RurbanAfrica
African Rural-City Connections

2013

Briefing 1

Agricultural Transformation in Ghana, Cameroon, Rwanda and Tanzania

European Commission

INTRODUCTION

The consensus among observers – both political and academic – on the slow pace of agricultural transformation and rural development in Africa is striking. Yet they still disagree on the necessary means and development models to change this deplorable situation. On the one hand advocates of free markets argue for liberalisation of former periods' regulatory instruments, introduction of new land tenure systems that protect private property over land, and promotion of large-scale foreign direct investments. On the other hand proponents of a continued role for public regulation argue for the need of national and local institutions to implement a wide range of development programmes that aim to increase and diversify agricultural production while also cushioning economic marginalisation and social exclusion of particularly exposed population groups.

One of the aims of the RurbanAfrica project is to examine and theorize the relationship between different types of agricultural transformation and their consequences for rural dynamics, mediated by a plethora of rural-urban connections. In policy terms these research findings will help to move the somewhat rigid debate on models and instruments beyond the sterile dichotomy between state and market and towards a contextually-informed design of appropriate policy initiatives.

This State of the Art report is the first step towards a set of theoretically informed policy initiatives. It is a literature review of the main forms of agricultural policy which have sought to transform agricultural production in Ghana, Cameroon, Rwanda and Tanzania. The aim of the review is to highlight how key models of agricultural transformation have changed through time and how these relate to current approaches to agricultural growth and structural change. We define a model of agricultural transformation as a paradigmatic approach to rural development encapsulating both ideological, strategic and policy elements. Of particular concern when unravelling the changing approaches to transformation have been attention to land tenure, the scale of production unit, choice of crops, labour regime, market orientation and the role of the state or the private sector in delivering input and output markets. Overall, the value in conducting this review emanates from the comparative tension between the four country cases.

The report is structured in five main chapters each covering a particular period where certain models have been prevalent, despite notable variations between the four countries. The five periods are: (i) colonial heritage; (ii) the initial postcolonial period after independence; (iii) the gradual liberalisation linked to structural adjustment; (iv) the initial Post-Washington Consensus period; and (v) finally the return to more production-oriented models of the present period. Each chapter includes a discussion of the four countries with a summary of the main findings. A conclusion winds up the report.

SUMMARY

The aim of the report is to expose continuities and changes in the main models for agricultural transformation as revealed in different development strategies, sectoral programmes and policies. There are, of course, notable differences between the countries due to their colonial past, different agro-ecological potentialities and barriers, resource endowments, social classes and ethnic groups, and many other factors. However, the report highlights quite striking temporal and substantive similarities in the main transformative models applied to agricultural production and rural development.

Within the colonial period three approaches to agricultural transformation are identified, namely the *large-scale estate model* on leasehold/freehold land, the *peasant/smallholder production* on customary land tenure, and the *elite demonstration model*. The first model refers to the establishment of large plantations on alienated land by colonial companies that produced and exported a wide range of tropical commodities to Europe. This model heavily relied on directly or

indirectly forced labour, and the establishment of railways, ports and roads. The second model focused on peasant farming and became of importance somewhat later than the *large-scale estate model*; it relied on the establishment of new marketing channels, mostly through state-run marketing boards specialising in one (export) crop. Marketing boards provided systems that to different extents covered extension, input supply, farm-gate purchases, handling, transportation, storage and exports on behalf of smallholders. The third model promoted agricultural transformation by diffusion of techniques and technology from wealthier elite households to poorer peasants.

The first years of nationalist government were marked by the continuity of policies and regulatory mechanisms for agricultural development – with a notable exception being the mobilisation of agricultural labour via coercive mechanisms (apart from in Rwanda). Variations included the establishment of (independent) state-owned companies and nationalisation of foreign interests in the cases where 'African Socialism' was implemented during independence. This period also witnessed the establishment of *outgrower models* for agricultural transformation where peasant farming was linked to large-scale cultivation and processing on nucleus estates. We also note the emergence of a further model: the *smallholder resettlement model* both in Rwanda and Tanzania.

Public support to peasant farming was expanded after independence although the exploitative mechanisms via state determined producer prices on export crops were not removed. The *elite demonstration model* was replaced by a concern for reaching out and incorporating far larger segments of small-scale farmers in the commercialisation of agricultural production. Crop specific (public) marketing boards (parastatals) expanded in numbers and scope, now 'feeding' the ambitious efforts to industrialise rapidly to such an extent that economic incentives for farming were significantly eroded. In the same breath, in most cases farmers were organised in cooperatives in a top-down manner to increase efficiency of input supply and output purchase. Integrated rural development programs strived to cushion regional inequalities in living conditions by promoting particular crops, the ultimate form being resettlement of (landless) farmers in agricultural 'frontiers'. As a corollary, public administration at all levels developed rapidly and in a rather uncoordinated fashion with numerous opportunities for rent seeking and with favourable conditions for an unwieldy bureaucracy.

All these models experienced dramatic alterations during the 1980s and early 1990s due to the implementation of a series of adjustment programs that included liberalisation, privatisation, budgetary cuts and devaluation. Former state-owned companies were privatised (although the process often became protracted due to opposition from vested interests and a lack of investors) and most of the non-market based supportive measures directed to promote commercialisation of peasant farming were rolled back. For example, the removal of subsidies on agricultural inputs (primarily fertilizers), the dismantling (or partial fragmentation) of marketing boards, the elimination of state-determined purchasing prices, and the scaling down of credit facilities. All of these changes significantly affected the conditions for smallholders, positively as well as negatively. In many cases, inefficient and corrupt public institutions were not replaced by private businesses as the economic incentives simply were insufficient or non-existing. From the models highlighted above, the conditionalities and reforms were aimed at providing the right incentives for dynamic *peasant/smallholder production* to contribute to both growth and equity goals, but the supply response was often hampered by the above-mentioned institutional constraints. Other models of agricultural transformation did not feature prominently.

After more than a decade with structural adjustment programs the turn of the century marked a gradual, albeit somewhat hesitant, transition to a less market-oriented policy framework in all four countries. The structural adjustment of the national economies did not 'trickle down' to reach the poor at the expected pace and the impact on poverty reduction was insignificant – if not directly harmful. Hence, during the first year of the 2000s, all four countries implemented so-called Poverty Reduction Strategies that mainly addressed the social sectors (health, education) whereas agriculture only received modest attention. To the extent they were included, agricultural policies and initiatives in the strategies mostly addressed institutional issues like different means to promote and improve the (private) distributing channels for supply of inputs (mainly seed and fertilizers), increase access to formal credit (various micro-finance schemes for farmers), and improve rural infrastructure to increase access to markets. These benefits are difficult for farmers with limited resources to capture, and components explicitly addressing poverty reduction in the agricultural sector were few. Even though the distinction between policies towards the peasant and the large-scale 'modernized' models became somewhat blurred in this period it is notable that two old acquaintances were re-introduced (although in redesigned wrappings): farmers' organizations were urged and supported to take up many of the same tasks as the defunct cooperatives were supposed to do; and some crop-specific parastatals with new regulatory responsibilities saw the light of the day. If there was any concern with agriculture during this period, it was on *peasant/smallholder production*.

But the intentions of the poverty reduction strategies did not materialize and poverty was only marginally reduced. As a consequence, governments reoriented their policies towards agricultural growth as a means to reduce poverty and stimulate the national economy, influenced among other things by a common strategic program launched by the African Union. The program stressed the need to allocate a higher share of the total budget to and that policies should aim at maximizing agricultural output and productivity. The countries responded with strikingly similar large-scale investment programs based on cooperation and coordination between state, private (foreign) corporations and donors. The *large-scale estate model* as well as various hybrid forms through public-private partnerships have been reinstated as key drivers of agricultural transformation, with foreign direct investments in land and agricultural production facilities very much welcomed. The commercialization of peasant farming is now to be promoted via contract farming and the *outgrower model*. State funds will prioritize commercially viable medium-sized farms, and support the capacity of farmers' organizations, the improvement of input supply systems and access to credit.

In contrast, subsistence-like smallholders and landless inhabitants are apparently envisaged to leave agriculture and find alternative employment in non-farming activities that emerge from new economic dynamics in the rural areas. It could be the case that the trend is towards integrated and state-coordinated implementation of land titling (in order to facilitate private investments and land accumulation), the consolidation of adjacent plots (owned by cooperatives), and detailed land use planning by powerful local authorities *a la* Rwanda *anno* 2013. This is a technocratic solution to the fragmentation of landholdings, the notorious lack of scale economies and the coordination problems related to incorporation of peasant farming in agro-business. Indeed it will mark a return to the basic models in the initial period after independence – with the notable difference that poor and landless farmers are excluded from the agricultural transformation process and relegated to frail social security measures or waged employment in speculative off-farm and non-farm activities that may or may not emerge in rural areas.

Source

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Work Package Identity

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RurbanAfrica - African Rural-City Connections

The African Rural-City Connections (RurbanAfrica) project explores the connections between rural transformations, mobility, and urbanization processes and analyzes how these contribute to an understanding of the scale, nature and location of poverty in sub-Saharan Africa. The RurbanAfrica project is advancing the research agenda on rural-city connections in sub-Saharan Africa by addressing a range of crucial components: agricultural transformations, rural livelihoods, city dynamics, and access to services in cities. Our aim is to generate new insights into the relationship between rural-city connections and poverty dynamics.

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