



Eastern and Central Africa Programme for Agricultural Policy Analysis

**A Programme of the Association for Strengthening Agricultural
Research in Eastern and Central Africa**

Electronic Newsletter

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NEWS

This is the first issue of the newsletter. ECAPAPA wishes all its stakeholders a Happy New Year.

30 January- 03 February: 32nd ASARECA Committee of Directors and Annual General Meeting, Entebbe, Uganda.

8-10 February: Africa Fertilizer Summit Technical Committee Meeting, Abuja, Nigeria.

8-10 February: ECAPAPA Dairy Regional Meeting, Nairobi, Kenya.

27-28 February: RABESA Regional Workshop Planning Meeting, Nairobi, Kenya.

Appointment: On January 13, 2006, Egerton University Council announced the appointment of Prof. James Tuitoek as the incoming Vice Chancellor of Egerton University. Prof. Tuitoek has been the deputy Vice chancellor finance and administration in the same university. ECAPAPA congratulates Prof. Tuitoek and wishes him well in his new duties.

**DOES POLICY RESEARCH MATTER? KEY ISSUES ABOUT AGRICULTURE IN AFRICA
AND THE EMERGING DEVELOPMENT PRIORITIES FOR THE NEW MILLENNIUM**

Over the past 35 years, the international consensus on the importance of agriculture in economic development has varied from very high in the 1980s to very low in the 1990s, to the current middling. Based on his experience as a Professor, Imperial College (UK) and former Director, Development Strategy and Governance Division of the International Food Policy Research Institute (IFPRI), Peter Hazell reflects on these changes and asks if they result from a progressive accumulation of theory and scientific evidence that is leading to better practice or whether it simply reflects a series of ad hoc responses to a changing world and/or past experience. He also reflects on the nature of policy research and why it is not more effective in helping to shape the larger debate and prevailing policies of the day and how it might be made more effective in the future.

Is agriculture still relevant for Africa? Arguments for and against

There are two schools of thought, both pulling in different directions and the debate is not yet played at high levels, either in many countries or donor agencies. However, the pro-agriculture lobby seems

to be making some progress, and the level of funding for agriculture has at least bottomed out and may actually be increasing again.

Pro-agriculture lobbyists argue that it has sufficient scale to make the needed impact on aggregate growth rates because it accounts for 30-50 percent of Gross Domestic Product (GDP) in most African countries and 70 percent or more of total employment. Secondly, agriculture has considerable catch up potential given current low levels of factor productivity, and so Africa badly needs to invest to regain competitiveness, just as other countries already have.

Thirdly, agriculture has powerful growth linkage effects for national economic growth, especially during the early stages of development when it is the dominant sector. It does this by;

- Generating more food and raw materials at lower prices, lowering wages and making industry more competitive;
- Freeing up foreign exchange for the importation of strategic industrial and capital goods;
- Providing growing amounts of capital and labour for industrial development;
- Providing a growing domestic market for nascent national industries emanating from rising rural incomes,

Fourth, the alternatives (manufacturing and services) given their smaller base, poor past performance, and highly competitive world markets, agriculture growth can be powerfully pro-poor especially if the strategy builds on small farms and food staples (SFFS).

On the other hand, voices against agricultural investment as a pro-poor strategy have argued that its low prices makes it bad given its already poor past performance and that it would also be too late and too expensive for most cash strapped countries. They also argue that agriculture is not so important in today's liberalized economies where employment intensive manufacturing and services could ably create comparable linkages.

Further they believe that there are potentials for manufacturing exports and that, countries with oil and minerals could use their revenues far more effectively to drive growth in labour intensive manufacturing and services. They also see no future for small farms and food staples production given low prices, small farm sizes, and integrated and competitive markets.

However, even as the momentum for agriculture is increasing, there is another ongoing debate about the relevant strategy for agricultural development. It is now much more embedded in broader approach for rural development, with enhanced links to the urban sector.

Changing priorities for the rural sector

Priorities for the rural sector include:

- High value products (especially for export), commercial farms (usually also meaning bigger), agro-processing and integrated market chains that are all privately led. What is not a priority is small farms and food staples production (SFFS)

- Urbanization, migration and the non-agricultural economy giving greater emphasis on developing the manufacturing and service sectors. What is not a priority is big public investments in rural infrastructure
- Trade liberalization, (including agriculture) for developing countries. What is not a priority is liberalization of the Organization for Economic Co-operation and Development (OECD) agricultural policies, including protection for high value and processed products
- Targeted interventions for many of the rural poor, including small farmers and backward regions mainly built around sustainable livelihood strategies, urban-rural linkages, community led development and consumption subsidies, for example food aid. What is not a priority is broad based and productivity enhancing investments in SFFS
- Good governance, especially democracy and enhanced roles for the private sector, civil society and local governments. Areas that are not priorities are production subsidies and direct public sector involvement in agricultural marketing and provision of agricultural credit and input supplies

In essence, the core content of past agricultural development strategies (productivity enhancement of food staples on large numbers of small farms)--that traces its heritage to the green revolution--has been gutted. Today a broad based SFFS component is not a priority.

Will it Work?

One of the distressing things about the current state of knowledge is that it can not tell with certainty whether these new strategies will work and there is not much of a sustained track record in any one African country to give much confidence that the new strategy will work in Africa. The easiest concern is related to the economic issues; will the strategy add up and deliver on its goals? Based on recent country economy-wide modeling work, one can deduce a few preconditions for success. The strategy is most likely to work in countries that have:

- Sufficient scale in high value commercial agriculture to make a difference to aggregate growth rates
- Sizeable and dynamic alternative engines of growth (oil, manufacturing, tourism, Information Technology and others)
- A strong private sector
- Market access, especially to OECD countries and perhaps large South countries like China and India
- Reasonable national governance and stability and political commitment
- Not too large a traditional SFFS sector that would require a hugely expensive set of targeted assistance programs during the transition
- Absence of a food constraint (world prices remain low and adequate foreign exchange can be earned to pay for imports)

On these grounds, the strategy would seem to be most relevant for many Asian and Latin America and Caribbean countries (LAC) today where agriculture is already a small share of national GDP. Perhaps even relevant for already diversified and/or mineral rich countries in Africa like South Africa, Botswana, Kenya and Nigeria. However, the high employment shares in agriculture in most of these countries still present a challenge if SFFS is neglected.

The relevance of the approach to many of Africa's poorest and agriculture dependent countries seems moot. Even if commercial agriculture and manufacturers in these countries can rise to compete in world markets, still it is only likely to see pockets of growth emerging, and on far too small a scale for the first decade or so to make much difference to national growth rates and non farm employment. Growth will benefit relatively few people, leaving most of the population behind in a classic dualistic pattern with either worsening poverty or burgeoning costs of targeted assistance to the rural poor. There is also the possibility of emerging food constraint. With projected demand growth of about 4 percent per year for Africa, then neglect of food staples production will lead to growth in imports and many countries may not be able to afford the needed foreign exchange.

It seems obvious that small farms and SFFS cannot be neglected in most African countries. It is the only sector that can ensure that growth is broad based and that quickly slash poverty. On the other hand, given market constraints and low prices, there is no longer much basis for thinking that a large scale SFFA approach could do the job on its own. The market will only grow at about 4 percent per year. What is needed is a more balanced strategy that integrates a suitably ambitious SFFS component into the new agenda, and with greater emphasis on agro-processing as a lead-manufacturing sector.

Such a strategy could generate powerful synergies between sectors, including between food staples, high value products, exports and agro-industry, accelerating growth rates and poverty reduction. Given the rather profound market failures that characterize the food staple sector in the early stages of development, this would require greater commitment than the new agenda currently allows to public investment in rural areas and a greater role for government in food staple markets and agricultural services. In many ways, Comprehensive African Agricultural Development Programme (CAADP) represents the more balanced strategy that is needed, but the level of government and donor financial commitment for its SFFS component is yet to be seen.

But what about the non-economy questions, governance and political processes? Are there also clear pre-conditions for success? Many today seem to think democracy is a precondition, but that seems far too demanding a requirement. In some quarters, there is even an effective triage against poorly governed countries. But good governance seems to evolve with economic progress (induced institutional innovation) that suggests more emphasis should be put on small but targeted and strategic improvements in governance and enabling conditions rather than on wholesale governance reform. These issues badly need additional policy research.

Implications for Policy research

The Africa debate is an interesting one in its own right, but it also raises important issues for policy research. There are at least two relevant questions that need to be asked:

- What is driving the emerging strategy; is it part of a rational process of learning and adaptation to past experience and changing conditions, or does it reflect something more ad hoc and innately political?
- To what extent is policy research informing the process and how could it be more effective in guiding the process in the future?

These are good questions for future research on development strategy and policy processes. In terms of drivers of change, there is an element of rational learning, certainly from large scale failures of the past (for example Integrated Rural Development projects and subsidized public credit programs), though less certain that there has been the same level of learning from past successes in Africa (for example the high returns to research and development) or that there has been adequate consideration of the need to find ways to fill the gaps left by some failed programs (for example lack of farm credit for small farms in Africa today).

But the frequent and radical changes in donor strategic priorities suggest there is more going on than a rational and evolutionary process of learning. Even allowing that changes must sometimes be abrupt to break the ties of vested interests, the changes are just too frequent and too radical to provide sufficient time to monitor and learn from previous efforts before new strategies are launched. These changes seem to be driven more by the changing political whims of donors and developing country governments and are closely tied to election cycles.

Another contributing factor is the confusion that results from a development agenda that keeps changing and adding to its goals. At present, the international community concurrently seeks to achieve growth, poverty reduction, a better environment, better health and education, gender equity, good governance, among others. There are 8 major goals in the agreed Millennium Development Goals (MDGs), 18 associated targets and almost 50 indicators! This mission creep leads to fuzzy priority setting, especially among competing goals (and unfortunately the world is not always “win-win” as many would like to believe), and makes it all the more difficult to learn from past development experiences that were guided by different, usually more simplistic goals.

One outcome of these changes is a strategic agenda that may be sacrificing too much growth to social and environmental goals, especially in poor countries that are heavily dependant on Official Development Assistance. The MDGs will exacerbate this problem as 2015 approaches and goals like halving poverty quickly will take increasing priority over growth. It is also hard to justify good investments if they must pass muster with a battery of competing economic, social and environmental tests. As a result it is now very difficult to build dams, even in countries that desperately need irrigation and power. Even agricultural R&D is now expected to solve complex social and environmental problems in addition to raising yields. This diversity of goals is also encouraging far too much social engineering today. The livelihoods approach, for example, seeks to tailor development strategies to the specific needs of different types of households, and mostly on the basis of what households are already doing rather than what they could be doing in growing and more vibrant economies.

Another problem is that not all donors adopt the same paradigm at the same time, so one observes a diversity of agendas at any one time. Perhaps all this is not such a big problem for large countries that can largely set their own agendas. But donors are all powerful in Africa and Africa has become their plaything and is now subjected to all the changing and competing whims and fashions of the day.

How policy research has informed the evolving strategy

Policy research has made some valuable contributions to strategic thinking about individual parts or pillars of the strategy (for example, interventions to promote high value exports, targeted safety net programs, role of property rights and contracts), but it has been far less effective in informing the grand design, ensuring that it will add up and deliver against its key goals, that it is politically feasible, and is sequenced to ensure an acceptable transition.

One might expect policy research to contribute to more systematic learning from past experiences by identifying best or most appropriate practices. But even this role is undermined by fundamental disagreements among analysts about what has happened and why. For example, despite the dramatic and successful transformation of several Asian countries in recent decades, it is difficult to draw convincing lessons when there is continuing dispute about such basic issues as the role protection and domestic demand played in fostering industrial development in Asia (with enormous implications for whether Africa can hope to launch whole new industries without some protection from the full force of global competition), or about the role of agriculture and especially SFFS in launching the economic transformation.

Amongst agricultural development experts, there is also considerable and unresolved debate about the relevance of Asia's Green Revolution experience. Some condemn it on inequality and environmental grounds or on the basis of its high public costs, while others see it in a much more favorable light and a model that can be adapted to Africa today. Without the basics of a common development narrative, policy research cannot expect to have major influence.

Diversity of opinion is healthy in any science. But it may be more dysfunctional in development strategy research because competing views can rarely be resolved through scientific measurement and hypothesis testing. Of all the social sciences, economics comes closest to being a science that can discern between competing theories. But in reality, problems such as the large number of variables that need to be controlled for when analyzing broad development experiences, (many of which are endogenous and highly correlated over time), insufficient and poor quality data, and a changing global environment undermine conclusive hypothesis testing. Once sociological and political processes are introduced into the analysis the ability to discern is even weaker. Perhaps this is less so in studies of more microeconomic issues where data better tailored to the needs of analysis can be collected by the researcher. But more generally, personal and ideological beliefs seem to play a large role in our profession.

A way forward for policy research

Policy research will always be constrained in its ability to grapple with the full complexity and multi-disciplinary nature of the development process. We are a long way from having any unifying theory or modeling capacity to deal with the really big issues, particularly in terms of understanding the processes of change. And since the global context is continually changing, this is probably an elusive goal anyway. Further good country case studies and cross-country comparative work could provide us with good story lines to bring to the debate and more work of an inter-disciplinary nature is still required.

Policy research on development strategy needs to go beyond ex-post analysis of country experiences. More thought is needed to the nature of the development process. It is not a neat and tidy process whereby a country adopts and implements a nicely articulated economic plan (whether

from the World Bank/International Monetary Fund (IMF) or its own Ministry of Planning). Rather, it is a messy, politically controlled process of muddling through, on a largely trial and error basis, influenced by national ideology, foreign pressures and fickle world markets. In this context, there is no single and optimal pathway a country should follow despite the dominance of this paradigm in economic thinking.

Rather, there are many alternative routes to development and each country must find the one that is most politically and economically acceptable through time.

Within this context, the science of development strategy is really about understanding generalities that help in managing these differences, not deriving a single strategy for all countries. And the practice of development strategy should be about helping countries find pathways that best fit with their needs and capacities, not in imposing a single strategy on all. It is necessary to put less emphasis on developing strategic plans and more on how to launch evolutionary processes of development within countries, based on informed and participatory experimentation, learning and adjustment. For this countries need the right cadres of policy analysts within countries to inform the process, based on effective knowledge management and monitoring and evaluation (M&E) systems, and sufficient political openness to encourage a culture of learning. Similar processes should be undertaken within donor agencies. Policy research needs to be part of such a learning process. That way, it can both inform and learn from the process.

The key challenge for policy research is to help countries adopt more effective development processes. In this context the International Food Policy Research Institute's (IFPRI) new work on Country Strategy Support Programs (CSSPs) and the Strategic Analysis and Knowledge Support Systems (SAKSS) that they embody could prove to be very important. They have the potential to grow into something much richer.

The primary objective of these programs is to strengthen and influence the development process in the countries in which they work, to become part of it and enhance the learning and adaptation process. How effective they are in doing that (and how) should be part of the research agenda. But they also offer a unique opportunity to observe and monitor the development process from the inside, and if the right research questions are asked in a structured way, enormously valuable lessons might emerge. This potential is all the greater if the country teams can be coordinated so as to undertake structured comparisons across countries. Even a handful of carefully selected comparative country experiences would be invaluable. But to be effective, this approach will require a sustained IFPRI presence in the selected countries for 7-10 years.

This was Dr. Peter Hazell's farewell speech, delivered on 22 November 22, 2005. It can be accessed on www.ifpri.org

COMMUNICATION

Vaccancy announcement

The **Tropical Agricultural Research and Higher Education Center (CATIE)** invites qualified individuals to apply for the position of **Ecological Specialist** based at Turrialba, Costa Rica. The over all objective of the position is to coordinate and implement training, research and development activities aimed at the conservation of biodiversity in agricultural landscapes in the region of Central and Latin America as a member of the Livestock and Environmental group (GAMMA) at the Department of Agriculture and Agroforestry (DAAF) at CATIE. Applicants should have PhD in landscape ecology, conservation biology or ecology and at least a minimum of five years working

experience. For details, contact, Human Resources Area, P.o. Box 7170, CATIE, Turrialba, Tel: (506) 558-2243, Fax: (506) 556-1533, e-mail: avalverd@catie.ac.cr
The closing date is **31 January 2006**.

ECAPAPA received this information from Dr. Louis Navarro, IDRC, Kenya. He is gratefully acknowledged.

ECAPAPA welcomes your comments, suggestions and encourages article submissions.

This newsletter is an attempt to use e-communications to provide to a broad audience within and outside Eastern and Central Africa a mechanism for distribution and exchange of information relevant to agricultural policy issues. This newsletter is being sent to identified stakeholders of ECAPAPA. We want to respect your privacy and desire not to have your e-mail inbox filled with unwanted correspondence. If you do not want to receive this newsletter please send us a note at <ecapapa@asareca.org>, and we will remove your name from the distribution list. For back issues of this newsletter, go to 'View Archive' at www.asareca.org/ecapapa

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