CHAPTER 14

The Political Economy of Agricultural Policy in Africa: Implications for Agrifood System Transformation

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Inclusive and sustainable agrifood system transformation refers to shifting from subsistence agriculture to higher-value-added food production that generates larger incomes and decent jobs while also contributing to healthier diets within planetary boundaries. This goal is increasingly the focus of many international initiatives and global reports (HLPE 2019; Searchinger et al. 2018; EAT-Lancet Commission 2019). Yet the political economy of facilitating such an ambitious transformation is rarely examined, even though it is often fundamental to determining when and why the policies needed for such a transformation are possible. Convincing governments to prioritize sustainable food systems over other pressing needs requires grappling with three fundamental issues central to political economy: reconciling competing interests and incentives, overcoming ideational biases, and identifying how institutions can reinforce commitments or stymie change.

Interests, ideas, and institutions are building blocks of political economy. In the interest-based approach, actors derive their preferences based on maximizing their utility, for either profits, income, votes, job security, prestige, or other private objectives. The ideational view emphasizes that preferences often rely on intersubjective understandings about how the world works that derive from historical experience, cultural norms, societal expectations, and even familial upbringing. Concepts such as food self-sufficiency or resistance to genetically modified organisms can be molded by the ideological lens through which one views the world and trusts science. Institutions mediate and structure how these interest-based or ideational preferences affect policy outcomes. Among others, such institutions can encompass formal organizations (such as the World Trade Organization, marketing boards, and food reserve agencies), regulations, laws, and conventions (such as the Cartagena Protocol on Biodiversity, Codex Alimentarius, and Trade-Related Aspects of Intellectual Property Rights agreement), exchange rate regimes (such as the CFA franc in West Africa), land tenure systems, political institutions (legislative and electoral systems), and many others.

The intent of this chapter is, first, to review how these components of political economy analysis have affected past agricultural policy decisions and, then, to highlight key points for building a broader empirical research agenda around agrifood system transformation. The first three sections of the chapter focus on how a political economy lens previously has been used to understand trade and price distortions, public investment patterns, and agro-industrial policies. Subsequently, the chapter emphasizes that the growing focus on agrifood system transformation implies an expanded array of needed interventions by the public sector that extend beyond the traditional mandates of agricultural ministries. Moreover, as the food system spans rural areas, small towns, and large cities, all of which are governed by different types of local authorities, public sector support for transformation is no longer under the domain of national governments alone. Consequently, the chapter argues that horizontal and vertical coordination—meaning cooperation across sectors and levels of government—will need to be addressed to manage the transformation process. Some examples of public sector restructuring initiatives are therefore discussed before the chapter concludes.

Trade and Price Distortions in the Agricultural Sector

The first generation of political economy scholarship, focusing on policies from the 1970s and 1980s, examined the causes of distortionary policies against agricultural producers. Analyzing 18 developing countries, Krueger, Schiff, and Valdés (1988) argued that those governments were supporting industrial growth through import substitution policies and overvalued exchange rates that made imports cheaper at the expense of exports, including those in the agricultural sector. At the same time, procurement policies (such as those involving marketing boards) and export taxation further suppressed agricultural producer prices. Ideology was one potential explanation for this approach because financing rapid industrialization by taxing agriculture was popular across very different countries in Africa, Asia, and Latin America at that time (Krueger 1992).

In Africa, the seminal work of Bates (1981) explained this pattern by offering a politically rational argument based on the preferences and strength of interest groups. He argued that the governments of one-party states were concerned about the possibility of economically disgruntled urbanites lobbying for greater democratization. With food prices kept low through distortionary policies, urban consumers might prove less restive. McMillan (2001), however, suggested that because taxation rates varied across countries and crops, these distortions were explained more by time inconsistency problems. Leaders with longer time horizons did not want to reduce long-term export revenues through overtaxation, but governments also did not want to tax crops with lower sunk costs (cotton and groundnuts, for example, as opposed to coffee and cocoa) out of fear that farmers could rebel and not plant across seasons.

Looking at policy three decades later, Bates and Block (2013) found that those African countries that had moved toward competitive-party political
systems tended to be associated with relative rates of assistance that favored agriculture over nonagriculture and led to greater agricultural productivity growth. They noted that although authoritarian regimes had relied on a small coterie of urban supporters, democratization required them to court support from rural voters who, in much of the region, were still numerically superior. This need, in turn, led to more rural-focused policies. Electoral malapportionment in some countries, such as Ghana, Kenya, Malawi, and Zambia (Boone and Wahman 2015), has been exacerbated by the tendency of many governments to create increasingly more subnational units (provinces, regions, districts) in rural areas. The latter usually results in new parliamentary constituencies that give rural voters more weight in the policy process (Boone and Wahman 2015; Grossman and Lewis 2014; Resnick 2017a).

Responses to the 2007–2008 food price crisis, which caused urban riots in a number of African countries (Berazneva and Lee 2013), raise questions about these dynamics. On the one hand, the growth of input subsidy programs that emerged at that time, especially in democracies, suggested more pro-rural responses in such regimes (Jayne and Rashid 2013). On the other hand, a number of African countries responded with price controls and export bans that seemed to suggest a continued urban bias in agricultural policy (Pinstrip-Andersen 2015).

These responses seem contradictory only when interests are examined through the lens of a simplistic dichotomy divided between rural producers and urban consumers, and between democracies and autocracies. As observed by van de Walle (2001), interests do not automatically translate into policy outcomes without considering who has power, how well regimes are insulated from popular pressures, and the extent to which effective mediating institutions—such as unions, cooperatives, and consumer associations—exist. For instance, during the 2007–2008 global food price crisis, consumer groups in Senegal strongly influenced that country’s response to the crisis (Resnick 2015), and a few large-scale millers had an impact on Zambia’s response (Chapoto 2015). Admassie (2015) has suggested that despite urban riots in Ethiopia as a result of the food price crisis, the executive was insulated enough from societal pressures to avoid responding with policies that solely favored urban demands.

Public Investments in Agriculture

A second theme of political economy research has centered on how public investment decisions for African agriculture have been made and to whom the benefits of such investments have been targeted. Specifically, a well-observed pattern is that African governments generally exhibit lower investments in agricultural research and development (R&D) than those in other regions of the world (Beintema and Stads 2017). Although the Maputo Declaration of 2003 was intended to reverse this trend by committing heads of state to spending 10 percent of their national budgets on agriculture, some governments met this target by allocating such expenditures disproportionately to input subsidy programs. One estimate suggested that the 10 countries in Africa with input subsidy programs collectively devoted upwards of US$1 billion to such programs on an annual basis, ranging from 14 to 26 percent of their public expenditures on agriculture (Jayne et al. 2018).

From an interest-based standpoint, the choice of subsidizing inputs over making broader investments in higher-return agriculture has been partially explained as based on politicians’ preference to prioritize high-visibility goods and services (Mogues 2015; Mogues and do Rosario 2016). The assumption is that voters can better attribute accountability for visible goods and services, such as subsidized inputs and roads, than they can for services like extension, which involves transfer of a nontangible item, knowledge, whose value it is difficult to discern in the short term because the benefits of extension advice manifest over a growing season. Moreover, attribution is difficult because extension agent advice can be undermined by bad weather, economic shocks, and improper implementation (see Anderson 2008). In turn, one theory is that democracies are more likely to be vulnerable to disproportionate spending on subsidies because politicians in those regimes need to respond to citizen preferences in order to be elected. Ironically, then, one comparative study across six countries—Burkina Faso, Ethiopia, Kenya, Malawi, Rwanda, and Tanzania—found that greater accountability alone did not necessarily lead to citizen pressures to pursue pro-poor agricultural spending (Poulton 2014). In contrast, more autocratic regimes that are dependent on agricultural development for their survival may be more likely to pursue investments with greater pro-poor returns.

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2 A similar pattern with respect to relative rates of assistance has been found for a larger cross-country sample that extends beyond Africa (Olper and Raimondi 2010).
Beyond analysis of why governments allocate public investments to some subsectors over others, another line of analysis has focused on the political economy of subsidy distribution. Following an interest-based approach that assumes governments distribute visible goods in order to win votes, some studies suggest that governments target opposition supporters with subsidies (Banful 2011), others claim that they target their core constituents (Mason, Jayne, and van de Walle 2017; Mason and Ricker-Gilbert 2013), and still others find no partisan targeting at all (Brazys, Heaney, and Walsh 2015; Dionne and Horowitz 2016). In addition, although some suggest that input subsidy programs result in more votes for incumbent governments (Brazys, Heaney, and Walsh 2015; Dionne and Horowitz 2016), others demonstrate they do not (Mason, Jayne, and van de Walle 2017). A challenge in making generalizable conclusions about the political economy of subsidies is that the findings are based on different types of subsidy programs, with very different design and implementation features. If these features have differential impacts on agricultural productivity, poverty reduction, and elite capture, as many economists have shown (Chirwa and Dorward 2013; Jayne and Rashid 2013; Pan and Christiaensen 2011; Takeshima and Liverpool-Tasie 2015), then they should also have differential political impacts. At the same time, their impacts should be considered in interaction with the electoral institutions that are in place and bolstered by greater research on citizens’ actual, rather than assumed, policy preferences.

More broadly, institutional factors should be considered in more detail when considering public investment prioritization and targeting decisions. For instance, drawing on the concept of “veto players,” which identifies who has the power to make key decisions in a given policy system (see Tsebelis 2002), it would be extremely useful to determine the institutional factors that shape who has authority in the budgeting process, as a way of uncovering which interests gain the most currency. Country case studies on Mozambique (Mogues and do Rosario 2016) and Nigeria (Mogues and Olofinbiyi 2020) have begun to do so by mapping the institutional budget landscape within the agricultural sector.

Such mappings should increasingly consider whether or not agricultural responsibilities have been decentralized to lower-level government entities. Although recentralization has occurred in some countries, such as Uganda (Lewis 2014; Rwamgisa et al. 2018), several other African countries have moved in recent years toward the more comprehensive form of decentralization: devolution. This entails giving elected local governments greater fiscal and administrative authority (Riedl and Dickovick 2014). After adopting a new constitution in 2010, Kenya implemented a devolved governance structure in 2013 whereby the new 47 counties became responsible for a range of services, including agriculture. In 2014, Zambia’s cabinet issued Circular Number 10, which initiated the first of a three-phase devolution exercise that formally began in early 2015. As a result, extension services were to be devolved away from the Ministry of Agriculture and Livestock and to the approximately 118 districts. Ghana likewise shifted to a devolved structure with the passage of the Local Government Instrument in 2009; agriculture was among the first functions devolved to the district assemblies in 2012 (Resnick 2018).

Public investments in agriculture in such settings are likely to require grappling with a broader array of interest group preferences, including those of local politicians and traditional authorities. Moreover, although devolution allows local governments to embark on agricultural strategies that reflect local citizens’ priorities, it can be difficult to aggregate these to the national level or to ensure that national agricultural strategies do not contradict local ones. For example, in Kenya, the counties’ integrated development plans need to align with the country’s Big Four Agenda (food security, affordable housing, manufacturing, and affordable healthcare for all). As a result, a large number of commodity value chains need to be incorporated so that the needs of each county are taken into account (see Kenya, MoALF 2019); however, this approach can also undermine efforts at genuine prioritization at the national level.

**Agro-industrial Policy**

A third aspect of political economy that has become more salient in the last decade focuses on agro-industrial policy. Instead of revisiting a period when distortions in the agriculture sector were used to bolster industry, more recent policy thrusts center on using industry to provide added value to agriculture along the value chain and thereby improve the incomes of farmers as well as generate more off-farm employment downstream. The intention of industrial policy generally is to rectify coordination failures, address externalities, and facilitate learning and knowledge spillovers for infant industries (Noman and Stiglitz 2015). Some of the key levers of industrial policy include spatial clusters (for example, export processing zones, industrial parks), tax incentives to investors, loans to specific sectors, and access to services and infrastructure at subsidized rates (Newman and Page 2017; Rodrik 2007).
One key political economy aspect of agro-industrial policy is why some sectors are targeted but others are not. Some have used a political settlements perspective, which integrates interest-based and institutional approaches, to address this question. A political settlement is considered the balance of power among elites and between the elites and different social groups, which shapes policy selection and performance (Khan 1995). There are two dimensions to a political settlement. One dimension is the social foundations of the settlement, which refers to different coalitions that may form around particular fault lines relevant to the society. These coalitions can include, inter alia, trade unions, commercial farmers, the military, donors, ethnic groups, business groups, party members, and politicians who collectively bring resources together to shape societal norms, deploy economic resources, encourage protest, or mobilize other forms of action. The second dimension is the degree of power concentration among elites. Concentrated power occurs when the top leadership can gain consent among groups that are part of the settlement’s social foundation, and no other groups are strong enough to deflect the leadership’s ambitions. In dispersed power settings, the leadership can achieve its goals only after extensive negotiation and deal making, which might dilute original policy objectives (Kelsall 2018).

A conclusion from the application of the political settlements perspective is that productive agro-industrial activities are more likely to be favored when the relationship between political elites and industry actors is central to the ruling party coalition. For example, Whitfield and colleagues (2015) looked at why efforts to rehabilitate the sugar industry in Mozambique during the 2000s succeeded, whereas equivalent initiatives for fish processing did not. They suggested that sugar rehabilitation through the attraction of Mauritian and South African investors presented an opportunity for the ruling party to gain votes in rural, opposition areas through the creation of factories and jobs. In contrast, kick-starting fish processing required a reallocation of quotas and licenses to foreign firms and away from veterans of the liberation war and top bureaucrats. Similarly, in Uganda, the dairy industry has developed considerably, with improved quality of milk production; in contrast, despite a promising growth of fish factories, fish processing has been undermined by a lack of regulation of fish stocks in Lake Victoria. Ugandan elites’ links to the dairy industry have been identified as a reason why there is an effective regulatory agency to ensure milk quality, whereas fisheries regulation countered the interests of powerful factions (Kjær 2015). Ideational goals still underlie some agro-industry initiatives, such as Ghana’s One District, One Factory program, under which the government has aspired to create a factory in every one of its now 260 metropolitan, municipal, and ordinary districts. Although this plan contradicts traditional agglomeration theory about concentrating industries to benefit from economies of scale, Frimpong and Sumberg (2019) have argued that it reflects a long-standing commitment by successive governments, beginning with that of Kwame Nkrumah in the 1960s, to spatial equity in agro-industrial development.

Because the state is a central actor in most economic theories of industrial policy, the shift toward agro-industrial policy offers a lens through which to examine the importance of building state capabilities. The state must be able to exert enough control over factional demands in the ruling coalition to shift budget resources and overcome resistance, and the relevant bureaucrats must be able to manage the policy details (Whitfield et al. 2015). Whereas the former requires high levels of political will and leadership, the latter involves strengthening the autonomy and accountability of bureaucrats to perform the difficult task of policy implementation. Bureaucratic capabilities are found to be higher when agents can operate in an environment of experimentation, novelty, and feedback loops (Andrews, Pritchett, and Woolcock 2013; Pires 2011). In contrast, bureaucrats can be demoralized in organizational settings that stymie flexibility or devalue hard work (Grindle 1997; Timmers and Bekkers 2014). Ministries of agriculture remain largely a black box, but a few case studies of agricultural bureaucracies in Africa suggest that they often experience high levels of political interference, including interference in agriculture statistics, diversion of resources, and having their long-term work plans subverted to support short-term presidential initiatives (Johnson 2015; Joughin and Adupa 2017).

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3 This is not to negate the important role played by smallholders, commercial actors, and others in the process of agro-industrialization. Instead, the focus here is on the state because its actions mold the environment in which many of these other stakeholders must operate and the degree of power they are able to exert.
**Agrifood System Transformation: The Central Role of Institutional Coordination**

Whereas agro-industrial initiatives begin to shift the policy focus away from the farm level, a focus on agrifood system transformation entails an even more dramatic change of perspective, with concomitant implications and complications for political economy. Such a transformation requires solving coordination issues that expand beyond traditional market failures and instead involve grappling with the institutional architecture necessary to harmonize multiple policy objectives. Moreover, some of the interest group issues and ideational conflicts that have stymied progress in the other areas of agricultural policy just discussed are expected to be magnified when viewed from a food systems perspective.

First, as seen in Table 14.1, the public sector’s role in such a transformation entails responsibilities across the food system, requiring horizontal coordination across other ministries beyond agriculture, including trade and industry, social protection, employment, and health. Moreover, this joint agenda includes many more objectives than have been historically considered in the agriculture and food security sphere, which has traditionally focused on reducing poverty and hunger. Pursuing these joint objectives requires going beyond a narrow focus on public investments in just the agricultural sector to include examining expenditures across the agrifood system. In addition, it entails recognizing key trade-offs across goals that need to be reconciled. Opportunities to increase jobs through agro-industry could potentially undermine goals around healthy diets if they involve processing foods with lots of added salt, sugar, and trans fats. Increasing investment of scarce resources in agricultural R&D for improved varieties of commodities that could mitigate hunger, such as cereals, could reduce money available for investing in research around vegetable and fruit varieties or plant-based proteins that are key for dietary diversity. Providing tax breaks and other incentives to attract investors into processing could backfire if such industries then encounter restrictions on their domestic marketing.

Second, the agrifood system involves looking at the entire geographical spectrum, from rural to peri-urban to major cities. Yet such spaces are not governed by the same entities but rather by discrete local authorities with distinct responsibilities, who are overseen by ministries of local government rather than agriculture. This is especially so if countries have undergone a high degree of decentralization, a process that African countries have undergone to different extents since the early 1990s (Stren 2012). Depending on a country’s decentralization laws, these disparate administrative units usually have different mandates over the food system. For instance, most local governments in Africa usually have a mandate over wet markets and other types of informal food retail, such as street hawking, and receive an important share of their revenue from these activities (Resnick 2017b). However, guidelines over food safety, which affect the informal sector, may rest with the national government (Mwango et al. 2019; Smit 2016).

### Table 14.1—Illustrative Public Sector Responsibilities in the Agrifood System

<table>
<thead>
<tr>
<th>Component of agrifood system</th>
<th>Policy objective</th>
<th>Policy category</th>
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</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Productivity-enhancing</td>
</tr>
<tr>
<td>Farming</td>
<td>Sustainable and income-generating production</td>
<td>Infrastructure, agriculture R&amp;D, input subsidies, irrigation</td>
</tr>
<tr>
<td>Processing</td>
<td>Sustainable and employment-enhancing processing</td>
<td></td>
</tr>
<tr>
<td>Retail</td>
<td>Decent and inclusive retail livelihoods</td>
<td></td>
</tr>
<tr>
<td>Consumption</td>
<td>Affordable access to healthy and safe diets</td>
<td></td>
</tr>
</tbody>
</table>

Source: Author’s compilation.
Note: R&D = research and development.
Likewise, agricultural extension may be overseen by local governments, but agricultural R&D is the preserve of national research institutes. Moreover, export processing zones may span numerous administrative boundaries, and infrastructure investments can straddle multiple municipalities that are nonetheless part of the same metropolitan governance structure. Capital cities and other major urban agglomerations are much likelier to have higher fiscal autonomy to pursue agrifood system policies than their rural counterparts, and many city mayors are participating in global initiatives focused on enhancing access to healthy, sustainably produced food, such as the Milan Urban Food Policy Pact and C40 Cities (UCLG 2019). However, it is not always clear that commitments to these global initiatives align with national governments’ strategies on agriculture and food. To complicate matters, Africa’s urban areas disproportionately support opposition parties (Harding 2020), and cities are more likely than rural areas to be governed by opposition parties (Resnick 2019). In other settings, this vertically divided authority has undermined incentives for national and local authorities to work together (Estache, Garsous, and Seroa da Motta 2016).

These dynamics about horizontal (cross-sectoral) and vertical (across levels of government) coordination prompt key questions. For instance, how do we encourage all relevant ministries and policy actors at the national and subnational levels to pursue a joint agenda without duplicating efforts? This is not a straightforward question because ministries often do not like having to forfeit power and budgets to a coordinating entity. Yet even if this is achieved, how do we still ensure accountability for delivering on such agendas when so many government actors—not to mention private sector and donor stakeholders—are involved, each with its distinct interests and agenda?

Recent public sector reform experiments in Africa provide some information about possible mechanisms. One is the creation of multisectoral agencies. Known as “agentification,” this approach theoretically offers greater internal efficiency within governments by streamlining particular responsibilities for service delivery and separating policy formation from policy implementation. In addition, agencies can gain greater autonomy for technocratic policymaking by being removed from the political interference that typically affects line ministries (Pollitt et al. 2005). Accordingly, they have often been promoted by donors as a way to bypass inefficiencies embedded in traditional public administration (Robinson 2007). The example of this model that has received the most attention in recent years is Ethiopia’s Agricultural Transformation Agency, which was established in 2010 and is modeled on South Korea’s Economic Planning Board, Taiwan’s Joint Commission on Rural Reconstruction, and Malaysia’s Economic Planning Unit. However, some studies focused on Africa have observed that, at best, if such agencies lack high-level political backing, they can become just as ineffective as their parent ministry (Caulfield 2006; Sulle 2010). At worst, they could create a precedent of establishing parallel structures that further erode the rest of the bureaucracy. Such erosion occurs when recruitment into agencies involves attracting public sector employees, who are incentivized by higher salaries, away from government ministries (Ngowi 2008).

The trend toward results-based management (RBM) aims to improve mutual accountability by adopting a “life-cycle” approach that relies on defining desired results, monitoring progress toward those results, and reporting on performance. It often ties financing for agreed-upon goals to outcome targets (Beschel et al. 2018). One modality of RBM is performance contracts or performance plans, which technically are agreements between individual employees and their superiors that specify the performance targets by which employees will be assessed (Phillips et al. 2014). Long used in Africa’s utility sector, such agreements are increasingly popular within the public sector to enable presidents and prime ministers to monitor ministries’ or local governments’ delivery of agreed-upon goals critical to national development strategies. One prime example of the performance contract approach is Rwanda’s imihigo system, which began in 2006 and is based on performance contracts between the president and government ministries, including those in agriculture, as well as with local governments. The targets are decided through consultation with local government but also need to be reflective of national development priorities (Beschel et al. 2018).

Besides performance contracts, another modality has been delivery units. Such units rely on a mandate from the chief executive to focus on a limited number of priority areas, address obstacles that block progress, and build learning. Concretely, delivery units consist of small teams of experts whose offices are usually located within the office of the chief executive (president, prime minister, governor) or the ministry of finance. This placement ensures high-level political commitment to the delivery unit’s work and provides it with access to decision-makers at the ministerial level to identify bottlenecks and facilitate information flows (Barber, Kihn, and Moffit 2010; Lindquist 2007). A few examples attempted in the African context have included Big Results Now!, which was adopted by the previous administration in Tanzania in order to
achieve the targets outlined in Tanzania’s Development Vision 2025, inspired by Malaysia’s Performance Management and Delivery Unit (PEMANDU). Likewise, South Africa Operation Phakisa, or “Big Fast Results,” was motivated by a state visit to Malaysia and inspired by the PEMANDU approach. Other countries, including Benin, Ghana, Kenya, Nigeria, Senegal, and Togo, have also adopted the model. In fact, the African Development Bank recently established an African Delivery Units Network in order to facilitate peer learning and best-practice experiences with this model (AfDB 2019).

Much more research is needed on all of these modalities to affirm their effectiveness at addressing horizontal and vertical coordination problems relevant to agrifood systems. Moreover, because such initiatives often have been effective due to their embeddedness within a high-level political office, it is not obvious whether these are sustainable after political administrations change. Yet due to the centrality of coordination, it is clear that building state capabilities will remain one of the fundamental prerequisites for achieving transformation.

**Conclusions**

This chapter has focused on discussing how political economy approaches that have been used to explain diverse policy choices related to price and trade distortions, public investment decisions, and agro-industrial policy. The demands on agriculture are even greater under the agrifood system agenda, with the sector viewed as the linchpin for generating jobs and economic growth, providing healthier food choices in a climate-smart way, promoting women’s empowerment, and meeting the aspirations of youth, among others. The burden on the public sector is also high, with expectations that the government, both national and subnational, will not only provide an enabling environment but also take a proactive role in attracting investment and coordinating policy interventions that ensure synergies rather than trade-offs across many different development objectives. Therefore, instead of relegating politics to a position as a residual factor to explain why sound policies never materialize as expected, examining the confluence of interests, ideas, and institutions can help uncover different actors’ motivations, identify champions for change, and highlight needed public sector reforms to sustain African agrifood system transformation.