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**IMPLICATIONS OF AGRICULTURAL REFORM FOR THE  
ALLEVIATION OF RURAL POVERTY IN AFRICA<sup>1</sup>**

Joint ECA/FAO Agriculture Division  
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<sup>1</sup> Prepared for presentation by the Executive Secretary at the Advisory Committee meeting on mobilization of domestic resources, agricultural reform and self-evaluation of good governance scheduled to be convened by the Global Coalition for Africa in Harare, Zimbabwe, from 1-3 June 1994.

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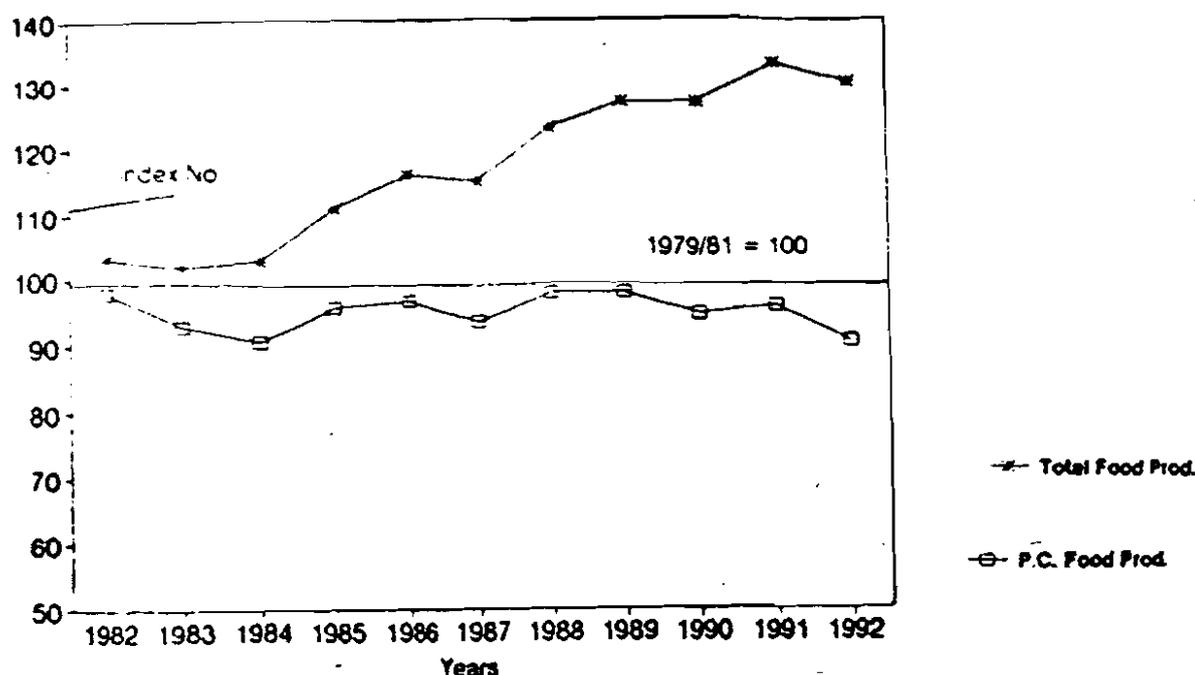
## I. AFRICAN AGRICULTURE AND THE FATE OF THE RURAL POOR

### 1.1 Synoptic view of the agriculture sector

1. Laconically stated, a popular African adage has this to say, "until the lions have their historians, tales of hunting will always glorify the hunter"<sup>1</sup>. The world shelters about 157 billionaires and perhaps 2 million millionaires, but close to 300 million souls languish in an abject poverty with some of them living on sidewalks, under bridges or in dilapidated makeshift houses and scavenging for crumbs from garbage dumps. Ironically, most of these are in Africa, a naturally rich continent, but perpetually poor. Yet rarely, if ever, the poor manage to find reliable historians committed to their cause.

2. The contention that the agriculture sector is among the major culprits for this pathetic situation is neither rethorical nor polemical. True, contrary to current thinking, even sub-Saharan Africa has maintained trend growth rates in agricultural production comparable to other regions of the world<sup>2</sup>. Over the years 1981-1992, aggregate production increased at an annual rate of 3 per cent with slight declines in 1982, 1986 and 1990. Nonetheless, the reverse is true in per caput terms as portrayed in figure 1.

Figure 1. Trends in Africa's total and per caput food production (1982-1992)



Source: FAO, Agrostat data, Statistics Division, 1993, Rome, Italy.

3. The global picture of food production for the region as a whole in per caput terms is even more daunting. It commenced the last decade with an index of 97.7 and trended downwards in the ensuing two years. By 1986, it had reached 97.2 and has since stagnated with the situation deteriorating in 1992 after which it hit a trough of 91.2. The level of production in 1993 showed little or no improvement. The estimated cereal harvest in 1993, for instance, was 95.8 million tons. This was lower than that of the year 1991 by 3.1 million tons.<sup>3</sup>

4. The inevitable consequence of this trend is the inability on the part of the region to attain its objectives of food self-sufficiency and food security. The cereal self-sufficiency ratio for sub-Saharan Africa was 97 in the years 1969/1971. In less than two decades, this figure plummeted to 86 thus multiplying the food insecure people in the region. As far back as 1992, the number of malnourished people was estimated at 168 million<sup>4</sup> with a preponderant segment of these being old men, women and children.

5. The factors behind the poor performance of the agriculture sector are varied and numerous. These encompass rising population, scarcity and/or mismanagement of resources, inadequate research and extension services, inappropriate technology, limited agricultural credit, weak agricultural marketing, poor technical capabilities, ineffective agricultural policy and planning strategies, deficient managerial practices, political instabilities, armed conflicts and environmental degradation including drought and desertification. Four-fifths of the pasture and crop land in sub-Saharan Africa is totally degraded<sup>5</sup>.

## 1.2 The plight of the rural poor

6. Poverty, like beauty, depends on the eyes of the beholder. In other words, it is largely a matter of relativity and difficult to define at a given point in time and without a common frame of reference. For instance, X may be poor in relation to Y or Z. In addition, the status of X may change in period t compared to period n. This is precisely the reason why it is virtually impossible to provide a clear-cut definition of poverty. Notwithstanding this, some attempts have been made in the past to offer broad definitions. According to UNESCO, poverty is

perceived as "the relative absence of income, assets, basic services, self-respect, opportunities for education and social mobility and participation in decision-making"<sup>6</sup>.

7. If one were to employ these elements as a barometer to gauge situations in Africa, one would find that practically 50 per cent of the region's population is poor. In 1990, sub-Saharan Africa alone had a poverty-stricken population of 216 million<sup>7</sup>. Despite growing urbanization and escalating urban poverty, almost four-fifths of those wallowing in absolute poverty live in rural areas. They constitute marginal farmers, especially women, tenants, share croppers and landless agricultural labourers. The proportion of the region's population experiencing problems of landlessness in one form or another is estimated at 40 per cent.

8. The plight of the rural poor is increasingly problematic. The calculus of their survival hinges basically on three variables. These are the price of food, the availability of work and the wages offered to them. To these must be added access by them to resources including factors of production not to mention support services like marketing, research, extension and training. It is the lack or inadequacy of all these that has imperilled the survival of the rural poor. In most sub-Saharan African countries, the lower-echelon 40 per cent of the population receive only 15 per cent or less of the total income.

9. The exacerbated ordeal of poverty in rural areas has had rippling spill-over effects on the overall socio-economic and political life of the region's population. The first of these is witnessed in rising rural-urban exodus, which has its roots in the apparent failure of African countries to make a dent on rural poverty. The urban population in the region stands at about 320 million presently. This is equivalent to the region's total population in 1965. Had effective measures been taken to assuage rural poverty earlier, the mammoth proportion of the region's population now living in urban areas would have been reduced significantly thus minimizing needless economic chaos and political conflicts menacing various African countries today.

10. The other effect equally detrimental to the region is the degradation of its environment. In the absence of other alternatives, the rural poor have no choice, but to eke out a living by

exploiting the physical resources around them such as forests, water and land. All down the centuries, the rural poor have drawn upon a resource base far larger than their own areas. They gather fruits, nuts, fish, game, roots, leaves, fibres, reeds, dung and wood. These activities, difficult as they are, wreak havoc to the environment thus rendering the plight of the poor even more problematic. The land under forest cover in Ethiopia until some years ago was close to 40 per cent. This has now flagged to an abysmally low level of 2-3 per cent.

## II. IMPLICATIONS OF REFORMS FOR THE ALLEVIATION OF RURAL POVERTY

### 2.1 Domains of reforms in the sector

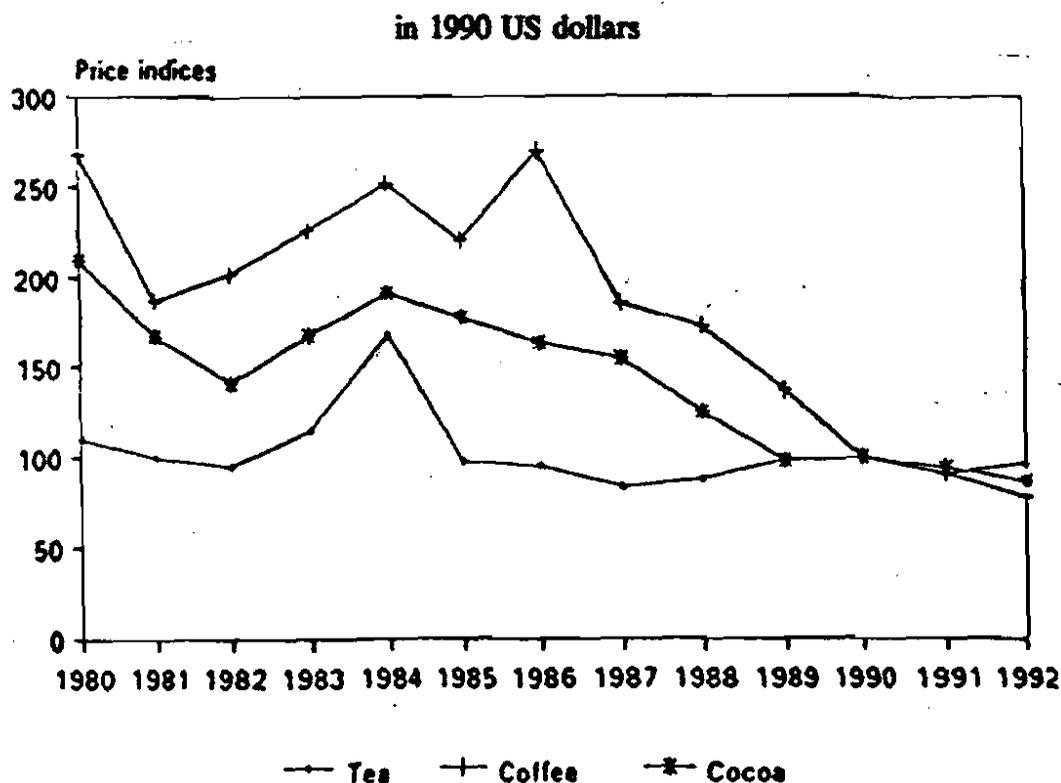
11. The pangs of grinding rural poverty, coupled with the overall socio-economic malaise gnawing at the countries of the region, have led many of them to embark upon a variety of reform measures congruent with the prescriptions of the Bretton Woods institutions. Practically, two-thirds of the countries in sub-Saharan Africa have launched some reform programmes<sup>8</sup>. The broad objectives of these are<sup>9</sup>:

- (a) pruning the size of the public sector and improving its management;
- (b) elimination of price distortions;
- (c) increasing trade liberalization; and
- (d) enhancement of domestic savings in both private and public sectors.

12. As far as the agriculture sector is concerned, a certain amount of specific reform measures with anti-poverty elements have also been initiated. These have been strengthened by the World Bank sector-based loan programme known as SECAL. Typical reform measures embarked upon in the sector encompass privatization of agricultural production; liberalization of agricultural produce and input marketing; a phased withdrawal of the state from agricultural activities; intensification of actions geared to environmental protection; decentralization of

decision-making; promotion of grass-roots participation in agricultural programmes; and maintenance of regional balance in agricultural development. In Zaire, the production and sale of principal export crops (the prices of which keep falling on international markets as shown in figure 2) is largely left to private initiatives.

Figure 2. Price trends for coffee, cocoa and tea in Africa (1980-1992)



Source: ECA. Economic Report on Africa, E/ECA/CM.19/3, Addis Ababa, p.16.

13. In executing the reform measures, the countries apply a variety of policy instruments. According to AAF-SAP<sup>10</sup>, the instruments commonly employed are exchange rate adjustment through mainly devaluation; interest rates for promoting domestic savings and for allocating resources; controlling money supply and credit; fiscal policy aimed at reducing government expenditure and deficit financing; liberalization of trade and payments; and deregulation of goods, services and inputs.

14. The reform strategies under implementation in the countries reflect some ingredients of these instruments. In the Sudan, taxes were slashed by one-half (May 1993) in order to reduce food prices. In the 14 CFA franc zone countries, a currency devaluation of 50 per cent was introduced in January 1994. In Zimbabwe, subsidies on roller maize was removed (June 1993). In some other countries like Libya and Algeria, the idea of applying these instruments has either been frowned upon or accepted with a cautious optimism for fear that it will entail negative consequences such as bread riots.

## 2.2 Impact of reforms on the alleviation of rural poverty

15. Patently, the reform measures under implementation in Africa have had both negative and positive consequences. In Sao Tomé and Príncipe, the management of some state farms in the public sector is said to have improved substantially. In Nigeria, the dismantling of federal marketing boards and the liberalization of agricultural trade have made positive contributions to the recovery of export-oriented agriculture.<sup>11</sup>

16. This is one side of the picture. In other countries, the consequences of the reform measures have been devastating. The devaluation introduced in the CFA franc zone last January has intensified illegal trade in agricultural commodities between the CFA and non-CFA countries such as Senegal and the Gambia. The on-going reforms in Côte d'Ivoire's civil service is likely to make about 4,000 people jobless at the Ministry of Agriculture.

17. In so far as the rural poor are concerned, the negative consequences have been even more pronounced. In those countries where reform measures have been draconian, prices of basic essentials such as food and agricultural inputs have skyrocketed. Moreover, the expanding privatization of the sector has opened up opportunities for affluent people to push the rural poor aside and exploit available resources including fertile land, water and forests. Under such trying conditions, the poor have no alternative, but to move to unfertile, marginal lands or migrate to urban centres thus rendering poverty a troubling paradox with no concrete panacea in sight.

18. The problems do not end here. Since the principal objective of reforms is to reduce government expenditure and balance the books in the current account, there is a propensity on the part of some countries to export even food commodities, while there is a mounting demand for these at home. This exacerbates the food situation facing the rural poor and makes it difficult for them to have access to basic services like education, health, research, extension and marketing. What makes the matter worse is that, apart from the shortage of resources to provide the services, the fact that these are inherently structured to cater for the needs of the wealthy, adds another dimension to the problems of the rural poor.

19. To those segments of the rural poor having no land to cultivate, the difficulties are robust. Invariably, most of them may not have gainful employment opportunities under the present circumstances. With the precipitous or phased disengagement of the state from development activities and the sluggish takeover of these by the unprepared, profit-oriented private sector, employment opportunities for the rural poor is woefully limited. The situation is not any better in the informal sector either for the simple reason that the rural poor do not possess the requisite skills. The lucky few who manage to find employment in rural or urban areas may still lead a wretched life as they are required to spend the lion's share of their meagre income on basic necessities particularly food, the prices of which tend to shoot up from day to day.

20. The inegalitarian socio-economic system thriving on market-based reform measures has also grave implications for the moral and psychic welfare of the rural poor. It deprives them of the respect and dignity which they are entitled to as human beings. In other terms, the very fact that they do not wield adequate economic power (land, labour, capital, etc.) relegates them to a position of neglect, humiliation and deprivation, which impedes their effective participation in vital decisions affecting the development of their community of which they are a major component.

### III. REFORM APPROACHES TO THE ALLEVIATION OF RURAL POVERTY

#### 3.1 The international climate

21. An effective assault on rural poverty is contingent upon as much on the introduction and execution of appropriate reforms in the international climate as it does on that in the national setting. In the words of Richard Sandbrook, it calls for a restructuring of both the world economy and domestic development strategies<sup>12</sup>. Implementing programmes seeking to alleviate rural poverty at local and national levels will come to naught without complementary reforms at the international level.

22. When one considers the international climate as a factor in the alleviation of rural poverty, the first thing that shoots to one's mind is international trade. There are several ways in which the current practices in international trade affect the rural poor. These may be viewed in the context of declining commodity prices, rising walls of protectionism, mounting debts, exchange rate fluctuations and interest rates. Each of these variables has far-reaching implications for agricultural production, distribution, consumption and institutions.

23. African countries engaged in international trade find themselves in an atmosphere where a rising number of regional economic blocs are being erected in both the developed and developing world. Included in these are the Single European Market, the North American Free Trade Area (NAFTA) linking the United States of America, Canada and Mexico as well as the Asia Pacific Regional Economic Organization, which seems now to be going through an agonizing period of parturition. In the final analysis, the objective of these groupings is to maximize their benefits from prevailing trade relations.

24. They are structurally designed to protect the economic interests of their regions through the instrumentality of discriminatory trade practices like tariff and non-tariff barriers, including producers price support schemes, quota systems, voluntary export restraints and the utilization of synthetic materials as substitutes for primary commodities normally imported from African

countries. Shrinking export earnings from export commodities are not the only hurdles to the alleviation of rural poverty. The unreformed international trade and aid policies governing consumable commodities such as food and agricultural inputs produced outside Africa constitute severe impediments.

25. Agricultural commodities imported by African countries are either subsidized as in the case of rice and wheat or highly priced as in the case of agricultural inputs (fertilizers, pesticides, vaccines, tractors, etc.). This has discouraged local production and pushed up the level of the countries' indebtedness. As a result, the region's debt/export ratio jumped from 327.5 per cent in 1991 to 377.5 per cent in 1992 while its debt service/export ratio leaped from 30.1 per cent to 35.0 per cent over the same period<sup>13</sup>. The region's debt was US\$ 48 billion in 1980. In less than a decade and a half, it escalated to a height of about US\$ 280 billion.

26. International aid policies have not always been tailored to the needs of the rural poor in terms of volume, value and focus. Official Development Assistance (ODA) should, for the most part, have been extended to African countries either in free grants or in low interest rates. Yet by 1980, ODA became increasingly characterized by commercial lending with the grant component gradually dwindling thus aggravating the debt situation. The level of ODA extended to African countries expressed as a proportion of GNP of donor countries has decreased over the years. The flow of ODA to sub-Saharan Africa, for instance, has shown a downward trend. Net disbursements sank from US\$ 11.5 billion in 1990 to US\$ 10.5 billion in 1991 in real terms<sup>14</sup>. Total multilateral net disbursements did not exceed US\$ 6 billion during the same period.

27. The region's swelling debt burden, its contracting export earnings, its limited capacity to mobilize domestic savings and the declining flow of external resources have frustrated measures designed to mitigate rural poverty. It is with these in perspective that efforts have been made to prepare the soil for the establishment of the African Economic community and to involve African countries in Uruguay Round negotiations on agricultural reforms in the context

of GATT. Despite this, the international climate remains still light years away from any meaningful reforms.

### 3.2 Self-reliance and capacity-building

28. Available evidence suggests that the international climate, in its present shape, has very little to offer in the spheres of reform measures geared to the alleviation of rural poverty. The alternative open to African countries is, therefore, to strengthen their capacity to foster self-reliance. A sine qua non for self-reliance constitutes a greater potential for trade; improvements in terms of trade; a lessening of dependence on external markets, capital and technologies; and re-orientation of development assistance.

29. A major facet of self-reliance is the reinforcement of inter and intra-regional cooperation in socio-economic development with a particular focus on the agriculture sector on which the rural poor depend for survival. Way back in 1980, self-reliance was stated as a cardinal objective in the Lagos Plan of Action and the efforts being made to establish the African Economic Community are glaring manifestations of that concern. The treaty providing for the creation of the Community has already been ratified by 35 member countries.

30. At subregional levels, encouraging measures have been taken to pave the way for the promotion of pan-African cooperation. Institutions like the Southern African Development Community (SADC), the Preferential Trade Area for Eastern and Southern Africa (PTA) which is becoming the Common Market of the Eastern and Southern African countries (COMESA), the Economic Community of West African States (ECOWAS) and the Arab Maghreb Union (AMU) and many others are instruments employed to accelerate the required inter-state cooperation. The principal domains of cooperation embrace food security, research, environment, farm management, livestock husbandry, disease control, and exploitation of fisheries resources.

31. These institutions, important as they are, have not been entirely successful in combating rural poverty. Some of the reasons for this are the low level of inter-country trade (6-7 per cent), inconvertible currencies, licensing regulations and locally enforced tariff barriers. The unbridled expansion of cross-border trade and the lack of coordination within and among the institutions have also been severe obstructions to their effectiveness. On top of this, they lack practical mechanisms for harmonizing their policies; for developing memoranda of understanding, protocols and treaties, and for funding regional activities. Very few, if any, of these institutions have been subjected to the types of reforms which national public-sector institutions have gone through and are, as such, ill-adapted to the alleviation of rural poverty.

32. Another vehicle for self-reliance is the building-up of indigenous capacities in fields like rural development including small-scale irrigation schemes, farm management, rural storage, drought control, environmental protection, disaster prevention, pest infestation and the management of related institutions. Agricultural research, extension, credit, training and project monitoring and evaluation are also pivotal areas calling for capacity building. The countries' educational and training policies or programmes in many of these fields do not appear to be consistent with the requirements of the rural poor. More resources are spent on university education compared to primary education, which is believed to bring greater benefits to the rural poor. In sub-Saharan Africa, the resources spent on a college student for four years can finance the education of 35 rural children for six years<sup>15</sup>.

33. Further, the programmes and policies are tilted towards the rich in their content and coverage. Most of them prepare students for white collar jobs or produce armchair academicians with little or no orientation to field-based, practical activities. Inequities are also observed in the siting of educational and training institutions. More of these institutions are located in urban areas than they are in the localities inhabited by the rural poor. Women, who are an overwhelming segment of the rural poor, do not have opportunities for education on equal footings with men, do not have easy access to land and do not have the opportunities to use their whole potentials.

34. A few countries have attempted to reform their educational and training systems in such a way as to make them consonant with the needs of the rural poor. In Morocco, the government's medium- and long-term policy objectives have been designed to reorient primary education to the entire school-age children including those in rural areas. In Tunisia, the first objective of the government's educational programme is to bring about in the sector equity, cost-effectiveness and consistency with the development goal of its people at the grass-roots level. Whatever the scale on which measures have been taken in some African countries to reform the educational and training systems, the fact remains that these still trail behind the needs of the rural poor and continue to depend largely on foreign expertise for capacity-building in pertinent fields.

#### IV. CONCLUDING REMARKS

35. The hypothesis that agricultural reforms, if properly designed and implemented, are useful factors to reckon with in rural poverty alleviation in Africa, is not open to controversy. All the same, the genuine rationale underpinning the on-going reforms in the region is such that they tend to be oriented primarily to the mitigation of the region's balance-of-payments problems.

36. Almost all the reform measures stated earlier are intended to bring about improvements in the agriculture sector with a particular accent on trade liberalization, public sector management, privatization of production and crop diversification. The ultimate objective is thus to help the countries of the region expand export revenue, reduce budgetary deficits and pay back their debts. In words, the reforms have had little or no equity dimensions per se.

37. These equity desiderata apparent in the reform measures have been a matter of grave concern not only to individual African countries, but also to the Bretton Woods institutions, donor countries and organizations in the UN System such as UNICEF and ECA. UNICEF and ECA have been among the first few institutions which have alerted the attention of the international community to the negative impact of agricultural reforms on the socio-economic

welfare of the poverty-ridden people in reforming countries. In fact, the alternative reform strategies discussed under AAF-SAP referred to above have been devised to serve this purpose.

38. The apprehension expressed in AAF-SAP has also been acknowledged by the World Bank and the International Monetary Fund (IMF). The World Bank has already launched an anti-poverty programme for some African countries and the share of its lending for human resources development focusing on health, education and nutrition surged from 5 per cent in 1981/1983 to 14 per cent in 1990/1992<sup>16</sup>. Following the devaluation introduced in CFA Franc zone countries at the beginning of this year, France set up a special development fund of Fr 300 million, which would provide support to the poor hardest hit by increased cost of living<sup>17</sup>.

39. As impliedly indicated above, a good number of African countries have now realized more than ever before the impact of reforms (which are nevertheless a necessity) and the implications of these for rural poverty. Some of them have started implementing the reforms more or less in conformity with the prescriptions laid down by the IMF and the World Bank. This is particularly true of the sector's privatization. Examples of countries which have launched a comprehensive programme of privatizing the sector are Ghana, Guinea, Mozambique, Nigeria and Senegal. Others have initiated the reforms on a hit-and-run basis. Few of these have relatively advanced further and the rest have travelled a little bit and come back to square one. Countries in this category are Chad, Kenya, Malawi and Rwanda.

40. On balance, the probability of having on the drawing board agricultural reforms embodying the concerns of the rural poor is now reasonably higher than what it was at the beginning of the 1980s, when most countries commenced to implement agricultural reforms in the context of the World Bank/IMF-led structural adjustment programmes. This does not mean, however, that the reforms embarked upon have been well chiselled to suit the requirements of the rural poor. A lot more needs to be done.

41. If African countries and the international community are seriously committed to the alleviation of rural poverty in the context of the ongoing agricultural reform programmes, they

need to diagnose the requirements of the rural poor and design their reform programmes accordingly. Some of the critical areas in the sector to which particular attention should be paid for reform purposes are agricultural marketing institutions including rural-based cooperatives; agricultural development banks; rural credit schemes; input distribution; research and extension services; as well as monetary and fiscal policies along with currency devaluation, taxation, subsidies and wage structures. Other equally important domains are land holding systems; food production specially root crops; environmental protection; infrastructure such as roads, water and electricity; disaster prevention; price structures; international trade; income distribution and education and training. The programmes and policies of inter-governmental organizations must also be reviewed together with the countries' political value systems. In all these domains, special emphasis should be placed on the role of women since they form an integral part of the rural poor.

42. Finally, it should be stressed that the current tendency of pushing African countries to intensify reforms in return for debt relief or special financial assistance of the types referred to earlier for the principal purpose of balancing the books in the current account cannot be a reliable cure to the widening problems of rural poverty. This does not guarantee that the financial gains accruing to the reforming countries through debt relief or external assistance will be judiciously utilized to improve the lamentable fate of the rural poor. After all, the "mere provision of finance without prior removal of the structural impediments that influence its outcome is like 'using a straw for a battering ram. The gate will not yield, but the straw gets broken...'"<sup>18</sup>.

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