The Political Economy of Agricultural Policies in Africa: History, Analytical Concepts and Implications for Development Cooperation

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Abstract

50 years since independence, agriculture remains a key driver for economic growth, rural development and poverty reduction in many African countries. Yet, the sector has suffered from market and policy failures and has largely failed to fulfil its potential. Why do agricultural policies seem to have failed in seizing development opportunities? This paper argues that this is partly due to the fact that the legacy of political economy of agricultural policy reforms in Africa was inadequately considered. After decades of research, the political economy of agricultural policy making in Africa still seems to puzzle academics and practitioners alike. This paper discusses the evolution of the specific political economy in agricultural policy reforms from a historic perspective, and why political economy issues are (still) key problems in rural development. Even though political economy has been analysed from different economic and social science angles, the respective results have rarely been synthesised and put into practical use. The author argues that a lot can be gained by addressing the political economy in African agriculture in a more inter-disciplinary way and she provides lessons learned for both development research and development cooperation.

Keywords: agricultural policy, political economy, rural development, Africa

JEL: O13, P48, Q18

In any analysis of agricultural policies, the hardest part is to incorporate political economy considerations.

STIGLITZ (1987): 54

1 Introduction

50 years since independence, agriculture remains a key driver for economic growth, rural development and poverty reduction in many African countries. However, until today, the sector seems to have failed to seize its opportunities and to deliver widespread social development and economic growth for rural Africans. Among many
reasons to explain why agriculture has largely fallen short of its potential (see for example Rauch in this issue), poor agricultural sector policies have been identified by many experts. Despite intensive research over the past three decades, the political economy of agricultural policy making in Africa still seems to be puzzling to many researchers and development practitioners. Twenty years after Stiglitz highlighted this difficulty, the World Bank reiterates this sentiment in one of its latest World Development Reports: “A better understanding of the political economy of agricultural policy making is necessary to address the continuing policy neglect and under- and disinvestment in the sector.” (WORLD BANK, 2007: 42).

Although different streams of academic thinking have identified political economy as an important factor to be addressed in policy analysis for agricultural and rural development in Africa, relatively few researchers seem to have synthesised concepts and results. This relatively weak foundation of political analysis for African agriculture stands in sharp contrast to the demand for it acknowledged by a large community of development researchers and practitioners, by economists and social scientists alike. Thus, for development practitioners it still remains vague how these difficulties in political economy analysis can be overcome and how the required “more politically sophisticated stance” (SCOONES et al., 2005: 11) could be operationalised for policy analysis and advice.

This article aims at investigating why the knowledge of the political economy of agricultural policies in Africa has remained sketchy, and intends to consolidate some of the lessons learned in order to make suggestions for future work in both research and practice of agricultural development. Chapter 2 discusses the evolution of agricultural policy analysis (chapter 2.1) and how the concept of political economy entered it as a field of research (chapter 2.2). Chapter 3 provides a historic overview on factors influencing the political economy of African agriculture and discusses their legacy. It is divided into three phases: post-independence (chapter 3.1); the era of post structural adjustment (chapter 3.2); and the era of political reform during the 1990s (chapter 3.3). Chapter 4 describes how agricultural development has changed and discusses new analytical approaches in development research (chapter 4.1) and in development cooperation (chapter 4.2). Finally, chapter 5 provides some lessons learned for development research as well as for development cooperation in the context of agricultural policy reforms in Africa.
2 Agricultural Policy Analysis in Africa as a Field of Research

2.1 The Relevance of Agricultural Policy Analysis in Africa

The importance of the agricultural sector for economic and social development in Sub-Saharan Africa (SSA) is well researched and widely recognised in the academic and development literature. The agricultural sector contributes significantly to the GDP of almost all SSA countries, in many it is the single most important source of foreign exchange earnings, the largest provider of domestic rural income and employment and thus, the dominant sector determining rural livelihoods of hundreds of millions of Africans (see for instance COMMISSION FOR AFRICA, 2005). The continuous importance of agriculture, not only for economic development, but also for social cohesion, stability, food security and sustainable rural development, explains the many hopes that are pinned on agricultural development as a key factor in reducing poverty in Africa (as summarised in WORLD BANK, 2007). Even though international as well as African interest in promoting the agricultural sector weakened during the 1990s, as compared to the 1970s and 1980s, African agriculture and rural development have been regaining attention in recent years (see Rauch in this issue). Given Africa’s complex natural resource endowment and high variability, much of this attention seems to be focused on bio-physical specificities of the sector, as well as on ecological, technological and economic inter-dependencies with other human activities (see Rauch in this issue). Yet, governance of the agricultural sector, agricultural policy making processes and the different political interests within the sector have not received equal attention in international rural development studies and the literature on agricultural economy (see OMAMO and FARRINGTON, 2004; SCOONES et al., 2005; WORLD BANK, 2007; or WORLD BANK, 2008).

As with any other sector, agriculture is strongly influenced by the political system, general governance structures and macroeconomic policies of a given country. Thus, when analysing the development impacts of policy reforms (or the absence of the same), the prevailing political system and its national political decision making processes would need scrutiny even before concentrating on particular agricultural questions. Yet, the agricultural sector shows so many specific historic, agro-ecological, economic, social and political features (see Rauch in this issue), that a careful analysis of the agents, institutions, markets and networks involved as well as their respective interests and powers within the sector is mandatory for agricultural policy analysis and reform implementation. In theory, many researchers acknowledge a need for such an analysis of political decision making in the agricultural sector at the country level, and that it requires elements from the social sciences to pay adequate tribute to the social implications of agriculture on rural societies (see OMAMO and FARRINGTON, 2004; KYDD, 2009). However, this seems to be rarely done.
2.2 Political Economy as a Consideration in Agricultural Policy Analysis in Africa

The first economist who identified political economy in African agriculture as a major field for research was ROBERT H. BATES, who in the late 1970s gathered empirical insights that were published in the early 1980s and serve as a point of reference until today (see BATES, 1981; and BATES, 1983). BATES’ work was based on a definition of agricultural policy that almost exclusively followed an understanding of the policy arena as a playing field for instruments of market policy, among which agricultural pricing policy played the dominant role. The Structural Adjustment Programmes (SAPs) implemented by the Bretton-Woods Institutions, so decisive for understanding African agriculture in the last three decades, followed a similar approach by emphasising their credo of “getting the prices right” (see also chapter 3, Rauch and particularly Heidhues and Obare in this issue). The most prominent comparative country studies of the impacts of these policies on agriculture were undertaken by chief World Bank economist ANNE O. KRUEGER in the early 1990s (see KRUEGER et al., 1992; SCHIFF and VALDES, 1992; KRUEGER, 1996; and BATES and KRUEGER, 1993). They concluded that the macro-economic reforms of the 1980s corrected the discrimination against agriculture in Africa to a large extent. Recent comparative country studies by the African Economic Research Consortium (NDULU et al., 2008) generally confirm the earlier assessment that the macroeconomic reforms of SAPs led to improved macroeconomic policies and probably economic growth in most African countries, their impact on agriculture though remains debatable (for similar assessments see WORLD BANK, 2007; ANDERSON and MASTERS, 2009).

However, the theoretical understanding of agricultural policy changed over time. A few years after BATES’ studies, STIGLITZ (1987) widened the definition of political economy for analysing agricultural policies by incorporating first considerations of institutional economics; such as market and government failures, imperfect information or externalities. His analytical suggestions for political economy considerations all dealt with (price) incentive structures via taxation and subsidisation of the agricultural sector and the respective macroeconomic costs of such redistributional policy measures, including trade policy. Furthermore, STIEGLITZ emphasised that both for governments in developing and in developed countries, agricultural policy choices often took place under conditions far away from “perfect markets” and thus had to follow a logic of “second best”. He argued that “[...] the design of agricultural policies should be viewed as an exercise in the theory of second best, an exercise requiring detailed information about a country and careful judgment about the nature and relative importance of market (and nonmarket) failures.” (STIGLITZ, 1987: 53).
Economic mainstream understanding of political economy continued to expand in the late 1980s. Widening the purely agricultural pricing perspectives, MONKE and PEARSON (1989: ix), for example, defined: “Policies for agriculture consist of government decisions that influence the level and stability of outputs and input process, public investments affecting the agricultural revenues and costs, and the allocation of research funds to improve farming and processing technologies.”

In the 1990s, the scope of agricultural policy broadened further, mainly due to three influencing factors:

1. innovations in New Institutional Economics (NIE) research,
2. more evidence on failures of market-based economies and
3. a cautious convergence of agricultural economics, political science and social research towards the broad discipline of poverty research which gained momentum with the UN Millennium Development Declaration in 2000.

By analysing the institutions governing the markets, NIE research contributed fundamentally to a better understanding of market failures. In the case of African agricultural markets, the increasing analysis of property rights, transaction costs, externalities, asymmetric information, social institutions and market power, helped shifting the focus from neo-liberal market-based approaches to evident market failures that needed more than just “getting the prices right” – rather “getting the institutions right” (see also RODRIK, 2006). A special issue on “New Directions for African Agriculture” (SCOONES et al., 2005) concluded that social, cultural and political factors were central to any solution to African agriculture, and recommended a ‘more politically sophisticated stance’ with new emphasis on understanding and influencing political processes (see also chapter 4). Only very recent agricultural economics literature seems to recognise the politics within agricultural markets in Africa (e.g. WORLD BANK, 2008; ANDERSON and MASTERS, 2009; KIRSTEN et al., 2009).

At the same time, an entirely different body of literature from social science disciplines such as African studies, anthropology, agrarian history and political science had conducted research on the political economy of African agriculture, yet with very much a different concept of political economy: the “comparative political economy approach”. This approach is based on empirical work in the tradition of grounded theory and seeks to inform the macro-development context by micro level studies. The political economy of agrarian change (known as PEACH) often draws on critical Marxist theory on the historic development of capitalism and the analysis of power relations and struggles between the classes over productive resources. ELLIS (2010), HARRISS-WHITE and HEYER (2010), DA CORTA (2010) and PADAYACHEE (2010)
provide useful overviews on this stream of literature.¹ This research had less influence on the development debate than agro-economic research, even though a number of results could have greatly contributed to a better understanding of the underlying political economy of agricultural policies and subsequent market and policy failures (see also chapter 4).

In development cooperation, policy advisors and consultants were mostly trained to provide rather technical solutions to agricultural problems. However, technocratic approaches rarely provided satisfying answers to the problems posed by market and policy failures. When the political economy and power relationships of the elites and respective neo-patrimonial hierarchies had been identified as a major hurdle for agricultural and rural development, development actors appeared to be poorly prepared to incorporate this into their projects and programmes.

3 Historic Perspective: The Legacy of Agricultural Policy Reforms in Africa

The legacy of post-independence agricultural policies and subsequent policy and market failures is far reaching and burdens the African agricultural sector to this day. In research, scholars increasingly came to recognise that history is a crucial determinant of agrarian change. Even after the wave of political reform following the end of the cold war and democratisation movements during the 1990s, political economy mechanisms continue to command important influence over African agricultural development, policy making and policy performance. Therefore, this chapter provides an overview of three rough historic phases that were crucial for African agricultural policy making - post-independence (1960s-1980s), structural adjustments (1980s) and post-democratisation (1990s) - under the perspective of their legacy for contemporary agricultural policy analysis.

3.1 Post-colonial Roots of Agricultural Policy Failures

In the beginning of independence in the late 1950s, an estimated 80% of Sub-Saharan Africa’s population was engaged in subsistence agriculture (see MEREDITH, 2005: 151). Most post-independence governments regarded the sector either as a driver for growth, a dearly needed source of foreign exchange or a “cash cow” that could be taxed in order to generate public funds for investments in other sectors. DORWARD et al. (2005b) reason that some African governments were aware of the important role

¹ Furthermore, a lot of this work has been published in the Journal of Peasant Studies (now the Journal of Agrarian Change) and in the Economic and Political Weekly.
agriculture played for the national economy, and be it “only” in providing food security for the population. Nevertheless, most leaders of the newly independent states strongly favoured an industrialisation strategy.2 Many new states, particularly former agricultural settler economies, largely followed the Ghanaian approach of Kwame Nkrumah: “The circle of poverty can only be broken by a massively planned industrial undertaking” – in other words: only industrialisation would enable African countries to escape their colonial trading patterns and have the power to modernise their societies (see MEREDITH, 2005: 144). Thus, the economic rationale of choice was import-substitution with a perspective of shifting from un-productive agricultural production to productive manufacturing.

Depending on the stance the newly independent states took on capitalism, Marxism or other development ideologies in-between, the degree to which agriculture was regarded as an “outdated” or “non-modern” sector varied, but almost every newly independent African government could count on the agricultural sector as an already existing, productive economic sector that was taxable. So, one of the first agricultural policies was pervasive taxation of the sector, both explicit and implicit. Export marketing boards were often expanded as sector governance models for domestically traded agricultural products. They developed into important sources of revenue for government expenditure and for redistribution in social investments and urban and industrial development in almost all African countries. NDULU et al. (2008: 183) conclude that especially socialist governments made use of such boards by imposing what they call “control regimes”, which proved to be particularly harmful to rural development.

However, these post-independence approaches to agricultural policy followed the political economy logic that gave higher priorities to “modernisation” than to wide-ranging rural development. The young government elite was setting examples of how far one could reach by leaving agriculture behind and entering administrative or industrial work environments. The mostly urban citizens from the upper segments of society followed these examples and became important political forces. Unsurprisingly, governments were more focused on the demands of these constituents than on scattered and powerless rural populations (outside their own personal ethnic relationships), which is generally referred to in the literature as an “urban bias”.

Within this general trend in agricultural policies, their impact and performance varied widely among African countries between the 1960s and 1980s. OYA (2010) points out

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that agriculture based countries with a history of settler colonies had a more vibrant rural economy as a result of early social differentiation in rural areas. Such countries also had a better chance of moving along a path toward a development focussed on agriculture with less disincentives to its rural citizens; i.e. Kenya, Zimbabwe or Cote d’Ivoire. BATES (1981) had already argued that these countries were governed by an elite that originated in agrarian constituencies and remained deeply politically entrenched with rural “home areas” or ethnic regions.3

Given the weak concept of “nation” in most post-colonial states, loyalties of African politicians stayed more affiliated with sub-groups of society (ethnic identity, clan and/or geographic region) than with the national population as a whole. Despite their often ceremonial rhetoric of “nation building”, many started developing institutions favouring and serving their sub-groups as individual power strongholds. Depending on the type of colonial rule, politicians as well as constituents had very little experience in political systems and their mechanisms, such as representative democracy and elections. With the withdrawal of colonial bureaucrats, members of the educated elite took over their respective posts, and it seemed that the more authoritarian the colonial regime had ruled, the higher the tendency of the new administrators to replicate that style of leadership: “The more durable imprint that was left behind was of authoritarian regimes in which governors and their officials wielded enormous personal power. The sediment of colonial rule lay deep in African society. Traditions of autocratic governments, paternalism and dirigism were embedded in the institutions the new leaders inherited.” (MEREDITH, 2005: 154)

The manifested power relations between an urban-biased elite and more or less dependent rural constituents resulted in the absence of a critical public citizenry that could lobby for better sector governance. OLUKOSHI (2005) discusses this against the historical background of transferring the colonial states into the post-independence area. He argues that the implementation of economic liberalisation in rural Africa became inextricably linked to parallel policy processes of patrimonial politics and elite accumulation. He illustrates this with examples from the privatisation of arable land. The elite managed to use “western liberal economic reforms” to consolidate both their commercial and political interests. He questions the existence of a critical rural citizenry that could hold these elites accountable by the existing mechanisms.

The rural poor were systematically excluded from productive resources due to prevailing power relations. Their near lack of organisation made it virtually impossible to exercise their rights against informal governance agents such as “big men”. This also

3 NDULU et al. (2008) also noted that the predominance of the risks of subsistence and low population density favoured the emergence of strong and localised identities based on kinship.
contributed to the duality of rural areas, where poor, subsistence oriented small-scale farming often exists alongside large-scale commercial farming with little inter-linkage. OYA (2010) argues that this duality was partly created by colonial penetration of rural areas in settler economies. Particularly cash crop producing areas are assumed to have induced a certain measure of differentiation in an African rural entrepreneurial class, with a legacy that lasts to this day, particularly in land ownership (see OYA, 2010).

In agricultural government institutions, such as marketing boards, supply organisations or development authorities, African staff lacked technical and managerial training, economic know-how and political experience for running institutions and for designing and implementing effective policies. Moreover, the sector lacked development investments and entrepreneurial dynamics, also due to a weak private sector, as highlighted by the WORLD BANK: “With help from donors, postcolonial regimes built on the institutional residues of colonial powers and increased public sector dominance over agricultural marketing and input supply systems, inhibiting the development of individual traders, private companies and farmer cooperatives.” (WORLD BANK, 2000: 174). The majority of African governments, whether they followed a communist/socialist, neutral or market economy approach, had little confidence in the private sector to drive agricultural development. The reasons were manifold: political leaders with leftist leanings associated private investments with exploitation of peasants by the elites; liberal market governments tended to see the private sector as too weak to take over crucial functions – and both might have been right in their assessment in the early 1960s (see for instance NUGENT, 2004; or WORLD BANK, 2000). The widely-observed conclusion was that the state had to intervene in agricultural production, extension, rural infrastructure, agro-processing and trade. As a consequence, early post-independence agricultural policy consisted of public investments in a rural infrastructure geared to public governance of agricultural markets; predominantly through state monopolies, price control mechanisms, parastatal marketing boards, widespread compulsory producer cooperatives and restrictions on the movement of goods. Often, a relatively small group of new administrators and bureaucrats exercised control over these institutions and began to see their potential for personal enrichment, corruption and favouritism. Thus, in many countries the agricultural sector became popular for state-corporations and parastatal organisations, which provided many avenues for rewarding lucrative positions and kickbacks for family, friends and kinsmen, as well as relatively uncontrolled and unaccounted sources of money and assets. Senior politicians in corrupt regimes started seizing control over the agricultural sector, which translated into bad governance and poor policies.

Furthermore, farmers suffered from low prices for their produce by state monopolies, which often only paid months in arrears. These disincentives were somewhat compensated by large-scale public investments in agriculture (i.e. irrigation and land settle-
ment schemes, extension services, agricultural educational institutions, credit schemes and subsidies for fertilisers). External donors supported the agricultural sector and kept productivity up for some time. Yet, the rural infrastructure started deteriorating and the public delivery of key production inputs and services became volatile and increasingly subject to favouritism and bribery, and caused increasing public debts, rather than increased tax revenue. This process continued more or less unnoticed during the boom years after independence until the early 1970s, when the first international oil price shock drove oil importing countries into a balance of payment crisis, inflation and increased borrowing. Agricultural production and processing were particularly affected by increased costs of energy, fertilisers, machinery and transportation due to rising oil prices and high import tariffs. Strong population growth and a decline in rate of productivity increase left former cash crop export champions dwindling. Formerly food secure countries started to depend on costly food imports or even food aid. The deepening of the debt crisis brought many African countries to the brink of collapse. Western donors reacted with hostility to state-led solutions to these crises, also due to prevailing cold-war geo-political considerations. Their remedy was to introduce and to enforce neo-liberal reforms via the Structural Adjustment Programmes (SAPs) implemented by the Bretton-Woods Institutions (see Heidhues and Obare in this issue).

3.2 The Legacy of Structural Adjustment and Market Reforms

Despite all of the achievements of structural adjustment for agricultural market reforms as described at length by e.g. Heidhues and Obare in this issue, Krueger et al. (1992), Kherallah et al. (2002) or Ndulu et al. (2008), results remain inconclusive and success or failure in agricultural market reform varies widely among and within countries. The most prominent criticism with respect to agricultural markets has been that SAPs, designed to liberalise markets and thereby to overcome market failure, only partly succeeded and often created new market failures as a result of unrealistic assumptions concerning as to the benefits of liberalisation. Reasons for agricultural market failures additional to the legacy of historic policy failures are quoted as: high production risks, low scale economies in small-scale agriculture, incomplete market information, existence of monopolies and monopsonies, low degree of market integration, high transaction costs, rent-seeking behaviour by the governing bureaucracy.

In reviewing structural adjustment processes, it has been acknowledged that the prescribed market reforms required so much institutional change at once that most

markets and agents were overwhelmed and unable to cope with it. OMAMO (2003) argues that market forces alone were too weak in directing the emergence and selection of radically new technological and institutional arrangements of the kind envisaged in the SAP models. The necessary policy processes were of highly exploratory nature and immediate results were unpredictable (as in any major institutional reform).

Policy reforms were not promoted by sufficient incentives to politicians who feared losing a source of personal enrichment, their position or re-election. As a consequence, many reforms were not carried out at all, implemented only half-heartedly or never completed. The building of new institutions proceeded at a slow pace and public goods were not provided in the scale expected.

Where SAP reforms were actually implemented, it was often a radical shift from state-controlled markets to a complete withdrawal of the state, which then suffered from market failures due to the absence of an institutional framework and market regulation. This often led to legal vacuums in immediate post-reform situations which led to market failure and created space for pioneers to rapidly seize market power and establish new monopolies. Yet, regulation is crucial given, the many market imperfections in rural Africa; NORTH (1989) had strongly emphasised that institutional reform in newly liberalised markets needed to combine deregulation with new regulations, not with no regulation at all.

Despite this warning message, the central assumption of liberalisation programmes was that once state-led marketing was dismantled, private sector actors would take over former government functions and produce goods and services in competitive markets. However, in many countries the truth is that unregulated market liberalisation led to highly distorted market structures that took substantially longer than anticipated to develop a competitive structure, if they did at all. In essence, liberalisation and privatisation had not led to the desired competitive input and output markets in the short- to medium-term. Even worse, new spheres of influence were created for the political economy of agricultural markets that distorted reform outcomes: examples are pioneer rents for the elite or decision making biased towards ethnic fractions along their agro-ecological production zones (see also NDULU et al. (2008) for political geography and ethno-regional redistribution or HOEFFLER (2001) for lack of competition in newly liberalised markets or TETZLAFF (2004) for the politicisation of cultural differences between competing groups). OMAMO (2003: 24) noted: “Historians have long known that the structure of interests that seek advantages in Africa’s agricultural markets rests on the interplay of the inherent nature of competition in these markets [...] . Distributions of political power typically have distinct spatial patterns. More appropriate distribution of power across administrative...

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provinces and districts and, of course, tribes, is thus a compelling motivation for change in agricultural institutions, including agricultural markets in Africa. Yet, such issues have rarely been raised in the numerous analyses of market liberalisation in Africa.” As a consequence, “for the rural poor in Africa, market failure is more the norm than the exception.” (OMAMO and FARRINGTON, 2004: 1).

The disappointing results of agricultural market liberalisation were mirrored by the general government failure to define appropriate roles and functions for the public sector in agricultural markets. STIGLITZ (1987) pointed out this problem by asking the fundamental question: What are the legitimate reasons for government interventions in agricultural markets? and used the New Institutional Economics (NIE) rationales for answering it: reasons may be (i) incomplete markets due to high risks, (ii) existence of externalities, (iii) productive use of public goods, (iv) information asymmetries and (v) (unequal) income distribution by the market (STIGLITZ, 1987: 43-44; compare KYDD, 2009). While the existence of these reasons was often agreed upon, the appropriate remedies to act upon them remained controversial and have changed over time, as mentioned in chapter 2.

3.3 The Situation after the Democratic Reforms of the 1990s

The post-structural adjustment market failures were still prevailing in African agriculture when the Soviet Union collapsed and the cold war ended in the early 1990s. The change in the worldwide geo-political landscape created new impetus for political reform in many African states: military regimes ended, economies stabilised and opened up, and democratisation in the form of multi-party systems and/or decentralisation of power paved the way for political participation, even though differently in each country and very specific to each country’s history. These political reforms and societal changes mostly impacted African agriculture in three ways:

- Democratisation, decentralisation and increasing political legitimacy and transparency offered new opportunities for more participatory decision making processes in rural areas. These new opportunities were seized to a certain extent by a more well-educated, articulate and somewhat better organised civil society. This also applied to rural areas (see Brüntrup-Seidemann in this issue).
- Macro-economic stability and political and economic liberalisation created new opportunities for private sector developments in agriculture.

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Urbanisation, economic growth and (further) integration of (some) agricultural markets into a reformed global trade system changed the patterns of demand for agricultural products and stimulated African agricultural production and trade.

These generally favourable conditions for better agricultural policies were and still are confronted with weak policy implementation as a result of limited policy analysing skills, weak implementing capacities of the bureaucracy as well as resistance to reform (either by ideologists or rent-seekers benefiting from the status quo). Other reasons for weak implementation were ineffective policy processes or conflicts of interest between executive and legislative state organs, for example expansive investments in agriculture by parliamentarians of rural constituencies in an election year, but little provisions for recurrent budget allocations for the executing ministries for maintenance in subsequent years. Where agricultural policy reforms were articulated, they often suffered from either budgetary constraints, or if allocated public resources, from weak budgetary execution or discipline in spending these resources (see WORLD BANK, 2007; for the case of Zambia see FARRINGTON and SAASA, 2002).

Another common problem has been inefficient sector governance as a result of fragmentation of agricultural policy institutions. Policies governing agriculture are often under the auspices of a large variety of formal government institutions, which makes coordination of policies almost impossible. Even if one institution is willing to reform, others may have incentives to purposely undermine market reforms. Such institutional fragmentation has often been justified as involving participatory processes or “being inclusive / representative” of all stakeholders – however, this often resulted in national budgets with irrationally high recurrent budgets for numerous ministries and other government institutions.

A lasting legacy of both post-colonial and post-structural adjustment structures has been bad sector governance in the form of rent-seeking behaviour. Rent-seeking involves a manipulation of institutions in ways that generate both easily and exclusively accessible benefits for manipulators and their clients. African agricultural markets provide ample opportunities for such behaviour, given their market failures and lack of regulation described above. A problem intertwined with rent-seeking in processes of political reform is the principal-agent problem, where potentially manipulative rent-seekers (agents) often have advantages in knowledge over their principals who are supposed to politically strategise and implement reforms and might even have good intentions. Yet, in complex reform processes the political principals have to rely on advice from their better-informed agents. Such information-asymmetry has often been witnessed during the deregulation of agricultural markets in Africa (see also JAYNE and JONES, 1997; JONES, 1998; or KHERALLAH et al., 2002). Even though “governance” is a disputed term in development research, it is clear that pervasive
failure by governments to control and prosecute rent-seeking can be classified as bad governance.

Additionally, informal institutions often govern entire sub-sectors of the economy; in extreme cases personal rule coexists with such informal institutions for the purpose of plundering public resources. And even though democratisation and institutional reform have improved the situation in many countries since the 1990s, VAN DER WALLE (2001) concluded that neo-patrimonialism and the coexistence of modernised bureaucracies with personal rule still struggle for the control of states in most countries. Such “big men” or post-colonial families that form part of the political elite are often effectively more powerful than many state organisations, thus preventing the state from controlling their rent-seeking behaviour. Although many African researchers, development practitioners and citizens can now talk openly about governing patronage networks and the informal hierarchies, it still seems to be hard to include these phenomena in an analysis of agricultural policy reform. Here, social science research offers useful concepts for understanding the mechanisms of patronage. Surprisingly, many types of patronage do not even favour a large number of people: “What is striking about many African countries is how little trickles down to the worse off through patronage network and how much sticks to a few hands at the top.” (WILLIAMS, 1987: 639). Within agricultural sub-sectors, the continuous existence of quasi-monopolies in commodity marketing, trade or processing demonstrates that the struggle against patronage and corruption is far from over.

To this day, people in Africa’s rural areas are not well informed about the policies formally or informally shaping their livelihoods. And in turn, the low degree of organisation prohibits small-scale farmers from influencing agricultural policies and lobbying for their causes. Yet, this current low degree of organisation of small-scale farmers might in itself be the result of mandatory membership in producer cooperatives as an important post-independence agricultural marketing policy. With the widespread collapse of cooperative marketing systems in the 1980s and 1990s, almost an entire generation of farmers has lost confidence in collective marketing activities. In contrast, powerful groups of other stakeholders are in a position to influence the rules and regulations governing this sector; i.e. large-scale land owners from the political elite, or agro-processing companies and service providers who often form monopsonies or monopolies. In some cases, well-organised groups of cash crop farmers have managed to strongly voice their interests, e.g. cotton farmers in parts of West Africa.

Rural poverty is still pervasive in Africa and poverty research has become a field of research in its own right; it will not be discussed here. However, the impacts of the political economy in agricultural markets do strongly contribute to rural poverty. The
rural poor are systematically excluded from productive resources because of prevailing power relations. Their weak organisation makes it virtually impossible for them to exercise their rights against informal agents such as “big men” – and this lack of voice and power contributes to existing poverty traps and enhances inequality in rural Africa (see also Narayan and Petesch, 2000).

4 Addressing the Political Economy in Agricultural Development Cooperation in Africa

Development cooperation in African agriculture was to a certain extent struggling to cope with the situation of agricultural markets in the 1990s. Even though agricultural price efficiency had mostly been improved, and international agribusiness and trade development had increased with the advent of globalisation, African agriculture remained largely undercapitalised, spatial integration of markets remained weak. Access to inputs and services was unreliable – even with better participation of the private sector in the market – and most importantly: productivity stagnated. Agricultural market and policy failures were still prevalent.

The typical approaches of donors to agriculture conveyed in development projects in pre and post adjustment settings (e.g. technical, agro-ecological support for research, extension and development; rural infrastructure investments, integrated rural development programmes) had not produced the expected results (compare Rauch in this issue). Rural development seemed somewhat old-fashioned and was assessed as not very sustainable. In terms of agricultural policy advice, the results were equally frustrating: reforms were not fully implemented and the role of government had not been satisfactorily re-defined. The often unclear sequencing of reform steps led to situations where either agricultural policy advise had not provided enough vision and guidance, had not been informed or evidence-based enough, or had been ignored all together.

Meanwhile, other matters started competing for scarcer development resources, such as social sector investments in health and education, and also new issues, such as “good governance”, decentralisation and environmental sustainability. This competition for development resources, coupled with the disappointing results, made agriculture unpopular in development cooperation and official development aid to the sector declined to its lowest level at the end of the 1990s (see Brüntrup in this issue).

Yet, at the same time, new pressure mounted to support rural Africa as a result of the publication of the World Development Report 2000/2001 (“Attacking Poverty”) and subsequent World Bank publications focussing on rural poverty (particularly “Voices of the Poor”, see Narayan et al., 2000). The declaration of the UN Millennium
Development Goals (MDGs) with the prominent first goal of halving hunger and poverty by 2015 also fostered new interest in agriculture. Around the Millennium, donors and aid receiving countries started to re-assess their stand on agricultural development. Agriculture was increasingly recognised (again) as key to overcoming rural poverty and donor agencies developed new concepts for rural development; i.e. sustainable rural livelihoods, pro-poor rural growth and promotion of value chains. At the same time, international donor coordination improved and a reformed aid architecture started conceptualising joint approaches to sector governance and market failures.\(^6\) In addition, Africa-wide developments under the New Partnership for Africa’s Development (NEPAD) began to re-build confidence in the willingness to improve governance and accountability (see Brüntrup in this issue).

4.1 New Research Approaches Considering the Political Economy of Agricultural Policy

The need to change development approaches to African agriculture was strongly supported by development researchers from a number of fields, not only agriculture economics, but even more so from development economics, poverty analysis and the social sciences. With the aim of improving aid effectiveness in the agricultural sector, the research agenda on how to address problems of political economy in African agriculture substantially broadened and provided many opportunities for development researchers, particularly in Anglo-Saxon academic circles.

SCOONES et al. (2005) provided an overview of the range of new ideas. They supported the argument that agricultural markets had largely failed in their function as coordination mechanisms and called for different policy approaches: “We need to move away from current policy preoccupations with neo-classical competitive markets, and instead of looking at institutions primarily in terms of their contributions to making competitive markets work better, see such markets as one (very important) form of institution fulfilling exchange and co-ordination functions in an economy, while recognizing that other institutions may often be more effective in fulfilling these functions in economies with high levels of poverty and low levels of institutional development.” (DORWARD et al., 2005a: 22).

Within the agricultural development research community, OMAMO (2003) had made a strong plea for “power-cognisant narratives”. He encouraged analytical work that looked beyond agricultural economic trends and emphasised the need for understanding who could achieve reforms and initiate change in this sector. He also called

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\(^6\) See also the work by the Global Donor Platform for Rural Development: http://www.donorplatform.org/.
for a careful analysis of winners and losers of reforms to assess the willingness to change. He criticised that development advice was often too concerned with the content of policy reforms (the “right” agricultural policy or “what” to do), instead of paying enough attention to the actual processes of policy formulation and implementation (“how” to do it). He offered a number of analytical questions to ask; i.e. “Who are the key players, why, and for how long? Which groups are doing well, where, and why? Which ones are doing poorly, where, and why? What are the principle mechanisms of power in agriculture?” (OMAMO, 2003: 29). Addressing such questions would constitute the desired historical and power-cognizant narrative analysis that could inform effective agricultural development efforts. However, he also mentioned the problems in achieving such a task: “The problem is, compelling narratives on Africa’s agricultural sectors are virtually nonexistent. Such analyses are time-consuming and difficult to complete. Advanced training in social scientific research typically assures that most analysts are unable even to envisage such work, let alone undertake it. And it is often difficult to sell the idea of such work to traditional patrons of agricultural (economic) research” (OMAMO, 2003: 29).

Other researchers shared OMAMO’S sceptical view on the skills of agricultural development advisors to undertake or command such analysis, since most of them came more from an agricultural economics background. Yet, a careful agricultural economic analysis of institutional failures and a definition of the appropriate roles for government, private sector and civil society are urgently needed. ANDERSON and MASTERS (2009) provide a new economic perspective on why governments do as they do in agricultural markets, and they explore frameworks to analyse government policy, for example by using collective action and politician-voter interaction models. Experts arguing for more research in the political economy of agrarian change emphasise that rural poverty research should not be narrowed down to only analysing the characteristics of poor individuals or households, but should encompass an analysis of the prevailing power relations and social inequalities that structurally disadvantage vulnerable groups in society (DA CORTA, 2010). The methodological implication here would be larger and longer village studies (see HARRISS-WHITE and HEYER (2010) for a selection of case studies that take formal and informal rural labour markets and class-relations into consideration). However, little progress has been made in synthesising agro-economic knowledge with social science research methods, and vice-versa.

4.2 New Development Approaches Considering the Political Economy of Agricultural Policy

The methodological differences of researchers notwithstanding, development practitioners acknowledged the need to better understand policy and political processes in order to support poverty-oriented agricultural policies (see also 2.2). As stated by...
DORWARD et al. (2005b): development cooperation had gone beyond technical fixes and had moved on to institutional fixes, finally to acknowledge the importance of policy fixes for agricultural development. It simply was no longer acceptable in development cooperation to just point out political economy factors as impediments, without addressing them, as pointed out by CROMWELL and CHINTEDZA, 2005: 107): “The “lack of political will” commonly cited as an implementation constraint is a manifestation of complex historical processes which vary from country to country. These underlying drivers need to be understood and addressed if the aid relationship is to contribute to taming rather than fuelling neo-patrimonial tendencies to divert policy implementation.”

Yet, dealing with such policy fixes and failures required identifying the specific political economy of African agriculture as a policy problem, which proved to be difficult in development practice. As noted by SCOONES et al. (2005: 8): “In the past, policy failure was explained in a number of ways. Either policy was deemed “bad” […], or the policy was seen as “good” but was implemented or sequenced incorrectly […] or it was asserted that good policies had no chance of working, given the unlevel playing field in which they were implemented. All these explanations frame the policy failure as a technical problem which is amenable to technical solutions.”

Change, it seemed, was hard to bring about in the face of the pervasive existence of market and policy failures. Hence, the “Drivers of Change” concept was developed by British researchers advising the British Department for International Development (DfID). This approach⁷ was a significant step forward in giving development agents a better understanding of the processes of policy change, and how donor agencies could support “change agents”. It is largely based on NIE research and focuses on three key elements for conducting broad country studies:

– agents (individuals and organisations pursuing their own, vested interests; e.g. civil servants);
– institutions (rules and processes governing the behaviour of agents; e.g. bureaucratic processes);
– structural features (biophysical, historical, socio-economic “facts” of the situation under analysis; e.g. the administrative and political system).

DfID programmes in Anglophone Africa were at the forefront of discovering the political economy within African agricultural policy making and started applying the

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⁷ A good synopsis of the approach can be found at the website of the Governance and Social Development Resource Centre with the University of Birmingham, see: http://www.gsdrc.org/
Drivers of Change concept to their programmes for the agricultural sector. All of these studies revealed important insights into power structures within the sector and thus fuelled fierce debates among donors and African governments. Yet, the controversy showed that some important political mechanisms were openly addressed, possibly for the first time – and as such were a huge step ahead in understanding agricultural policy reform. It also helped to understand the difficulties that both African politicians and administrators may face when implementing agricultural reforms. The team of the Zambian report distinguished three types of failures affecting politicians, who are willing to reform:

- **Policy dualism**: here, policies are declared (for example in response to donor conditionality) that the government has little intention of adhering to.

- **Constrained policy intent**: here, sincere policy declarations are constrained either by the budget processes or by unforeseen political circumstances.

- **Reactive policy**: in practice, a high proportion of policy decisions in agriculture appear not to be planned and evidence-based, but are a reaction to particular crises or, more rarely, opportunities.

Part of this work is ongoing as part of the research and development cooperation programme “Futures Agriculture Consortium” (FAC). The FAC intends to establish strong links and networks among agricultural policy researchers and development practitioners. The network has already produced a number of interesting publications and experiences for agricultural policy reform processes. Also, other donors developed new approaches. Under the influence of the MDG debate and the need to produce reliable results on poverty reduction, many donor agencies were less willing to allow their development investments to be stalled by political interference, and thus shifted their focus to governance factors. By doing so, they realised the need to seriously improve their analysis of policy processes and the underlying political economy, in order to better target their aid, as noted by CHHOTRAY and HULME (2009: 8): “The attention to governance was not surprising given the wider shift in aid policy since the early 1990s; however the distinct conceptualization of how governance and

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8 Full country studies for the agricultural policy arena were conducted in Zambia (FARRINGTON and SAASA, 2002), Kenya (SMITH, 2004) and in Malawi (BOOTH et al., 2006).

9 For example in the case of Kenya (SMITH, 2004), the clear analysis of ethnicised agricultural commodities and subsequent resistance to sector reform resulted in so much controversy, that the report was not widely published and the debate about the political implications of the findings was stalled.

10 See http://www.future-agricultures.org/. The Consortium works on three country clusters: Southern Africa focusing on Malawi; Horn of Africa focusing on Ethiopia; and East Africa focusing on Kenya.
national political interests were understood, addressed and incorporated into concrete aid policies took many agencies quite a while.”

The country offices of the World Bank started investing more resources not only in standard macroeconomic country studies, but also in “Country Social Analysis” reports that could better take into account social developments. Another World Bank instrument applied to the agricultural sector that revealed highly interesting political insights was the “Poverty and Social Impact Analysis” (PSIA), which can be used in the reform of agricultural sub-sectors and which largely draws on experience gained with the previously developed tool of “Stakeholder Analysis”. Closely related to PSIA was the OECD-led development of the “ex-ante Poverty Impact Analysis” (PIA), which intends to assess power relations and the political economy ex-ante in the course of programme or reform implementation. The Swedish SIDA developed a tool called “Power Analysis”, largely based on OMAMO’s (2003) recommendations and on NIE considerations, such as critical examination of state organisations in their broader social, political and cultural setting and careful understanding of whose interests state organisations serve, what motives drive the leadership, what incentives govern most of the staff and how the budgets are acquired (KYDD, 2009).

5 Conclusions

Over the last decade, development indicators for African agriculture suggest that the sector is gaining in terms of productivity and is providing increasing employment and development opportunities for rural areas, due to (inter alia) the recent agricultural resource boom and price hike (see Rauch in this issue). Policy processes seem to becoming not only more efficient and more strategic and visionary (probably inspired by NEPAD initiatives, see Brüntrup in this issue), but also more participatory, more transparent and increasingly inclusive of public and private actors. Development cooperation has also improved its support of agricultural sector reforms by applying more flexible and pragmatic instruments, such as pooled sector support funds for sector-wide approaches, matching funds and public-private partnerships. To further support agricultural policy reforms in a way that the sector can continue to contribute to social and economic development in Africa, thorough analysis of political economy is necessary, as it has been argued. However, as has been shown, this is still hard to find.

A recent study on the political economy of policy reforms that compared agriculture and water sector reforms across eight countries concludes that the importance of good analysis of political economy still has to be pointed out and that respective skills need to be strengthened (WORLD BANK, 2008). The change of attitude required of develop-
ment practitioners, the capacities to analyse “what works, why and how”, and the preparedness to engage in longer term action research are still limited. Yet, a growing number of donors recognise that the political economy largely determines the pace and the extent of reform implementation and that ignoring it is becoming too costly for agricultural development (see WORLD BANK, 2007).

OMAMO and FARRINGTON (2004) rightfully lobbied for making the implementability of agricultural policy reform the central column of policy advice. Their pertinent plea for asking more “how-questions” than “what-questions” (see chapter 4.1) should guide future donor support for policy reform strategies in the agricultural sector. Existing PSIA and Drivers of Change studies (see chapter 4.2) provide very useful case studies with relevant lessons learned on stakeholder interests, incentives, institutional behaviour, sector politics, risks and opportunities. Such considerations will gain in even more importance in the light of some of the most pressing challenges African agriculture is facing in the future. The resource boom, population pressure, the push for technical innovations and a new green revolution, the strong domestic and external demand for arable land and water resources all require agricultural sector policy reforms – while at the same time, hunger and prevailing rural poverty need to be reduced. The urgent need for adaptation of rural areas to a changing climate will multiply the reform pressure and make the policy arena, incentives, and disincentives for change even more complex (see also SPERANZA, 2010; or CHEMNITZ and HOEFFLER, 2010).

Amidst the growing reform pressure on agriculture in Africa and the relevance of the political economy in policy reform processes, the following lessons should be considered for future agricultural development research:

1. The dividing line between the different research disciplines is still deep – but in order to adequately address complex matters such as market, policy and institutional failure in agricultural markets, the methods, skills and efforts from agricultural economics and social and political sciences need to be combined into innovative inter-disciplinary research: some work undertaken by the Chronic Poverty Research Centre (CPRC) can serve as an example here.

2. The observed discrepancy between the analytical skills required for agricultural policy advisors and consultants and the existing practice should encourage research and training institutions to improve on inter-disciplinary training in agriculture and development studies; combined applied research and development as undertaken by the Futures Agriculture Consortium or master courses by IDS Sussex can serve as examples in this case.
3. Newly developed approaches, such as the Drivers of Change approach, need to become better known, and with more practical application for development practitioners. In order to increase their conceptual use, these approaches need to be developed further taking the feedback from practitioners into account; i.e. the need to incorporate communication strategies for politically sensitive results.

For development cooperation, the following lessons are suggested to guide future development cooperation for the reform of agricultural policy in Africa:

1. Capacity development and building up institutions for reform implementation needs to incorporate political economy considerations; the reports on Drivers of Change in Agriculture can serve as an example.

2. Besides the political economy, an equally strong focus in agricultural policy advisory services should be put on evidence-based policy making that supports objective arguments for the goals of reform; academic circles in each country should be closely incorporated.

3. For effective policy analysis, stronger links between research and development cooperation are necessary; the Futures Agriculture Consortium is setting an interesting example here.

4. Policy advisors need to be more familiar with not only the sector, but also the players, the target group, their partners and opponents, as well as the incentives and disincentives for change, in order to conceptualise not only what to support but also how to support it and whom to support to get it done; a mix of agricultural economic and social science research should be applied.

5. Besides policy contents, the processes of policy implementation need careful understanding. Policy advisory programmes need to study and comprehend the historic context of agricultural sector reform in the country concerned, how previous reforms were implemented and what pitfalls have and could still hinder process today; here, the new development approaches mentioned in chapter 4.2 have demonstrated valuable insights, in particular PSIA.
References


