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Agricultural Policy Processes, a Challenge for Africa's Development

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Agriculture supports the livelihoods of 80% of the African¹ population and provides employment for about 60% of the economically active population (WORLD BANK, 2007; AFDB, 2010). In addition, agricultural products are the foundation for a wide variety of agro-industrial value chains for both local and export markets. The cost of food absorbs a high share (40-80%) of incomes of poor and middle-income households. The structure of food expenditures gradually changes with rising incomes and urbanisation, from unprocessed and low value to processed and higher value goods. About 40% of the continent's export earnings derive from agricultural activities, in some countries even twice that. Agriculture has been the key to African export diversification in the past. Agriculture is a key factor in determining the use of natural resources, including soil, water and biodiversity (UNEP, 2006). These features make agriculture the corner stone of economic development and poverty reduction in Africa (BRANDT and OTZEN, 2004).

At the same time agricultural development in Africa presents enormous challenges: poverty and hunger are concentrated in rural areas and that is holding back agricultural advancement, but agricultural development is most essential for a pro-poor growth (KLASEN, 2003; DE JANVRY and SADOULET, 2010). Productivity in agriculture is low, yields have stagnated for decades. While it exists, innovation potential is not easy to develop given the huge diversity of ecological environments and complex farming systems. Smallholder farmers lack formal education, access to information as well as capacity for experimenting and taking risks. Adoption of innovation is further constrained by poor infrastructure, lack of market integration and weak institutions. These factors, as well as policy failures in the past, explain why Africa, formerly a food exporter, has turned into a food deficit region and has lost export market shares in

¹ The term Africa is used synonymously with the countries of Sub-Saharan Africa (SSA) that are poor and where the economic activities of the majority of the population are based in agriculture. This includes most SSA countries, but excludes a few atypical cases such as South Africa, Mauritius or Gabon.

its traditional export commodities. Africa's fragile natural resource base is exposed to increasing population pressure, and soil degradation, deforestation and declining biodiversity continue and reach worrisome levels (BRUINSMA, 2003). Climate change poses additional challenges, particularly for the agricultural sector. Perhaps Africa's biggest challenge is building and upgrading its human capacity and strengthening institutions and governance. As important as technology development is for agricultural development (IAASTD, 2009), supportive institutions and policies, market development and integration, risk mitigation and transparent, fair and effective governance system, and human capacity building and strengthening institutions are also key preconditions.

This special issue does not attempt to solve the problem of how to tackle all of these challenges, it rather asks what lessons from past experience can help find relevant answers. The contributions approach the topic from different angles – from structural analysis of internal and external factors affecting agriculture, from the perspective of key actors, from a political economy approach, generally with a historical perspective trying to extract lessons learned from past decades of agricultural strategies in SSA.

The papers were first presented in April 2010 at the biennial conference of the German Association for African Studies (VAD) at the Johannes Gutenberg University, Mainz. One contribution (Rauch) to fill certain gaps was later added.

Rauch

The paper “Fundamentals of African Agriculture” by Theo Rauch discusses the key external and internal drivers of change and those causing stagnation in African agriculture. Was it the historical legacy, the ecology of the African natural world, location, geography, markets, traditions of smallholders, or policies that have restrained African agriculture? Probably a combination of them all, but for Rauch the key is markets and prices, i.e. the incentives for African farmers to produce for the market. World markets and prices for many agricultural products were biased against African farmers through agricultural policies of industrialised countries. National policies reinforced this bias by heavily taxing the sector and through overvalued exchange rates, which made local agriculture less competitive. Selective measures to support agricultural services introduced further biases and often turned out to be counterproductive for agricultural development. At the same time, non-agricultural development did not take off, leaving most rural households in a situation where neither production for the agricultural market, nor off-farm employment offered reasonable income possibilities.

With agricultural prices projected to rise in the long term, Rauch expects a new opportunity for African agriculture. To be able to respond to the new incentives, it needs “a new, but alternative, i.e. context-specific ‘Green Revolution’ for Sub-Saharan

Africa", for which the author makes policy recommendations: It should be based on smallholders, try to use low external inputs, diversify production, empower farmers and link them to markets.

Hoeffler

Heike Hoeffler concentrates on the political economy of agricultural policymaking in Africa. She argues that the scientific analysis and practical incorporation of the political forces behind agricultural policymaking are still not well understood. While the terms and issues of political economy have developed over time from a largely market and welfare economics perspective in the 1970s to a more institutional economics perspective in the 1980s and 1990s, it has been only recently that broader concepts have emerged which take social, cultural and political aspects into account, such as elites, ethnic and/or religious affiliation and neo-patrimonial hierarchies. Hoeffler argues that these are decisive factors for any attempt to improve agricultural policies, and that more emphasis has to be put on understanding and influencing processes of institutional innovation, intervention and policymaking.

In applying a broader concept of political economy to African agriculture, Hoeffler classifies phenomena such as colonial regimes, farm settlement and farm size patterns, ethnic polarisation linked to agricultural sub-sectors, elite and bureaucracy capture of reforms, collective action and politician-voter interaction as important determinants of how agricultural policies have been designed, including locally adapting Structural Adjustment Programmes (SAPs). The political economy dimensions are particularly relevant to donors. As outsiders, they are not part of the national policy arena and could use their position to assist in finding better solutions – better in the sense of policy effectiveness and efficiency, reduction of rent-seeking, poverty, hunger, and the protection of the environment. While traditional donor approaches tended to be technocratic and economically oriented, the new aid effectiveness approach provides more room for taking the mentioned factors into account in calling for 'alignment' of donors to country-owned strategies and programmes. This is to be tackled using policy dialogue and political economy analysis as a key to inform such a dialogue. Moreover, taking political economy issues seriously means that great emphasis has to be put on the 'how' and 'who' of policy implementation, as it is at that level that subtle and hidden power relations are often played out and alter the concepts put on paper. In consequence, important lessons learned are to promote the use of such analysis in research and development cooperation, and to concentrate on policy implementation, rather than planning.

Heidhues and Obare

Franz Heidhues and Gideon Obare examine a fundamental experience of African agriculture that shapes agricultural policies to this day – the Structural Adjustment Programmes (SAPs) advocated and pushed ahead by the World Bank and the International Monetary Fund since the early 1980s. They argue, as does Rauch, that SAPs attempted to correct ill conceived macroeconomic strategies and distorted agricultural policies of the first two decades following independence. These were based on the conviction that rapid industrialisation was needed and that the state had to strongly intervene in the economy to achieve development. African governments did so by taxing agriculture through exchange rate, price and trade policies, while at the same time establishing ample agricultural support services, including subsidisation of research, extension, input supply, credit and marketing boards. The strategy did not work out; it created uncompetitive industries, high levels of corruption and mismanagement of state-run organisations, and large public debts. While SAPs corrected the price bias against agriculture, they also dismantled the support systems. The private sector was too weak and in many instances not interested in stepping in, and thus rural poverty increased.

Important lessons learned are that at least in an African context, a purely neo-liberal approach is not sufficient to foster development, since it overlooks important institutional constraints, such as insecure property rights and deficiencies in the rule of law, financial institutions, firms and industrial organisations, and the organisation and functioning of markets. Even if there is a great deal of governance failure, the consequence is not to abandon state intervention entirely, but rather to improve governance. Another pertinent lesson drawn by Heidhues and Obare is that important policies such as SAPs cannot be imposed without a country's ownership – lack of genuine ownership led to half-hearted or abandoned implementation of SAPs, and thoroughly contributed to their failure.

Brüntrup-Seidemann

Sabine Brüntrup-Seidemann takes the political economy and actor perspective further by examining the role that Non-Governmental Organisations (NGOs) can play in agricultural development in Africa. NGOs became popular when – with the SAPs – the state and donors withdrew their support of state-run service providers, but had to find an alternative way to reach the poor. NGOs were seen to be ideal substitutes to the state because they were closer to the target groups, more flexible, more value and poverty oriented and less rent seeking. However, as Brüntrup-Seidemann shows, they are far from perfect. Just like governments, local NGOs are not alien to the societies they are created in. For instance, in Africa they are at least partially driven by self-

interest, established out of economic necessity by people who became unemployed following the withdrawal of the state, and wanted to benefit from new donor support for NGOs. They often have less technical know-how than respective government organisations. Further, NGOs often are unknown to the target groups.

Thus, supporting these actors without taking their characteristics into account does not automatically empower the (rural) poor, nor does it necessarily improve services or create civil society structures. To the contrary, wrong perception of NGOs and ignorance of their real background drives NGOs into a situation where they are less effective for development than they could be. The main lesson learned is that the (hidden) agendas of NGOs have to be taken into account when cooperating with them as agents for development. For instance, this means long-term contracts, permission of overheads and income for the NGO owners, explicit differentiation between target groups and NGOs, acknowledging that their interests are not (necessarily) identical, and a clear long-term vision of the role of NGOs either as technical service providers or advocates of the poor.

Brüntrup

The article by Michael Brüntrup addresses the currently most important approach to revitalise agriculture in Africa, the Comprehensive Africa Agriculture Development Programme (CAADP). It is one of the initiatives of the New Partnership for Africa's Development (NEPAD), and aims at creating growth, food security and poverty reduction through agricultural growth. The best-known CAADP targets are laid down in the Maputo declaration where all African heads of state and governments have committed themselves to invest 10% of government budgets into agriculture, in order to achieve 6% growth. CAADP tries to incorporate many of the lessons learned in agricultural policymaking in Africa in the past, in that it is domestically driven and has the political backing of the highest authorities of states and governments (ownership), proclaims values and principles in line with good governance principles, such as participation (including farmers and the private sector) and transparency, is intended to be based on evidence and results as well as peer reviews, and open to learning and broad partnerships. At the same time, CAADP is a form of advocacy for African agriculture in the world, in cooperation with the African Union, under which it formally functions.

Brüntrup shows that CAADP has had a great impact at the international level in raising awareness and support for African agriculture, but – until recently – less so at the regional and country level. There, it is insufficiently known or understood by many actors, particularly at the decentralised level. It has had a tendency to act in isolation from and parallel to existing country agricultural policy processes. CAADP is still

focused too much on agriculture in the narrowest sense (i.e. neglecting fishery, forestry, livestock and food security), and its mobilisation of evidence, participation and peer review is still weak. Capacities to implement CAADP are missing at all levels. Implementation, however, particularly at the country level can be seen as the litmus test for CAADP.

On the other hand, there now is tremendous momentum in CAADP, and a more realistic design, albeit more complex. Much is encouraged by renewed interest of donors in agriculture and their desire to support country-owned, but quality-enhanced and -checked strategies. This makes CAADP much more attractive for country agricultural constituencies, which is positive. At the same time, Brüntrup warns that CAADP also bears the risk of reduced ownership and quality, in favour of a quick acquisition of donor funds. The new constellation has the potential to convert CAADP into a strong driver of change and to become the source of improvements in agricultural policy-making in Africa. Given the high expectations and high stakes, failure of CAADP could substantially reduce the long-term chances of agriculture remaining high on the policy agenda of governments and donors. Lessons learned are that a high priority must be given to the implementation of CAADP principles, the full integration into country processes, quality control, and donor alignment to CAADP strategies that are developed according to CAADP principles.

Summary

There is a wide consensus among interested stakeholders (researchers, governments, investors) that agricultural and food prices will remain high (though unstable) in the foreseeable future. At the same time, there is increasing economic valorisation of other functions of land, for instance for carbon storage and biodiversity. Thus, there is economic incentive for agriculture to thrive, but it is coming under increasing competition.

Africa has a large potential for biomass production. If African agriculture is to receive a political boost and broad support under the new constellation, both a strong national consensus and international donor support are needed. Efforts must be productivity- and market oriented, seeing the present positive price signals as an opportunity, while acknowledging that inexpensive food is of supreme importance to the hungry. Responses to climate change can also act as important drivers for change. Reforms should generally start with smallholder production, with special attention to the gender dimension. They should combine the best of external and internal knowledge. However, given the different technical and institutional options, ideologies and cultural perceptions on several key issues, such as low versus high input technologies, food sovereignty versus open markets, or gender, a consensus can only be reached in an iterative, long-term policy dialogue at the level of sectors, sub-sectors, programmes and projects,

aimed at solving the various conflicts by both legal and formal, but also operational and informal means.

Agricultural policy processes need to be supported at the highest level of governments to generate adequate budget allocations, and allow for the necessary linkages to other sectors. For long-term political and institutional sustainability it is also essential to create ownership at the level of farmers and private sector actors, both men and women. Well-grounded and evidence-based strategies, continuous monitoring and evaluation, which feed back into policy processes, and continuous adaptation to changing needs are equally important. CAADP is an ambitious approach in this direction, since it contains all of these elements: comprehensive beyond the limits of the agricultural sector and containing regional integration perspectives, participation, ownership and evidence based policy formulation with an orientation towards investments as well as capacity development. Governance issues still need to be improved, and implementation is clearly a challenge, but it is certainly worth pursuing.

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