Up and down and up again? A historic perspective on development aid for African agriculture

- Paper presented at the ECAS 4 conference, Uppsala, June 2011 -

Helmut Asche (asche@uni-leipzig.de) and Heike Hoeffler (hhoeffler@web.de)

University of Leipzig, Institute of African Studies, Leipzig, Germany

Draft version. Not for citation. Critical comments welcome

Abstract

Since independence agriculture was the predominant productive sector for many African countries. Until today, it remains a key driver for economic growth, rural development and poverty reduction. The sector has therefore received a lot of international support within the framework of bi- and multilateral development aid. Even though the financial amounts of aid, the concepts of aid delivery and assumed impacts on rural development changed over time, the agricultural sector remained of importance for development cooperation with Africa. Yet, the sector has suffered from vast market and policy failures and has largely failed to fulfil its pro-poor development potential until today. So why does aid for agriculture seem to have failed in seizing the expected development opportunities?

This paper argues that the international aid for African agriculture didn't manage to consider three important socio-economic aspects. First, aid concepts proved incapable to effectively support agricultural production in the presence of wide-spread market failures. Second, donor approaches didn't fully understand the microeconomic rationale and the technical viability of predominant smallholder farming systems. Thirdly, foreign aid actors have largely ignored the political economy of agricultural policies, even where renewed emphasis on sector approaches was meant to address the broader institutional setup for agricultural policy. Therefore, aid has not been as successful as it could have been. As a consequence, aid for agriculture popular in the 1970s, was judged ineffective and suffered from a dramatic decline during the 1980s and the 1990s and is just slowly revitalised under new aid paradigms. During the past five to ten years, renewed interest for the sector can be observed, due to the recognition that poverty in Africa is still predominantly rural and that the resource price boom, the international food crisis, and the expected impacts of climate change add new challenges. The different phases of aid for African agriculture are analysed with a historic perspective on agricultural policy reforms. It is shown that market failure, smallholder economic behaviour and the political economy are still key problems and that donors have done too little to adequately address these factors with their rural development concepts, despite improved insights on the matter from development practitioners and economic and social development researchers. There is a lot to be gained by understanding, where aid delivery to African agriculture is coming from, what its current challenges and opportunities are and where it could be heading to in future.

Content

1 Introduction

The importance of agriculture for the economic and social development in Sub-Saharan Africa has never been questioned in the academic literature and in development circles. The agricultural sector contributes significantly to the GDP of almost all SSA countries, in many of them it always was the single most important source of foreign exchange earnings, the largest provider of domestic rural income and employment, and thus the dominant sector determining livelihoods of millions of Africans.

Consequently, in the history of development aid for Africa, the agricultural sector was a natural candidate for support and received large amounts since the very beginning of development cooperation in the 1960s. Yet, as will be shown, the prominence of agriculture dwindled in the decades that followed. With the aid delivery and assumed impacts on rural development having experienced changes over time, the agricultural sector lost much of its importance for development cooperation with Africa.

In this paper, we want to analyse the demise of what was once a stronghold of western cooperation with Africa. We will do this by following up three research questions: First, how did support to African agriculture develop over time? Secondly, to what extent do market and policy failures explain the dramatic retreat from supporting the development of this key productive sector in many African countries? And thirdly, what are the status quo and the way forward in supporting agriculture?

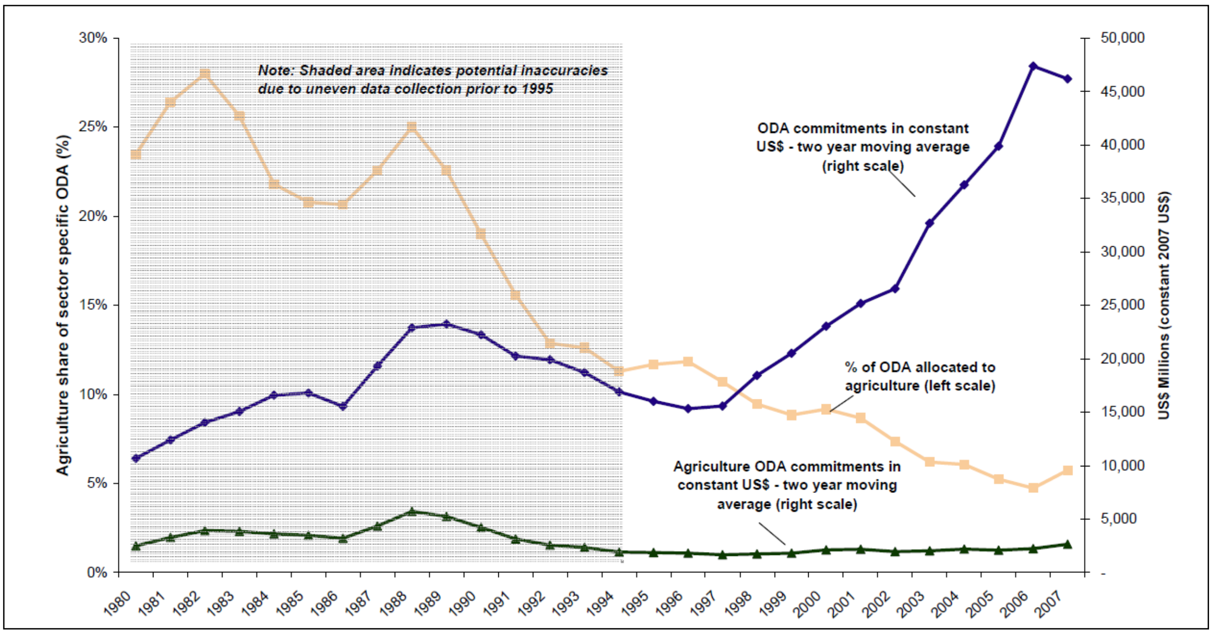
We start by a deeper look into the aid statistics (section 2). This is followed by a historic view on agricultural aid approaches and the discussion of why they seem to have failed in seizing the expected development opportunities (section 3 and 4). In sections 5 and 6, we summarise likely lessons learned for the future of aid to African agriculture.

2 Aid for African agriculture: A history of multiple decline

Given the theoretically uncontested key role of agriculture, it is one of the most dramatic and paradoxical phenomena in the history of western development aid that agricultural cooperation with Sub-Saharan Africa was sent on a long-term downward spiral for more than two decades. We are not the first to discover it (see e.g. FAO Investment Centre 2009). The basic statistical figures are well established: agricultural aid came down from a 25% share in the beginning of the 1980s to around 4% (2005) of sector-specific Official Development Aid

(ODA) of DAC countries to Sub-Saharan Africa (see figure 1). In parallel, national public expenditure for African agriculture collapsed, according to World Bank figures for agriculture-based countries. Outlays for agriculture went down to the same quota of 4% in government spending as ODA did. Consequently, the *"double 4% mark"* represents an ignominious all-time low for what should have been the mainstay of a solid international and national support system. While the basic pattern is essentially uncontested, reasons are still unclear.

Figure 1: Annual ODA Commitments in Sub-Saharan Africa: Overall trends and Share Allocated to Agriculture



Source: FAO Investment Centre 2009 using OECD data

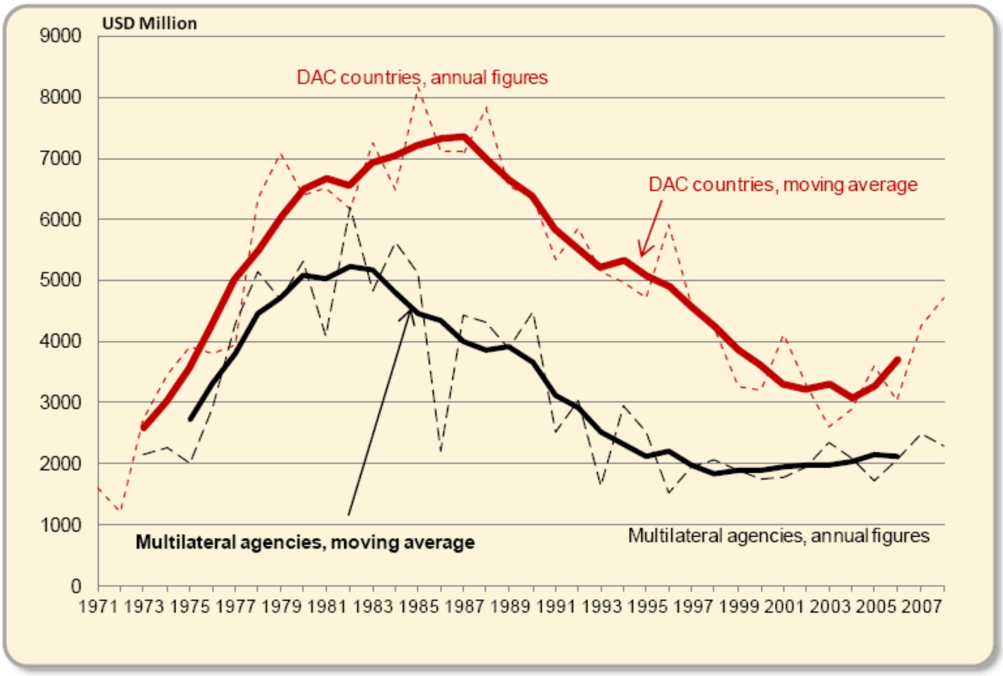
The decline of support for agriculture in aid is not Africa-specific in the first place, as the DAC reports:

> *"Since the mid 1980s, aid to agriculture has fallen by half. In 2006-7, DAC member countries' bilateral annual aid commitments to agriculture amounted to USD 3.8 billion. Taking into account multilateral agencies' outflows, the total was USD 6.2 billion. The share of aid to agriculture in DAC members' aid programmes has declined even more sharply: from 17% in the late 1980s to 6% in recent years, revealing a clear relative neglect of the sector." (OECD 2009: 9)*

Figure 2 shows indeed a similar global trend, and it reveals that the turn of the tide started in the multilateral agencies, which saw their support to agriculture peak in the late 1970s and early 1980s, then experience a sharp drop, while individual DAC countries still continued to augment their agricultural aid commitments, before getting on the bandwagon already on its downhill roll. The forerunners of the trend were most prominently the World Bank and the EC (see table 1) below.

To an extent, the global decline of agricultural support accompanies the general aid fatigue of the late 1980s and 1990s, though clearly more pronounced. This raises questions of mutual causality between general aid patterns and sector-specific issues. Did problems in rural development contribute to aid fatigue or was it the other way round? Whatever the causal chain, agricultural aid did not participate in the positive trend reversal that ODA for Sub-Saharan Africa witnessed in the late 1990s, with the Millennium campaign and the emphasis on poverty reducing strategies. The decline continued unabated until about the mid-2000s.

Figure 2: Aid Commitments to Agriculture (5 year moving averages, constant 2007 prices)



Source: OECD 2010

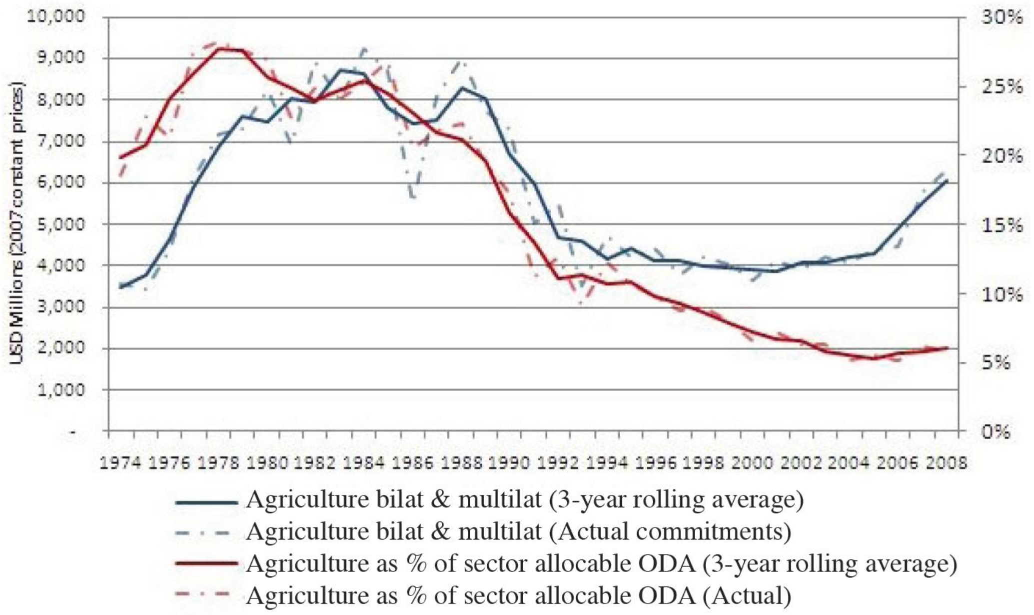
Table 1: Multilateral Assistance to Agriculture: Volumes and Shares

Multilateral	Average annual ODA to agriculture in constant 2002 prices (million US$)			Average annual share of ODA to agriculture in total ODA (%)		
	1979-81	1989-91	1999-01	1979-81	1989-91	1999-01
African Development Fund	118.2	287.2	92.3	27.9	28.6	10.5
Asian Development Fund	215.9	492.3	76.8	28.2	36.6	6.5
European Community	460.5	81.6	132.5	25.2	5.9	3.8
Int. Devpt. Assistance	1551.3	1253.8	634.9	31.6	19.7	10.3
Int. Devpt. Bank Special Fund	352.8	63.4	n.a.	27.8	16.1	n.a.
Int. Fund for Agr. Devpt.	372.1	110.2	177.9	61.6	55.6	48.6
All multilaterals	3070.8	2288.5	1114.4	33.7	27.1	15.9

Source: Morrison, Benzemer et al. (2004) using OECD data

Figure 1 expresses agricultural aid as percentage of *sector allocable* aid. This is why informed readers will immediately object to the gloomy analysis in saying that the falling numbers of aid for agriculture overstate the true decline, as much of the agricultural support now runs under rural development, agricultural policy and governance, road infrastructure, water supply, and the like. The problem has indeed much to do with the donors' preference shift to multi-sector programme aid, and we will deal with the issue of aid classification in section 3. Actually, the DAC figures quoted above exclude rural development (classified as multi-sector aid) and all sorts of food aid, but to keep things in proportion: rural development at around the mid-2000s represents not more than about a fifth (for bilaterals) and a tenth (for multilaterals) of the still extremely depressed gross agricultural aid. Thus, 'rural development' has statistically not taken over. The Montpellier panel has shown that agriculture in all aid followed since the mid-1980s the same trend as sector allocable aid, before indeed reaching the bottom line earlier and reversing the trend more clearly *(Montpellier Panel 2010)*. It can arguably not be otherwise. Had all the aid money saved on classical agricultural projects been re-invested in well-targeted multi-sector programmes in the countryside, the regions covered should have shown signs of sweeping rural modernisation. As they have not, we would be confronted with another micro-macro paradox – next to the general one: plenty of successful interventions, but few macro signs of economic situations turned around.

Figure 3: Trends in Global DAC Aid to Agriculture

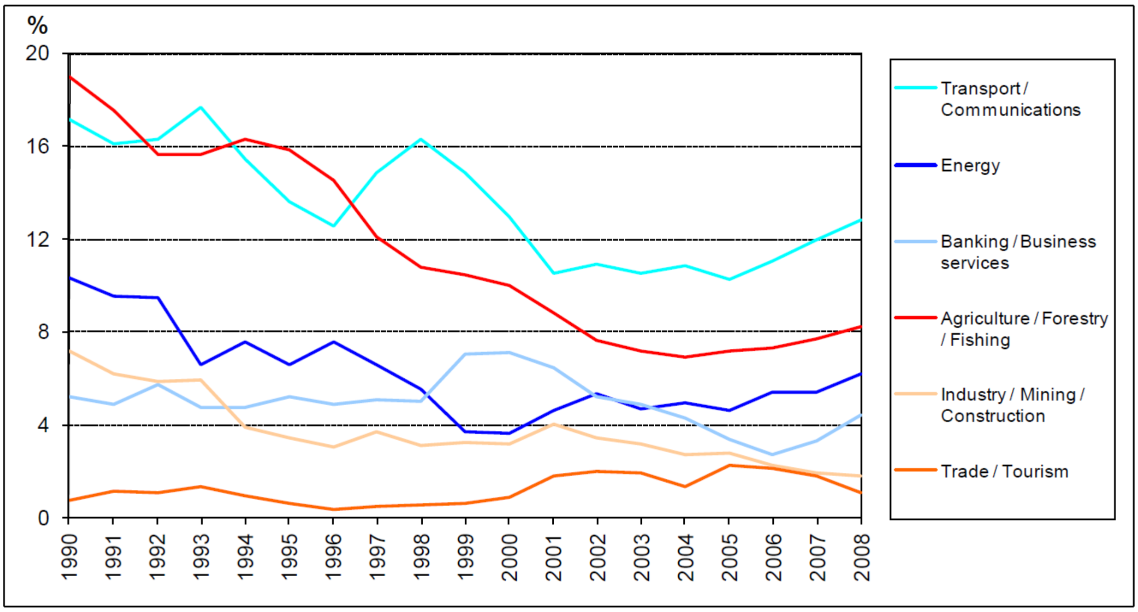


Source: Coppard 2010

Beyond the general aid fatigue, a more precise hint on what motivated the demise of agricultural aid can be gained from the fact that another major sector suffered from a similar decline: big infrastructure, and in a wider sense all sectors of the real economy. Obviously, the expectation that after price reforms and dismantling of public monopolies the private sector will take over massively sent public foreign aid to Africa in both sectors on a downward trajectory. Unfortunately, in core areas neither foreign nor domestic private capital stepped in, and the whole situation became increasingly absurd as the development banks (AfDB, World Bank and the bilateral banks) missed business opportunities in big (energy and road/rail) infrastructure along with agriculture – two of their potentially largest investment sectors. For infrastructure, the turning point was no earlier than 2005, with the Bank discovering "the big Africa infrastructure gap" (World Bank 2005; for a critique Asche 2006); in agriculture we even had to wait a bit longer. Besides, a further breakdown would reveal that manufacturing industry in Sub-Saharan Africa never got any financially noticeable foreign aid.

Figure 4: Economic and Production Sector ODA to Africa

(as a percentage of total sector-allocable ODA, 3-year moving average commitments)



Source: OECD 2011

Furthermore, new aid topics and fashions had emerged since the 1980s, and agriculture had to stand stiff competition for the decreasing overall ODA. During the 1990s, notably good governance and decentralization emerged as “darling” aid topics, particularly for those African countries that experienced democratization processes at the time. Towards the Millennium, under the influence of the MDG debate and the need to produce tangible results on poverty reduction, many donor agencies were even less willing to let big development investments get stalled by political interference and thus shifted their focus to governance factors and general poverty alleviation programmes rather than sectoral support in order to better target their aid, as noted by Chhotray and Hulme:

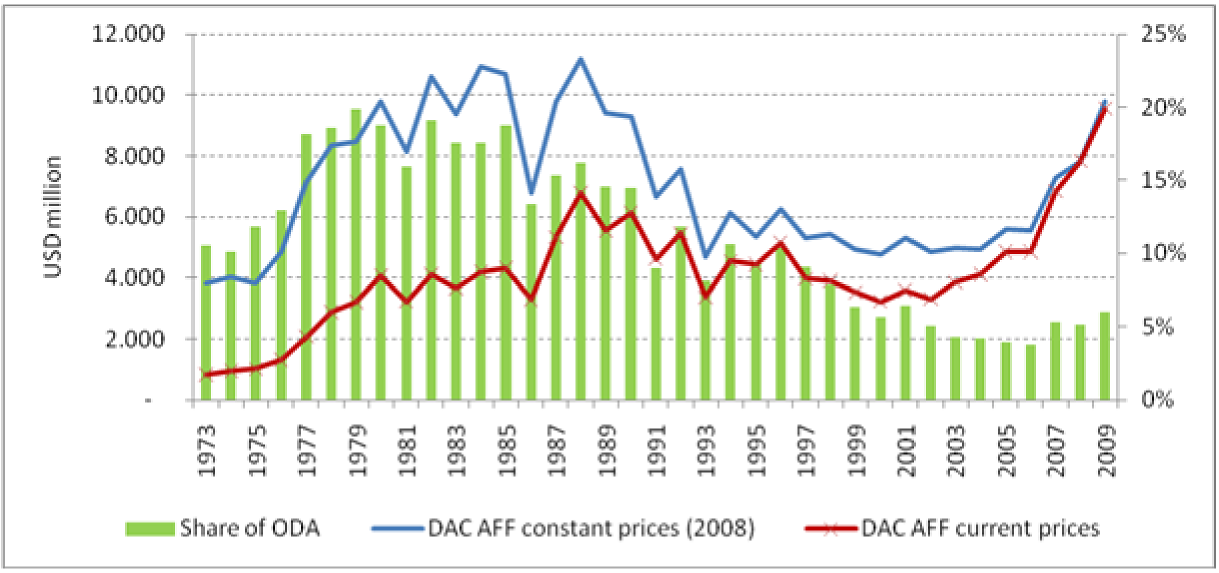
> *“The attention to governance was not surprising given the wider shift in aid policy since the early 1990s; however the distinct conceptualization of how governance and national political interests were understood, addressed and incorporated into concrete aid policies took many agencies quite a while”. (Chhotray and Hulme 2009: 8; see also Hoeffler 2011: 47).*

The decline of aid to agriculture had far-reaching institutional consequences. Within the development agencies, whole agricultural departments were dismantled or reduced to minor roles, with the situation in the World Bank probably most depressing, where agricultural experts for a long time became as marginalized as gender specialists. The situation at Germany’s technical agency GTZ (now GIZ) is another case in point: from an important general division (*Hauptabteilung*) that was cutting across the world regions, agriculture was downgraded to one sectoral department among many (and certainly not the most influential); big special departments like the ones on livestock and veterinary services were dissolved. Applied research projects formerly implemented by the aid agencies themselves were delegated to be undertaken by agricultural research institutions under the funding for the CGIAR. Even though international agricultural research produced some important development results (see section 3.4 – 3.6 below), the historical financing of agricultural technical cooperation was barely compensated by CGIAR funding.

Today, the figures indicate a trend reversal in the second half of the last decade. It comes out clearest in the calculations of an ODI group for agriculture, forestry, and fisheries, based on the DAC database. (see Figure 5) Similar to previous junctures, a thematic World Bank World Development Report 2008 marked the proposed shift (see (World Bank 2007b). Initiatives like Nepad’s CAADP try to capitalize on the new trend and translate it into comprehensive country programmes.

Figure 5: ODA to Agriculture, Forestry and Fisheries (AFF)

(constant and current prices and share of total ODA, 1973-2009)



Source: ODI 2011

In order to grasp if the new figures really signify an underlying paradigm shift, we have to understand a lot better what caused the dramatic decline of aid to African agriculture in the first place.

3 The history of aid to African agriculture: A complex story to tell

The history of agricultural cooperation between Western bi- and multilateral agencies and Sub-Saharan Africa is fairly complex and still lacking a comprehensive analysis, much like the overarching history of structural adjustment (see Morrison, Benzemer et al. 2004, Coppard 2010; FAO Investment Centre 2009 or ODI 2011 as most recent overviews). Even though the concepts of aid and its delivery modes changed with long waves of aid fashion, bringing old topics to the fore again in order to try them differently, the agricultural sector consistently lost over time much of its importance for development cooperation with Africa, as demonstrated in the previous section. So what explains the demise of what was once a stronghold of western cooperation with Africa?

3.1 From Agricultural Projects to Rural Programmes

Starting our review at around the end-1970s, it is fairly safe to say that development cooperation for African agriculture:

- oscillated in several waves between project and programme approaches (as did foreign aid in other areas),
- similarly, and in relation to the project-programme cycles, iterated between sector- ("agriculture") and territory- ("rural") based approaches,
- is marked by the special history of agricultural research in Africa, both public and private, which has offered a number crop- and livestock related solutions,
- shows a complicated interplay with food (nutrition) security approaches and programmes,
- was deeply influenced by Structural Adjustment Programmes and the limited understanding of the political economy of African agriculture, on which these were based (see Hoeffler 2011),
- is still marked by uncertainty over the availability of appropriate solutions / viable farming systems especially for African smallholders (see Haggblade and Hazell 2010) for some of the certain successes),
- is still debating about the appropriateness, effectiveness and necessity of sweeping technical innovations in agriculture such as irrigation, genetically modified seeds, seed-fertiliser packages etc., often associated with the catchword of a "Green Revolution for Africa".

Throughout the 1970s, when agriculture was a core sector in development cooperation of many (though not all) development agencies, aid was essentially organized as project approach, with many different crops and cropping techniques getting targeted support for both rain-fed and irrigated agriculture, including large-scale irrigation perimeters, which one can still find operating today. Support to livestock husbandry and veterinary services was provided separately, under the direction of special, often huge departments in the aid agencies – with almost every species in Africa getting proper treatment – cattle, sheep, goats, rabbits, agoutis, etc. Forestry aid again was provided separately.

In the late 1970s and beginning of the 1980s, recognition spread that success in project approaches generally remained isolated and replication was very limited, let alone a self-sustained process. This led donor agencies and host countries to launch the first wave of programme and other integrated approaches:

- integrated rural development, regional rural development, (later:) rural livelihoods (with a social focus), or local economic development (LED), incorporating more and more off-farm activities and infrastructural components with a stronger economic focus,

- agro-pastoral approaches, sometimes agro-sylvo-pastoral, trying to integrate formerly separated interventions, in order to (a) achieve productivity gains and (b) reduce conflict between different population groups, namely sedentary cultivators and (semi-) nomadic pastoralists,
- agro-ecological approaches, essentially centered on two aspects:
  (1) help stabilizing farming and pastoral systems in fragile ecological environments, namely the Sahel belt, organized among others around the CILSS and the Club du Sahel,
  (2) attempts at inputs-extensive agriculture; such as organic agriculture or conservation agriculture (CA),
- programmes centred on the territorial, especially communal and inter-communal regimes: *programmes de gestion des terroirs villageois*, and similar types of intervention[1] - often coupled with a component dealing with community-based natural resource management (NRM).

Many of the new programme approaches took up simultaneously several of the big challenges. Typically, integrated rural development incorporated a range of interventions in water supply and road infrastructure, and ventured into areas of governance reform, specifically into administrative decentralization. Altogether, this was the time when *agricultural* development turned *'rural'*.

Although overcoming limitations of earlier single-issue projects, the first generation programme approaches ran into the standard difficulty of limitation in geographical scope. Integrated approaches had to concentrate on fairly circumscribed areas, which in the absence of self-multiplying solutions meant serious spatial restriction of impact, sometimes concealed by pompous programme titling. Only the second generation of agricultural sector programmes tried to overcome this constraint.

[1] Otherwise, land management, land reform programmes, beyond the mentioned support for communal territorial management are not very frequent. Some programmes of support for cadastres (Namibia) are to mention. Although a number of approaches integrating agriculture and livestock faced serious problems from limited farm size (e.g. in pre-war Rwanda) few were given the opportunity to expand into land (re-)distribution.

3.2 Food security programmes

Right from the start of international cooperation, food security schemes represented a sui generis type of programme intervention. Understandable as exceptional measures in the face of repeated famines throughout the first decades of cooperation (among which the Ethiopian famine of 1973/74 stands out), these interventions were later carried out as regular programmes, often in conjunction with and in support of the national cereal marketing boards. After initial years of tinkering, they got their own arsenal of food for work, cash for work, social safety nets, etc. approaches. Until today, outright negative impacts of food emergency programmes on local agriculture are not completely ruled out, despite the evolution of the programmes into buying from local / regional markets, and the like.

Why in the first place the duplication with agricultural support, when it has always been evident that the most efficient way to assure food safety is a vibrant sector of productive and market-oriented smallholder farmers? Exactly this is probably the explanation: hunger and malnutrition remained rampant despite attempts at modernizing Africa's staple food production, apart from the fact that purchasing power even in dynamic settings is not necessarily commensurate with the basic needs of rapidly growing populations. So, these programmes attacked the food problem from the consumer or beneficiary end, not primarily from the production side. Another reason was the political economy of using food security as a means to secure political support, especially in urban and peri-urban areas. (Kracht and Schulz 1999, 2005; van de Walle 2001)

3.3 Structural adjustment Programmes

While turning towards comprehensive programmes was a broad avenue explored to address impact problems, their ambitions typically stopped short of thorny policy issues. In the beginning of the 1980s, development aid agencies oddly enough did not address the policy failures which lay at the core of the slow rural development observed: artificially depressed producer prices, unfavourable internal terms of trade, indirect taxation of agriculture via rampant inflation, overvalued exchange rates, dysfunctional marketing boards – all expressions of an anti-agricultural policy leaning that was classically treated at the time in Lipton's Urban Bias (1977) or Bates' analysis of Tropical Markets and States (1981), decrying the devastating consequences of state control over agriculture. The theorem of a generalized anti-agricultural, anti-market bias, allegedly prevailing in Africa prior to structural adjustment, has remained controversial in academia and political debate. One of the stronger counter-arguments against a *general* anti-rural bias will again be discussed below: the dismantling of numerous schemes of agricultural extension, research and input subsidies, which historically had been in support of broad layers of rural smallholders, had manifest negative consequences in Africa. Yet, wide-spread occurrence of the enumerated anti-market policy failures in most African countries can hardly be contested, either.

Now, policy distortions of the sort were tackled head-on – however not by the men in charge, that is the special branch of agricultural cooperation experts, rather busy with the first integrated rural approaches, but in the structural adjustment programmes imposed by the World Bank and the IMF, which denounced anti-agricultural biases as the most notorious sector distortions, see (World Bank 1981), the World Development Report 1982 on agriculture, and the two subsequent reports on Sub-Saharan Africa. "*Getting prices right*" became a major reform topic and referred primordially to prices for agricultural staples, next to prices for public goods (electricity, water) as well as general import price levels[2].

These authors do not normally take part in wholesale critiques of each and everything SAPs caused in Africa. Of the three main pillars of structural adjustment, (1) stabilization of key macro aggregates, (2) deregulation and liberalization of the economy, (3) privatization of state-owned enterprises, the exercise of bringing stability back into budget, current account and money supply was unavoidable (though deliberately incomplete because leaving debt relief out for the first one and a half decades of adjustment, that is until 1986 with the advent of HIPC I).

What SAPs along with agricultural sector adjustment loans achieved in Africa, was liberalization of producer prices, of agricultural input prices, the abolition of (almost all) export taxes[3] and the dismantling or downgrading of many (though not all) marketing boards, including those in charge of cushioning producers against the vagaries of global price fluctuations and of maintaining buffer stocks for food security purposes (in Francophone Africa, the *'Offices Nationaux de Céréales', 'Caisses de Stabilisation de….*'). The reforms were justified insofar as many of the boards had actually turned into mechanisms of misappropriation and corruption African peasants and stealing their surpluses. Note however that even non-corruptly run boards for many products would have had severe difficulties with

---

[2] See for example Bates and Krueger (1993) or Ndulu, O'Connell et al. (2008) for some general economic impact assessment of SAPs.

[3] Prominently to mention is the tax on cocoa in Ghana (Bates' showcase) and on raw cashew exports in Mozambique, the latter designed to foster downstream agro-industrial treatment of the nut. A few years ago, Bank and Fund had to accept the re-introduction of the export tax in Mozambique, after ample research had established to what extent they had misunderstood the oligopolistic world market structure that played against Mozambique (and *for* India), and had underrated issues of policy sequencing (radical price reform along with privatization) and credibility. (McMillan, Horn Welch et al. 2003) That re-protected cashew nut processing provides still no success story in Mozambique is another chapter of the same unfinished story and points, among other reasons, to powerful coalitions of interest which circumvent the re-established export tax on raw nuts, thus to the political economy of reform.

the long-term decline of agricultural product prices in world markets – a trend that has been turned around since a couple of years only (see below). Yet, the thrust of structural adjustment was almost exclusively on correcting *policy failures* detrimental to the rural sector. *Market failures* were barely acknowledged at this juncture, based on the general perception that markets were simply not allowed to work.

By way of consequence, two points on the reform agenda were controversial since the inception in the 1980s and still remain so: (1) the extent to which physical buffer stocks for food security purposes are in order, given the vagaries of weather and world prices; (2) the abolition of public agricultural sector support, such as input subsidies or extension, e.g. veterinary services. The elimination of fertilizer, seed, insecticide and herbicide subsidies and their pre-harvest delivery on credit simply proved disastrous in many African countries, all the more as it became de facto coupled with the devaluation of currencies, that was otherwise fully justified (also in the case of the FCFA zone, 1994), but dramatic for countries without domestic capacities for fertilizer and other input production. In extreme cases this led to riot-like situations, and later on to agreed policy reversals, well known e.g. in Malawi: the introduction of Universal starter packs (USP).[4] To the best of our knowledge, the corona of international agricultural research institutions in CGIAR institutions did not mount a spirited defence against this type of adjustment – which would have consisted in stressing, from their professional vantage point, the micro-economic non-viability of most food staple farming systems in the new liberalized settings and pointing to the severe consequences on food security respectively.

The situation was further aggravated by the actual turn that government budget reform took in the face of limited possibilities of broadening the domestic revenue base: expenditure cuts as the dominant mode of reform sent African national spending at the same time on a downward curve, when foreign aid spending was severely cut. Public expenditure for agriculture went down to 2% of total government expenditure, and only recently recovered to around 4% - precisely the level of agriculture in ODA (see the following section). Consequences of expenditure cuts were particularly hard felt in national extension services that quite often came to a halt – and literally so, as personnel was maintained at the expense of operations, fuel and car repair included. A trend reversal proved singularly difficult as there was no international critique comparable to the one mounted against the social expenditure cuts in structural adjustment, as classically worked out by UNICEF, which forced World Bank

[4] Malawi also resisted against the dismantling of its Agricultural Development and Marketing Corporation (ADMARC) – a resistance that was supported by the World Bank's own new toolbox Poverty and Social Impact Analysis (PSIA), see World Bank (2007a: 225-227), as ADMARC came out as important for input supply to responding Malawian farmers in remote areas, despite its altogether very mediocre performance. The Bank now gives a rather trunked account of the ADMARC experience in its reporting on "thriving rural input supply retailers as agrodealers" in World Bank (2007b: 153).

and IMF to recognize the Social Dimensions of Adjustment (SDA) in the early 1990s and to accept ring-fencing of social spending and re-introduction of poverty reduction as an overarching theme (Cornia, Jolly et al. 1987). Agriculture had no such lobby.

The most important exception to the rule proved to be the West African cotton producer schemes, where reforms were refused and retarded for decades. The resilience of these systems, of which the most prominent case is probably still in Mali, lies with the fact that they are nothing else than giant outgrower schemes, fundamentally successful despite unfavourable world market conditions and internal hiccups. (cf. Baffes 2004, 2005)

In the end, two groups of stakeholders stood on the sidelines of reform – peasants and politicians, not the least important players in agriculture you will say: Firstly, reluctance of politicians in recipient countries made that agricultural adjustment became an area where reforms were carried out most half-heartedly or lukewarmly, where policy reversals were most frequent and tangible positive outcomes remained rare. From the above it may look as if the legitimate struggle with the Bank and the Fund over market versus policy failures were the prime reason for the snail's pace of reform. We will see below that notorious reform failures and re-runs such as the quadruple agricultural adjustment loan to Kenya had deeper political economy reasons, already described by Mosley (1992) in his analysis of this stylized case of aborted policy reform, and most often not addressed in structural adjustment.

Secondly, the astounding lack of a supply response to reform stimuli on the part of African peasants became probably the single most important concern for market-liberal reformers. Why did smallholders not react as promptly to agricultural reforms as did e.g. Chinese peasants to the 1978 reforms in the People's Republic? Without having a clear answer, the stubborn lack of supply response led reform strategists around a decade later to turn from 'getting prices right' to 'getting markets to work'. The latter approach did not contain much more than better market information and some rural feeder roads; unsurprisingly this did not turn the situation around and further motivated aid cuts for rural development.

Before turning to a deeper analysis of the fundamentals of agricultural aid decline, by following the two main resisters, it has to be clarified that not everything over the period was outright bleak as regards agricultural development in Africa. Three elements stand out – spot achievements in agricultural research, participation of the rural population and the promotion of agricultural value chains.

3.4 Agricultural Research and Extension

Support for agricultural research was part and parcel of aid to African agriculture, right from the inception. Actually, much of the institutional support followed on colonial research in tropical agriculture. National Agricultural Research Institutes (NARI)/ *Instituts Nationaux de Recherche Agricole* (INRA) were amply supported by technical experts and financial aid (both core and project funding) in most African countries; in the 1980s, they typically each received support from a handful to a full dozen donors. Defaulting transmission of laboratory results to agricultural extension services and lack of locally adapted solutions were recurrent problems of the time. Consequently, support for public agricultural research did not stay unaffected by the general disenchantment with agriculture and the subsequent decline in donor funding. Interested calls for a "dramatic increase" in agricultural research for Africa resound in today's strategy debates from very different angels, such as the inter-agency assessment (IAASTD 2009) or the Alliance for the Green Revolution in Africa (AGRA), see also Rosegrant, Cline et al. (2005: 47).

Notwithstanding these structural defaults, agricultural research produced a number of important innovations, which were introduced in African regions, sometimes across the whole continent during the decades under review (see Haggblade and Hazell 2010) for a comprehensive account). While under the specific climate constraints of Africa

> *"agricultural science has brought few answers to African agriculture, in contrast to much of Asia… (t)here are now changes in crop research methods that are starting to bring better results, where scientists have worked closely with farmers to assess desired traits."(Toulmin 2009: 55)*

We would like to mention the following outstanding and largely undisputed successes :

- High yield maize varieties in Southern and Eastern Africa. For a critical review of the unfolding trend: (McCann 2005)
- The upland New Rice for Africa (NERICA), a range of varieties better adapted to African settings and allowing yield increases to 2.5 t/ha and beyond, developed by WARDA (West African Rice Development Association.
- The so-called Kassava revolution, facilitated by the successful combat against Kassava diseases (Haggbladde and Zulu 2003; Nweke, Spencer et al. 2002)
- Sahelian climate adapted, more drought-resistant crop varieties

- Adapted rice varieties were mounted with Chinese agricultural aid projects throughout Africa from the early 1960s onwards.[5]
- The recent extinction of Rinderpest as declared by FAO this year.

On a general note and despite all disappointments with agricultural cooperation, it should be recognized that for core staples, in particular maize, the spread of so-called modern varieties has reached almost universal coverage in key countries in Eastern and Southern Africa, according to IFPRI and FAO statistics. Apparently stagnant average yields and broad introduction of improved varieties actually form a strange couple of observations, difficult to understand. That is why repeated announcements of an African green revolution or at least an emerging maize revolution (Byerlee and Eicher 1997) and the recent massive interventions of an Alliance for the Green Revolution in Africa (AGRA) are still met with scepticism (World Bank 2008: 160). The overall observation from the cases of crop innovation is however a positive one: the African farmer reacts to stimuli for agricultural modernization – provided that conditions fit and risk aversion of small-scale farmers is factored in.

3.5 Participatory approaches

Furthermore, disappointment with first generation aid results and a better understanding of social fabrics in rural Africa both led to the introduction of a new class of rural cooperation approaches and appraisal techniques alike, and quite a number of integrated rural development programmes made use of them. Local participation is their key concept. Part of the methodology was incorporated into the Participatory Rural Appraisal (PRA) of Chambers et al. and was later extended into Participatory Poverty Assessment (PPA), Voices of the Poor (Narayan, Patel et al. (2000) and Narayan and Petesch (2000)) and similar approaches beyond the agricultural realm. Typically, participation is encouraged all along the project or programme cycle, and ideally leads to more adequate priority setting, adaptation of interventions, and targeted impact, representing aspirations of local stakeholders rather than those of foreign donors. Priority divergence between local participants and donor agencies was even characteristic in participatory project designs, and donors had to learn to accept it.

Interestingly, the introduction of these grass-root approaches preceded for some years the donor concern with general governance issues and overall political participation, after 1989. And the participatory approaches stood in marked contrast with the then dominant Training

---

[5] See chapter 9: "Exporting Green Revolutions: From Aid to Agribusiness" in Brautigam (2009: 232 sq.).

and Visit (T&V) approach of agricultural extension of the World Bank – an alien in the Bank's market-radical ideology of the time, as state-centred and top-down as T&V actually was.

Though rural participatory approaches have also known times of disenchantment, mostly when convening ministries and donor agencies had either little substantial support on offer, to follow up on ideas from participatory planning, or maintained preconceived ideas and priorities, they can be considered a lasting positive legacy of agricultural cooperation over the last 25 years. This was particularly visible when the UK Department for International Development DfiD revitalised participatory approaches in the late 1990s by introducing their sustainable rural livelihoods concept (see Carney 1999; Scoones 1998).

Participatory approaches also gave some new direction to agricultural research. They helped to spread recognition that African peasants' techniques of coping with natural risk, by certain cropping techniques and by low-level diversification, are often well adapted to precarious natural and economic environments. Renowned international agricultural research institutes are cited in saying that a number of crop varieties chosen by farmers themselves are often still the best suited.

3.6 Promotion of Global Value Chains

In striking contrast to the lacklustre performance of most African food production, dynamic integration of Sub-Saharan Africa into global agricultural markets increasingly takes place via global commodity or value chains (GVC). While for some products this is a very old phenomenon (cocoa, coffee, tea, tobacco), entirely new chains and new forms of integration into existing chains developed through the decades under review. Prominent examples that come to everyone's mind are the horticultural and floricultural GVCs or fish exports from Lake Victoria. The essential point is that these trends were overwhelmingly driven by market forces alone, at the initiative of international investors, and were rarely triggered by development cooperation. Subsequently, GVC analysis unfolded as a dynamic field of academic research (with main authors being, inter alia: Gereffi, Humphrey et al. 2005; Gibbon and Ponte 2005; Humphrey 2005; Humphrey and Schmitz 2000; Jaffee and Henson 2005; Kaplinsky and Morris 2001).

Once the ball rolling, international aid discovered GVCs as a promising area of development support. Aid projects built on two critical observations: (1) farmers should be helped to get a fair(er) share in value chains proceeds; (2) smallholder farmers, even when integrated into outgrower schemes, have typical problems to comply with quality and quantity standards, both from lead firms in the chain and from public authorities in the export markets. By way of consequence, helping Africa's agriculture to better compete in global value chains has become an important work area for most international aid agencies (as a selection: UNECA 2009; Vellema and Boselie 2003; Webber and Labaste 2010).

Smallholder participation in value chains, notwithstanding all their drawbacks, is critically important as such schemes provide primary producers with production inputs in kind or with embedded services, such as financial intermediation, marketing linkages or agricultural credit. Otherwise, rural financial services remain an area of severe restraint, as private banks are still reluctant to lend to natural risk prone agriculture, and public financial institutions of the CNCA type have been cut back during structural adjustment.[6] In GVCs, development cooperation has an important intersection with Aid for Trade (AfT). Altogether, GVC support is an interesting area of public-private partnership (e.g. in the Cotton made in Africa and other organic/sustainable cotton initiatives), at least of interplay between private initiative and public developmental aid for weaker actors in the chains to keep up with global trends.

Besides, global value chain support produced a relevant offspring in numerous aid initiatives for *domestic* value chains – sometimes going back to aid projects in the late 1970s when the first broader attempts at growing vegetables for urban consumers evolved e.g. in Sahelian countries. With the so-called supermarket revolution in retail trade now unfolding in Africa and a more sophisticated demand by urban consumers, the challenges and opportunities for farmers to participate in local value chains become often very similar to the ones in global commodity chains.

3.7 Second wind of programme approaches: SWAPs and (A)SIPs

Sometime during the transition from structural adjustment to HIPC II cum Poverty Reduction, a second wave of programme approaches set in and agriculture became part of sector-wide approaches (SWAP): sweeping agricultural sector (investment) programmes (ASIPs), with a heavy focus on rural investment, flanked by new Sectoral Adjustment Loans (SECAL) were mounted. Typical cases are ASIP I + II in Zambia, PROAGRI in Mozambique, and also the PMA in Uganda. Conceived as sector basket funding, these new sector programmes resulted from insight gained on the limitations of both surviving project approaches *and* integrated regional development and tried to generate more sweeping results in the African countryside. Instead of achieving this, they mostly turned out as failures, not reaching many of their ambitious targets. Lack of national capacity (notwithstanding capacity building

[6] Lastly, the microfinance revolution that currently seems to unfold in Africa, with a decades-long time lag over South and South East Asia, is not mainly a revolution in favour of *agricultural* smallholder finance.

components included), overblown expectations, and other factors are cited as reasons for the sobering outcome. We ignore how many ASIP-type interventions currently live on in Africa. In the new aid architecture enshrined in the Paris Declaration and the OECD-DAC administered Paris process, agricultural sector basket funding or sector budget funding still have their place, notwithstanding the implementation problems of today's programme-based approaches (PBA).

ASIPs and agricultural SWAPs were not designed as static or a fixed set of aid instruments and contents, but tried to provide a more flexible answer to country needs. This notwithstanding, the second wind programme approaches also followed some waves of aid fashion. The policy reform focus shifted from early ASIPs having a strong public sector reform component to promoting agricultural trade, and further to rural poverty reduction when the Millennium Development Goals were declared.[7]

4 The presence of agricultural aid

4.1 Some notes on donor rationale and reasons for disenchantment

Given the changes described in donor practice and intensity in aid for African agriculture, the past three decades provided quite some progress – but definitely not enough to reduce rural poverty significantly. Around the Millennium, new pressure mounted to support rural Africa, not the least around the landmark publications such as the World Development Report 2000/2001 ("*Attacking Poverty*"), showing again that African poverty is predominantly rural, and subsequent publications focusing on rural poverty (namely the "*Voices of the Poor*"). The declaration of the UN Millennium Development Goals (MDGs) with the prominent goal number 1 of halving hunger and poverty by 2015 may indirectly have fostered some new interest in agriculture, although the MDGs were also criticized for not having focused on the real economy. Progressively, donors and aid receiving countries started to re-assess their stand on agricultural development. By and by, support to agriculture proper was recognized (again) as key to overcome rural poverty and donor agencies initiated new concepts for rural

[7] At the height of second wind Programme-based Approaches, a unique and somewhat surprising revival of an older approach was launched with the UN Millennium Villages (MV) in several African countries. They are a renaissance of the classic *project* approach, yet multi-sectoral at a micro level. Millennium villages in the UN-Sachs version are based on several (though contested) assumptions: (a) that the agro-technical solution of improved seeds, fertilizer (plus anti-malaria nets etc.) is actually available for the chosen areas, (b) that their implementation requires a kind of micro-level Big Push in all poverty-related aspects, such as provision of nutritional support, health care, education, etc., because low farm incomes at inception do not suffice for initial investment, (c) that replication in the selected villages and beyond is possible, without aid inputs after the trial period of 5 years. All assumptions are contested by experts in other agencies, but the debate lingers on undecided; research on impact evaluation is currently on its way (among others for the Kenyan MV).

development; i.e. sustainable rural livelihoods. Yet, this did not immediately provide more leverage for agricultural aid and for the fledgling rural sector programmes. What explains such hesitations?

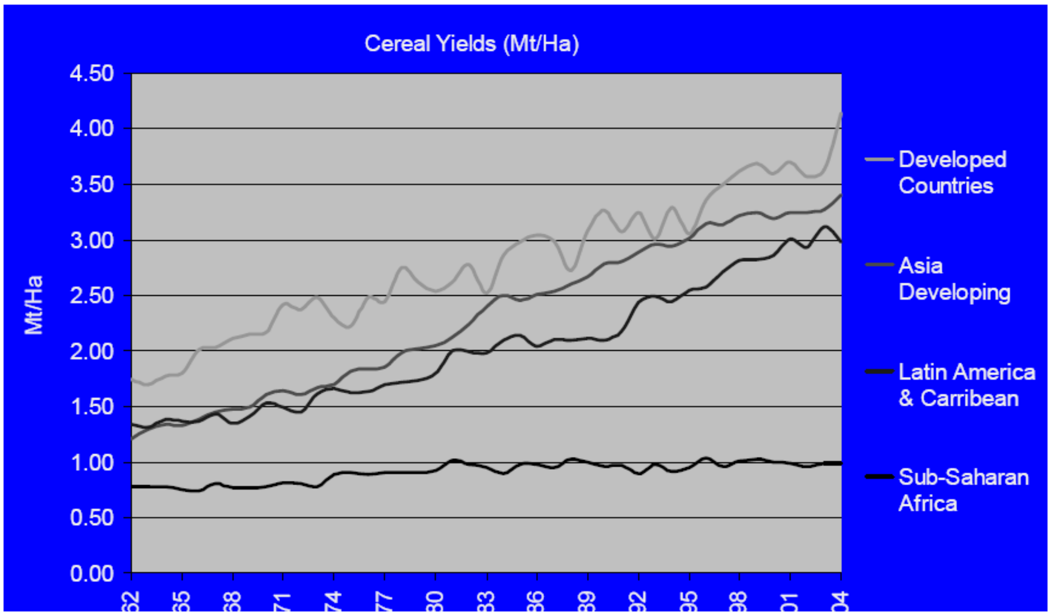
Despite much needed corrections of grave policy distortions and beyond the confines of agro-technical success stories, markets for core food staples in Africa were obviously still not working as engines of rural modernisation. Why? Liberalised input and output prices frequently did not match – either not in general, or at least not in more remote areas, where market-determined input prices were particularly high and farm-gate prices particularly low. Or, where inputs and outputs could have matched, peasants could simply not run the risk to invest scarce resources into the full package for one single crop. Containing risks of crop failure in African rain-fed culture requires to maintain a range of activities that are, taken separately, each less productive than the recommended single maize or wheat packages. Such low-level diversification is micro-economically rational, but holds up adoption of modern agronomic solutions (see e.g. case studies from Ethiopia and Kenya by Dercon 2002, Dercon and Christiaensen 2007, or Hoeffler and Owuor Ochieng 2009).

It thus appears that agricultural aid being trapped at low levels had (and still has) another more technical and more Africa-specific reason – no development agency seemed to know what the agricultural package(s) should consist of, or put differently: what viable crop-livestock farming systems in smallholder agriculture could possibly be. Despite some improved varieties, a standardized package like the one of South Asia's Green revolution was not at hand (irrespective of the controversy surrounding it there) – all the more as the specialists agreed that one or two packages would probably not do in Africa, given the variety of main agro-ecological settings on the continent (Rosegrant, Cline et al. 2005: 4).

In addition, the failed adjustment sequence of market liberalisation before regulation, typical for first generation reforms in various sectors, led to an institutional void. Nobody seemed to know what the role of an active Ministry of Agriculture in the prevailing situation should be, how a public regulator and facilitator should look like and what public investments or current support payments should be undertaken – in striking contrast with Ministries of Education or Health. Market failures translated into institutional failures, and contributed to the fall in agriculture aid.

So, African agriculture remained largely undercapitalized, spatial integration of markets remained weak; access to inputs and services was unreliable even with more private sector participation. Agricultural market and policy failures were still omnipresent. Disarray and disappointment with African agriculture got their condensed expression in the one core indicator of agricultural development in Africa that had not improved at all compared to other regions in the world: staple food productivity. The overall picture remained marked by a 1t/ha average yield for main cereal staples throughout Africa (with some local exceptions in Southern Africa and some irrigated perimeters) – one of the most stubbornly resistant rules of thumb in the analysis of African agriculture. Expansion of African food agriculture thus happened mainly by expansion of the cultivated area from 125 Mio. ha (1960) to 200 Mio. ha today. We consider it the single most important frustration that led to donor disenchantment with aid for African agriculture.

Figure 6: Global Cereal Yields



Source: IFDC and African Partnership Forum 2006

4.2 Something else went wrong, and then right

Until here, we have identified two intertwined failures that characterized the period of agricultural reforms throughout the 1980s and 1990s: *First*, the belated recognition of market failures in the 1980s and the protracted incapacity in the 1990s to correct them or to "get markets to work"; second, the persistent failure to understand smallholder farming systems and their micro-economic viability. International cooperation agencies and partner institutions alike entered the stage of second generation agricultural programmes without having undergone a thorough self-critique of the situation. By way of consequence, they still had no proven set of ideas on what peasants should grow and – importantly – if at all they can afford the full range of inputs needed to reach higher productivity levels.

This created another paradox in a history of aid not short of such contradictions. Although the agricultural SWAPs came with headings like 'sector investment programmes', 'pro-agricultural programmes', 'programmes of modernisation', they did not invest or modernise much. Programmes essentially concentrated on rural support infrastructure, on conservation issues, on the decentralisation of agricultural services including their equipment with cars and computers, and on revived agricultural training and extension – all worthwhile undertakings and all were carried out in a fairly participatory manner. In essence, they claimed to bring agricultural services and aid closer to the peasants. Yet, as they had – due to the liberal philosophy still in force – barely the possibility to pay a single bag of fertilizer or a tractor, they essentially left the peasants to struggle alone with the inadequacies of input supplies and depressed output prices. In essence, ASIPs had little to offer on the ground. Again, farmers noticed that not much was coming forth, and administrators lost interest as well, lest the usual fringe benefits of foreign aid. To bring the point home: contrary to the official claim of bringing aid closer to the farmers, these programmes further *distanced aid from actors*. By way of consequence, the whole idea of agrarian sector programmes was called into question again in the early years of the 2000s while at the very same time, international donor coordination somewhat improved and in a reformed aid architecture conceptualisation of joint approaches to sector governance and regulation took off.[8]

4.3 Policy and market reversals

Halfway through the last decade an important, while officially undeclared agricultural policy change took place in several African countries and achieved de facto acceptance by the World Bank and the Western donor community at large: fertilizer subsidy schemes were re-introduced, sometimes whole agricultural input packages (like in Zambia or the Malawian USP and vouchers) (re-)launched, and export taxes on raw commodities became accepted again (as in Mozambique). Note that these changes happened somewhat before (or independently from) the widely agreed U-turn in agricultural cooperation, enshrined in the WDR 2008 (World Bank 2008) and were not properly theorized.[9]

The policy reversal on input subsidies is intimately linked to the ongoing debate about the need to increase African productivity in agriculture, the agricultural "packages". While one

[8] See e.g. the work by the Global Donor Platform for Rural Development: http://www.donorplatform.org/.

[9] In 2004 the World Bank and the UK's DfID undertook a joint Africa Fertilizer Strategy Assessment, manifestly born out of the recognition that supply and demand for fertilizer, despite all market-friendly reform, did not match. The WDR 2008 then recognized timidly "the renewed interest in fertilizer subsidies" (World Bank 2008: 13) and their "new popularity" but insisted that these are costly and should be provided "market smart" (2008: 151), certainly not wrong a recommendation.

bench of experts (from Byerlee/Eicher to Sachs and Sasakawa) assures the African and international public of their technological availability and micro-economic affordability via the market, others remain skeptical and emphasized mixed economy solutions.

In this regard, reference to one economic fundamental beyond the reach of development cooperation is in order: from the mid-1970s to the mid-2000s world market prices for maize, rice, and wheat (and for sugar, meat…) stayed relatively depressed and thus provided little incentive, however mitigated, for market-led modernization of agricultural main staples. Their tripling compared to 2000-levels, in which growing demand from Arab countries and China plays an important role, caused on the one hand the 2007-2008 food & fuel crises and urban food riots rarely seen in Africa since structural adjustment shocks[10]. On the other hand the trend reversal, when lasting, shifts parameters considerably upwards, and renews the challenge for national authorities and international cooperation to facilitate smallholder participation in the boom, while big international investors manifest new interest in African soils (the so-called "landgrabbing"), which is in all likelihood the next big change in African agriculture.[11] It is an understatement to say that an enormous potential dynamics currently unfolds in Africa's rural world, both for smallholders and for agro-industry.

5 Confront the political economy

New dynamism in African agriculture, including a redefined role of public aid, may finally get support from another field – political economy. Both, better analysis and new strategizing took as their point of departure the fact that the sober results of earlier agricultural development cooperation were equally frustrating in terms of agricultural policy advice. Reforms were not fully implemented and the role of governments had not been satisfactorily re-defined. The often unclear sequencing of reform steps led to situations of *ad-hoc* reforms in market liberalisation, with overnight withdrawal of state regulation – where either agricultural policy advice had not provided enough vision and guidance, had not been informed or evidence-based enough, or had been ignored all together. As Stiglitz had pinpointed earlier: "*In any analysis of agricultural policies, the hardest part is to incorporate political economy considerations." (1987: 54).* Some new and renewed rural development approaches now take a fresh look at the political economy in African agriculture and confront the associated difficulties (see Hoeffler 2011 for a more detailed account).

[10] Although some of the riots, e.g. in Burkina, seemed to be primarily motivated by rising fuel prices than by bread and butter issues.

[11] See: Cotula, Vermeulen et al. 2009; Von Braun and Meinzen-Dick 2009.

5.1 Considering the political economy in development research

This refers in the first place to development research. Finally, the need to change development approaches to African agriculture got better supported by development researchers from various fields, not only from agricultural economics but more so from development economics, poverty analysis and social sciences. With the aim of improving aid effectiveness in the agricultural sector, the research agenda on how to address political economy problems in African agriculture substantially broadened and provided opportunities for development researchers particularly in the Anglo-Saxon academic world, see e.g. (Scoones, Devereux et al. 2005) They started from the argument that agricultural markets, while reformed, 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, Kydd et al. 2005a: 22).*

Within the agricultural development research scene, Omamo (2003) encouraged analytical work that emphasized the need for understanding who could achieve reforms and initiate changes in the sector. He also called for a careful analysis of winners and losers of reforms to assess the willingness to change. He criticized 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). Other researchers shared the view that a careful agricultural economic analysis of institutional failures and a definition of adequate roles for governments, private sector and civil society were dearly needed. Anderson and Masters (2009) provided a fresh economic perspective on why governments do as they do in agricultural markets, and explored frameworks to analyse government policy, for example by using collective action and politician-voter interaction models. Social science scholars arguing for more research in the political economy of agrarian change emphasized that rural poverty analysis should encompass the prevailing power relations and social inequalities that structurally disadvantage vulnerable groups of society (see da Corta 2010) and should fully consider formal and informal rural labour markets and class-relations (see Harriss-White and Heyer 2010 for case studies).

5.2 Considering the political economy in development implementation

As stated by Dorward, Kydd et al. (2005b) development cooperation had left technical fixes behind and had moved on via institutional fixes to finally acknowledge the importance of policy fixes for agricultural development. Slowly, it became unacceptable in development cooperation just to mention the existence of hampering political economy factors 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, Devereux 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."*

Along similar lines of critique, the "Drivers of Change" concept was developed by British researchers advising the Department for International Development (DfID)[12] and was a step forward in making development agents understand better how to support change agents. It was largely based on NIE research and focuses on three key elements for conducting broad-based 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 development programmes in Anglophone Africa were at the forefront of (re-)discovering the political economy within African agricultural policy making and started applying the Drivers of Change concept to their agricultural sectors programmes.[13] These studies provided key insights into power structures within the sector and thus fuelled hefty debates among donors and African governments.[14] In the controversy some important political mechanisms were openly addressed, possibly for the first time – as such a huge step ahead

[12] A good synopsis of the approach can be found on the website of the Governance and Social Development Resource Centre at the University of Birmingham, see: http://www.gsdrc.org/

[13] Full country studies for the agricultural policy arena were conducted in Zambia (Farrington and Saasa 2002), Kenya (Smith 2004), and in Malawi (Booth, Cammack et al. 2006).

[14] In the case of Kenya, the clear analysis of ethnicised agricultural commodities and subsequent resistance to sector reform led to such a controversy that the report was not widely published and the debate about the political implications of the findings was stalled.

in understanding agricultural policy reform. It also helped to understand difficulties African politicians as well as administrators may face when implementing agricultural reforms.

Part of this work is continued under the research and development cooperation programme "Futures Agriculture Consortium" (FAC). The FAC intends to establish linkages between agricultural policy researchers and development practitioners. The network has already produced a number of interesting publications and experiences for agricultural policy reform processes[15].

Similarly, World Bank country offices started investing more resources not only in standard macroeconomic country studies, but also in "Country Social Analysis" reports that could take social relations better into account. Another World Bank instrument applied to the agricultural sector that revealed even more interesting political insights was the "Poverty and Social Impact Analysis" (PSIA), essentially a toolbox which can be used for the reform of agricultural sub-sectors and which draws inter alia on experience gained with stakeholder analysis. Similar to PSIA was the OECD-led development of "Poverty Impact Analysis" (PIA), which intends to assess power relations and the political economy *ex ante* in programme or reform implementation. Swedish SIDA developed a tool called "Power Analysis", largely based on Omamo's recommendations and on new institutional economics (NIE), such as critical examination of state organisations in their broader social, political and cultural setting and careful analysis of whose interests state organisations serve, what drives leadership, what incentives govern most of the staff, and how budgets are acquired (see Kydd 2009).

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

1. Rural development and institution building for reform implementation need to incorporate political economy considerations, the history of reforms, and better identify change agents.
2. A strong focus in agricultural policy advisory services should be laid on evidence-based policy making that supports objectives of reform; academia in the respective country should be closely incorporated.
3. Aid agents need to know better not only the agricultural sector, but also the players, the target group, their partners and enemies, as well as the incentives and disincentives for change, in order to conceptualize *what* to support, *how* to support it and *whom* to support; a mix between agricultural economic and social science research should be applied.

[15] 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.

Taking together the various initiatives, they can help to better understand the political economy of agricultural reform in Africa and better address interests and agents in favor of positive change – positive in the sense of agricultural modernisation *and* improved livelihoods of the rural poor. As such they should be a contributing factor to achieve the turnaround from the decades-long neglect of the rural economy in development cooperation. Yet, they are by no means a guarantee, as implementation of their policy recommendations implies that key actors (on the donor and the beneficiary side) (a) will and (b) can decide in the interest of African smallholders and rural workers. Recalling just the three examples of (1) GVCs, within which market-liberal reforms have first and foremost shifted the balance of power between African public and Western private actors (read: between national marketing boards and foreign lead firms), or (2) of the recent wave of land acquisitions, first and foremost a collusion between state agents and foreign investors, or (3) MNC-led provision of modified high yield seeds and inputs, in the name of a green revolution, this is all but sure. In all three processes, ODA plays but a marginal role, while the public aid community still struggles to get their act together in CAADP and related initiatives.

6 Conclusions and likely lessons learnt

In order to explain to long-term decline of agricultural development aid, this paper argued that the international cooperation in African agriculture did not manage to consider three important socio-economic aspects. First, aid concepts proved incapable to effectively support agricultural production in the presence of wide-spread market failures. Second, donor approaches did not fully understand the microeconomic viability issues and the technical rationale of predominant smallholder farming systems. Thirdly, foreign aid actors have largely ignored the political economy of agricultural policies, even where renewed emphasis on sector approaches was meant to address the broader institutional setup for agricultural policy. The three failures are still with us, they and are still core problems in African agriculture. To cite but one good measure: Mixed economy approaches, where public support via strong incentives and subsidies has its place alongside liberalized, while firmly regulated input and output markets, are still not fully acknowledged as the appropriate setting for the renaissance of agricultural cooperation.

7 Literature

Anderson, K. and W. A. Masters, Eds. (2009). Distortions to Agricultural Markets in Africa. London, Eurospan.

Asche, H. (2006). The World Bank's Africa Action Plan: New Actions? Bonn, German Development Institute.

Baffes, J. (2004). Cotton. Market Setting, Trade Policies, and Issues. Washington DC, World Bank Research Working Paper

Baffes, J. (2005). "The "Cotton Problem"." World Bank Research Observer 20 (no.1 (Spring 2005)): 109-144.

Bates, R. H. (1981). Markets and States in Tropical Africa. Berkeley CA.

Bates, R. H. and A. O. Krueger, Eds. (1993). Political and economic interactions in economic policy reform: evidence from eight countries. Cambridge, Massachusetts, Blackwell Publishers.

Booth, D., D. Cammack, et al. (2006). Drivers of Change and Development in Malawi. ODI Working Paper London, Overseas Development Institute.

Brautigam, D. (2009). The Dragon's Gift. The Real Story of China in Africa. New York, Oxford University Press.

Byerlee, D. and C. Eicher, Eds. (1997). Africa's Emerging Maize Revolution. Boulder, Colorado, Lynne Rienner.

Carney, D. (1999). Approaches to Sustainable Livelihoods for the Rural Poor. ODI Poverty Briefing. London, Overseas Development Institute.

Chhotray, V. and D. Hulme (2009). "Contrasting Visions for Aid and Governance in the 21st Century: The White House Millennium Challenge Account and DFID's Drivers of Change " World Development 37(1): 36-49.

Coppard, D. (2010). Agricultural Development assistance: a summary review of trends and the challenges of monitoring progress. London, Development Initiatives and One.

Cornia, G., R. Jolly, et al. (1987). Adjustment with a human face. New York, UNICEF.

Cotula, L., S. Vermeulen, et al. (2009). Land grab or development opportunity? Agricultural investment and international land deals in Africa. London / Rome, IIED, FAO, IFAD.

Cromwell, E. and A. Chintedza (2005). "Neo-patrimonialism and Policy Process: Lesssons from the Southern African Food Crisis." ISD Bulletin 36(2): 103-108.

da Corta, L. (2010). The political economy of agrarian change - Dinosaur or phoenix? The Comparative Political Economy of Development: Africa and South Asia. B. Harris-White and J. Heyer. Abingdon and Ney York, Routledge.

Dercon, S. (2002). "Income Risk, Coping Strategies and Safety Nets." World Bank Research Observer 17(141-166).

Dercon, S. and L. Christiaensen (2007). Consumption Risk, Technology Adoption and Poverty Traps: Evidence from Ethiopia. World Bank Policy Research Working Paper Washington, D.C., World Bank.

Dorward, A., J. Kydd, et al. (2005a). "Institutions, markets and economic coordination: linking development policy to theory and praxis." Development and Change 36(1): 1-25.

Dorward, A., J. Kydd, et al. (2005b). "Beyond Liberalisation: "Development Coordination" Policies for African Smallholder Agriculture." IDS Bulletin 36(2): 80-85.

FAO Investment Centre (2009). Rapid Assessment of Aid Flows for Agricultural Development in Sub-Saharan Africa. Investment Centre Division Discussion Paper. F. I. Centre. Rome, Food and Agricultural Organization of the United Nations.

Farrington, J. and O. Saasa (2002). Drivers for Change in Zambian Agriculture - Defining What Shapes the Policy Environment. London and Lusaka, Department for International Development (DFID).

Gereffi, G., J. Humphrey, et al. (2005). "The governance of global value Chains " Review of International Political Economy 12(1): 78-104.

Gibbon, P. and S. Ponte (2005). Trading Down. Africa, Value Chains, and the Global Economy. Philadelphia, Temple University Press.

Haggbladde, S. and B. Zulu (2003). The Cassava Surge in Zambia and Malawi. Successes in African Agriculture: Building for the Future. Pretoria, InWent/IFPRI/NEPAD/CTA.

Haggblade, S. and P. B. R. Hazell, Eds. (2010). Successes in African Agriculture - Lessons for the Future. Washington, D.C., International Food Policy Research Institute (IFPRI).

Harriss-White, B. and J. Heyer, Eds. (2010). The Comparative Political Economy of Development: Africa and South Asia. Routledge Studies in Development Economics. Abingdon and New York, Routledge.

Hoeffler, H. (2011). "The Political Economy of Agricultural Policies in Africa: History, Analytical Concepts and Implications for Development Cooperation." Quarterly Journal of International Agriculture 50(1): 29-53.

Hoeffler, H. and B. W. Owuor Ochieng (2009). High Commodity Prices - Who gets the Money? A Case Study on the Impact of High Food and Factor Prices on Kenyan Farmers. Berlin, Heinrich-Boell Foundation.

Humphrey, J. (2005). Shaping Value Chains for Development: Global Value Chains in Agribusiness. Eschborn, GTZ.

Humphrey, J. and H. Schmitz (2000). Governance and Upgrading: Linking Industrial Cluster and Global Value Chain Research. IDS Working Paper Sussex, IDS.

IAASTD (2009). Agriculture at a Crossroads. Regional Report Sub-Saharan Africa. Washington DC, International Assessment of Agricultural Knowledge, Science and Technology for Development.

Jaffee, S. and S. Henson (2005). Agro-food Exports from Developing Countries: the Challenges Posed by Standards. Global Agricultural Trade and Developing Countries. M. Aksoy and J. Beghin. Washington D.C., The World Bank.

Kaplinsky, R. and M. Morris (2001). A Handbook for Value Chain Research, IDRC.

Kracht, U. and M. Schulz, Eds. (1999). Food Security and Nutrition – The Global Challenge. New York.

Kracht, U. and M. Schulz, Eds. (2005). Food and Nutrition Security in the Process of Globalization and Urbanization. New York.

Kydd, A. (2009). A New Institutional Economic Analysis of the State and Agriculture in Sub-Saharan Africa. Institutional Economics Perspectives on African Agricultural Development. J. F. Kirsten, A. R. Dorward, C. Poulton and N. Vink. Washington, D.C., International Food Policy Research Institute.

Lipton, M. (1977). Why Poor People Stay Poor. London, Maurice Temple Smith.

McCann, J. C. (2005). Maize and Grace. Africa's Encounter with a New World Crop 1500-2000. Cambridge MA

London, Harvard University Press.

McMillan, M., K. Horn Welch, et al. (2003). "When Economic Reform Goes Wrong: Cashew in Mozambique." Brookings Trade Forum: 97-165.

Morrison, J., D. Benzemer, et al. (2004). Official development assistance to agriculture, Department for International Development (DfID).

Mosley, P. (1992). How to Confront the World Bank and Get Away with it: A Case Study of Kenya, 1980-1987. Policy Adjustment in Africa. C. Milner and A. J. Rayner. Basingstoke, Macmillan: 99-132.

Narayan, D., R. Patel, et al. (2000). Voices of the Poor: Can Anyone Hear Us? New York, Oxford University Press.

Narayan, D. and P. Petesch, Eds. (2000). Voices of the Poor: From Many Lands. New York, Oxford University Press.

Ndulu, B. J., S. A. O'Connell, et al., Eds. (2008). The Political Economy of Economic Growth in Africa 1960-2000 Cambridge, Cambridge University Press

Nweke, F., D. Spencer, et al. (2002). The Cassava Transformation: Africa's Best-Kept Secret. East Lansing, MI, Michigan State University Press.

ODI (2011). Aid flows to agriculture, rural development and food security - Emerging Findings. G. D. P. f. R. Development. Bonn.

OECD (2009). Creditor Reporting System. Aid Activities in Support of Agriculture, 2002-2007. Paris.

OECD (2010). Measuring Aid to Agriculture, Organisation for Economic Co-operation and Development

OECD (2011). "Development Aid at a Glance - Statistics by Region 2. Africa." 2011 edition.

Omamo, S. W. (2003). Policy Research on African Agriculture: Trends, Gaps, and Challenges. ISNAR Research Report. ISNAR. The Hague, International Service for National Agricultural Research. 21.

Rosegrant, M., S. Cline, et al. (2005). Looking Ahead. Long-Term Prospects for Africa’s Agricultural Development and Food Security. IFPRI Discussion Paper. Washington DC.

Scoones, I. (1998). Sustainable Rural Livelihoods: A Framework for Analysis. IDS Working Paper. Sussex, Institue of Development Studies.

Scoones, I., S. Devereux, et al. (2005). "Introduction: New Directions for African Agriculture." ISD Bulletin 36(2): 1-16.

Smith, L. (2004). Agriculture in Kenya: What Shapes the Policy Environment? London and Nairobi, Oxford Policy Management (OPM).

Stiglitz, J. E. (1987). "Some Theoretical Aspects of Agricultural Policies." The World Bank Research Observer 2(1): 43-59.

Toulmin, C. (2009). Climate Change in Africa. London, Zed Books.

UNECA (UN Economic Commission for Africa) (2009). Economic Report on Africa. Developing African Agriculture Through Regional Value Chains. Addis Ababa.

van de Walle, N. (2001). African economies and the politics of permanent crisis, 1979-1999. Cambridge, Cambridge University Press.

Vellema, S. and D. Boselie, Eds. (2003). Cooperation and competence in global food chains. Perspectives on food quality and safety. Maastricht, Shaker.

Von Braun, J. and R. Meinzen-Dick (2009) ""Land Grabbing" by Foreign Investors in Developing Countries: Risks and Opportunities." IFPRI Policy Brief

Webber, C. M. and P. Labaste (2010). Building Competitiveness in Africa's Agriculture: a Guide to Value Chain Concepts and Applications. Washington DC, The World Bank.

World Bank (1981). Accelerated Development in Sub-Saharan Africa. An Agenda for Action. Washington DC.

World Bank (2005). Meeting the Challenge of Africa’s Development: A World Bank Group Action Plan. Washington DC.

World Bank (2007a). Tools for Institutional, Political, and Social Analysis of Policy Reform. A Sourcebook for Development Practitioners. Washington DC.

World Bank (2007b). World Development Report 2008. World Development Report. T. W. Bank. Washington, The World Bank.

World Bank (2008). Agriculture for Development. Washington DC.