explain which aspects of policy are open to change, how feedback will be used, and what decisions have been altered as a result.

11 **Demonstrate accountability**
Publish consultation outcomes, explain how competing interests were balanced, and report regularly on who benefits from repurposed public support.

12 **Maintain engagement throughout implementation**
Participation should continue during rollout, monitoring and evaluation so that problems can be identified and reforms adapted over time.



Country successes and challenges

Brazil

Brazil has a dedicated ministry and law for family farmers along with a comprehensive portfolio of supportive policies, including those on land tenure, public food procurement and, since 1996, a customised credit scheme, Programa Nacional de Fortalecimento da Agricultura Familiar (PRONAF). As the political pendulum has swung in Brazil, there have been forward and backward steps for public support to small-scale agriculture. A priority of the current government is to repurpose subsidy systems to reach more of the poorest farming families, especially in regions such as Caatinga, where development indicators are poor. Regional and national farmers' organisations are working directly with government to inform the design-specific changes, such as the removal of exclusionary collateral requirements on some subsidy streams.[81]

Ghana

Since the introduction of the national Fertiliser Subsidy Programme in 2008, organisations such as the Peasant Farmers Association of Ghana (PFAG) have consistently defended continued public support for fertiliser because of its importance for smallholder productivity and rising input costs. However, PFAG has simultaneously argued that subsidies alone cannot transform agriculture. Throughout the implementation of the Planting for Food and Jobs programme (2017–2024), the association

urged public investment to extend beyond subsidised fertiliser and seed to include agricultural extension, irrigation, rural roads, warehouse infrastructure, affordable credit, mechanisation services and improved produce marketing. Rather than opposing subsidy reform, farmers therefore sought to broaden the policy agenda from private input support towards complementary public goods that raise long-term productivity and resilience. The influence of farmer organisations has nevertheless been mixed. Farmer groups have contributed to policy dialogue through annual budget consultations and engagement with the Ministry of Food and Agriculture, helping maintain political attention on smallholder concerns. However, their ability to shape major spending decisions has been constrained by organisational resources, unequal representation across farming systems, and the electoral importance of visible input subsidy programmes.[82]

Ecuador

Ecuador formally embedded food sovereignty in its 2008 Constitution, following strong mobilisation by Indigenous, peasant and social movements. This mattered because it reframed agricultural policy away from simply supporting large-scale export agriculture and towards protecting small farmers, local markets, agroecology, biodiversity and culturally appropriate food systems. The Conferencia Plurinacional e Intercultural de Soberanía Alimentaria (COPISA) brought together civil society actors, including peasant organisations, Indigenous peoples, Afro-Ecuadorian groups, small-scale fisherfolk, consumers, women and youth, to propose and monitor food sovereignty policies. In practice, this body gave less powerful rural and food-system actors a formal channel into debates about public agricultural support, seed policy, land, water, public procurement and agroecology. The political case for reform was strengthened because it was not presented only by environmental NGOs or experts but rather by groups claiming constitutional rights to food sovereignty, land, water and culturally appropriate livelihoods. However, despite strong constitutional language and participatory design, implementation has been uneven. Agribusiness interests, mining and state development priorities continued to constrain deeper transformation. COPISA and allied movements could influence agenda-setting, but they did not fully control budgets or subsidy instruments.[83]

Spain

In Galicia, women harvesting shellfish on foot (mariscadoras) have long worked informally and were largely excluded from fisheries organisations, public support and social protection. Beginning in the 1990s, the regional government deliberately involved women's groups in redesigning fisheries governance. Through a participatory process, women helped develop a new licensing system, training programmes, co-management arrangements and eligibility for public support, financed through Spanish and European fisheries funds. Formal recognition enabled women to join fishers' organisations, influence local resource management decisions, access training and social security, and qualify for investment support previously reserved for registered fishers. Several women's organisations subsequently assumed leadership positions within local fisheries cooperatives. Nonetheless, the fisherwomen perceive the progress they made to be only one step towards achieving gender equality in the fisheries sector.[84]

International

The UN Committee on World Food Security (CFS) provides an example of how institutional design can give less powerful groups a meaningful role in global policy-making. Following its 2009 reform, civil society,

farmer organisations and Indigenous Peoples participate in the Committee alongside governments, UN agencies, research organisations, financial institutions and the private sector, through the Civil Society and Indigenous Peoples Mechanism (CSIPM). While Member States formally retain final decision-making authority, CSIPM participants engage directly and with equal rights in policy discussions and negotiations. This model has enabled small-scale food producers and groups most affected by food insecurity to contribute to building global consensus on politically sensitive food-system issues. Since the CFS Reform, governments and the UN agencies' representatives have publicly acknowledge the instrumental role of civil society participation on achieving meaningful agreements.[85]

6 Compensate policy losers

Compensation is essential to the political feasibility of agricultural subsidy reform. Producers and businesses that lose existing support are often a relatively small, well-organised and vocal group, whereas the gains from reform may be dispersed across taxpayers, consumers and future generations. Without credible compensation, these concentrated losers can delay, dilute or reverse reform. Hence, reform of subsidies or other forms of public support should be framed and designed as repurposing, not withdrawal. Every subsidy reduction should have a visible replacement payment, service or investment.[86]

Acknowledging that every reform creates losers is not a weakness but a precondition for durable change. Pretending otherwise destroys trust and invites backlash.87 Evidence suggests compensation works best when it is clearly articulated, targeted and linked to genuine adjustment, rather than when it is vague, delayed or captured by larger producers.88 Affected groups should be identified early and offered transparent, time-limited adjustment support in support of making the upcoming transition just. Practical instruments include buyouts for those exiting farming, retraining programmes, debt restructuring, crop insurance, asset grants and guaranteed procurement during transition.89 When compensation is predictable, fair and adjustment-oriented, reform shifts from a politically hazardous process to one that is economically productive and socially legitimate.

Practical lessons

1. **Compensate visibly**
   If farmers lose a visible subsidy, the replacement must be equally concrete: cash, vouchers, insurance, debt relief, extension or market access.

2. **Pay at the time of loss**
   Delayed compensation destroys trust.

3. **Use temporary transition support, not permanent distortion**
   Compensation should ease transition without recreating harmful price or input incentives.

4. **Target by vulnerability, not political power**
   Prioritise small-scale producers and workers, especially women, and climate-exposed regions.

5. **Cap payments to large beneficiaries**
   Prevent compensation from becoming another elite-transfer scheme.

6 **Make alternatives real before withdrawing support**
Do not remove fertiliser, water or price support before farmers have usable substitutes.

7 **Combine compensation with services**
Cash alone is not enough. Pair it with extension, credit, infrastructure and market reform.

8 **Use simple eligibility rules**
Complex registries and digital systems can exclude low-income small-scale producers.

9 **Be honest about losers**
Publicly identify affected groups and explain what support they will receive.

10 **Lock in credibility**
Set a multi-year transition law or budget so producers believe reform will not be reversed after lobbying.



Country successes and challenges

New Zealand

Although New Zealand's major agricultural subsidy reform took place in the 1980s, it remains one of the clearest examples of compensating policy losers without recreating subsidies. The government rapidly removed most agricultural support, including price supports, fertiliser subsidies and concessional credit. Adjustment support was limited but credible: rural advisory services, debt restructuring, exit assistance for some farmers, and broader macroeconomic reforms that reduced economy-wide distortions. Only a relatively small share of farmers left the sector, and social disruption was less severe than expected. The key lesson is that compensation does not need to fully offset losses, but it must be enough to support farmers to adjust.[90]

Indonesia

Indonesia's fertiliser subsidy reforms show the administrative challenges of compensation. Fiscal pressure and concerns about leakage encouraged the government to narrow eligibility, reduce the number of subsidised crops, and strengthen farmer registries through farmer cards and digital allocation systems. Better targeting has the potential to reduce fiscal waste, but many farmers experienced reform as reduced access, administrative complexity and shortages. Compensation through productivity programmes and advisory services did not always match the immediate value that farmers attached to cheap fertiliser.[91]

Mexico

Mexico's PROCAMPO (later PROAGRO Productivo) was designed to compensate farmers for the liberalisation effects of North American Free Trade Agreement (NAFTA) by replacing price supports with direct payments. Its predictability helped maintain income for some producers during the transition and made reform more politically manageable. However, because payments were linked to historical land area, larger landholders captured a disproportionate share. Smallholders benefited, but the design did not sufficiently support productivity transformation or market access for poorer farmers. Direct compensation can ease reform, but land-based payments can reproduce inequality unless capped and targeted.[92]

China

China's reform of maize price support and stockholding after 2016 shows the value and limits of decoupled compensation. As the government reduced maize stockpiling, it introduced producer payments in affected north-eastern provinces to cushion income losses. This helped move away from costly price

support and excessive public grain stocks while reducing immediate opposition from producers. However, compensation was uneven, with larger producers and better-administered regions often better placed to claim support. The reforms also left wider distortions in land, water and fertiliser use largely unresolved.[93]

7 Coordinate across ministries and sectors

Public support to agriculture affects the public purse, food prices, trade, climate, water, land, nutrition and local livelihoods. Therefore, durable reform depends on coordination across ministries and sectors. Ministries are likely to have competing priorities; for example, ministries of finance prioritise fiscal discipline while agriculture departments seek to maintain politically important subsidy programmes. Unpacking the budgetary process and understanding where formal and informal veto power lies can help unlock effective subsidy reform.94 In countries with decentralised governance, power sharing between national and sub-national governments may create greater opportunities for experimentation with agricultural subsidies, as seen in India, Kenya and Switzerland, but might also cause tensions and delays.[95]

Practical lessons

1 **Create a high-level reform mandate**
Leadership from the head of state's office, finance ministry or supranational institutions must set the direction.

2 **Build a joint reform unit**
Bring agriculture, finance, environment, trade, water and social protection officials into one technical team with shared data, timelines and fiscal assumptions.

3 **Aim for multi-sectoral co-benefits**
Linking farm support to nutrition, schools and social protection can build wider political support.

4 **Institutionalise non-agricultural voices**
Environmental, nutrition, water and consumer authorities should have formal roles in subsidy review; otherwise, the farm lobby dominates.

5 **Build vertical as well as horizontal links**
Good coordination between national and sub-national governments fosters innovation and assists learning and scaling.

6 **Accept that coordination is political, not just administrative**
Ministries defend constituencies. Reformers must create packages where each ministry can claim a win.

Country successes and challenges

New Zealand

New Zealand's 1980s agricultural reform is one of the clearest examples of coordinated subsidy removal. The reforms formed part of a wider macroeconomic stabilisation and liberalisation programme involving the Ministry of Agriculture and Fisheries, Treasury, trade officials and the

Cabinet. Subsidies, concessionary credit and price supports were removed rapidly between 1984 and 1987, alongside exchange-rate, tax, trade and financial sector reforms. Farmers faced painful adjustment, but the government avoided recreating hidden support through other ministries. Over time, the sector became more market-oriented and export-competitive.[96]

China

In 2016, China merged three farm income-support subsidies into a single Agricultural Support and Protection Subsidy, overseen by central ministries but implemented through local governments. The reform aimed to maintain rural incomes while reducing distortions created by earlier grain-purchasing and input-support policies. Coordination was important because China was simultaneously balancing food-security goals, fiscal costs, World Trade Organisation (WTO) constraints, grain stock management and rural development. The Ministry of Finance, Ministry of Agriculture and Rural Affairs, and planning authorities had to work closely together to align subsidy design with reforms to maize stockpiling and market pricing.[97]

Malawi

Malawi's Farm Input Subsidy Programme and later Affordable Inputs Programme have repeatedly required coordination among the Ministry of Agriculture, Ministry of Finance, donors, seed and fertiliser firms, and local government. The programme has been politically popular but fiscally burdensome, at times absorbing a major share of the agriculture budget. Reform efforts sought to improve targeting, control costs, use electronic vouchers and involve private agro-dealers in input delivery.[98] This is a partial rather than complete success: political pressure often pushed governments back towards broad fertiliser subsidies. Still, Malawi shows the value of ministries of agriculture and finance agreeing on fiscal ceilings and targeting criteria.

Brazil

From the early 2000s, programmes such as the Food Acquisition Programme (PAA) and National School Feeding Programme (PNAE) connected the Ministry of Agrarian Development, Ministry of Social Development, education authorities, municipalities, family-farmer organisations and civil society councils. Public procurement was used to support family farmers while supplying schools and food-security programmes.[99] This was a repurposing of public support: money shifted towards family farming, local markets and nutrition rather than only commodity production. The lesson is that inter-sectoral reform is strongest when one instrument solves several ministries' problems at once: farmer income, school meals, local development and food security.

8 Harness international cooperation

Context is everything. There is no single blueprint for agricultural subsidy reform because countries pursue subsidies for very different political, economic and social reasons. Countries can nonetheless derive valuable lessons from each other's experiences. A key forum for peer-to-peer learning is the multi-partner Agriculture Policy Dialogue, which provides opportunities to exchange experiences, build consensus, and learn from both successes and failures in repurposing public support to agriculture. Participation from over 50 countries demonstrates the global political momentum for change.100 A similar initiative, the global Agriculture Incentives Consortium (led by International Food Policy Research Institute (IFPRI), World Bank, Food and Agriculture Organisation FAO), OECD and Inter-American Development Bank (IADB)), works alongside this policy dialogue to improve data, information and knowledge on agricultural price distortions and public expenditures – particularly in low-income countries – to support locally relevant transitions.

In principle, subsidy reformulation works best when countries cooperate multilaterally to avoid negative spillovers and changes in the terms of competition.[101] Governments may hesitate to reduce support if competitors continue to subsidise heavily. WTO rules, OECD monitoring and G20 discussions can help establish shared baselines, comparable data and reform expectations.102 The Comprehensive Africa Agriculture Development Programme (CAADP) Biennial Reviews and Joint Sector Reviews enable governments, private sector actors, farmers' organisations, and development partners to assess progress and hold each other accountable for commitments. Such processes make agricultural policies more evidence-based, inclusive, and aligned with long-term development goals, reducing the risk of reverting to politically expedient but ineffective subsidy strategies.[103]

International cooperation is also important where reform requires transition finance. Low- and middle-income countries may lack the fiscal space to compensate losers, invest in farmer registries, expand extension or finance climate-smart infrastructure. Development partners can assist with funding these transition costs. For example, the Global Agriculture and Food Security Program (GAFSP) has provided USD 2.44 billion in country grants and producer organisation grants to fund development of resilient agriculture and food systems, to benefit vulnerable producers and communities. The aligned Private Sector Window supports early-stage agribusiness projects that have strong potential for development impact in supply chains, processing, storage, climate-smart agriculture and smallholder market access.[104]

Environmental agreements provide another source of leverage. For example, the Kunming-Montreal Global Biodiversity Framework commits countries to identify, phase out or reform incentives harmful to biodiversity, including subsidies, while scaling up positive incentives for conservation and sustainable use.[105] Although such commitments do not automatically change domestic politics, they give reformers a recognised international mandate and vocabulary. However, formal negotiating arenas such as the WTO, UNFCCC and CBD often lag behind domestic policy change. International agreements tend to codify subsidy reforms that countries have

already undertaken rather than driving them.[106] Meaningful reform will therefore usually originate from domestic political processes, with international frameworks playing a supportive role: offering evidence, finance, peer pressure, technical standards, accountability and political cover.

Practical lessons

1 **Use international cooperation to support, not displace, domestic politics**
Reform must be anchored in national coalitions, budgets and electoral incentives.

2 **Use country-to-country learning strategically**
Bring ministers, finance officials and producer representatives to see how public support has been repurposed in comparable countries.

3 **Build mutual accountability mechanisms**
Biennial reviews, joint sector reviews and public scorecards can make reversal more costly.

4 **Address competitiveness fears**
Use global and regional platforms to build a common agenda and timetable for reform, with a negotiating space to address challenges.

5 **Secure international finance for long-term leverage, not one-off projects**
International finance can support pilots, transition costs and public goods investments, particularly those delivering international public goods such as climate benefits, framed by national policy goals and development priorities.

6 **Connect subsidy reform to climate and biodiversity commitments**
Global agreements can provide legitimacy and political cover for domestic reform.

1 **Include less powerful voices in international spaces**
Small-scale producers, women farmers, Indigenous peoples and civil society organisations should not be represented only by experts, governments or agribusinesses.

2 **Invest in comparable data**
Transparent measurement of support, beneficiaries and environmental impacts helps build trust and ratchet up the pace of change.



Country successes and challenges

Zambia

Zambia benefited from cross-country learning by using other countries' successes and failures to design more targeted and resilience-oriented support, rather than copying any single model. Zambia learned from other countries in three main ways:[107]

a) E-voucher and input-subsidy targeting: Zambia's move towards more targeted, digital input support to smallholders drew on wider African experience, including voucher and e-wallet schemes in countries such as Nigeria. These examples showed that digital systems can reduce leakage and increase a choice of inputs for farmers, but it also highlighted risks around farmer registries, late payments, agro-dealer capacity and exclusion of poorer farmers.

b) Climate-smart and risk-management approaches: World Bank-supported dialogue exposed Zambian policymakers to international experience on agricultural risk management, index insurance, drought response and climate-smart agriculture. This helped shift attention from compensating farmers after crises towards investing in resilience, irrigation, early warning and risk

financing.

c) Public expenditure reform: Zambia's engagement with international policy analysis, including CAADP, helped benchmark its agricultural spending against other countries. This supported the argument that public money should move from recurrent subsidies to public goods such as research, extension, animal health, water management and market infrastructure.

Nepal

Nepal's experience illustrates how international finance can support reform by helping governments redirect agricultural expenditure from short-term production support to wider services and institutions that raise smallholder productivity and resilience. The GAFSP-funded Agriculture and Food Security Project, targeted at food-insecure upland districts, channelled public support into improved seed multiplication, livestock productivity, extension, farmer groups, nutrition-sensitive agriculture and local service delivery rather than direct input subsidies to individual farmers. The international finance helped the government demonstrate a different model of farm support: strengthening community-based services and resilience in marginal areas. The project also promoted women's participation and improved access to agricultural knowledge.[108]

Chile

Chile's price band system for wheat, wheat flour, sugar and vegetable oils formerly acted as a variable import levy, insulating domestic producers from international competition. Argentina challenged Chile at the WTO, arguing that the system was inconsistent with WTO rules. The WTO Appellate Body largely upheld Argentina's complaint, and Chile subsequently modified the system by constraining border-based price support and instead shifting public support towards irrigation, innovation and rural development measures. The case is one instance where WTO procedures have been instrumental in repurposing public support to agriculture.[109]

9 Create more effective roles for the private sector

Agriculture is largely a private enterprise – from the smallest of subsistence farmers to multi-billion-dollar global agribusinesses. It is imperative, not optional, for public support to provide incentives for positive private sector participation. Public support to agriculture can play a catalytic role in leveraging private finance by reducing investment risks, improving producers' creditworthiness, and incentivising investments that serve social justice goals.[110] By bringing private capital into blended finance models, governments can maximise the impact of limited public resources. Carefully designed public support can attract commercial banks, agribusinesses, impact investors and insurance companies to finance agricultural development. Blended finance approaches increase the scale and sustainability of agricultural investment while reducing dependence on government funds.[111]

However, there are non-trivial risks to manage around inclusion of small-scale producers, rights over land and resources, and the distribution of costs and benefits. Private finance tends to flow towards larger, better-connected and lower-risk producers unless public programmes include explicit safeguards and incentives for reaching women, tenants, youth and poorer regions.[112] Blended finance can also obscure who is subsidised, especially where concessional funds de-risk private investors without clear development additionality or accountability.[113] Investments in irrigation, plantations, storage or carbon farming may increase land values and intensify competition over land and water, creating risks of exclusion, displacement or weakened customary rights if tenure systems are insecure.[114] Governments therefore need transparent contracts, independent monitoring, grievance mechanisms, gender-sensitive targeting, and rules ensuring that public incentives are tied to public outcomes such as resilience, emissions reduction, food security and smallholder inclusion.

Upstream and downstream private sector players often exert substantial political and economic influence in the reform – or lack of reform – of systems of public support to agriculture. Input suppliers such as fertiliser companies, finance and insurance providers, and large-scale buyers such as supermarket chains may capture a significant share of subsidy benefits, especially if they hold a monopoly or monopsony. These actors have strong incentives to maintain existing systems that support their market position. In India, Indonesia and Mexico, there have been long-term battles over subsidy arrangements between fertiliser industry lobbies on one hand and proponents of small-scale agriculture and organic inputs on the other.[115] Meanwhile in the USA, the small group of private sector providers of federally subsidised farm insurance invest in significant lobbying of central government to retain current arrangements.[116]

To manage private sector participation effectively, governments can introduce formal rules to regulate lobbying and create stringent criteria for participation in policy design. Multi-stakeholder dialogue and other inclusive platforms must have clear rules of engagement. The goal here is to create a more even playing field, particularly between the interests of large-scale agribusinesses and those of more poorly resourced and less well-organised groups, including small-scale farms and rural enterprises, poor urban consumers, and those fighting for gender equality, better nutrition and environmental justice.[117]

Practical lessons

1. **Separate consultation from decision rights**
   Companies may provide evidence and ideas, but elected governments must define public-interest goals and make decisions on policy design.

2. **Include countervailing voices**
   Private sector engagement should be matched by participation from smallholders, women farmers, tenants, labour groups, consumers and environmental organisations.

3. **Make transparency non-negotiable**
   Publish contracts, procurement decisions, beneficiaries, subsidy values, lobbying meetings, concession levels and expected development outcomes.

4. **Design support around outcomes, not firms**
   Support outcomes – water saved, emissions reduced, yields improved – rather than vendor-specific products or technologies.

5. **Build competitive markets first**
   Where input or service markets are concentrated, public support is likely to inflate prices or create rents. Competition policy and market development should come first.

6 **Avoid treating private finance as a substitute for public finance**
Private capital follows returns; public finance must protect public goods and vulnerable groups.

7 **Use concessional and blended finance carefully**
Guarantees, first-loss capital and grants should address specific market failures, not socialise private losses or hide subsidies for firms.

8 **Coordinate finance with policy reform**
Irrigation finance needs water rules; credit reform needs land and collateral solutions; input reform needs extension.

9 **Empower small-scale producers and enterprises to become investable**
Farmer registries, cooperatives, digital records, warehouse receipts and extension systems reduce investor risk, but inclusion targets and dedicated resources for women, youth, tenants and poorer regions are essential.

10 **Track who benefits**
Reform should measure distributional impacts: smallholders versus large farms, producers versus suppliers, consumers versus exporters, and poorer regions versus better-connected areas.



Country successes and challenges

India, Nepal and Bangladesh

The Inclusive Agritech Facility, managed through International Finance Corporation (IFC), aims to de-risk early-stage equity investments, supporting agritech companies to develop appropriate technology and business models for smallholder farmers, with potential to scale. This facility helps state and national governments bridge the gap in delivering extension, market information, credit scoring, logistics and climate advisory services at scale. Blended equity finance can support agritech firms that provide these services, while public concessional capital reduces the risk for investors entering early-stage agricultural markets.[118]

Malawi

One success of Malawi's fertiliser subsidy programme has been the gradual inclusion of private agro-dealers in input delivery.[119] Earlier systems relied heavily on state-led distribution and suffered delays, weak access and political allocation. Reforms introduced private retailers and voucher/e-voucher mechanisms to improve availability and reduce administrative burdens. Studies of Malawi's Farm Input Subsidy Programme found that private-sector participation could improve timeliness and local access when markets were sufficiently developed and when public rules were clear.[120]

Brazil

Brazil's ABC Programme (Programa Agricultura de Baixo Carbono, or Low-Carbon Agriculture Programme) was created in 2010 to redirect agricultural support towards climate-smart investment rather than conventional production subsidies. It provides concessional rural credit through public and private banks for practices such as no-till farming, pasture restoration, integrated crop-livestock-forestry systems, biological nitrogen fixation, commercial forestry and manure management. By reducing borrowing costs and sharing risk with financial institutions, the programme has encouraged farmers to invest in technologies that raise productivity while lowering greenhouse gas emissions. Its main lesson is that subsidised credit can support reform when tied to measurable environmental outcomes and technical assistance.[121]

Australia

Australia's rural research and development corporation model uses compulsory industry levies, paid by producers and processors, to fund agricultural innovation. These levies are matched by public contributions and are managed by sector-specific Rural Research and Development Corporations, such as Meat & Livestock Australia or Grains Research and Development Corporation. Producers directly determine research and development spending through regional panels, advisory committees, consultations, voting rights in some corporations, and periodic reviews of levy rates and strategic plans. The RDCs then commission research from independent research bodies including universities and Australia's national science agency (CSIRO), which are also involved in setting the research agenda.[122]

Spain

Spain's Food Chain Law provides an example of regulation aimed at addressing power imbalances within agrifood value chains. The law seeks to increase transparency and fairness in commercial relationships and to protect weaker operators, particularly primary producers, from unfair trading practices. It was reformed in 2021 to establish that contracts with primary producers must establish prices that cover their effective production costs, while the principle of preventing the "destruction of value" applies throughout the chain. The framework also restricts practices such as unilateral contractual changes and excessive payment delays, illustrating how public regulation can strengthen family farmers' bargaining position vis-à-vis more powerful downstream actors.[123]

10 Develop a predictable and fair transition

In both technical and political economy terms, subsidy repurposing works best as a series of progressive changes rather than a new system all at once. Governments can gradually repurpose existing expenditures towards higher-impact investments, prioritising cost-neutral or cost-saving transitions as early wins. Careful attention needs to be paid not only to the desired end state but also to the costs and risks of transition. Much of the resistance to reform stems less from opposition to new policy directions, such as sustainable farming practices, and more from reluctance of individual producers and agribusinesses to bear adjustment costs and uncertainty.[124] Addressing these transition challenges is therefore central to reform success.

Affordable adaptation for farmers, particularly the poorest, requires targeted transition support. For governments, the challenge is to pay for this out of existing subsidy budgets rather than increasing overall spending. Innovative mechanisms – like the 'subsidy transition bonds' proposed for India's PM-PRANAM subsidy repurposing scheme to reduce overuse of inorganic fertilisers – may assist by sharing financial risk.[125] Predictability is equally important. When stakeholders understand the direction and pace of change, they are more likely to support or at least tolerate reform. Farmers, especially small-scale, rely on subsidies to manage risk and stabilise incomes. Abrupt or poorly communicated reforms can create uncertainty, reduce investment, and provoke resistance. Establishing clear

multi-year timelines, with credible milestones and commitments, helps build trust.[126] Exit strategies are also important for high-cost public support programmes such as fertiliser subsidy schemes.[127]

Sequencing plays a central role in balancing affordability and predictability.[128] Phased approaches, such as piloting reforms in specific regions or crops, can spread costs over time, allow for learning before scaling, and build coalitions of support.[129] For example, as agricultural subsidies were phased out in New Zealand, care was taken to sequence reductions in farmers' payments with supportive policies such as lowering tariffs on farm inputs. However, unintended hiccups in the process caused loss of farmers' income and greater resistance to the reforms.[130] In Jordan, the timetable of reform is guided by a comprehensive mapping of agricultural support, including embedded subsidies in water and energy systems. This has helped policymakers to sequence reforms more effectively, pairing investments in extension services, water management, and market enablers (e.g. traceability tools) with gradual adjustments to subsidy structures.[131] Such coherence helps manage transition risks, build stakeholder confidence, and align incentives across sectors.[132]

Practical lessons

1 **Announce a multi-year reform pathway**
Set a five- to ten-year transition timetable, with annual milestones, guaranteed minimum support during the adjustment period, and clear dates for old subsidies to phase down.

2 **Protect vulnerable producers first**
Create targeted transition grants, simplified eligibility, accessible mobile registration, women's access quotas and redress mechanisms.

3 **Use cash or income support during adjustment**
Offer time-limited direct payments linked to household status or farm-size criteria, not to output volume or input use but to compensate near-term income losses and soften the transition.

4 **Invest in extension before changing incentives**
Accompany subsidy reform with expanded extension on farm technologies, marketing and financial planning, preferably at least one season before subsidy changes begin.

5 **Maintain input and output markets**
Assess whether seed, fertiliser, credit, storage, transport and buyer networks exist before removing support.

6 **Phase reform by region, crop or beneficiary type**
Pilot reforms where alternatives are strongest and livelihood risks are lowest, then scale up.

7 **Anchor reform in law and budgets**
Legislate the transition timetable, compensation mechanisms, responsible line agencies and reporting mechanisms.

8 **Communicate in practical, non-technical language**
Produce crop-specific and region-specific transition guides and messages for local radio, online groups and in-person meetings. Producers need to know: What am I losing? What am I gaining? When will payments arrive? What must I do differently? Who do I call if something goes wrong?

9 **Use digital systems, but do not rely on them alone**
Combine digital delivery with assisted registration, offline options and community verification to include producers without land titles, phones, literacy or bank accounts.

10 **Avoid reforming during peak vulnerability without safeguards**
Include shock clauses that pause phase-outs or increase support when droughts, floods or external market shocks occur.



Country successes and challenges

New Zealand

New Zealand's agricultural reforms during the mid-1980s remain one of the world's most comprehensive examples of subsidy removal. Rather than eliminating support overnight, the government combined a clearly signalled timetable for phasing out subsidies with wider economic reforms, including reductions in tariffs and market distortions that lowered farmers' production costs. Transitional assistance, debt restructuring and advisory support empowered many farmers to adapt, although sequencing was imperfect. Some support measures were withdrawn before farmers had fully adjusted to new market conditions, causing financial hardship for highly indebted producers and fuelling political opposition. The experience demonstrates both the value of a predictable reform pathway and the importance of aligning subsidy reform with complementary policies that ease adjustment rather than increasing uncertainty.[133]

Australia

Australia has pursued a gradual transition away from ad hoc drought relief towards a resilience-based model of public support. Rather than withdrawing assistance abruptly, successive governments introduced programmes such as the Farm Household Allowance, Rural Financial Counselling Service and the Future Drought Fund, while progressively reducing expectations of permanent emergency assistance. This sequencing enabled farmers to adapt to a system that places greater emphasis on risk management, preparedness, innovation and climate resilience. Although politically contested during periods of severe drought, the gradual transition helped maintain public support by ensuring that new resilience measures were established before older approaches were scaled back.[134]

Switzerland

Switzerland has implemented one of the longest-running phased transitions from production-linked subsidies towards payments for environmental stewardship and multifunctional agriculture. Beginning in the 1990s, reforms were introduced over several agricultural policy cycles, allowing farmers time to adapt their production systems while progressively expanding direct payments linked to environmental performance, landscape management and animal welfare. Clear timetables, predictable budget allocations and extensive advisory services reduced uncertainty and helped sustain political support. The Swiss experience illustrates how long transition periods can build confidence while gradually changing incentives without undermining farm incomes.[135]

China

China has gradually repurposed agricultural support from price interventions and input subsidies towards payments that promote food security, environmental sustainability and rural revitalisation. Rather than replacing support through a single reform, successive policy packages have expanded conservation agriculture, soil protection, machinery upgrading and green production incentives while gradually reducing environmentally harmful input subsidies. Piloting reforms in selected provinces before national rollout enabled policymakers to learn from

implementation, refine programme design and reduce political risks. China's experience demonstrates how phased implementation can strengthen both policy effectiveness and political acceptability when large-scale reforms affect millions of farmers.[136]



CONCLUSION

The evidence is clear: repurposing public support to agriculture offers a unique opportunity to make progress towards a just rural transition. The barrier is less a lack of options than a lack of political will. This report provides a playbook of ideas to unlock the political economy of change. Its value lies in how readers choose to use it. The most pressing question is what to do immediately when there is so much that can be done.

For government leaders, this moment offers a chance to reinvigorate national priorities. By integrating your use of public spending for climate, healthy land and soil, biodiversity, nutrition and rural development, you can uncover hidden opportunities to build collaboration across finance, health and environment ministries supported by broad coalitions beyond government. Framing reform as an investment in national security and rural prosperity allows you to build the political capital needed for lasting transformation.

Civil society and producer organisations have an immediate opportunity to shift the narrative from defending narrow interests to championing broad-based public benefits. By proposing concrete alternatives that channel funds into resilience and infrastructure, you can reshape the debate. Armed with data on who truly benefits from current spending, you can amplify the voices of small-scale producers and marginalised people, turning the call for justice into a compelling story of shared future prosperity.

Private firms and international funding agencies have the chance to both secure the floor and raise the ceiling for national-level actions. Securing the floor entails implementing measures for transparency and accountability. Raising the ceiling involves aligning capital with a just transition, first by investing in innovations that demonstrate and test new ways of working, and second by providing the finance that derisks investments by smaller players, thus providing a route to scale.

The cost of inaction is measured in lost harvests and deepening inequality, but the potential reward is a thriving, resilient global food system. Every day brings a new chance to redirect billions towards more equitable and nature-friendly alternatives. By picking one strategy, identifying one ally and launching one pilot, you can help turn ambition into impact. The future of our food systems depends on the choices we make today. The time for a just rural transition is now.

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ANNEX 1.
WHY REPURPOSING PUBLIC SUPPORT TO AGRICULTURE CAN DELIVER FOR DIVERSE CONSTITUENCIES AND ISSUES

Issue	Why public support to agriculture matters	Practical value proposition for repurposing public support
Biodiversity & environment	Badly targeted subsidies drive habitat loss, soil degradation, run-off of pesticides and fertilisers.	Redirect support to payments for nature-positive farming and habitat restoration.
Business case	Public support shapes market incentives and investment risk.	Offer predictable transition incentives, innovation grants and a level competitive playing field.
Children & youth	Food systems affect future jobs, nutrition and exposure to climate risks.	Fund school meals, youth farming schemes, green skills and rural entrepreneurship.
Circular economy	Agricultural waste harms freshwater and coastal ecosystems but could be recycled to save fertiliser costs.	Support waste reduction, nutrient and energy recycling, bio-based materials and local value chains.
Climate	Vulnerability of farming systems to climate change is due more to adaptive capacity than to exposure to climate risks.	Shift public support towards adaptation-mitigation co-benefits such as soil fertility management, R&D, early warning systems.
Energy security	Farming and food systems, including fertiliser manufacture, consume substantial energy and are vulnerable to energy shocks.	Invest in on-farm renewables, efficient irrigation, green fertiliser and reduced input dependence.
Food security	Poorly designed subsidies may favour exports or staples over diverse diets.	Rebalance support towards resilient domestic food production and diverse crops.
Forestry	Agricultural expansion can drive deforestation.	Reward agroforestry, forest protection and deforestation-free supply chains.

Issue	Why public support to agriculture matters	Practical value proposition for repurposing public support
Gender equality	Women farmers often have less access to land, credit, extension and other benefits of public support.	Use gender-targeted grants; include women-led organisations in design of public support.
Geopolitics	Food, energy and fertiliser markets are exposed to global shocks, tariffs and threats to sovereignty.	Frame reform as national resilience and reduced dependence on volatile imports.
Humanitarian relief	Climate shocks and conflict can destroy rural livelihoods.	Link emergency support to longer-term resilience, insurance and livelihood recovery.
Indigenous peoples	Indigenous lands are often biodiversity-rich but politically marginalised.	Fund Indigenous-led land stewardship, secure tenure and free, prior and informed consent.
Jobs & livelihoods	Public support, such as infrastructure and subsidies, drives rural opportunities and employment patterns.	Design public support to increase multiplier effects (e.g. land restoration, value chain development, digital services).
Land rehabilitation	Degraded soils reduce productivity and resilience.	Compensate farmers for soil restoration, erosion control, cover crops and watershed protection.
Migration	Rural distress can increase forced or distress migration.	Use support to stabilise livelihoods, especially in climate-vulnerable regions.
Nutrition & health	Subsidies often favour a small set of staple crops over diverse foods.	Support fruits, vegetables, pulses and small-scale livestock; fund school feeding.
Poverty reduction	Large farms often capture disproportionate support.	Retarget payments to smallholders, tenants, landless workers and poorer regions.
Rural development	Subsidies can either entrench dependency or support transformation.	Combine farm support with roads, storage, digital access, finance and extension.

