

AFRICAN AGRICULTURE AND THE WORLD BANK: DEVELOPMENT OR IMPOVERISHMENT? (A SUMMARY)

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Agriculture's dominant role in Sub-Saharan Africa's local, national and regional economies and cultures throughout pre-colonial history has been foundational to 20th century colonial and post-colonial development. No other continent has been so closely identified with smallholder peasant farming. Nonetheless, smallholder farming has been eroding over the last three decades, perpetuating rural poverty and marginalizing remote rural areas. Donors' search for rural 'success stories' merely reinforces this fact. Certainly many farmers have voted with their feet by increasingly engaging in non-agricultural livelihoods or migrating to urban areas. In so doing, the significance of agriculture for the majority of Africa's population has altered.

The World Bank has played a prominent role in shaping agricultural policy in Africa. Under structural adjustment conditionality of the 1980s, the World Bank's prescriptions became largely mandatory for the debt-ridden national economies of the continent. Its influence over a country's policies is now generally in direct inverse proportion to that country's economic strength. Thus, most African countries have to greater or lesser degrees espoused and implemented World Bank development policy for the last 25 years, and African agricultural sectors, in effect, demonstrate through continuous low growth rates and deepening rural poverty, the impact of World Bank policies.

A recent evaluation¹ of the World Bank's research output challenged the institution's reputation as the world's 'knowledge bank' referring to its habit of taking 'new and untested results as hard evidence that its preferred policies work', singling out the flagship World Development Reports published annually as a medium through which advocacy of the World Bank's favoured policy recommendations sometimes takes precedence over balanced analysis.

On the face of it, the WDR 2008 espouses a continuation of World Bank rural policies of the last quarter century. First, it argues that agriculture is key to poverty alleviation, especially for African smallholder farmers. The majority of Africa's poor live in rural areas and farm to varying extents. Second, it stresses that liberalized national markets will remain the primary force for achieving productivity increases and poverty alleviation.

Accelerated growth will be achieved through agricultural productivity improvement but the 'green revolution' model of state investments and subsidized support for agricultural inputs are discounted. African states are seen to be seriously flawed and therefore best restricted in scope and decentralised to preclude government intervention in the national economy. Smallholder households will participate in commodity, capital, land and labour markets, to seek multiple pathways out of poverty; either through encompassing agricultural production, rural non-agricultural enterprises or out-migration.

Beneath these entirely business-as-usual policies, there are starkly contradictory objectives: the humanitarian concerns of poverty alleviation clash with market fundamentalism. 'Market fundamentalism' is defined here as the unshakeable belief in the innate nature of the market as a prime mover of exchange and optimizer of production without regard for the political imbalances and social biases of markets as historical institutions. States are seen as potential concentrations of vested interests and power in stark contrast to markets as neutral forums of exchange.

¹ 'An Evaluation of World Bank Research 1998-2005' (September 2006) chaired by Angus Deaton (Princeton University) and a team of other academics. This report is highly significant for being the first of its kind in over 20 years. See *The Economist*, 'What the World Bank knows', 13 January, 2007.

Will African peasant farmers' lot improve or decline further? The report has a casual way of not distinguishing the radically different policy needs of small as opposed to large-scale agriculture. In global agricultural commodity markets, African smallholder producers have been losing market share continually over the last three decades. Africa's traditional export crops, the beverage crops: coffee, cocoa, tea, as well as cotton, tobacco, cashew, etc. have steadily declined to now quite negligible export levels. The comparative advantage that African smallholders held in these crops has been undermined by far more efficient producers elsewhere. There is no evidence provided to suggest that the broad masses of African small-scale peasant farmers will experience anything other than continuing difficulties in meeting the rigours of global commodity market chains with their highly regulated standards and time schedules.

Paradoxically, the World Bank has a long tradition of championing smallholder farmers. Structural adjustment policies were implemented in the name of 'getting the prices right' to promote market efficient resource allocation for the benefit of smallholders. Consistently World Bank agricultural policies have displayed contradictory tendencies and a glaring discrepancy between stated objectives and actual outcomes. Nonetheless, the World Bank has rarely been held to account. Peasant farmers have been too dispersed and without a voice whereas heavily indebted African governments are too dependent on the World Bank's conditional aid to criticize the policies it enforces.

World Bank Policy and Agricultural Productivity

African agriculture was in the World Bank's spotlight 25 years ago with the publication of the Berg report entitled *Accelerated Development in Sub-Saharan Africa: An Agenda for Action* (1981) and the *World Development Report 1982* on the theme of agriculture. These reports identified African state policy intervention, particularly in the form of producer subsidies and parastatal marketing, as key problems to resolve in order to achieve higher agricultural productivity. The encouraging improvements in maize yields from the improved input and fertilizer packages that several African governments were distributing on a subsidized basis went unacknowledged, while the

dramatic change in terms of trade following the oil crises of 1973/74 and 1979 and the subsequent world market economic shocks that the continent experienced were largely sidestepped – internal rather than external causes of the African economic crisis were stressed.

In the aftermath, as African countries one by one fell into heavy debt and SAP conditionality was imposed, the blooming of a potential green revolution fostered by policies of several African states during the 1970s was nipped in the bud. Unlike the green revolution of India, Indonesia and the Philippines, which had afforded its farmers several years of state-supported input subsidy, Africa's green revolution was stillborn.

In stark contrast to Asia, Africa remains seriously food insecure. The investment in improved agricultural input packages and extension support tapered and eventually disappeared in most rural areas of Africa under SAP. Concern for boosting smallholders' productivity was abandoned. Not only were governments rolled back, foreign aid to agriculture dwindled.²

But some form of an agricultural revolution is vital to the future of today's African smallholders. This is not because of their need to remain in the agricultural sector, although this may be the desire of many. Rather it is because the food security afforded by a green revolution provides the necessary foundation and insurance for individuals, rural households and nation-states to develop non-agrarian occupational specializations as well as constituting an important impetus for the growth of other sectors.

Reviving African attempts to rekindle African green revolution efforts, are ruled out. The World Bank's refusal to endorse a concentrated state-coordinated and international donor supported effort to raise African productivity is likely to preclude the African rural poor's agriculture from expanding beyond basic subsistence. There is, however, one notable concession in the WDR 2008. African smallholders may be allowed 'smart' producer subsidies, which must be restrictively targeted and delimited primarily to fertilizer. Considering that farmers in OECD countries have kept their agricultural subsidies relatively intact throughout the last 20 years as African farmers saw their far more modest subsidies whittled away, this is a small consolation. The average support to OECD agricultural producers fell

² World Bank funding for agriculture itself declined markedly from 32 per cent of total lending in 1976-8 to 11.7 per cent in 1997-9.

from 37 per cent of gross value of farm receipts in 1986-88 to 30 per cent in 2003-2005. While this represented a 7 per cent decline, the total amount of support increased over the same period from \$242 billion a year to \$273 billion a year (WDR 2008).

Large versus Small-scale Agriculture: Contract Farming and Rural Wage Labour

Under current market fundamentalist thinking, large-scale agriculture is deemed to be competitive, not small-scale family production. The WDR 2008 infers that the lack of competitiveness of African smallholder commodity production will necessarily catapult many farmers into contract farming or agricultural wage employment. The wider relevance of contracting in an African context lies in its potential for increasing economies of scale and assuring quality.

Contract farming and agricultural wage labour are recommended when accompanied with fair remuneration and working conditions. The question remains how such just conditions are to be secured. Large-scale farms and agri-business are not charities. A deluge of farmers, exiting the smallholder sector as 'refugees', and flooding rural labour markets, will meet with extremely low returns and harsh working conditions.

Contract farming is usually selective in its outreach, often restricted to locations near big cities or major roads. Socially, over time it tends to exclude smaller, poorer producers, and the crops grown are primarily export cash crops rather than food staples. It constitutes a top-down take-it-or-leave-it approach with limited technical transfer. Undoubtedly it can benefit some farmers, but it is not an omnibus solution to low productivity and food insecurity for the majority of African peasant farmers.

Similar arguments are made for the efficiency of large-scale farm and plantation production. In relinquishing their autonomy, do smallholders gain in terms of income and security of employment? Smallholders' bargaining power in contract farming can be very limited particularly in relation to the increasing influence of supermarket value chains. Agricultural wage labourers tend to have even less room for manoeuvre with casualization of the agricultural wage labour a common tendency. The WDR 2008 admits that agricultural

wage labourers have been known to face highly exploitative working conditions.

Meanwhile, African states have initiated a host of incentives (tax rebates, physical and moral security) for foreign investors to attract foreign currency into the country. Historically, the majority of investors and European settler farmers were concentrated in Southern Africa producing commercial export crops as well as food products such as maize, wheat and beef. More recently, they have ventured into horticulture, safari ranching and tourism.

The WDR 2008 suffers from a logical inconsistency between its acclaimed goal of poverty alleviation for African smallholder farmers and its conviction that large-scale commercial farming is the inevitable future of farming. African small-scale family farmers must meet the productivity levels, rigorous product standards and delivery schedules of international value chains to compete effectively, yet without necessary support.

At present hundreds of millions of African peasant smallholders are not competing successfully in global commodity markets. The World Bank adopts a matter-of-fact position that they will relinquish their autonomy as agricultural producers and work as contract farmers or wage labourers in large-scale agribusiness or alternatively leave agriculture to seek their livelihood elsewhere. Their sanguine attitude towards peasant labour redundancy does not tally with their professed concern for the African rural poor. Beneath the WDR 2008's public relations spin about poverty alleviation, they are conferring *carte blanche* support to a 'survival of the fittest' economic trajectory in which the grossly imbalanced commercial interests of large-scale OECD subsidized farmers, supermarket chains and agribusiness have full scope to compete against unsubsidized peasant farmers engaged in rural ways of life that they have managed hitherto to endure for millennia.

Land for Those Left Behind

African smallholders have a 'loser' status in the WDR2008, but the World Bank appreciates that allowing the global market to fully decimate African peasant agriculture would spell political and human disaster in the weak African national economies where farmers' only option is to join over-crowded rural and urban informal sectors where average levels of capitalization, skills

and productivity are exceptionally low. Thus the African countryside of the future is in effect likely to be relegated to a large 'holding ground' to ensure basic welfare of the rural population and provide labour for other sectors of the economy as and when needed.

In a significant departure from the World Bank's otherwise consistent efforts to promote the extension of market relations throughout African commodity, labour and capital exchange the World Bank now stresses that a rural pro-poor agenda requires attention to customary tenure rights and land management systems. The World Bank position is now supportive of evolutionary land tenure, seeing customary tenure as central for ensuring the poor's security as local tenure regimes evolve towards market-based practices. To stave criticism that it is supporting traditionalism, the World Bank has tried to press for reforms of the traditional authorities safeguarding customary land tenure, and in so doing asserts that customary land tenure can strengthen women's land rights, promote decentralized land institutions, and raise productivity – features rarely if ever formerly identified with customary tenure in the past.

The reality is that customary land rights are no longer the central issue in many African countries. Smallholder farmers are often in competition with large-scale farmers who receive preferential state support. Small farmers have already been or are currently being pushed into vulnerable ecological areas outside their traditional home areas.

Smallholder Marginalization

The World Bank has not been held accountable for the agricultural policy misjudgements and blunders they have enforced in Africa over the last 25 years through structural adjustment policy and debt conditionality. Now, with impunity, they are throwing their weight behind the rapid redundancy of a potentially massive number of peasant smallholders in the name of African development.

The World Bank is recommending global capital's destruction of an independent smallholder agricultural sector in the absence of clear employment prospects. This is radically different from the rapid depeasantization process currently underway in China. There, members of rural households are leaving the farm to work in booming industrial and

service sectors of the national economy. Given the constricted parameters of African national economies, smallholder alternative options outlined by the World Bank are not convincing.

Rural non-agricultural activities are performed primarily on the basis of self-employment. The risks are high and financial capital and over-supply are the over-riding constraints. The rural informal sector is already heavily over-subscribed and known for its low, unreliable fluctuating levels of remuneration. Finally, there is the option to migrate to an urban area to seek employment. In most cases the outcome is very similar to that of participating in rural non-farm activities without the safety net of having farming members of the family nearby.

The WDR 2008 advocates the above listed options as escape routes to avoid directly experiencing the disintegration of peasant smallholder farming, but there is a realization that not all African rural dwellers will manage to join the exodus. For those who are left behind, the policy will have to be 'social protection' rather than 'economic development'. In this sense the WDR 2008 marks a major departure in World Bank rural policy – African rural development policy will no longer centre on smallholder agency. Rather those who constitute the 'relic population', could be availed, a continued subsistence farming base, facilitated by the World Bank's recent switch to acceptance of the historical evolution of customary tribal-based land tenure

In other words, those left in the countryside live on tribal communal 'holding grounds', akin to the Bantustans of the apartheid period of South African history, eking out an existence on the basis of exceptionally low-yielding, uncapitalized agriculture. Like the Bantustans, these holding grounds could function as labour reserves for the mainstream national economy and would most likely be based on conservative tribal customary legal frameworks not only with respect to land but in wide array of other spheres as well. It is indeed an irony that such a possibility resurfaces little more than a decade after South Africa managed to rid itself of this 'separate and unequal' model of rural exploitation in the name of development.