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The following case study update describes progress in the Fundar's *Subsidios al Campo* campaign that aims to put pressure on lawmakers to reform agricultural subsidies in Mexico. This is a summary of a more in-depth update prepared by Guillermo Cejudo as part of the Learning Program of the International Budget Partnership's Partnership Initiative. The PI Learning Program seeks to assess and document the impact of civil society engagement in public budgeting.

Download a PDF of the updated complete case study at <http://internationalbudget.org/publications/evidence-for-change-the-case-of-subsidios-al-campo-in-mexico/>.

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MEXICO: ADVOCACY CAMPAIGN EXPOSES THE INJUSTICE OF FARM SUBSIDIES

In Mexico, a national farm subsidy program intended to help the poor has instead benefited the wealthy.

From 1994 to 1998 the *Procampo* program, which provides cash payments to farmers to help them overcome their financial constraints, distributed 57 percent of the program's benefits to the wealthiest 10 percent of recipients.¹ This disproportionate and inequitable distribution was one of the primary reasons the program had failed to fulfill its objective to reduce poverty in Mexico, where 61 percent of rural residents live below the poverty line.²

This case study demonstrates the power of evidence-based advocacy by examining how it contributed to the campaign's success. The study also highlights the importance to advocacy campaigns of directly engaging academics, journalists, and beneficiaries in efforts to disseminate research findings and recommendations. At the same time, the case study shows the limits of evidence-based advocacy in contexts in which there are powerful interest groups resisting change, government institutions reluctant to modify the status quo, and ineffective accountability mechanisms. There are seldom quick or easy wins in these contexts, and

campaigns must sustain a long and multifaceted effort. But after the election of a new government, this situation might change owing to the efforts of a public advocacy campaign by a coalition of activists, small farmers, and academics who teamed up to expose the issue through the use of budget transparency tools.

THE ISSUES: THE MESSY REALITY OF FARM SUBSIDIES

Governments use different kinds of subsidies to correct for market failures in the production and distribution of agricultural goods. A government might help to lower the costs of equipment for producers to encourage mechanization of the sector, or it might provide benefits directly to producers if market prices are too low to stimulate the supply of food staples needed in a country. Subsidies have been useful also to protect farmers from unfair competition, to promote certain crops, and to combat poverty in rural areas.

But subsidies are also controversial for their often unintended consequences. Critics point to examples of how subsidies designed to alter the market in one country can have spillover effects in the international market, driving down the price of commodities globally to the detriment of farmers elsewhere. There is also evidence that subsidies, in both developing and developed countries, are an easy target of abuse by well-organized and politically powerful interest groups.

Mexico's own history of farm subsidies demonstrates these challenges well.

In 1994, Mexico signed the North American Free Trade Agreement, a pact to gradually lower or eliminate trade barriers with the United States and Canada, including for agricultural goods. Farm subsidies have a long

¹ Kristina Pirker, "Subsidios al campo en México: Contraloría social, nuevas tecnologías e incidencia en políticas públicas." UNAM, 1 September 2010.

² World Bank Development indicators, 2010.

history in Mexico, but the current cash subsidy program, known as *Procampo*, was initiated as part of a larger plan of action to prepare for trade liberalization and to alleviate or prevent its adverse effects. Mexican small farmers, it was reasoned, would be especially vulnerable to competition from U.S. farmers, who receive massive federal support.

Procampo was intended to level the playing field, and to provide farmers with a stable flow of cash that they could use to maintain or improve their production. The program was given two objectives: it was supposed to be an instrument to reduce poverty and, at the same time, it was meant to improve competitiveness in the rural sector in the face of trade liberalization.

But according to most observers, it has not succeeded. Academics, peasant farmer groups, and even some public officials have all raised doubts about the federal government's policies toward the rural sector, and particularly about the distribution of farm subsidies. For researchers at Fundar, the issue of distribution came to fore when they looked at how rural public expenditure had consistently risen from 120 billion pesos (US\$9 billion) in 2004 to 176 billion pesos (US\$13 billion) in 2007, and yet in spite of the growth in spending, the enormous gap between the rich and the poor in the sector had remained as wide as ever. Separately, the World Bank concluded in a 2009 report that Mexican "public expenditure in agriculture is so regressive that it cancels out almost half the redistribute effect of rural development expenditure."³

Reversing the skewed distribution is no easy task. The national (i.e., Mexico City-based) media is largely uninterested in agricultural policy and is not inclined to publish the obscure, technical details of specific policies. Furthermore, the public debate has traditionally focused solely on the amount of budgetary resources allocated to the rural sector, and not on the distribution of those resources within the rural sector, or their effectiveness. The greatest challenge of all to reform, however, may be the organizations and politicians who benefit from the status quo, who continue to block comprehensive policy change in this area. Still, their position has been made increasingly tenuous by the campaigning efforts of the network.

THE COALITION

Fundar, an independent Mexico City-based think tank has led the effort to redress the unequal distribution of farm subsidies. It had previously used budget analysis tools and the country's freedom of information law to advocate for greater accountability in the public sector and to expose cases of corruption and malfeasance. For this campaign, it allied itself with the *Asociación Nacional de Empresas Comercializadoras de Productores del Campo* (ANEC), a grassroots organization made up of small agricultural producers that has advocated for changes in agricultural policies.

The coalition between Fundar and ANEC was unusual. The organizations have different styles, purposes, and audiences, but the partnership was forged with the assistance of Libby Haight, who was at the time a researcher at the University of California, Santa Cruz (UCSC), examining rural policy and peasant groups in Mexico. One person at Fundar later referred to Haight as "the one gluing the pieces together."

Haight and another colleague at the UCSC, Jonathan Fox, made possible an alliance with a crucial third partner: the Environmental Working Group (EWG), an organization that had successfully built an open access online dataset on farm subsidies in the United States (<http://farm.ewg.org/>) and raised awareness about the concentration of benefits in the wealthiest 10 percent of recipients there. This experience had been an inspiration for Fundar and ANEC, and EWG's technical know-how at converting big datasets into engaging and accessible maps and graphics was essential.

THE CAMPAIGN

The coalition's first move was to use the country's freedom of information law to obtain the lists of agricultural subsidy recipients. To get the correct information in the necessary format required 30 inquiries, 16 appeals, and a year of patient work to clean up the datasets and convert them into a user-friendly format on the Internet.⁴

The website, www.subsidiosalcampo.org.mx (which gives the coalition its name, *Subsidios al Campo*), went live in 2008. The information available to the public through the website includes the amounts of money received by individual recipients, as well as aggregate information by municipality, state, and region. It is also possible to compare information from different years and across states. The data shows that the distribution of subsidies is not only skewed toward wealthy farmers, but toward wealthier states. In the five years ending in 1998, five states received 40 percent of total funds for subsidies but only had 27 percent of recipients. In the same period, the northern state of Tamaulipas received 15 billion pesos for 159,500 beneficiaries, whereas Chiapas, one of Mexico's poorest states, only received 1.1 billion for 459,803.

According to the project's coordinator at Fundar, Miguel Pulido, developing the website alone was a significant accomplishment. The information on farm subsidies had previously been difficult to obtain and presented in an unclear format, and the major contribution of *Subsidios al Campo* was "to present it in a simple manner, so that everyone knows who gets the subsidies." To date the site has been visited 16 million times.

Still, the coalition was aware that the information would only lead to a more informed debate on farm subsidies and have an impact on policy and budgetary decisions if the information provided by the website was used by the media, civil society organizations, and accountability institutions. For this reason, Fundar and ANEC put together a short presentation on the subsidies program and began to train journalists in the use and interpretation of the data on the website.

However, the coalition soon discovered that they did not have sufficient control over the interpretation of the data. ANEC and Fundar wanted to emphasize the issue of inequality in the rural sector, but journalists tended to be more interested in scandalous findings than in the distribution of farm subsidies. As Haight explains, "The focus on concentration did not resonate with journalists; they were after names." The members of the coalition would have preferred headings like the following from the daily *La Jornada*: "For 15 years, 80 percent of *Procampo* beneficiaries received less than one thousand pesos." Instead, most of the headings were related to problems with specific beneficiaries:

- "Marijuana producer received support from *Procampo*."
- "Drug dealers' relatives in *Procampo* are detected."
- "Mayors get benefits from *Procampo*."

At this early stage of the campaign, the emphasis on individual cases came at the expense of a deeper analysis of the design and implementation of these agricultural programs, but the coalition later found ways to push a more nuanced agenda in the press.

Subsidios al Campo has been instrumental in promoting a deeper analysis of the *Procampo* program. With support of the Woodrow Wilson Center for International Scholars and the William and Flora Hewlett Foundation, a group of academics and policy experts were invited to carry out research on topics related to the campaign using the data provided by the *Subsidios al Campo* website. One of the studies, for example, looked at the inception and design of *Procampo* and the distributional effects of agricultural policies; another study conducted an analysis of a survey of beneficiaries.

These studies captured the attention of policy makers and experts in the field, and also led to increased newspaper coverage as more irregularities in the program were exposed. The media was especially interested to find out that the then Secretary of Agriculture in the state of Sinaloa appeared 89 times as a beneficiary of the program. This increased and more

³ World Bank (2009) "México: Análisis del Gasto Público en el Desarrollo Agrícola y Rural," page ix.

⁴ www.subsidiosalcampo.org.mx

nuanced coverage was the result of sustained work with journalists. Especially the work that Fox's researchers did with two experienced journalists of *El Universal* yielded extensive results. As a result *El Universal* assigned two of its top investigative reporters to follow up on the research, later running a full week of front-page stories on *Procampo*, with detailed information on beneficiaries, policy design, implementation, and the concentration of subsidies.

In response to the coverage and debate generated by the project, the Ministry of Agriculture announced that it would clean up the recipient list to remove individuals who were receiving the benefit illegally. Peasant groups responded to the announcement by insisting that the list be updated also to include small producers who should have never been excluded. And in April 2009 the ministry also announced new operating rules for *Procampo* that included a minimum subsidy for small producers (those with less than five hectares) of 1,300 pesos (US\$99) and a ceiling of 100,000 pesos (US\$7,630) for large producers. The new rules indicated that the ministry would create a single registry system that would be more transparent and increase accountability. Later in 2009, amidst continued controversy over the program, the campaign claimed its first political casualty. The Minister of Agriculture resigned and returned to his seat in the Senate.

A year later, however, the government institutions in charge of running the program were still not observing the new operating rules, and the problems related to abuse of the program and to the inequitable distribution of the benefits remained unresolved. *Subsidios al Campo* again reached out to its contacts in the media to generate a new round of stories. The press coverage this time was driven partly by the revelation that the new Minister of Agriculture was himself a direct beneficiary of *Procampo*, in spite of a provision in Article 6 of *Procampo*'s mandate that states that "public officials in the ministry, in technical agencies, or in the agricultural developments departments in the states or municipalities may under no circumstance be beneficiaries of the programs or its components."

Amidst this new controversy, *Subsidios al Campo* was again able to promote more in-depth coverage of the policy, this time focusing on the failure of the government to make good on its promises to resolve the fundamental flaws in the program's design.

These efforts have certainly altered the debate on agricultural subsidies and are contributing to an atmosphere of greater transparency and accountability in the sector, but *Subsidios al Campo* is also operating in a complex environment in Mexico, where several other factors are influencing the final outcome of the campaign, as the following sections will explain.

CHANGES DUE TO THE CAMPAIGN

Influencing the public debate

Subsidios al Campo improved the transparency of Mexico's farm subsidy program, and helped to identify the root causes behind the unequal distribution of benefits. In doing so, it undoubtedly deepened the policy debate.

More specifically, the coalition could already claim two important achievements. The first was credibility: in a country where the first instinct of an accused politician or a public official is to question the validity of the information or the motivations of the source, the data and the analysis provided by *Subsidios al Campo* remained uncontested. Since the data came from government information — it was processed and made accessible by the coalition, but not transformed in any way — it was not possible to doubt its reliability.

In itself the website has become a public good, which can be used for single searches of individual beneficiaries or for sophisticated statistical analyses. According to Fox: "The website did not give new information to members of the policy community, but it provided solid evidence, based on official data, in an accessible way. It is no longer the biased opinion of interested actors, or anecdotal evidence. It is an argument based on official information that is available to the general public."

The second achievement was related to the original purpose of the campaign, which was to raise awareness about the distribution and impact of farm subsidies: the *Subsidios al Campo* website has shown that there is considerable investment in the rural areas, with meager results in overcoming inequality. Politicians from the main three political parties have all acknowledged problems with *Procampo*: for the Institutional Revolutionary Party (PRI) the problem lay in the excessive number of bureaucrats a bad administration, for the leftist Democratic Revolution Party (PRD) the real issue was the lack of more resources for the poor, whereas the party in power at the time of the campaign (National Action Party, PAN) said that the program needed more supervision and faster distribution.

Recent discussions in congress, reports by international organizations, and public statements by experts and non-experts alike have incorporated the data, arguments, and demands of *Subsidios al Campo*. Thus the first part of the campaign's purpose (influencing the public debate) had been accomplished. The second part (inducing policy change), would prove to be more difficult.

From transparency to accountability

Still, it has been less effective in improving the policy because of active resistance by the government, and in improving accountability because of weaknesses in the country's institutions. *Subsidios al Campo* had initially believed that once the information on farm subsidies was made public and accessible, it would be possible for peasant organizations and civil society groups to use this information to demand changes in policy, and that the government would react to those demands with improvements in policy decisions. This assumed that the congress and other government institutions of accountability would perform their oversight function better with more information. And it was also assumed that the federal government would respond in turn.

"One of the lessons of this campaign is that gathering all the available evidence and building a powerful argument is not enough in a context of ineffective accountability institutions," said Haight.

Indeed, several institutional failures have prevented the campaign from having a more profound impact on the actual distribution of farm subsidies.

The Ministry of Agriculture may have mandated important changes to the operation of the farm subsidies program, but the government agency responsible for implementing the program has not complied; moreover, the institution has no mechanism for ensuring its compliance. As a result, as late as 2011, the mandated floor and ceiling for agricultural subsidies were not in place, and the new unified registry was still not established.



TACTICS FOR STRENGTHENING THE DEBATE ON FARM SUBSIDIES IN MEXICO

- Using the country's freedom of information law to obtain the lists of agricultural subsidy recipients.
- Creating a user-friendly website to give the public detailed information on how agricultural subsidies are distributed.
- Training journalists on the agricultural subsidies program and on how to use the website.
- Commissioning a series of research studies that explored issues related to the agricultural subsidies program.
- Working directly with journalists to produce investigative, feature stories.

A Ministry of Public Administration enquiry into the receipt of *Procampo* benefits by public officials, including the minister himself, concluded that there had been no wrongdoing. A review of the program by the auditor general, however, later concluded that this practice did contravene the rules of the program. The auditor found 557 officials at the ministry who were on the recipient list and asked them to return over five million pesos (US\$380,000) that they had received in 2009 (the Minister of Agriculture announced that he had repaid the benefits prior to the auditor's report). The auditor also found 18,023 producers with more than one identification number and 323,026 beneficiaries older than 75 years of age – a dubious figure for that age bracket.

The campaign can also be credited with getting the congress to intervene in the program, though much of the action by lawmakers was of a purely rhetorical nature. One exception was the initiative by the Center for Rural Development, a legislative research center, which used the *Subsidios al Campo* website to produce evidence about the concentration of farm subsidies and the program's failures. The lower chamber's Rural Development Committee later held meetings to discuss a reformulation of *Procampo*, but the powerful agriculture lobby prevailed to block any significant legal reform, according to members of the campaign.

One minor legal outcome was an order in the 2011 budget for greater transparency in the agricultural subsidies program. This has led the Ministry of Agriculture to routinely publish figures on farm subsidies, though (citing privacy concerns) the government does not divulge the names of individual recipients, as the *Subsidios al Campo* website does.

The new government, elected in 2012, has given some hope of further reforms. Soon after taking office the new government announced the type of changes it had in mind, which were in line with the main message of the *Subsidios al Campo* campaign. On 2 December 2012 the federal government signed with the main three parties (PRI, PAN, PRD) a document called *Pact for Mexico*, which enlisted several issues that required legislative and executive action on which there was basic agreement. In February 2013 the new Minister of Agriculture, Enrique Martínez, in one of his first interviews, announced that the ministry was carrying out a comprehensive diagnosis of *Procampo*. Martínez announced that a number of beneficiaries of the program would stop receiving the benefits because a preliminary review found that thousands of acres receiving *Procampo* were not in fact being used for agriculture (some of them were golf courses). Along with this new attempt at cleaning up the register, Martínez also announced new streamlined operating rules for 2013, which would simplify the way subsidies are transferred, improve the process of updating the beneficiaries' list and prevent misuse of resources. Regarding the *design* of rural policy, however, the announcements do not incorporate the main concern of *Subsidios al Campo*: concentration and inequality.



OUTCOMES OF THE FARM SUBSIDIES CAMPAIGN IN MEXICO

- Increased awareness about the distribution and impact of farm subsidies
- Uncovering of rampant abuse of the farm subsidies program, including by government officials
- The decision by the Ministry of Agriculture to rectify irregularities in the farm subsidy recipient list
- New operating rules established for the program, including a floor and a ceiling for the amount any recipient could receive (1,300 and 100,000, respectively), and the creation of a single registry of recipients that would be more transparent and reduce the possibility of fraud
- A congressional order for greater transparency in the distribution of farm subsidies

CONCLUSION

Subsidios al Campo is remarkable for its use of new technology tools to make government data accessible and usable; it is an early pioneer in what is now a growing "open data" movement that is benefitting from a burgeoning array of creative techniques for presenting large amounts of complex information.

But the coalition quickly understood that access to information alone would not change policy. It drew upon a network of researchers to deepen the analysis of the problem. One important lesson from the success of this maneuver was that discoveries and insights it produced might have been dismissed as propaganda had they not been carried out by reputable researchers and backed up by official data.

Subsidios al Campo was also uniquely successful at garnering press coverage, though the case illustrates that the kind of coverage the campaign sought was not immediately forthcoming. Its early efforts to work with journalists generated mostly sensationalist headlines. It was only several efforts to engage with journalists that the campaign finally elicited in-depth reporting into the root causes of the problem.

The campaign is also a case study in how commercial and entrenched political interests can resist change. The election of a new government may, however, provide the opening needed to make further progress toward campaign goals.

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