



The United Nations  
University

**WIDER**

World Institute for Development Economics Research

Research for Action 34

## **Food Marketing Reconsidered**

An Assessment of the Liberalization of  
Food Marketing in Sub-Saharan Africa

**Pekka Seppälä**

Research for Action

UNU World Institute for  
Development Economics Research  
(UNU/WIDER)

## Research for Action 34

# **Food Marketing Reconsidered**

An Assessment of the Liberalization of Food Marketing  
in Sub-Saharan Africa

**Pekka Seppälä**

This study has been prepared within the UNU/WIDER project on the Impact of Liberalization on Key Markets in Sub-Saharan Africa, which is co-directed by Professor Giovanni Andrea Cornia and Professor Nguyuru H. I. Lipumba.

## **UNU World Institute for Development Economics Research (UNU/WIDER)**

A research and training centre of the United Nations University

### **The Board of UNU/WIDER**

Harris Mutio Mule

Sylvia Ostry

Jukka Pekkarinen

Maria de Lourdes Pintasilgo, Chairperson

George Vassiliou

Ruben Yevstigneyev

Masaru Yoshitomi

*Ex Officio*

Heitor Gurgulino de Souza, Rector of UNU

Giovanni Andrea Cornia, Director of UNU/WIDER

*UNU World Institute for Development Economics Research (UNU/WIDER) was established by the United Nations University as its first research and training centre and started work in Helsinki, Finland in 1985. The purpose of the Institute is to undertake applied research and policy analysis on structural changes affecting the developing and transitional economies, to provide a forum for the advocacy of policies leading to robust, equitable and environmentally sustainable growth, and to promote capacity strengthening and training in the field of economic and social policy making. Its work is carried out by staff researchers and visiting scholars in Helsinki and through networks of collaborating scholars and institutions around the world.*

UNU World Institute for Development Economics Research (UNU/WIDER)

Katajanokanlaituri 6 B

00160 Helsinki, Finland

Copyright © UNU World Institute for Development Economics Research (UNU/WIDER)

Camera-ready typescript prepared by Liisa Roponen at UNU/WIDER

Printed at Hakapaino Oy, Helsinki, 1997

The views expressed in this publication are those of the author(s). Publication does not imply endorsement by the Institute or the United Nations University of any of the views expressed.

ISSN 1239-6761

ISBN 952-9520-51-4

# CONTENTS

LIST OF TABLES AND FIGURES	v
FOREWORD	vii
ACKNOWLEDGEMENTS	ix
GLOSSARY OF ACRONYMS	x
ABSTRACT	xi
I INTRODUCTION	1
1.1 The problems and hypotheses	1
1.2 The food problem in Sub-Saharan Africa	3
1.3 The structure of the paper	6
II STATE INTERVENTIONS BEFORE POLICY REFORM	7
2.1 The extent of interventions before structural adjustment	7
2.2 The political aims of state intervention: nation-building	9
2.3 The economics of state intervention: welfarist food policies	10
2.4 Parallel markets: the voice of the people	12
2.5 Section summary: several parallel food provisioning chains	13
III THE IMPLEMENTATION OF FOOD MARKETING REFORM AS PART OF STRUCTURAL ADJUSTMENT	14
3.1 World Bank policies in food marketing	14
3.2 The liberalization of food crop marketing	17
3.3 Institutional reforms	19
3.4 Economy-wide measures affecting food marketing	20
3.5 Compliance with SAP conditionalities: an inadequate criteria for measuring policy	21
3.6 Section summary: the high rate of implementation of the most simple reforms	22
IV THE POLITICAL ECONOMY OF FOOD MARKETING	24
4.1 Setting the scene	24
4.2 Government policies: the diffuse aims in public food marketing	27
4.3 Section summary: change in political aims	33
V THE IMPACT OF MARKETING REFORM ON FOOD PRODUCTION AND PRICES	34
5.1 Methodological considerations regarding causalities	34
5.2 The effects of liberalization measures on key crop production	36
5.3 The effects of marketing reform on food prices	44
5.4 Section summary	48

VI	CASE-STUDIES IN MAIZE MARKETING IN EASTERN AFRICA	50
6.1	A framework for the case-studies	50
6.2	Kenya: the art of evasive politics	53
6.3	Malawi: a promise turned sour	54
6.4	Tanzania: the benefits and costs of equality	56
6.5	Zambia: rural policies with urban aims	57
6.6	Zimbabwe: the heritage of a dual economy	59
6.7	A comparison: similarities and differences	61
VII	CONCLUSIONS	64
7.1	SAP, SSA and food marketing	64
7.2	Politics	66
7.3	Development	66
	ANNEX TABLES	67
	LITERATURE	72

## LIST OF TABLES AND FIGURES

Table 1	Food production in Sub-Saharan Africa	4
Table 2	The implementation of food marketing reform	18
Table 3	How different policies affect different groups	26
Table 4	Government objectives in food policy before and after structural adjustment	27
Table 5	The effects of liberalization measures on food prices	35
Table 6	The increase in per capita key food crop production, by liberalization score	40
Table 7	Basic indicators of the economy of the five case-study countries	50
Table 8	Changes in maize marketing policies in the five case-study countries	52

### Figures

Figure 1	Food provisions before and after structural adjustment	7
Figure 2	Coverage of public food marketing before structural adjustment	8
Figure 3	The liberalization of food marketing in Sub-Saharan Africa	36
Figure 4	Food production of key crops in four country groups, 1980-94	37
Figure 5	The food staples self-sufficiency ratio in 1988-90, by liberalization score	42
Figure 6	A comparison of initial self-sufficiency and production increase (countries classified by key crops)	43
Figure 7	Food prices for key crops in the four country groups, 1982-92	45
Figure 8	The production of maize per capita in the five case-study countries	51

### Annex tables

Annex 1	Food security in Sub-Saharan Africa	68
Annex 2	Policy conditionality in 22 agricultural sector adjustment loans, fiscal years 1979-92	69
Annex 3	Policy conditionality in 45 structural adjustment loans, fiscal years 1979-92	69
Annex 4	Rate of implementation of the World Bank's policy conditionalities by the loan receivers between 1980-92	70
Annex 5	Market liberalization: intervention policies and key food crops in Sub-Saharan Africa, by country	71
Annex 6	Loans provided by the World Bank and IMF for the five case-study countries	72



## FOREWORD

Structural adjustment in Sub-Saharan Africa has been a source of much debate over the past fifteen years. The debate has occasionally been vehement and sometimes ideologically loaded but, generally speaking, definite advancement can be located. Political statements aside, researchers have accumulated a wealth of information on various policy initiatives and their implementation. Case-studies have shown that an intricate web of links exists in the field of food production and marketing in Africa but the often justified reluctance of African governments to adopt new policies has introduced reforms very gradually. Until now, the lack of data on the impacts of reform has perhaps been the major drawback to a comparison of the pre- and post-adjustment periods.

Pekka Seppälä's study is a systematic study on the liberalization of food marketing in Sub-Saharan Africa. While many researchers have dealt with the issue, studies have relied on data reaching only to the end of 1980s. Since food marketing reforms take time to implement and to have an effect, the previous studies have not been able to capture the historical change. Seppälä has used updated FAO databases, supplemented with secondary sources, to analyse the impacts of reform. He has also compared countries in which policy reform has been just started with countries that have implemented the reform and others that have always relied on private food marketing, thus creating a comparative matrix (pre- and post-reform, rapid and reluctant reformers) which gives a sound platform for drawing conclusions.

The African policy scene is loaded with local vested interests and external interventions, and, for this reason, one also needs to consider the political economy behind the reform policies. Seppälä shows convincingly that there are numerous factors which intervene with the straightforward economic consideration of providing food cheaply for consumers. Factors like regional policies and poverty focus, overall food security and price stability, external competition and local food processing industries, and changing consumer preferences need to be considered by the relevant governments. Liberalization of food marketing means a change in the palate of political strong points. Given the current difficulties of African governments to maintain legitimacy, it is courageous to refrain from interventionist food policies. However, one issue has been decisive in advancing marketing reforms: the mounting fiscal burden that the state governed food policies have created. The international financial institutions have stressed the need to implement reforms arguing that, even when their effects on supply and price are uncertain, private food marketing lessens the fiscal constraints of African governments. This argument is powerful because it is presented by the same agencies negotiating the terms of external debts relief for African governments. Nevertheless, given the vulnerability of food production to droughts and the negative food trade balance in many African countries, it may turn out that private marketing is not a cheap way out of continuing food crisis.



As this study shows, food marketing reform has now swept over the Sub-Saharan Africa and in reality the difference between 'pre-reform' and 'post-reform' situations is not as great as it is sometimes argued to be. After all, the same basic difficulties – weather, infrastructure, training, capital, imperfect market – still remain in African economies and the public sectors still need to implement an undeniable set of functions in order to secure sound food policies. Thus, the way ahead is best visualized as a partnership between private and public sector agencies. The actual mix of roles and tasks depends on the local ecological, historical and economic factors.

This study is a part of a larger UNU/WIDER research project on The Liberalization of Key Markets in Sub-Saharan Africa, directed by Professor Giovanni Andrea Cornia and Professor Nguyuru Lipumba. The project deals with the impact of liberalization of three markets – food, exchange rate and, other financial markets – which are important for designing policies for sustained long-term growth and structural transformation.

Giovanni Andrea Cornia  
Director, UNU/WIDER  
April 1997

## ACKNOWLEDGEMENTS

This report has benefited from comments from several researchers. I would like to express my gratitude to Giovanni Andrea Cornia, Jaakko Kangasniemi, Nguyuru H. I. Lipumba, Germano Mwabu, E. Wayne Nafziger and Maisa Tapio for detailed comments. Renato Panicià has been very helpful in a statistical test. Thanks are also due to Janis Vehmaan-Kreula, Liisa Roponen and Robert Zimmermann who have edited the text and figures carefully.

## GLOSSARY OF ACRONYMS

ADMARC	Agricultural Development and Marketing Corporation (Malawi)
ASAL	Agricultural Sector Adjustment Loan
CAR	Central African Republic
FAO	Food and Agriculture Organization
GMB	Grain Marketing Board (Zimbabwe)
IFPRI	International Food Policy Research Institute
IMF	International Monetary Foundation
KGGCU	Kenya Grain Growers Cooperative Union (Kenya)
NAMBOARD	National Agricultural Marketing Board (Zambia)
NAPB	National Agricultural Products Board (Tanzania)
NCPB	National Cereals and Produce Board (Kenya)
NMC	National Milling Corporation (Tanzania)
SAL	structural adjustment loan
SAP	structural adjustment programme
SSA	Sub-Saharan Africa (excluding South Africa in statistics)
UN	United Nations

## ABSTRACT

The liberalization of food marketing has been implemented as part of structural adjustment programmes in Sub-Saharan Africa. In this study we assess i) the aims of reform policy, ii) the implementation of specific reform measures, iii) the politics of reform, and iv) the impacts of reform.

The study highlights the diversity in the initial circumstances: during the late 1970s, state-governed marketing was firmly established in many, but not all countries. Where it existed, it varied further in terms of the variety of crops collected and the efficiency of actual collection. In general, pre-reform marketing policies were extensive, serving simultaneously the political aims of nation-building and food security, and for this purpose, provided subsidies to both producers and consumers. These subsidies, together with the high costs of marketing operations, caused huge financial problems for the governments.

Marketing reforms have been implemented through reforming pricing policies, institutional set-up and macro-economic environment. Several governments embarked with doubts on liberalization policies, but during recent years even the most hesitant countries have also implemented reforms. In certain countries, the liberalization of key food crops was a delicate political issue because of complex vested interests. Behind the debate over the supply of cheap food for urban consumers existed a whole range of factors like the patrimonial linkages of marketing boards, regional politics, and the interests of large-scale millers and estate producers. In the debate on economic liberalization, political issues are largely simplified and marketing boards are crudely evaluated in terms of economic efficiency.

The study compares countries which always relied on private food marketing to countries which liberalized food marketing in 1992 and those still retaining state interventions. The data show that the best growth rates for the production of key food crops are in the countries with more liberal food marketing regimes. Differences within country groups are significant. Variations can partly be explained by the achieved level of self-sufficiency and by the nature of key crops. Differences within country groups are also very high. Maize production in eastern and southern Africa has been the focus of a detailed case-study because of the complexity of its extreme politicization.

Marketing reform has had relatively little impact on food production, which is still growing more slowly than is the population in Sub-Saharan Africa. Major gains were expected from decreased fiscal costs of active (and extensive-coverage) food policies. These gains have materialized to a lesser extent than expected. If liberalization releases government resources for other uses, these should be directed to measures to increase agricultural production: land reform, input subsidies and the construction of feeder roads. The marketing, milling and consumer support of food crops should be targeted at crops mainly consumed by the poor.



# I INTRODUCTION

## 1.1 The problems and hypotheses

Since the Berg Report (World Bank 1981), the aim of providing fair prices for African farmers has been a common theme in the discussion on a structural change in African economic policies. The argument makes sense: Africa is still overwhelmingly a rural continent, and its well-being is largely dependent on the efforts of the farmers. If farmers are rewarded for their hard work with fair prices and if they then increase their production, national economies stand on a firmer basis.<sup>1</sup>

The question is: How can favourable producer prices be reached? Reflecting the proposition that crop marketing arrangements have previously been handled by the state and that the system has been inefficient, the liberalization of crop marketing has been central in the advocated strategy. In comparison, private traders are expected to be more cost-efficient, to be more timely in their payments to farmers and, because of competition among traders, to offer higher prices than those the monopsonistic state marketing agencies have paid farmers. Starting from these premises, the liberalization of crop marketing has been proposed by the World Bank as one of the key elements in structural adjustment. The World Bank has consistently<sup>2</sup> encouraged the near-complete withdrawal of state agencies from the crop marketing scene, and many African countries have also followed the proposed policy.

Now the implementation of marketing liberalization policy has reached a point where one may take stock of its effects in Africa. There are a number of countries where liberalization has been the policy for several years, thus enabling private marketing mechanisms to mature. There are also some cases where only partial liberalization has been implemented. In addition, in some cases private marketing has been the continuing and prevailing pattern before and after the adjustment period. Thus, there is good material for comparative analysis. The central part of the paper is composed of a comparative analysis of these three country groups.

The scope of the analysis is limited to local *food* marketing, with export crops and non-food crops excluded. The questions to be asked in this paper concern policy changes and their effects on farmers and traders. What is the extent of the implementation of marketing liberalization reforms? How do the changes in policies appear within the

---

<sup>1</sup> The analysis concentrates on the 1990s because only then did the structural adjustment programme (SAP) start to have effect even among late adjusters. The full time-frame for comparative purposes is 1980-94. The spatial frame is Sub-Saharan Africa. Although South Africa is included in the text, the aggregated statistical analysis (especially with the inter-temporal scale) excludes the country because of its history and exceptional characteristics. The dominant role of South Africa in southern Africa is an issue of special interest at the moment.

<sup>2</sup> Consistent market-oriented policy has been on the agenda since the early 1980s. Before then, the World Bank supported to a varying extent parastatals and state-governed cooperatives.

practical environment of farmers and traders? Do the new private marketing arrangements differ significantly from the pre-adjustment parallel markets? What impact do the reforms have on food price levels and food price stability? Has marketing liberalization put an end to food as the political carrot in Sub-Saharan Africa? What kind of additional measures are needed to make the changed institutional setting more efficient? All in all, *we ask whether the liberalization of food marketing has served the objective which it was meant to serve.*

We can outline broadly three different hypotheses behind the need to liberalize food marketing. We can also single out three competing hypotheses on the effects of liberalization on food production and economic equality.

The first hypothesis for the need to liberalize food marketing is that state-governed food marketing has been too inefficient and costly. The official producer prices have been so low that farmers have had only limited incentive to expand their food production. Private traders can provide better prices for producers. This hypothesis is based on an assumption that the pre-reform price policies worked against the farmers and that the government was able to enforce penalties which hindered the producers from selling through parallel markets.

Another hypothesis for liberalizing food marketing is the fact that food marketing has been inefficient and costly, but that governments have still provided competitive prices for farmers, thus creating heavy costs for the state budget. The fiscal crisis of governments, therefore, makes liberalization necessary. This hypothesis again presumes that private traders are more efficient. Nevertheless, they can be efficient even when the producer prices remain at the pre-liberalization level.

The third hypothesis for the need to liberalize is a witty one. Liberalization is motivated by the ideological need of the World Bank to liberalize the whole economy. The marketing of food needs to be liberalized for the sake of consistency, not the rationality, of the policy. This hypothesis is based on the assumption that government intervention in food marketing is necessary to maintain minimal food security, reduce price variations, etc., and the costs of these tasks (which are necessary even in a liberalized economy) can be dealt with most efficiently through the existence of a public marketing system.

Next, the paper elaborates three hypotheses on the effects of the liberalization of food marketing on food producers. The first hypothesis claims that all producers win or lose, depending on price development. If price development in the private marketing regime is favourable, the food producers will win. If price development is unfavourable, all food producers will lose. The second hypothesis claims that the public food marketing system was serving only a segment of farmers. It provided benefits (through pan-territorial pricing) to the farmers in the peripheral regions. It also provided benefits (through guaranteed floor prices, subsidized inputs and subsidized milling) to large-scale farmers and millers. Thus, liberalization means the removal of hidden targeted subsidies and the adjustment of production to the market situation. The final hypothesis is that the liberalization of food marketing is overshadowed by the liberalization of cash

crop marketing and other reforms. The farmers make their allocative decisions on the basis of relative gains. Food production will, in the liberalized economy, be determined by the global and national development of cash crop prices.

These six hypotheses provide a wide set of alternative scenarios. This paper will follow these hypotheses as far as the comparative material permits. These hypotheses are, however, simplifications of the situation. The third hypothesis on the need to liberalize hints at an important complication, namely, that liberalization is never a complete on-off transformation. A government cannot evade all responsibility in food policies because a government has some responsibility to provide basic food security. Thus, any discussion of food policies needs to look at a suitable *mix* of the functions of the public and private agencies. Moreover, the producer price and the fiscal costs are not the only considerations which a government must take into account. It also needs to consider the regional distribution of benefits and the needs of the poor.

In order to help the reader, we now provide some initial, preliminary conclusions. The paper claims that the first hypothesis on the need to liberalize is largely invalid because private traders have seldom provided better prices after liberalization. But liberalization can be defended on the grounds of the second hypothesis, namely, the reduction of the government expenditure on food marketing. However, the incidence of droughts and the need for maintaining food security may also force the government to hasty and expensive manoeuvres which may reduce the benefits gained in terms of lower government expenditure.

The distributional effects of food marketing reforms are considerable and include a shift in the beneficiaries of government policies. Major losers are the peripheral producers, large-scale agribusiness and government employees responsible for food marketing, while private food traders and food producers located near the major consumer centres are among the major beneficiaries. The liberalization of external food trade also increases food imports at the expense of all local food producers.

## **1.2 The food problem in Sub-Saharan Africa**

Sub-Saharan Africa is known for its mounting problems in food security. Food catastrophes are numerous, and they seem to be occurring more and more often. Although this is clear to everyone, to separate food problems from major distributional and political debates is naive, since food and economic matters are inextricably linked. Thus, for instance, agricultural products are a major export item in Sub-Saharan Africa. Food is the object of contrasting views, from rural kitchens to the arenas of high-level political debates. Before the analysis of food marketing (the main focus of this paper) is taken up here, some introductory words on the food problems of Sub-Saharan Africa are necessary.

In several Sub-Saharan African countries, agricultural products play a key role in the economy. Agriculture generates some 42 per cent of gross domestic product in low-income countries and 27 per cent in middle-income countries. The export of cash crops is a significant source of income as cash crops account for over 60 per cent of export



income in more than half of the countries (Abdulai and Delgado 1995:1). But the importance of agriculture is not limited to these facts. In addition to direct value, agriculture generates a significant proportion of government income and is also a major provider of raw material for industrial processing, as well as for the service sector.

Structural adjustment policies have been geared towards increasing agricultural production and exports in those sectors where Sub-Saharan Africa has a comparative advantage. Structural adjustment has addressed the problems of agricultural *pricing* in many ways. Changes have been geared to getting prices 'right' through flexible exchange rates, competitive liberalized crop marketing, reduction of tariff and non-tariff barriers, and reduction of agricultural taxation and subsidies. At the same time, fiscally constrained governments have been ill-equipped to give support for agricultural *production* in terms of infrastructure maintenance, market stabilization and farmer services (input supply, extension, etc.). It is widely agreed that the changes in pricing policy are inadequate and that more traditional 'developmental' efforts are needed to sustain agricultural growth (cf. Cornia and Helleiner 1994). There is already substantial evidence to indicate that the pricist policy orientation, when implemented in singular fashion without adequate support measures, is detrimental to the rural poor in general and especially to the smallholders who live in the hinterlands or who depend on moderately priced input supplies. Without repeating the full debate, it suffices to point out that production rates for certain cash crops have increased, while the increase in food production remains below population growth and far below the level of self-sufficiency in SSA. At the same time food imports have increased considerably (Table 1; see also Annex 1).

TABLE 1  
FOOD PRODUCTION IN SUB-SAHARAN AFRICA  
(AVERAGE ANNUAL PERCENTAGE GROWTH RATES; EXCLUDING SOUTH AFRICA)

	1975-84	1985-89	1990-MR (*)
Total food production	0.8	3.6	0.7
Per capita food production	- 2.1	0.7	-2.2
Volume of cereal imports	10.7	- 1.7	9.3

Source: World Bank (1996: 225-33).

Note: (\*) data series ends in 1993.

From a strict pricist perspective, poor performance in food production is not a cause for alarm in itself: it can be argued that adjustment policies have been geared to give exportable crops priority, which give higher rates of return per hectare than food crops. Food imports could fill the emerging void in local food production. The critical question in this 'substitution' argumentation is whether the peripheral/poor farmers can sell their products at decent prices and whether poor consumers can afford to buy food in the restructured economy.

While analysing the development of food production in SSA, a distinction is made among the major factors of production, namely, labour, technology and capital. The most important variable in African agriculture is labour input. African smallholders have usually responded to crowded land resources and harsh weather with increased

labour input. Often this means shorter fallow periods, depleting soil fertility. In comparison, technological advancement and capital are in short supply and have thus induced relatively smaller changes in food production.

Contemporary changes in African food production and consumption include three specific issues which have wider repercussions on food marketing. The first concerns the role of smallholders vis-à-vis *estate agriculture*. It has been argued for a long time that agricultural productivity per hectare is higher among the smallholders because of high labour input. However, due to structural adjustment policies, smallholder agriculture is becoming increasingly marginalized from agricultural services and inputs, while productivity increases continue to be reaped by local estate sectors and by all farm types in competitive non-African medium-income countries. Thus, the Green Revolution in Africa, with some exceptions, is limited to large farms, whereas in South Asia it covers all farm types (Mosley 1994:271; cf. Eicher 1992:93-7).

This argument has far-reaching consequences. One question is whether the influx of imported cereals and the cereals from local estate farms can hurt the politically delicate rural-urban connection and erode the crucial role assigned to local smallholder producers in the decades of nation-building.

Another issue is whether rural areas are also developing into regions where there is an increasing number of poor *rural net consumers*. If so, market analysis should not focus on urban consumers only, but needs to include rural consumers and rural staple crops as well. Recent rural household expenditure studies reveal that food purchases are the dominant cash expenditure item.<sup>3</sup> A critical issue in this context is the development of the land tenure system. If entitlements to land for household food provisioning are replaced by *de facto* private land ownership which is increasingly skewed, the pauperization of landless people increases the number of net consumers.

Finally, urban consumers, especially in west Africa, increasingly use easily-processed crops like wheat and rice, instead of local grains such as maize, millet and sorghum (Salih 1995:22-30). Thus, urbanization and *changing consumption patterns* affect the relative demand for various crops. This shift in consumption patterns affects the competitiveness of local cereal production and marketing. By contrast, the share in consumption of non-cereals, mainly root crops like cassava and yams, has remained constant from the 1960s and is unlikely to change dramatically in the near future. This reflects the competitiveness of non-cereals in rural food markets and their suitability to the nutrient-poor land resources (v. Braun and Paulino 1990:517).

All in all, Sub-Saharan Africa is facing serious food problems and is forced more and more to rely on imports for its food supply. The global food production market is unpredictable.<sup>4</sup> According to some critics, if world food prices increase, African

---

<sup>3</sup> Although part of the purchases can be explained as seasonal selling by net producers (who may buy different crops or even the same crop at a higher price during the pre-harvest months), this does not explain the problem. Due to price fluctuations, net producers are also likely to face seasonal malnutrition.

<sup>4</sup> World food consumption increases greatly because of population increase and the use of cereals as animal fodder. The medium-term trend is that food prices will remain at current levels, whereas they were

consumers do not have the purchasing power to import food in sufficient quantities. This poses a formidable challenge for African food policies.

### **1.3 The structure of the paper**

The structure of the paper is as follows. Section II provides background information necessary for the analysis of reform. It depicts variations in the marketing arrangements for different food crops in the pre-reform public marketing schemes. This section provides a simple message: state-controlled marketing has been limited to specific crops and markets. It is a mistake to state that pre-reform food marketing was fully governed by state agencies.

Sections III-V analyse marketing reform from different angles. Section III analyses the rate of implementation of World Bank policies by the Sub-Saharan African countries. Section IV presents the actors involved in marketing and shows how reform has changed their relative power positions. Section V is an analysis of the impact of reform on the production and prices of key crops. Countries are grouped according to their adherence to reform and the results show that some benefits from private market arrangements seem to appear in aggregate level, but that differences within country groups are large.

In order to provide depth to the analysis, a comparative case-study of five maize producing countries from eastern Africa is included in Section VI. The marketing of maize has historically been the last bastion of state interventions in food marketing. The section analyses the political dimension of maize marketing and shows that interventionist policies have caused bifurcating economic effects. On the one hand, the policies have meant a 'welfarist' subvention to peripheral producers and urban consumers. On the other, they have supported large-scale farmers, millers and well-positioned administrators. Both groups are suffering from the effects of the reform, while centrally located farmers and traders are the major beneficiaries.

Conclusions are given in Section VII. The section summarizes the implemented marketing reforms and points out that results vary from case to case. Actual outcome is shaped by changing consumer preferences, global market and import potentials, and local supply constraints. It is noted that the private marketing system cannot emerge without support, but requires additional, clearly targeted interventions which are limited in scale. Meanwhile, major reforms are needed in agricultural policies to ensure more equal land distribution and ecologically sensitive agricultural modernization.

---

decreasing in the recent past. Food stocks are diminishing, thus inducing seasonal and short-term price fluctuations (Boonekamp and Cathelinaud 1996).

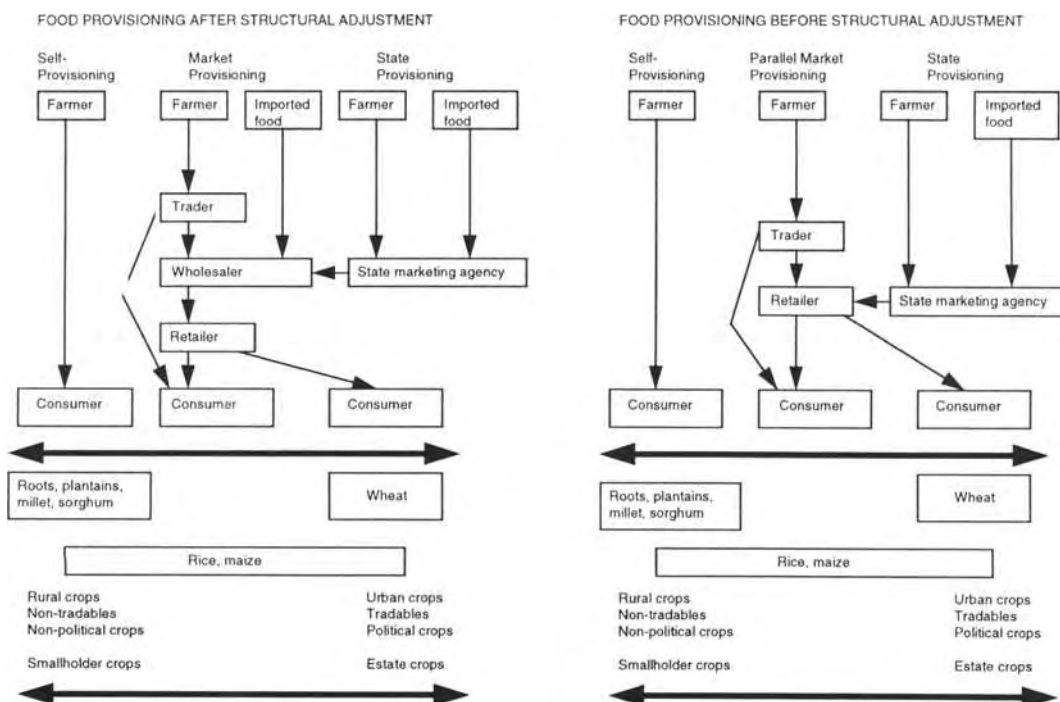
## II STATE INTERVENTIONS BEFORE POLICY REFORM

### 2.1 The extent of interventions before structural adjustment

It is common to generalize that agricultural marketing of export crops before adjustment policies was dominated by governmental agencies. These agencies were either crop-specific or area-based parastatals or cooperative unions, but in all cases state intervention was fundamental. While this is true for major export crops, it is not so for food crops, where the extent of government intervention in food marketing has always been limited.

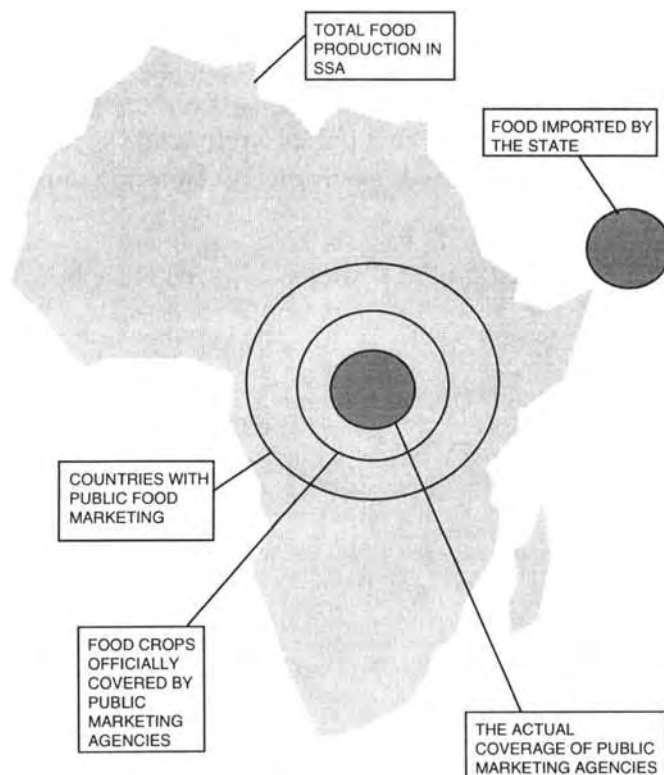
In terms of official policy, governments tried to control food marketing in several Sub-Saharan countries. Their efforts were not effective because governments were often unable to provide prices equal to or higher than market prices. Consequently, parallel markets emerged. Although parallel markets were officially given negative attributes (reflecting their quasi-legal status) by government officials, their existence was often tacitly tolerated simply because they functioned well and supplemented the official marketing channels. The competing food provisioning chains are depicted in Figure 1.

FIGURE 1  
FOOD PROVISIONS BEFORE AND AFTER STRUCTURAL ADJUSTMENT



The effect of marketing liberalization is smaller still if, instead of just the marketed food, the entire food provision chain is reviewed. Green (1989:38) has estimated that some 75 per cent of domestic food production is subsistence cultivation for consumption by the producers. Of the remaining 25 per cent, at least half is related to crops and animals which are not subjected to official prices. Thus, the pre-adjustment price regulation *de facto* affected some 12 per cent of food production. Out of this 12 per cent, about 5 per cent was marketed through parallel markets. Thus, roughly 7 per cent entered the official marketing channels. In addition, it should be noted that not all countries had state control on food marketing. At least one-third of the population in the SSA were living in countries without state food marketing. Calculated thus, it would appear that the liberalization of food marketing has only marginal direct effect (Figure 2).

FIGURE 2  
COVERAGE OF PUBLIC FOOD MARKETING BEFORE STRUCTURAL ADJUSTMENT



Two reservations about this conclusion need to be added, however. First, liberalization directly affects food marketed through both public and parallel markets. Second, in the long run the indirect effect of market liberalization is much wider because liberalization affects the relative prices among food crops and the prices of food crops relative to cash crops. Thus, it is possible that market liberalization decreases the farmer's reliance on subsistence cultivation and changes his orientation towards increased sales of high-priced food crops or exportable crops. Third, the calculation undermines the overall importance of official marketing channels because these also handled food imports which are important for urban food provisioning. Therefore, it can be concluded that

liberalization has a decisive effect on food provisioning in all countries where the state intervened in marketing prior to structural adjustment.

### *2.1.1 Coverage: political crops*

The picture of state intervention in the food market before adjustment becomes clearer when we distinguish between *political* and *non-political* crops (see Figure 1). Some food crops tend to have a special political role in agricultural policy because the supply of moderately priced food for 'political classes' (which usually refer to urban dwellers) is a paramount issue in the national economic policy. More precisely, cheap urban food was a part of overall economic policy in which the prices of most other commodities were controlled (directly or through exchange rate, tariffs and taxes) and food prices were suppressed to keep wage pressures low. An urban population might openly protest against the political elite if food expenditure becomes excessive in household budgets. For this reason, urban staple food crops are called political crops. Since price controls in the pre-adjustment period were targeted on political crops, liberalization measures are directly felt in the marketing of these crops. Interestingly, regardless of the official policy line on crop market liberalization, the reasons for keeping prices of political crops low and stable are just as important to the politicians after adjustment as they were before adjustment.

At the same time, it should be noted that there are several other, non-political food crops with only limited or no price interventions that have been produced and marketed without any major fuss in the rural setting. If rural households experienced increasing costs of food provisioning, they seldom reverted to open protest. They were more likely to change their portfolio of produced crops towards self-provisioning. Thus, official policies on food production and marketing, whether before or after the structural adjustment period, tend to create only limited political controversies in rural settings.

Before we analyse liberalization policies, it is worth assessing whether the criticism of pre-adjustment policies is justified. In the following, we first look at the politics of state intervention. We then review the economics of marketing during the pre-adjustment period and, finally, analyse the role of parallel markets.

## **2.2 The political aims of state intervention: nation-building**

In the 1960s, a major political factor behind the growth of marketing boards was the perceived necessity to provide food for urban consumers at low, stable prices. *The food security consideration* was already a central political issue during the colonial period (although the issue was repeatedly side-stepped to accommodate the needs of the colonial settlers or consumers in the imperial country). Independent governments took up their responsibility to increase food security by strengthening the relevant organizational structures. Marketing boards were obligated to serve customers, as well as farmers. Thus, food marketing organizations became instrumental in balancing the needs of the growing urban populations against the needs of farmers.

Another reason for interventions that stems from *political culture* can also be outlined. The newly independent governments needed interventionist policies to penetrate rural areas and to enforce their own importance. Food marketing was one task which was seen to need an 'orderly' solution. The first crop-marketing arrangements were typically cooperative networks based on fairly decentralized structures. These were soon replaced by increasingly centralized organizational structures in order to minimize regional differentiation, internal political fraction and the emergence of independent power positions. Donors fully supported the proposed state-wide organizational structures. Thus, politico-administrative issues were crucial in the formation of centralized interventions in food marketing (Arhin *et al.* 1985). The major drawback of marketing boards and cooperatives was their bureaucratic organization which lacked administrative capacity and transparency and provided ample opportunities for rent-seeking activities. Marketing boards and cooperatives were able to generate funds for their operations and expand their own structures, thus growing into sizeable interest groups with political links to governments. Later, marketing boards and cooperatives became alienated from their primary task of providing cheap services to farmers. This historical development could hardly have taken place without the support of central governments and donors.

The third political aim of state intervention – *the Africanization of the food trade* – was seldom openly acknowledged, although it was evident. In several countries, Asian or Lebanese traders achieved dominance, creating adverse feelings among African leaders: a central enclave of society was controlled by 'non-indigenous' people whose commitment to nation-building was doubtful. Marketing boards were the proper medium to replace the non-indigenous element within the food trade.

### **2.3 The economics of state intervention: welfarist food policies**

The primary motivation for the marketing reform for food crops was the high budgetary costs of setting producer prices and subventing consumer prices. The reform was expected to create an efficient marketing system to achieve the same objective at a lower cost.

Before adjustment, producer price subsidies were often inadequate, leaving producer prices far below parallel market prices. Governmental marketing organizations were accused of inefficiency, cost-plus pricing and other ills which generated low producer prices. However, there are at least four 'external' factors which partly explain the difference between the official and the parallel market producer prices. First, these agencies have been used to reduce risks to farmers by maintaining floor prices and by providing secure access to marketing. Second, they have been utilized by governments for regional politics through pan-territorial prices. Third, the agencies have been used as instruments to provide agricultural inputs, infrastructure and rural services. Fourth, the agencies were occasionally forced to sell crops to consumers at prices below the procurement price.<sup>5</sup> We look at each of these in turn.

---

<sup>5</sup> There are two other reasons which apply mainly to export crops. First, agricultural production has always been an important source of government revenue. Public marketing agencies have been used

Maintaining secure floor prices is crucial to farmers. Guaranteed floor price makes a difference in circumstances where the free market price can occasionally fluctuate by more than 50 per cent below the average price, a situation which is not exceptional in Africa. When a government politically guarantees the floor price, it effectively transfers a part of the market risk to the marketing board. On the other hand, the guaranteed floor price has often been below the parallel market price, and in such cases producers have used official marketing channels as a last resort.

The second function of maintaining pan-territorial prices is a markedly political issue. Most Sub-Saharan countries became independent in the early 1960s, and they immediately embarked on the road of nation-building. Pan-territorial pricing is a simple way to emphasize the unity of a country. In practice, a pan-territorial (floor) price is a very expensive solution in large countries with undeveloped infrastructure.

Third, the major difference between governmental parastatals/cooperatives before adjustment and private traders after adjustment is the scope of activities. Governmental parastatals/cooperatives were often delegated functions like input provisioning, extension work and road construction. Even though these obligations were important from the perspective of national economy, they reduced the profitability of marketing agencies to negative figures. When government agencies and private traders are compared in terms of efficiency, one should first take into consideration the additional tasks governments have delegated to their rural agents. These could be substantial and thus seriously hamper the implementation of the primary task of marketing.

Fourth, public marketing agencies were often requested to provide food for consumers at subsidized prices. These subsidies were partly motivated by the interests of special groups such as people in disaster areas or vocal urban consumers and partly by national interests such as the fight against wage inflation. Whatever the motivation, subsidized prices caused the finances of marketing agencies to become distorted.

These four non-commercial functions had a detrimental effect on the efficiency of public marketing agencies during the pre-adjustment period. With food marketing privatized, non-commercial gains are either reduced in scope or lost. Thus, it is anticipated that there will be i) no floor prices or guaranteed buyers, ii) increased territorial specialization and differentiation, iii) fewer rural services, and iv) less food aid and political food concessions.

It is difficult to assess the relative importance of the different factors in the formation of producer prices. Parallel market price is an inadequate indicator because these markets were not burdened by non-commercial functions. During the pre-adjustment period, several African governments operated on the strong belief that a centralized marketing system is economically feasible because of economies of scale. Large marketing boards were expected to utilize superior, modern transport and storage methods. Recent assessments show that when the non-commercial functions are included in the

---

effectively as a medium of taxation. Second, food security has been a major (non-commercial) agenda item for public marketing agencies, and this has meant the collection of sizeable reserves.



calculations, state-governed marketing agencies were not as inefficient as the Berg Report implied (cf. Platteau 1995). Instead of straightforward urban bias, one could speak of state bias, and the central government in many instances could be blamed for inefficiency. Gibbon *et al.* (1993:15-6, referring to Lele and Christiansen 1989) report that:

... the main problems of parastatals have been usually externally created by the nature of state-marketing board financial relations. In particular, marketing boards tended to be undercapitalized in relation to state demands that they carry the costs of building up surplus stocks, bad credit and (in the case of grain marketing boards) often the distribution costs of food aid. In Francophone West Africa marketing boards are also expected to provide various non-agricultural services (including road construction). This would have forced many marketing boards into heavy borrowing even without the various costs of the political overheads that they were expected to cover (e.g. loose control over expenditure).

One more issue needs to be added to the economic equation of marketing parastatals, namely, their performance in terms of reliability. Although parastatals promised to collect all crops, they were often delayed, or simply could not fund all purchases or cover all areas. Simultaneously, their mere existence decreased the reliability of alternative trading channels. Thus, parallel markets were conditioned by the official marketing circuits.

## **2.4 Parallel markets: the voice of the people**

Parallel marketing systems were important during the pre-adjustment period. Food provisioning for the African sections of colonial cities was supplied by rural-urban linkages and petty traders from nearby areas. When state controls on food marketing were imposed, these channels continued to exist as self-provisioning and parallel markets (Guyer 1987). Parallel markets were not just a residual system, but a complementary marketing network with many linkages to the official marketing system. Temu (1975:141-44, cited by Bryceson 1993:94) offers a useful classification of black market operations in an official monopoly situation controlled by government cooperative. Defining three degrees of black market, Temu describes the first as a situation where prices are below the cooperative buying price as a result of the failure of the cooperative to purchase the crop from the farmers. The second degree is a situation where traders operate within the wide margin of the cooperative buying and selling price. Finally, there is the situation where black market prices to farmers and consumers are above the cooperative selling price because of a supply shortage.

Naturally, the most important criteria for the feasibility of the official marketing system are the prices offered by the government and the efficiency of police in controlling the traders. In some countries, the official price was well above the market price, and the police controls were efficient. Thus, parallel markets had a very limited scope for development. Zimbabwe represents a case in point. In some countries, the official price provided less incentives, and the police controls were less systematic. Pre-adjustment

policies towards parallel market traders were based on ideological confrontation in official rhetoric, but on a tacit acceptance of the parallel system (where it functioned well) in practice. According to Pottier (1986), government employees in Zambia informally even encouraged farmers to rely on parallel marketing channels. Thus, there is a significant variation between the interventionist countries in the factual intensity of intervention and the share of the parallel markets in total crop marketing.

The flexibility of the parallel market, especially in border areas, caused problems for government officers responsible for official food collection and marketing. An increase in the official price could generate a proportionally large supply response to the marketing agency. This did not necessarily imply that the production level had increased, but merely that more food was rechannelled from the parallel to the official market. Since double standards in marketing compounded the probability of erroneous production forecasts, it was very difficult for marketing boards to reserve sufficient funds and transportation for food collection.<sup>6</sup>

## **2.5 Section summary: several parallel food provisioning chains**

Food marketing before adjustment consisted of several channels from producers to consumers. These could be depicted as separate marketing chains (or *filières*), in which each chain channels specific crops through a set of intermediaries to a specific group of customers (cf. Bernstein 1996). While state intervention had direct influence on only some crops and mediating institutions, the existence of interventions conditioned the terms of operation for most of the other *filières*. 'Parallel market' is a shorthand description for a variety of *filière*, some of which depended on state intervention, while others worked independently.

Food security has been the official justification for governments to intervene and set up complex food marketing systems. Food policies emerged as an integral part of the controlled economic policy. Over the years, the marketing agencies expanded beyond their initial tasks and became economic burdens for governments.

---

<sup>6</sup> The same applies to the effects of changes in production. Raikes (1988:26) gives a hypothetical but realistic example where a 10 per cent decrease in production can induce an 80 per cent decrease in officially marketed produce, given that a constant amount of production is used for self-provisioning and that parallel markets can provide a fair price.

### III THE IMPLEMENTATION OF FOOD MARKETING REFORM AS PART OF STRUCTURAL ADJUSTMENT

In this section we study the conditionalities of structural adjustment programmes that are focused directly on crop marketing reform and indirectly on crop prices. The question is to determine the extent to which African governments have implemented these conditionalities. In Section V we look at the effects of the reform on production levels and prices.

#### 3.1 World Bank policies in food marketing

World Bank policies in food marketing have been outlined in a series of policy papers (World Bank 1981; 1989; 1994).<sup>7</sup> It is evident that the World Bank has maintained a distinction between marketing policies for export crops and those for food crops in its policy papers. The Berg Report (World Bank 1981) argued that, while an 'indigenous trading system' should be the keystone of a future marketing system, totality with a variety of agents should be encouraged. The tasks outlined for the government agencies were several:

Cooperatives can take on many activities in this area and the state role in marketing would remain substantial even after considerable liberalization. Governments could improve market functioning, easing market access by both traders and farmers through greater emphasis on rural road development and maintenance, by providing better information on crop size and prices, via radio and otherwise, and by gradually introducing uniform weights and measures, a task that governments have neglected. State grain agencies would also continue to have other major functions: they could manage grain imports; they might buy and sell in the open market for special purposes (e.g. localized production crisis); they might operate buffer stocks for seasonal price stabilization; they could do grain storage extension work, especially for new grains (e.g., maize in parts of West Africa); they could constitute and operate a reserve stock of cereals as a first line defence in case of drought or other food emergencies; and they could provide for the needs of collective consuming units, such as the army (World Bank 1981:65-6).

In the policy paper *Sub-Saharan Africa: From Crisis to Sustainable Growth* (World Bank 1989), emphasis was placed on free price regimes. Still, governments were allowed to set minimum floor prices for food crops. The latest policy advice in *Adjustment in Africa: Reforms, Results and the Road Ahead* (World Bank 1994) is

---

<sup>7</sup> The policies which have been implemented have been subjected to several evaluations. Cf. Harvey (1988); Commander (1989); Duncan and Howell (1992); Gibbon, Havnevik and Hermele (1993).

rather hesitant. It makes the distinction between food and non-food in its analysis of SAP implementation. When it comes to policy recommendations, the report avoids spelling out a separate food policy directed towards protecting marginal producers or consumers. Concerning marketing reform, the report states that 'The elimination {!} of agricultural marketing parastatals is high on the adjustment agenda' (p. 186). Concerning poor consumers/producers, the report states that:

It is difficult to target the poor through food subsidies or income subsidies, because they are not the dominant consumers of any food staple nor the dominant participants in any single food-producing agricultural activity. Programmes that aim to benefit them by subsidizing specific goods or activities thus will have substantial leakage to the nonpoor (ibid: 210).<sup>8</sup>

A recent technical paper on agricultural marketing produced by the World Bank (1995) does not single out the different policy perspectives for food crops and other agriculture. The advice provided for all governments is to move towards free market structures, including such safeguards as selling crop futures and taking insurance. The differences in the World Bank papers show that it is one thing to approach food marketing as a purely technical issue and quite another to make responsible policy statements. When the special requirements of Sub-Saharan Africa are recognized and politics included, the need for interventionism seems more apparent. Still, the thrust towards a pure market solution seems to be increasing.

Based on a wider policy analysis, it can be argued that for the World Bank, food marketing is not the prime object of marketing liberalization; instead it is the marketing of export crops. The resultant effects in local food marketing have been far less systematically predicted and analysed. To put it emphatically, for the funding agencies pushing for structural changes, the potential effects of liberalization policies on food production have been secondary to the possible expansion in export crop production, and consequently food marketing policies have been planned less systematically. The result is far from satisfactory as far as food security and poverty are concerned. One may seriously ask whether full liberalization of food marketing is in the interest of a country in general and vulnerable groups in particular.

The World Bank implements policies either through political conditionalities on programme aid or by directing its project loans to specific purposes. During the 1980s, political conditionalities of programme aid became an important instrument for several reasons. First, the World Bank has been increasingly frustrated by the slow or negligent results of projects. Second, the World Bank has managed to convince the donor community to stand in a united front behind its policy of conditionalities. This raised substantially the (otherwise economically more marginal) weight of programme aid loans. Finally, the indebtedness of the African countries has forced them into a corner and compelled them to accept even harsh and unpopular policy changes.

---

<sup>8</sup> For a detailed discussion of the 1994 report, see Lipumba (1994).

The World Bank has two major loan schemes for adjustment: agricultural sector adjustment loans (ASALs) and structural adjustment loans and credits (SALs).<sup>9</sup> Of the two, the latter are substantially more important. Detailed records of these instruments are maintained in the Adjustment Lending Conditionality and Implementation Database (ALCID), which apparently is not available for external researchers (Knudsen and Lindert 1995). Three public reviews on the efficiency of ASAL and SAL instruments have been publicized by the World Bank (1988, 1990a and 1992).

The conditionalities linked to ASALs and SALs are presented in Annex 2 and Annex 3. Conditionalities on agricultural pricing and subsidies were present in every SAL in the 1980s, except in the case of Zaire, where minerals far exceed crops as a source of revenue and where food marketing is largely in the hands of the private sector. Annex 3 reveals that agricultural pricing and subsidies reform has been a conditionality in all ASALs in the 1980s and 1990s. Other institutional reforms which accompany price reform and make it more effective have also been a standard feature of both SALs and ASALs. The annexes show that the World Bank has seen marketing reform as a key feature of agricultural sector reform. This indicates an emphasis on getting prices to reflect market conditions that, rather suggestively, is also called getting the prices 'right'. In comparison, conditionalities which affect production capacity and technology (investment promotion, research activities and land reform) have seldom been a loan condition.

Conditionalities are neatly detailed in the loan agreements, but implementation is often a different story. The ALCID database includes evaluations by the World Bank of the performance of governments in implementing conditionalities. The rates of the implementation of conditionalities (i.e. the subjective evaluation conducted by the World Bank) are presented in Annex 4. It is worth noting that published results on implementation rates cover all loan recipients, and corresponding data are not available for the Sub-Saharan countries as a distinct group.<sup>10</sup>

In evaluating the fulfilment of conditionalities, a comparison of only the *number* of conditionalities achieved is of limited use, because the conditionalities vary in scope and importance. For this reason, the World Bank has classified the 'critical' conditionalities separately. Country compliance with these selected, critical conditionalities is shown in Annex 4 as bracketed figures. The subjective evaluation shows that 67 per cent of the critical conditionalities related to agricultural policy in SALs and 48 per cent in ASALs were fully implemented. These figures can be analysed further through sub-categories of the agricultural policy category (see Annex 4). Reform in pricing and subsidies exhibited even higher rates of fulfilment. Reform in the institutional setting was

---

<sup>9</sup> These loans are not important so much because of the financial flows they provide, but because they form a gate for indebted governments to a wide donor front and attendant grants and loans. As Commander (1989) convincingly shows, the major part of WB/IMF adjustment lending has been directed toward middle-income countries outside SSA. As far as SSA is concerned, the net flow of adjustment lending has been small or even negative for several years.

<sup>10</sup> The World Bank does not provide data on the implementation rate for individual countries. According to Toye (1994:31), the rate of slippage varied from 17.6 to 50.3 per cent. See also Mosley *et al.* (1991:134-45).

implemented with similar success in SALs, while ASALs had a much lower implementation rate. The conditionalities related to investment promotion, incentives, technological development and research were far less frequently demanded and even less frequently fulfilled.

In the following, reform measures are studied separately for the regulatory reform (liberalization) accompanying institutional reform and for economy-wide measures.

### 3.2 The liberalization of food crop marketing

First, we analyse the implementation of those key conditionalities which are directly pertinent to the liberalization of food marketing: state intervention in major staple food marketing, fertilizer marketing, and wheat and rice imports (see Table 2).

The interventions in the *marketing* of critical food crops before adjustment included total marketing bans and some crop transport restrictions, official floor prices for purchases and official selling prices. Before the structural adjustment period, the level of governmental control in food marketing was high in 15 countries. By late 1992, the figure had dropped to two, Kenya and Zimbabwe, where the price of maize is subject to severe political conflicts. In Kenya, the government has made repeated back and forth policy modifications, continuing to shadow box with the donor community (cf. Ikiara *et al.* 1995). In Zimbabwe, the history of dualistic production and marketing of the estate and smallholder sectors has left its imprint on food policy.

Government has also reduced its intervention in *fertilizer* provision. By late 1992, only two countries, namely, Malawi and Nigeria, were affected by government-controlled fertilizer marketing and subsidized prices (Table 2). In two other countries, government took control of procurement at world prices, and in six others it subsidized fertilizer prices. All in all, the provision of inputs shows a fairly clear tendency towards liberalized trade. The utility of this policy is less clear and depends on circumstances. Reform has in some countries reduced significantly the use of fertilizers.<sup>11</sup> First, the withdrawal of subsidies has increased fertilizer prices beyond the reach of smallholders. Second, the *withdrawal* of government sales has created a vacuum as private sector traders have been hesitant to deal on fertilizer markets (Gibbon *et al.* 1993:16).

Through its monopoly import position, the government can influence urban food provisioning through *the importation of urban staple foods* like wheat and rice. The alternative, a less visible means to achieve the same result, is import licensing, import tax and tariff modification. Columns 7-10 in Table 2 summarize government monopolies in wheat and rice imports before and after adjustment and show that governments had wheat import monopolies in 14 countries and rice import monopolies

---

<sup>11</sup> According to UN statistics (UN 1995:365), the total consumption of nitrogenous and phosphate fertilizers has remained at constant nominal levels in Africa. However, the statistics do not reveal the shares to the smallholder or estate sectors, nor the distribution mix between food crops and export crops, some of which are highly dependent on large amounts of fertilizers.

in 17 countries before the reform period. In late 1992, the figure had dropped to nine and four, respectively.<sup>12</sup>

TABLE 2  
THE IMPLEMENTATION OF FOOD MARKETING REFORM

Country	Crop	Marketing		Fertilizers		Wheat imports		Rice imports	
		Before reforms	After reforms	Before reforms	After reforms	Before reforms	After reforms	Before reforms	After reforms
Benin	Tubers	●	○	■	◆	⊛	⊛	⊛	⊛
Burkina Faso	Millet; sorghum	●	○	■	□	⊙	⊙	⊙	⊙
Burundi	Beans	○	○	■	□	⊙	⊛	..	⊛
Cameroon	Cassava	⊙	○	■	□	⊛	⊛	⊙	⊛
Central African Republic	Cassava	●	○	■	◆	⊛	⊛	⊛	⊛
Chad	Millet; sorghum	○	○	■	□	⊛	⊛	⊛	⊛
Congo	Cassava	⊙	○	..	..	⊙	⊙	⊙	*
Côte d'Ivoire	Tubers	○	○	◆	□	*	*	⊙	⊙
Gabon	Cassava	○	○	..	..	..	..	..	..
The Gambia	Sorghum; millet	●	○	■	□	..	⊛	⊙	⊛
Ghana	Tubers	○	○	■	□	⊙	⊙	⊛	⊛
Guinea	Rice	●	○	■	□	⊙	..	⊙	..
Guinea-Bissau	Rice	●	○	□	□	..	..	⊙	⊛
Kenya	Maize	●	●	■	□	⊙	⊙	⊙	⊛
Madagascar	Rice	●	○	■	□	⊙	⊙	..	⊛
Malawi	Maize	●	⊙	■	■	⊛	⊛	⊛	⊛
Mali	Millet; sorghum	●	○	■	□	⊙	⊛	⊙	⊛
Mauritania	Millet	⊙	⊙	■	□	⊛	⊛	⊙	⊛
Mozambique	Maize	●	○	..	□	⊙	⊛	⊙	⊛
Niger	Millet	●	○	■	□	⊙	⊙	⊙	⊙
Nigeria	Yams	○	○	■	■	n.a.	⊙	n.a.	n.a.
Rwanda	Sorghum	○	○	□	□	..	..	..	..
Senegal	Millet; sorghum	⊙	○	■	□	⊙	⊙	⊙	⊙
Sierra Leone	Millet; rice	○	○	■	□	..	..	⊙	⊛
Tanzania	Maize	●	○	■	□	⊙	⊛	⊙	⊛
Togo	Maize	⊙	○	■	□	⊙	⊛	⊙	⊛
Uganda				■	□	..	⊛	..	⊛
Zambia	Maize	●	⊙	■	□	..	..	..	..
Zimbabwe	Maize	●	●	□	□	⊙	⊙	⊙	⊛

Source: World Bank 1994. Adjustment in Africa.

- Notes
- Major restrictions on purchases and sales.
  - ⊙ Limited intervention by government buying agency.
  - No intervention except in food security stocks.
  - Marketing controlled and prices subsidized.
  - ◆ Market controlled, but at world prices.
  - No controls on prices or marketing.
  - Marketing liberalized, but some fertilizers sold at below market prices or prices controlled.
  - ⊛ No monopoly.
  - \* Private monopoly.
  - ⊙ Public monopoly.
  - .. Data not available.
  - n.a. Not applicable.

<sup>12</sup> The Berg report (World Bank 1981:64) advocated that food imports should be subject to duties, at least when the price was artificially low due to the overvalued local currency. Thus local producers should be protected from competition caused by the excessive import of wheat and rice which leads into import dependency.

### 3.3 Institutional reforms

Structural adjustment conditionalities have included institutional changes as a natural complement to changes in pricing policies. Policy directives have been hostile to both cooperatives and parastatals, a position diametrically opposite to policy directives before the adjustment debate (cf. World Bank 1990b). Governments are currently being asked, i) to reduce their support to governmental marketing agencies, ii) to provide 'enabling environments' for traders and, iii) to maintain food security stocks.

The *scaling down of public marketing agencies* is a difficult task. It is not exceptional for a government to allow a marketing agency to continue functioning with substantial manpower even after actual marketing has been reduced to a minimum. There are several reasons for this. First, marketing agencies developed during the pre-adjustment period into significant sources of political power, and, consequently, there are vested interests in continuing their operations. Second, crop marketing agencies have trained personnel and gained expertise which governments do not want to see wasted in a political pendulum. Third, even when the agencies have a limited role in total crop marketing, they can still fill several necessary non-commercial functions, such as maintaining food security stocks and conducting marketing research and quality control. The importance of these tasks is recognized; it is simply a question of how they should be organized.

One way to scale down public marketing agencies is to bring private actors within state structures. As a part of the liberalization ideology, some suggest that the remaining tasks should be administered through management contracts, thus allegedly increasing efficiency. However, contracting is technically difficult to arrange in this field, and the experience to date has not been promising. One problem area is the performance criteria; other difficulties revolve around limited individual management incentives, reduced revenues for the agency, government failure to cover the costs incurred in carrying out its non-commercial 'social role', and, finally, the budgetary squeezes which have left agencies without money. When the overall structure is underfunded, it is difficult to single out one section for privatization (Hubbard 1995). Smith and Thompson (1991:60-2) point to related problems in contracting. They say that contracting a portion of the market can be uneconomic because of the risk premium: 'If governments are much more tolerant of risk, the cost advantage of private sector production may be outweighed by the risk premium'. They also add that contracting induces costs for the government since contract fulfilment must be monitored.

The second element of institutional reform, namely, *the enabling environment for traders*, can be understood in several ways (Thomson and Terpend 1993; Jones 1995; World Bank 1995). In the current academic debate, there is wide agreement that extensive government involvement is necessary to foster the emerging private sector. The question is: What kind of resources do governments, in view of their fiscal constraints, have available to boost the institutional development of the private sector? Structural adjustment loans include very limited conditionalities which would direct the use of resources to this effect. (Also see the discussion in Section IV).



The quest for an enabling environment includes measures to simplify trader licensing and to facilitate private sector operation by low licensing costs and taxes. Paradoxically, the adjustment packages include concurrent demands that governments expand their overall tax base and revenue collection rate, a demand pushing in a diametrically opposite direction. The policy line in this regard is likely to be unstable as governments react to conflicting pressures.

When an enabling environment for private traders is discussed, the problems most often mentioned are the lack of credit and the poor infrastructure. It is repeatedly argued that private traders are not able to operate properly if they lack easy access to substantial credit. It is equally often argued that the bad condition of roads and transport facilities increases the risks of traders and restricts trade in less accessible areas (Platteau 1996).<sup>13</sup>

As for *stock maintenance*, governments have taken responsibility for the maintenance of security stocks of grain even after reforms. The size of these stocks and the rules governing their usage determine whether the stocks have a marginal or a significant effect on food prices. When a government also imports grain, its scope for manoeuvre is even more extensive. Since no stipulations are connected to a sack of grain, food originally targeted at the poor or at emergency areas can destabilize normal markets. According to the orthodox position, security stocks should be kept at minimum levels, and governments should rely on FAO's early warning system and other databases to predict possible deterioration in their food security situation in ample time.

To sum up, institutional analysis shows that the private sector has largely taken over the task of food marketing in Africa. This does not mean, however, that governments have been unable or unwilling to intervene in crop marketing when this fits in with their plans. Governments have the capacity to modify the rules of the game as needed. There is no guarantee that change will continue in the same direction. African governments tend to take food security issues seriously,<sup>14</sup> and they can revise policies, even contrary to prevailing international agreements, to satisfy their own agenda.

### **3.4 Economy-wide measures affecting food marketing**

In addition to price policies and institutional policies, there are several other adjustment lending conditionalities which have a direct or an indirect impact on food production and marketing. These are, among others, changes in the exchange rate regime and level, tariff and non-tariff border controls and agricultural taxation.

---

<sup>13</sup> Donors have noted the importance of traders but so far they have provided limited support. Increasingly, bilateral and multilateral donors perceive the NGO option as a feasible route for channelling support to the private sector. While some have responded to the demand, the majority of NGOs view social sector and emergency aid as their primary targets.

<sup>14</sup> For an historical account of food security as a cornerstone of national policy in Tanzania, see Bryceson (1993).

The exchange rate regimes in many countries have been modified towards more openness. Government control over the allocation of foreign exchange has decreased significantly; 15 countries currently have flexible market-based rates, while others have fixed rates or rates pegged to a basket of currencies. Most countries have implemented substantial devaluations, and, thus, the difference between flexible and fixed currency regimes is less noticeable. A devalued currency means greater costs for imported fertilizers, but also higher prices for food imports and, thus, scope for increases in local food prices.

The reduction of tariffs and non-tariff barriers has advanced significantly during the implementation of SAPs. According to the World Bank (1994:90), most countries have removed all price controls, except for those on a few strategic goods. Tariff structures have also been rationalized, and the average weighted level of tariffs has been lowered (ibid:74). There are still other, more sophisticated or indirect, barriers which aim at protecting local producers. These include domestic sales manipulations and bureaucratic licensing practices. It is worth remembering that for food imports, the majority of imports are connected to bilateral agreements with some concessionary elements.

Fiscal policies concerning the agricultural sector have relevance for food marketing. African governments have shown great diversity in agricultural taxation during the implementation of structural adjustment programmes. In agricultural expenditures, a major factor is donor involvement, but during recent years, donor involvement in the agricultural sector and related infrastructure has been decreasing. There has been considerable interest in supporting the private sector, including crop trade, but so far the actual disbursements have been rather limited.

### **3.5 Compliance with SAP conditionalities: an inadequate criteria for measuring policy**

It is necessary to emphasize that analytically the rate of compliance with World Bank conditionalities is not an indicator of anything but this compliance itself. It is theoretically possible that the World Bank's reform package has the wrong ingredients (because of mistaken assumptions or faulty theory) and that compliance is detrimental to efficient crop marketing. Alternatively, an SSA country can independently implement other measures that increase the efficiency of crop marketing. Thus, the compliance criteria should not be stressed too much. In the following, we study i) controversial reform within SAPs, ii) reforms missing from SAPs, and iii) independent reforms by governments.

The functionality of a SAP model depends largely on the adaptation of the model to local peculiarities. While a model can be suitable in certain circumstances, in others it may also be highly controversial or even dysfunctional. A major controversy concerns the *distributional effects* of SAPs. While African economies have high tolerance for facilitating institutional reforms and other shocks, any such change creates both winners and losers. One aspect of reform with high distributive effects is the sudden elimination of pan-territorial prices. This can marginalize food producers operating in the hinterlands far from roads and towns. When pan-territorial pricing is removed without a

period of preliminary preparation, it can produce a shock effect on the afflicted areas. Although the change can be said to 'correct' price ratios and, over the long run, to increase the sustainability of agriculture by reducing the budgetary burden of the government related to the maintenance of 'egalitarian' regional policies, it tends to marginalize areas which are already likely to be meagrely endowed, thus having a negative impact on national integration, with possible political repercussions.

The list of missing reform measures is long, but overall reform has to be viewed in the light of the financial capacities of the governments. If an issue has to be pointed out, it is the lack of support to enable traders to have access to financing and transport. All in all, the character of SAPs is first and foremost directed at 'making room' for private sector operations. Reforms are negative in the sense that they imply the dismantling of institutional structures and conventional practices. There are fewer positive measures for building up institutional structures. Instead, the private sector is expected to independently create the structures it needs. Given the thinness of the African entrepreneurial class who have significant financial resources, this expectation is poorly founded, and the donor community has done very little to alleviate the problem. Perhaps NGOs have better capacity to provide support for rural credit and foster other trading institutions, but their priorities are focused on the social sector.

Examples of 'home-grown' adjustment often mean policies similar to SAPs, but implemented before – or sometimes instead of – adjustment programmes. Tanzania is often cited as an example of a country which implemented wide-ranging home-grown reforms (its discussions with the IMF were at a dead-lock). Some other countries, like Zambia and Zimbabwe, started to reduce official food prices (and thus the support system) well before they launched marketing reforms, thus making the shift easier. Policies implemented independently by governments tend to be more moderate. Governments also tend to liberalize first, but to revert to some of the control measures after a local food problem emerges.

### **3.6 Section summary: the high rate of implementation of the most simple reforms**

The SSA countries favour reform measures which involve limited or no fiscal costs. The rate of implementation is high for measures like those which allow private traders to compete with state marketing agencies. This type of policy change requires little more than the drafting of new laws and a cutback on police patrols at places where private traders gather. More costly are reforms aimed at the restructuring of public agencies and the retraining of public workers so as to provide new services for reformed markets, as well as measures to support private traders directly. These reforms have been implemented in a less systematic manner.

A similar distinction can be noted in World Bank conditionalities. The World Bank has been forceful in demanding the liberalization of food marketing, but its policy towards institutional reforms has been weaker. The overall WB policy in the food sector seems to be more concerned with the fiscal costs of food marketing and market-based food prices and less with food security.

The speed and sequencing of reform measures vary considerably. Governments need to consider the force of external pressures, competitiveness in local food production, the extent of protection prior to adjustment, and the size of the population segment which risks losing its source of livelihood. Even in the most straightforward cases, liberalization has taken place over a span of five years. Within the liberalization process, micro-sequencing (e.g. among various crops) causes abrupt changes in the economic environment of both farmers and traders. Due to delayed reactions by various stakeholders, a new stability in the economic environment is reached only several years after the reform process.

## IV THE POLITICAL ECONOMY OF FOOD MARKETING

### 4.1 Setting the scene

It is one thing to seek an economically optimal marketing system, another to propose an efficient system which would also be politically viable, and still another to analyse past and possible future trends in real political economy. Here we embark on the third, disillusioned, road, a road where self-interest is often a motivating force surpassing general good and where totality is determined by the interaction of conflicting motives and aims rather than careful planning.

Political economy is a filter which shapes, dilutes and modifies the effects of policies, however carefully they may have been planned. For this reason, an analysis of the political economy is a logical necessary step which must be taken before examining the impact of SAPs.

The governmental politics of food marketing for local consumption is different from that related to export crops. In the case of food marketing, governments need to consider the advantages of both consumers (primarily urban) and producers (primarily rural), a situation which leaves less scope for 'state class' interests. In contrast, export crops are produced primarily by rural producers who are taxed only according to state (class) interests. Also, food marketing, regardless of official policy, has always been largely handled through private channels. Thus, food marketing policies have only concerned a portion of the total market for certain key crops. On the other hand, government has often been able to control the marketing of major export crops.

Stakeholders in the political economy of food marketing are producers, consumers, traders and government. In addition, foreign interests enter the scene because of importation at world market prices and because of the political conditionalities of development aid. The political process means first and foremost alliances among major stakeholders and their sub-groups. At the centre of the political scene is the government because it can change the terms of food marketing by legislation and coercion. However, as the final pattern of food marketing results from the interplay of the objectives and practices of all stakeholders, the government cannot dictate the outcome.

*It is an error to assume that any of the stakeholders constitute a homogeneous group.* 'Government' involves a whole myriad of conflicting interests – the entire nation in miniature. First, politics at the governmental level tend to include interventions on food markets that can strike without warning. Moreover, regional and ethnic politics at lower levels affect food security considerations. Finally, trader connections impact on governmental decision-making. (Earlier crop parastatals and cooperatives were able to generate their own power bases within the state apparatus and could modify proposed changes. The wave of reform has recently diminished the importance of these power

bases.) Thus, governmental policies are linked to constituencies, patronage networks and the balance among conflicting interests.

As far as consumers, producers and traders are concerned, each group can easily be divided into two sub-groups – the poor and others. Lacking the capacity to protect themselves from spatial and seasonal price variations, which can fluctuate by as much as 50 per cent below or above average trend prices, the poor consumers are likely to face the severest difficulties in food provisioning. In comparison, rich consumers can stockpile food after harvest, or tap food in surplus areas for safe storage.

Among producers, a major difference exists between smallholders (below or above subsistence level) and estate food producers. The input supplies available to smallholders are erratic and expensive, and smallholders are likely to sell a part of their produce immediately after harvest. By contrast, estate farmers have the option to market their produce to deficit areas during food shortages. They can also bypass some of the lower sections of the food marketing chain to increase their profit margin.

Private traders are a mixed lot. Petty traders can be very efficient as they use whatever transport is available for short distances. However, the existence of surplus labour and the high rate of entry to trading have flooded the market with young inexperienced traders, and harsh competition diminishes the profit margins of this group. A major question determining profitability in the food trade is the exogenous one of whether trading is practised by specialized food traders or by non-specialized traders.<sup>15</sup> Several studies indicate that large-scale traders seldom specialize in food marketing, but direct their resources to whatever item of trade is most profitable (e.g. Chachage 1993:234 and Parsalaw 1996 on Tanzania). One can hypothesize that food trading is conditioned in many areas by the trade in export crops which usually produce higher per kilogramme profits. Thus, the long-distance trading of food crops competes seasonally with export crops for transport and funding. Large-scale traders enter the food trade only when they can realize comparatively high profits.

The political process is complicated by this network of stakeholders and its subdivisions. As regards the central role of government, there are several questions worth asking: Does a government see food producers or food consumers as its primary target group? If so, when? In what circumstances are the needs of traders directly served? While each group has legitimate claims on the state, it is the task of the political process to direct distribution. Each group is further divided into sub-groups with antagonistic interests. Table 3 provides a basic analysis of the relationship between different instruments and their distributive effects among consumers and producers. Interestingly, this World Bank table does not show estate farmers, trader groups or government representatives as interest groups.

---

<sup>15</sup> See Seppälä (1996) for a discussion of the tendency of petty producers to diversify their sources of income. Especially rural-based traders use agriculture and other types of trading as supplementary income-generating activities. This tendency helps petty traders to participate in trading seasonally.

TABLE 3  
HOW DIFFERENT POLICIES AFFECT DIFFERENT GROUPS

	Effect on real income in short/medium term				
	Effect on food prices	Urban poor	Rural landless	Subsistence farmers	Small farmers with surplus
Reducing imports of food	▲	▼	▼	○	
Expanding imports of food	▼	▲	▲	○	▼
Subsidize food production:					
Foods not traded internationally	▼	▲	▲	▲	▲
Foods traded internationally	○	○	▲	▲	▲
Reduce subsidies on food production:					
Foods not traded internationally	▲	▼	▼	▼	▼
Foods traded internationally	○	○	▼	▼	▼
Subsidize food prices for consumers, maintain producer prices	▼	▲	▲	○	○
Augmenting incomes targeted or market-wide	○	▲	▲	▲	▲

Source: World Bank (1988)

Key:   ▲ Improvement  
      ○ No effect  
      ▼ Moderate deterioration  
      ▲ Moderate improvement  
      ▼ Deterioration

How do alliances among stakeholders change? A growing concern in liberalized economy has been the austerity of the state's fiscal situation and the resulting alliances of leading politicians with businessmen. This is most clearly felt in situations where multi-party politics have eroded the ruling political elite's direct access to state finances. Alliances between top politicians and large traders/farmers are facilitated by the overlap between these groups. Gibbon *et al.* (1993:147) maintain that in this situation, privatization means allowing 'the state bourgeoisie to legally privatize its interests without transforming its essentially parasitical form of economic operation'. However, it should be added that private food marketing provides relatively limited opportunities for exceptionally high profits (except for imports exempt from duties). Consequently, it is a marginal playing field.

The political economy perspective should also include international actors, namely, the multinational corporations, Bretton Woods institutions and other donors. Again, new coalitions are emerging within and among these groups and domestic stakeholders. Whereas donors have classically supported centralized governmental organizations in food marketing, they have increasingly turned towards solutions in which private traders and market mechanisms are seen as the key players. Donors still cooperate with

governments since it is extremely difficult to bypass the government to provide aid directly to traders. In turn, given the concomitant hesitation in project aid, donors have used programme aid, including political conditionality, as a convenient tool to make their position known.

## 4.2 Government policies: the diffuse aims in public food marketing

History shows that food marketing has always been a controversial issue with high political stakes. In the following, we define eight intertwined political issues which continue to exist or become even more delicate during structural adjustment: urban food provisioning, overall food security, food self-sufficiency, intervention to stabilize fluctuating food prices, inter-regional interventions, trader policies, food imports, and fiscal costs. A government needs to seek a balance among the various, partly contradictory aims. Table 4 offers a generalized assessment of the shift in government objectives in the cause of marketing reform.

TABLE 4  
GOVERNMENT OBJECTIVES IN FOOD POLICY BEFORE AND AFTER STRUCTURAL ADJUSTMENT

	Before SAP	After SAP
Cheap urban food	Weak/strong	None
Overall food security	Weak/strong	Weak
National food self-sufficiency	Weak	None
Seasonal price stability	Weak	None
Spatial producer price uniformity	Weak/strong	None
Conducive private trade	None	Weak
Minimal import costs	Weak	None
Minimal government marketing costs	None	Weak

The actual emphasis given to the various factors differs from one country to another. Nevertheless, the table shows that the political aims of food policies after adjustment are based on fewer objectives than are the aims of the policies before reform.

### 4.2.1 *Subsidized urban food provisioning*

The first political battle concerns policies to keep politically-conscious classes satisfied through moderate food prices. This is commonly translated as the issue of urban food provisioning. Urban food prices were kept low in order to keep wage inflation low. Low wage inflation was a major aim in pre-adjustment economies, in which the exchange rate and foreign trade were controlled and wage inflation would have limited the command over the economy.

There was concern that the liberalization of food marketing and particularly a decrease in urban food subsidies would lead to rioting. While riots did occasionally take place during the course of price deregulation, they were less frequent than initially anticipated. This may reflect the fact that a large share of pre-SAP urban food provisioning was



supplied by parallel markets or through self-provisioning. Although efforts were directed at low-income groups, food subsidies targeted to the poorest urban dwellers tended to disappear, only to re-emerge in parallel markets (cf. Sahn and Desai 1995).

The high rate of urbanization translates into accumulated urban food problems. Urban plot farming has partly provided food to urban people, but this window for the poor is closing. The scale of the problem depends on the individual country and town. Lagos is an extreme example: its population is expected to reach an estimated 24 million by 2015, and for such magnitudes minor solutions will not be feasible.

#### *4.2.2 Overall food security*

Food security is a larger political issue which concerns not only food prices, but food availability in emergency areas even more. International organizations and donors have pushed for the creation of storage facilities which would guarantee the availability of basic quantities of grain in poor years. This is not a minor investment; Pinckney (1993:325) estimates that the storage of food grain would require high initial capital costs to build facilities, plus annual outlays of between 15 and 25 per cent of stock value. Since harvests vary considerably, governments have been tempted to build large storage facilities. But, grain and storage facilities designated for emergencies can also be used for other purposes. Since food supply is usually below demand, and since price can be manipulated by sudden influxes to the market, political leaders have been tempted to use security food to canvass votes or political support; political considerations here surpass economic rationale.

Emergencies receive political recognition and create international participation. If there is one group of stakeholders forgotten and powerless, it is the rural poor who are net food consumers, but who are not affected by emergencies. In the political debate, their interests have been largely ignored.

#### *4.2.3 National food self-sufficiency*

While food security is a major political issue, the question is still whether the government relies on imports to achieve food security or whether it concurrently hopes to aggregate food self-sufficiency. Self-sufficiency may not be an important aim in itself, but if imports lead to urban consumption patterns favouring pure importables, and if rural producers who lose their markets, also lack alternative, easily-marketed crops to fill the void, the policy adds to rural impoverishment.

In practice, self-sufficiency is a long-term production issue, and marketing policies have limited possibilities for improving the degree of self-sufficiency. National self-sufficiency in all major staples is an unrealistic short-term aim for most countries. Given the discrepancy between consumption and production patterns, and given the (common) comparative advantage of export crops relative to food crops, many governments have abandoned the idea of self-sufficiency. The WTO is actually forcing the SSA countries to agree to a certain amount of food imports. Countries are exempted from tariff reductions in major staple foods as long as imports are at least 4 per cent of consumption in 2005 (Hoekman and Kostecki 1995:206).

#### 4.2.4 Price stabilization

One related political question revolves around whether (and to what extent) governments should stabilize food prices. This actually concerns two separate issues: the stability of producer prices and the stability of consumer prices.

The mechanism for producer price fluctuations<sup>16</sup> is more readily understood when it is acknowledged that food marketing constitutes *surplus* resources in two senses of the word. First, smallholders sell their surplus production to markets, and then traders (with diverse income sources) apply their leftover resources for food marketing. It is easy to understand how food marketing based on such precarious mechanisms and marginal resources can be plagued with fundamental problems.

Volatile changes in producer prices are likely to dampen the enthusiasm of farmers to invest in agriculture. Fluctuations also have another impact: seasonal variations, coupled with inflation, hide the increases in real prices from the farmers. In other words, a price increase for the producer needs to be very substantial to be recognized as an incentive, instead of merely a temporary fluctuation.

Volatile markets are usually expected to hurt poor consumers, and price stabilization is therefore expected to have a positive impact on equality. Pinckney (1993:326-7) argues on the basis of other studies that, '(i) costless price stabilization may or may not be beneficial, depending on the shape of the demand curve; and (ii) that the welfare costs of price instability, when they exist at all, are relatively unimportant.' Thus, governments should not intervene in food markets. However, he goes on to point out that this view is based on static analysis and that there are several dynamic factors which generate welfare costs or have an effect on investments. Based on a model calculation for a free market situation, Pinckney estimates that the coefficient of the variation in prices would range from 22 to 38 per cent, depending on the country. He concludes that governments should adopt transparent methods to intervene in markets and that they can intervene effectively relying on stocks which are much smaller than those which they have generally maintained.

The existence of heavy seasonal price fluctuations and spatial price variations does not indicate the failure of marketing reform in the sense that traders have not been competitive. Fluctuations and variations can equally be an indication of imperfect infrastructure. In *realexistierende Capitalismus* there are always similar imperfections. The issue is whether such fluctuations are permissible. A review of studies shows that governments, unwilling to tolerate full price fluctuations, tend to intervene through imports or other means. It is interesting to note that some of the countries which have

---

<sup>16</sup> Producer price fluctuations are caused by several factors. First, the supply of food is seasonal and erratic. Second, when farmers sell only their surplus, they can withdraw from the market trade if the producer price development is unfavourable. A part of food producer price fluctuations can be explained by the allocative strategies of food producers. Third, traders need to allocate their scarce resources for food trading and other activities according to seasons. With limited capacities to finance crop purchases, they tend to pass price fluctuations onwards. To take a more positive step, traders should reduce a portion of spatial price variations.

tried to keep up food reserves and control over the marketing of key food crops are landlocked ones, e.g. Malawi, Zimbabwe and Zambia. These countries incur high costs, should they need to buy food from abroad to suppress price fluctuations. Governments have also maintained interventions longer in countries where key crop prices (both producer and consumer prices) are central to open political debates, e.g. Kenya and Zambia.

#### *4.2.5 Limiting spatial producer price variations*

In the political economy of food marketing, the spatial distribution of benefits is a special issue because it tends to unite different stakeholders from similar ethno-cultural backgrounds. The existence of strong regional cliques may lead to divisive policies which then call for counter-measures by national leaders.

Many SSA countries exhibit significant variations in the agro-ecological zones within their borders. Population densities are not necessarily distributed according to the availability of good agricultural land, and as a result, food needs to be transported from one location to another. During the pre-adjustment era, most interventionist governments provided pan-territorial prices for all citizens for two reasons: first, to increase national political cohesion and, second, to boost agricultural production in the peripheral areas. In large and sparsely populated countries, this policy directive was extremely costly. Adjustment policies have eliminated the concept of guaranteed pan-territorial prices. Consequently, the differences among regions within a country are expected to increase. The most vulnerable are those living in peripheral areas who produce simple staples and who, due to distances or natural conditions, are unable to shift production to bulky and perishable vegetables or other food crops.

When spatial variations in pre-reform food prices are analysed and when the role of the parallel market is fully observed, the prices for several food crops show noticeable local differences. Localized marketing circuits create price variations which can be multiplied during drought (Endale 1993). Van Donge has conducted an excellent analysis of locational price differences in Tanzania. He states that:

... maize markets throughout Tanzania appear to be highly segmented, and the pattern of supply and demand may be locally determined to a large extent. If national policies and economic constellations are determining forces of supply and demand, one would expect price movements of, e.g., maize to correlate throughout Tanzania. That appears hardly to be the case. A correlation of open-market prices in 14 different places over the period 1983/89 shows few significant correlations (van Donge 1994:166).

Tanzania showed only limited integration of markets in the first years after liberalization. Parallel food markets were spatially segmented before adjustment, and remained so immediately after liberalization. Later, market integration has increased in central areas, while the border regions have retained their particular dynamics. In Tanzania, as well as in the other large countries, there are ample grounds to criticize the

conventional national frame of analysis and to look for more localized solutions to food problems (cf. also Berry 1993).

#### 4.2.6 *Policies to provide a conducive environment for private traders*

Another political debate concerns the policies towards traders. Government should support the activities of traders with permissive policies, but, if large-scale traders join ranks demanding concessions, they can soon become an independent political force. Even small-scale traders can develop their own political platforms advocating demands and, since they are overwhelmingly young and poor, violence can become an option. This type of development cannot be accepted by governments, and efforts are sometimes made to co-opt traders.

A major issue in the policies related to traders is the role of large 'non-indigenous' (local or foreign) traders. Trading requires significant amounts of capital for investment, and, since non-indigenous traders often have this capacity, they play a key role in urban food marketing. This creates racist antagonism which is exacerbated by the populist undertones in multi-party politics. Proposals for the confiscation of the property of 'non-indigenous' traders are common in the populist debate. Should this happen, the only likely result is less interest on the part of these traders to make long-term investments.

Government is expected not only to control traders and to arbitrate conflicts of interest, but also to help them by providing services and infrastructure. The political dialogue is changing, and traders, no longer viewed as 'parasites', have an important function in the totality. Nevertheless, the ability of traders to handle vast amounts of money, their mobility, and cases of quick enrichment of a few individuals cause envy in other interest groups, making it difficult for a government to earmark vast investments to directly serve the needs of traders.

Cross-border trade shows the limitations of government control over traders. Cross-border trade has been widely practised in countries like Tanzania where high-potential agricultural areas are near borders and where large markets exist in neighbouring countries. Cross-border trade is further enhanced by the price differentials among countries. Under the conditions before adjustment, the differences in controlled prices were so extreme that even crops collected through official marketing systems in distant areas leaked across the border, making food security calculations very difficult. For the traders, it was a profitable commercial operation. Official statistics for cross-border trade are so unreliable that it is impossible to estimate the effect of the liberalization of food marketing on cross-border trade.<sup>17</sup>

---

<sup>17</sup> Yeboah (1993) has conducted a thorough analysis of the official cross-border trade of food in Africa. His results show that the level of cross-border trade is very low compared to that of international food trade. A part of cross-border trade is actually a result of the purchases of food aid conducted by external donors. Cf. Clay and Benson (1991) on such triangulation in aid operations.

#### 4.2.7 *Minimized food imports*

One major political issue, namely, import policy, is directly linked to all the issues discussed above. First, imports affect the rural-urban bias. Second, food imports are a major tool for price stabilization. Third, food imports to coastal towns set these centres apart from the hinterlands. Fourth, food imports create potentially good business opportunities for large-scale traders.

Food imports have increased in many SSA countries during the last ten years, reaching such levels that total agricultural imports (primarily food) equal the export level of agricultural products (primarily non-food crops like coffee and cocoa) (FAO 1995b:76). Consumption in all of Africa has reached 184 kg of cereal per person per year, of which 42 kg is imported (Alexandratos and de Haen 1995:365). The import-dependency of individual countries varies considerably (Annex 1) and annual import requirements can vacillate considerably from year to year, as a result of sporadic ecological and man-made catastrophes. Some of the import-dependent countries in Annex 1 have been temporarily handicapped by draught in southern Africa or by political disturbances.

Control over food imports is a political issue, and many governments had a monopoly over imports during the pre-adjustment era. The reasons were two-fold: first, to protect the emerging local production capacities and, second, to gain certain advantages from the control of food, such as new political clients, but also from the rents generated by a position of control within restricted food markets.

Food aid constitutes, by definition, food importation at a bilaterally agreed concessional price, where the concessional element is at least 25 per cent of the market value. Food aid formed over 30 per cent of cereal imports in seventeen countries (see Annex 1). Recent estimates suggest that the need for food aid is increasing, but that the availability of surplus stocks in the USA and Europe for conversion to aid is decreasing.<sup>18</sup> Here, the policy line of donors is the determinant factor, and recipient governments need to adjust their commercial food imports to the aid situation. Governments sometimes exaggerate the urgency for food aid, as food aid can minimize the need for food imports. In this sense, food importation is a residual policy parameter. However, given the difficulty of crop estimation (and the need for early import decisions to allow time for shipments), decisions on import quantities are most likely to be political, based on the fiscal situation as much as on the effective demand.

#### 4.2.8 *Minimizing the fiscal costs*

When the SSA governments focused on several political aims during the pre-adjustment period, the costs related to food policies increased to an unacceptable level. Total cost of the policies is difficult to gauge because only a portion of the costs arose from direct

---

<sup>18</sup> The reservation within this prognosis is that the production capacity of the USA, Canada and the European Community depends on the level of subsidies and the policy on acreage which has been temporarily removed from use. The production capacity of the former USSR and the consumption level of China are other factors creating uncertainty in predictions concerning future grain markets (Boonekamp and Cathelinaud 1996).

support for marketing agencies. The additional costs accumulated from agricultural support to farmers (for cheap fertilizers, extension work, etc.) and to millers. Other costs covered income transfers to the poor through emergency aid, cheap urban food and pan-territorial prices. Whatever the source of money outlay, the total costs were high. There are good grounds to say that the prime political motivation for governments, when undertaking the liberalization of food marketing, was the reduction of fiscal deficits (Jayne and Jones 1996:2). This was also the issue emphasized by the World Bank.

If this point is given primacy, liberalization, regardless of developments on other fronts, can be seen as beneficial if the fiscal costs can be substantially decreased. However, a government wishing to maintain its power cannot throw out overall food security considerations. The question then remains whether it can provide the necessary minimal food security under private market conditions at significantly lower costs than those incurred during the pre-adjustment period. Here the jury is still out. Jayne and Jones (1996) claim that marketing board deficits have increased (and not decreased) following the implementation of reforms in Kenya, Malawi, Zambia, Zimbabwe, and Tanzania.

### **4.3 Section summary: change in political aims**

Food production is subject to diverging political aims, and a government may try to maintain a balance among these aims. However, it has only a limited control over food markets. In the 1960s and 1970s, the food marketing scene was overshadowed by nation-building, and food marketing was considered one such tool. In the 1980s, the political scene changed and governmental interventions tended to be strategic and targeted at short- or medium-term impacts. In the 1990s, the variety of objectives in the context of the liberalized economy is narrower than those prior to liberalization. We can generalize by stating that the change is from active food policies to passive (reactive) food policies. The coverage of policies has changed from extensive coverage to more specific targeting.

Actions by farmers and traders may fully offset the original aims of the government. The politics favouring urban needs over rural areas is based on the premise that urban consumers are a vocal political group. This is true, but it does not mean that rural producers are without any political leverage. Rural producers can shake national economies simply by making household level allocative decisions (through 'exit' or diversification in production and through networking and effective links in circulation) which can result in major shifts in production patterns. Unpredictable supply responses are a sign of this political muscle (Hyden 1980; Berry 1993).

Finally, it is worth repeating that none of the stakeholders form a homogeneous group. Instead, a part of the government may form alliances with estate farmers, while another part may join ranks with smallholders. For these reasons, the effects of policy changes – like marketing reform – are not straightforward.

## V THE IMPACT OF MARKETING REFORM ON FOOD PRODUCTION AND PRICES

In this chapter we conduct a partial test of the success of marketing reform. We classify countries by the rate of implementation of marketing reform. Then we compare the country groups in terms of key crop production in the 1980s and 1990s. Next we provide alternative explanations for supply responses. In the last section the same test is conducted with the producer prices of key crops.

### 5.1 Methodological considerations regarding causalities

When marketing reform has been advocated, the aim on the supply side has been two-fold: higher producer prices and, subsequently, greater production levels. The existence of a causality between price/marketing reform and supply responses has been contested by several writers. Many case studies take up the issue of whether a boost in prices (established in the SAP context) can provide adequate incentive for farmers to invest increasing efforts and resources to crop production. Some studies point out that price incentives are secondary to the availability of attractive consumer goods. Yet, others argue that the importance of input prices (fertilizers, transport, etc.) and of availability is more significant than that of output prices. Platteau (1995:469) argues that higher prices will only generate a 'once-and-for-all' response which is unlikely to lead to continuous increases within the current technological system. Given these reservations, it is unlikely that the effect of possible price increases would be unilinear.

Actually we can ask whether higher producer prices are the primary objective of SAPs. Initially, the aim of structural adjustment programmes was to provide incentives for rural producers through increased producer prices. Later on, pressures emerged for keeping local consumer prices for food low. In order to reach both objectives, a third objective, namely to decrease the costs of marketing, was given priority. Table 5 shows the extent to which different reform measures are likely to serve these three distinctive aims. As is evident from the table, the different measures have *contradictory* effects. While one measure may increase producer prices, another measure may have diametrically the opposite result. For example, deregulation may raise crop prices and thus the profits of farmers, but, on the input side, it may boost production costs and thus diminish the profits of farmers. When measures have opposing signs, the end result is not easily predictable.

Reading Table 5 horizontally, we see that each reform measure can have different effects if the impact is disaggregated according to crop category. For example, the liberalization of imports is likely to decrease the marketing costs of competitive (i.e. locally produced and imported) crops and (pure) importables, but it does not have a direct impact on the prices of non-tradables.

TABLE 5  
THE EFFECTS OF LIBERALIZATION MEASURES ON FOOD PRICES

Reform measure	Profit for producer			Consumer price			Marketing costs		
	I	II	III	I	II	III	I	II	III
Domestic price deregulation	-	↗ ↘	↗ ↘	↗ ↘	↗ ↘	↗ ↘	-	↘	↘
Input price deregulation <sup>1)</sup>	-	↘	↘	-	↗	↗	-	-	-
Reduced food security interventions <sup>2)</sup>	-	↗	-	↗	↗	↗	↘	↗ ↘	↗ ↘
Liberalized food import		↘	→	↘	↘	→	↘	↘	→
Exchange rate depreciation	-	↗	→	↗	↗	→	-	-	-

Notes: Legend for columns: I - Importable crop  
II - Competitive crop  
III - Non-tradable crop

<sup>1)</sup> This means usually the end of subsidized prices for inputs.

<sup>2)</sup> Less food aid at concessionary prices; smaller buffer stocks; strict criteria for food security interventions.

In the final analysis, the effects of marketing reform (i.e. domestic price deregulation) are difficult to separate from other (SAP-related or independent) policy changes, or changes in the external environment.<sup>19</sup> The analysis of producer prices is a classical example of a case in which the effects of marketing reform are linked to other factors. Perhaps the most accurate indicator of the success of marketing reform is the producer/consumer price ratio. However, there is a profound lack of primary data, and this ratio has not been systematically collected for a number of countries for a sufficiently long period to make the pre- and post-adjustment comparison possible.<sup>20</sup>

Given the data limitations, we have to utilize the second-best data sources. In the following we study only producer prices and produced quantities. The review starts with a time series analysis of food production data and then proceeds to analyse price data. The objective is to determine whether countries show some significant variation in addition to that which can be explained by the implementation of marketing liberalization measures.

<sup>19</sup> The methodological problems related to the analysis of the effects of SAPs (as opposed to other factors) are well-known (e.g. Killick 1995:36-53; Krueger *et al.* 1991). The problems related to the analysis of the effects of a single reform measure (i.e. domestic market liberalization) are even more difficult. In the case of marketing liberalization, the issue is further compounded by the fact that different measures have contradictory effects.

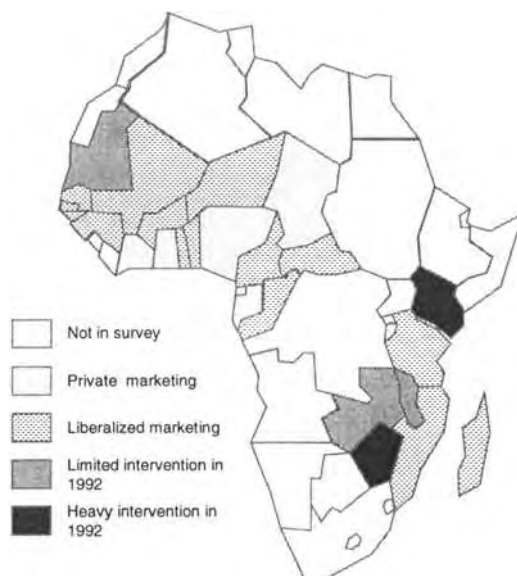
<sup>20</sup> Bryceson (1994) calls the small and quick surveys on traders and their marketing behaviour 'impressionistic' and advocates more systematic analysis using a combination of quantitative and qualitative methods.



## 5.2 The effects of liberalization measures on key crop production

The World Bank has analysed the implementation rate of food marketing liberalization measures, and FAO provides data on food production in Sub-Saharan Africa. By combining these two data sets, we can estimate whether countries with liberalized food marketing have, in fact, increased their production levels more than non-liberalized countries. In addition, there is a third group of countries; i.e. those which have had private sector control over food marketing both before and after adjustment.

FIGURE 3  
THE LIBERALIZATION OF FOOD MARKETING IN SUB-SAHARAN AFRICA



With some exceptions, the following analysis utilizes categories provided by the World Bank (1994 and 1996).<sup>21</sup> For example, the World Bank uses certain selected key crops, while the FAO data rely on a slightly different crop selection.<sup>22</sup>

The classification of countries calls for an explanation. Countries are classified according to a 'liberalization score', an indicator reflecting policy change, specifically constructed for this analysis by combining two indicators which characterize

---

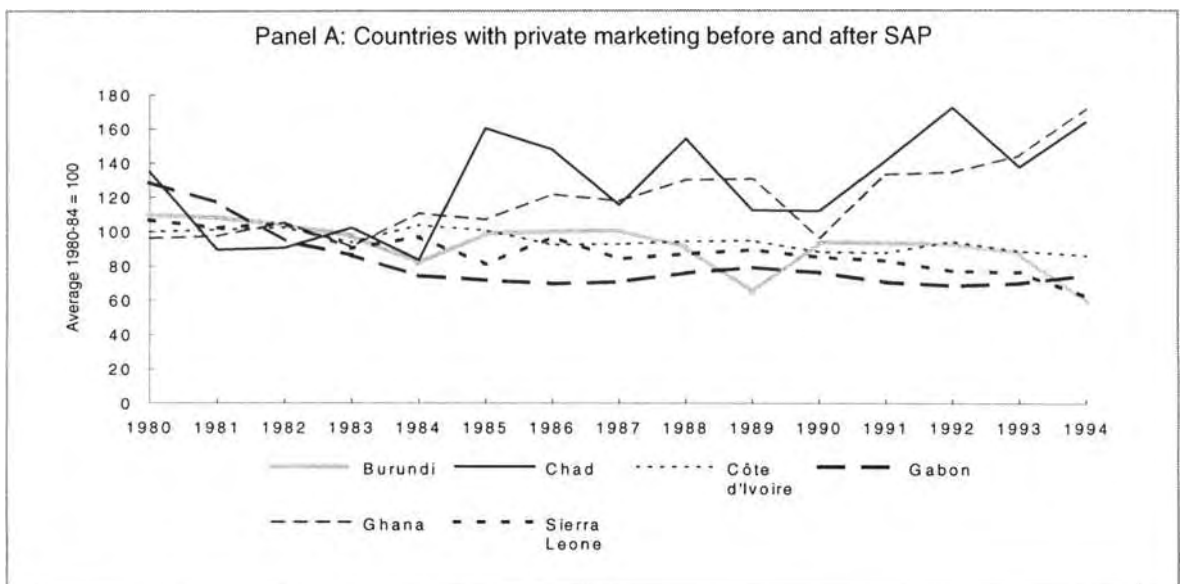
<sup>21</sup> There are good grounds to challenge the analysis of both the data and the categories of the World Bank in some individual cases. However, given the overall deficiencies in the statistical data and the lack of definite alternative criteria for the degree of marketing liberalization, we have opted to use the data as they stand. The same applies for the FAO data. See Raikes (1988:17-23) on the accuracy of the FAO production estimation for Africa.

<sup>22</sup> The key to the analysis is the categories used by the World Bank (1994:85). See Annex 5 for the key crops in various tables. Instead of the World Bank production tables, we use the updated FAO statistics. This modification has caused minor changes in reported key crops (e.g. 'coarse grain' replacing 'millet and sorghum'). The representativeness of key crops is checked through a comparison of production data for various potential key crops. Rwanda is excluded from the analysis because of the lack of a single representative key crop category and because of the warfare there. It is noteworthy that the following analysis therefore covers only selected key crops, not total food production. However, a similar overall pattern was produced when the analysis was conducted with the same country classification and total production figures.

circumstances 'before SAP' and 'after SAP' (World Bank 1994:85). The values of the liberalization score are ordinal scale values which reflect changes in policy between the 'before' and 'after' situations. The liberalization score is allocated four values. The value 'private marketing' denotes no interventions for key crops. 'Liberalized food marketing' identifies countries where existing state interventions had been removed by 1992. For countries with selected or heavy interventions before SAP and for countries with some interventions still in place after 1992, the value is 'limited intervention'. Finally, if major restrictions have been retained, the value is 'major restrictions'. The classification can be converted into an ordinal scale because the World Bank primary data do not include cases of countries reversing the procedure from a more liberalized position to a more interventionist one. Instead, all countries are reported to be on lineal development towards liberalization (Table 2). The full liberalization of key crop marketing has taken place in 15 of the 27 countries analysed. These 15 countries accommodate 116 million people out of the total of 308 million for the 27 countries; thus, full-scale liberalization affects 38 per cent of the population studied. The geographical variation in liberalization is depicted in Figure 3.

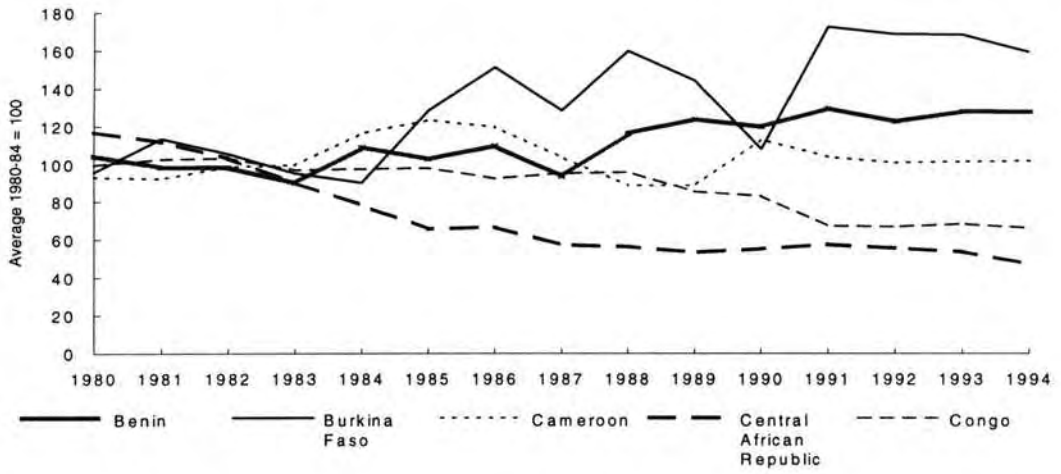
The data presented in Figure 4 are descriptive and show the variation in full, indicating that the differences in food production are as high within the country groups as they are between the country groups. Thus, the classification of countries by the liberalization score explains only marginally the growth performance of key food crops.<sup>23</sup>

FIGURE 4  
FOOD PRODUCTION OF KEY CROPS IN FOUR COUNTRY GROUPS, 1980-94

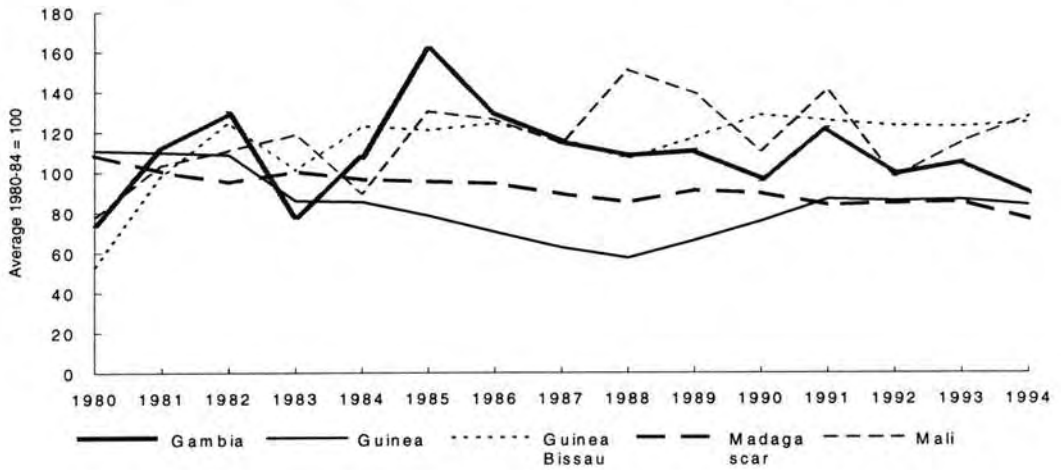


<sup>23</sup> Two reservations concerning the results need to be made. First, the time period is still short. It has been convincingly argued that there can be a lag of 5-10 years between policy reform, price changes and the supply response. Although in some studies in the 1970s African farmers were shown to be price responsive, it is not evident that they would have the means to be as responsive in the contemporary situation (Harvey 1988:6). Second, countries differ in terms of the initial situation in agriculture efficiency. If agriculture is already utilizing available land and labour relatively efficiently, liberalization measures have less scope to generate improvement.

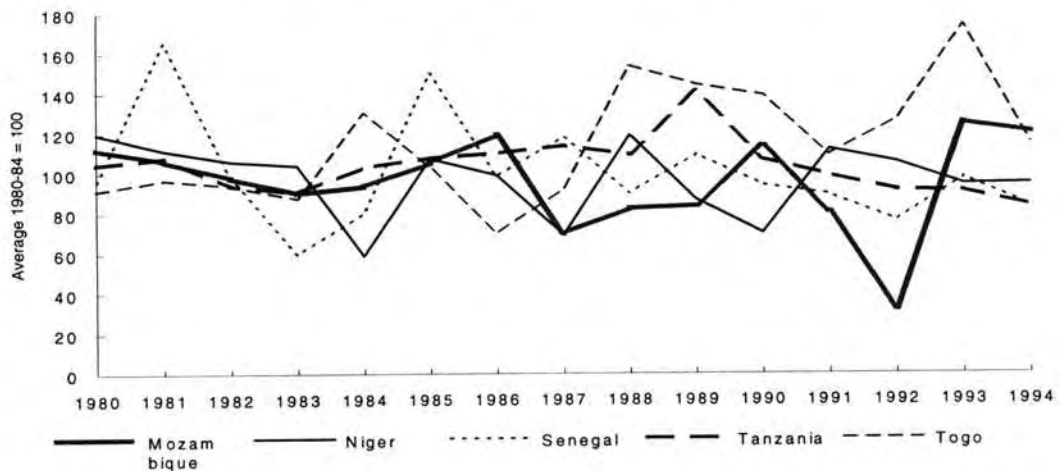
Panel B: Countries with liberalized marketing during SAP



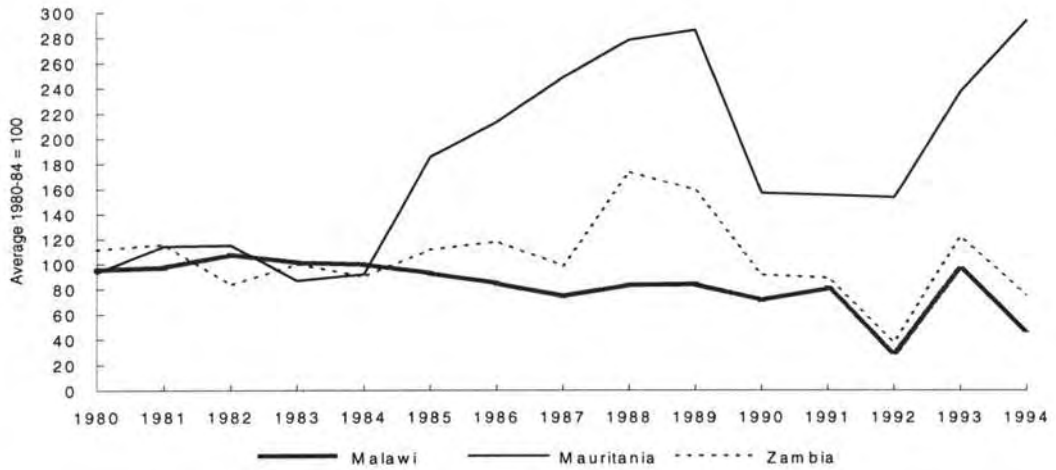
Panel C: Countries with liberalized marketing during SAP



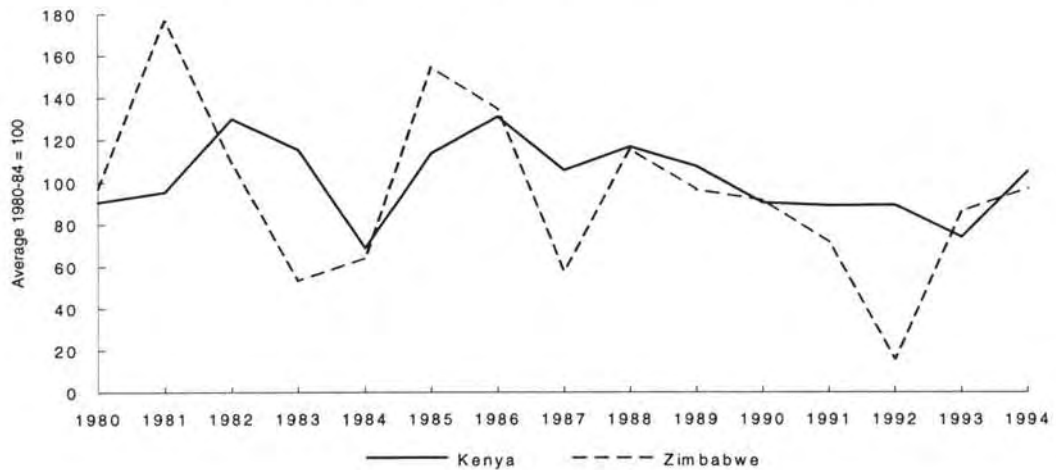
Panel D: Countries with liberalized marketing during SAP



Panel E: Countries with limited marketing intervention in 1992



Panel F: Countries with major marketing intervention in 1992



In the following we present four explanations of key crop production. The first one is a basic proposition that liberalized marketing explains differences in key crop growth. The following three propositions challenge this view. The alternative explanations focus on the vulnerability of key crops to competition (i.e. tradedness, external substitutability), the initial situation (i.e. food self-sufficiency prior to the study period) and the prevalence of droughts during the study period. All these factors have an effect, and a final analysis should include at least the following factors.

$$Q = f(L, T, S, D, C)$$

- where Q      Key crop production  
 L            Liberalization score  
 T            Key crop vulnerability to external competition (tradedness, substitutes in consumption)  
 S            Self-sufficiency in food prior to the test period

- D Incidence of droughts during the test period
- C Land-competing substituting crops (crop- and area-specific)

While the last factor – crop substitution – is an important one, we are unable to provide evidence on it due to the high variation in the substituting crops.

### 5.2.1 Liberalization score

In order to simplify the differences among country groups, we have counted the population-weighted increase in per capita production between the 1985-89 and 1990-94 averages (see Table 6).<sup>24</sup> All data are sensitive to the selection of the study period.

The country group comparison implies that growth has been highest in countries with private marketing, while countries with state interventions in food production exhibit lower growth rates. The population-weighted average increase in key crop production in countries with private marketing was 1.0 per cent, compared to the 4.5 per cent decline for liberalizing countries. The production of key crops declined significantly in the interventionist countries. Countries retaining limited state interventions showed a 28 per cent decline, while countries with major interventions had a decline of 26 per cent.

TABLE 6  
THE INCREASE IN PER CAPITA KEY FOOD CROP PRODUCTION, BY LIBERALIZATION SCORE  
(VALUES WEIGHTED BY POPULATION IN 1990)

Liberalization score	Population-weighted increase between 1985-89 and 1990-94 averages	Number of countries	Population in 1990 (in millions)
Reliance on private marketing before and after SAP	1.0 <sup>(1)</sup>	6	43
Marketing liberalized between 1980 and 1992	-4.5 <sup>(2)</sup>	15	116
Limited state intervention retained in 1992	-28.0 <sup>(3)</sup>	3	20
Major state intervention retained in 1992	-26.0 <sup>(4)</sup>	2	33

Source: Author's calculations based on FAO Agristat.

- Notes:
- (1) With Nigeria 104.8 per cent. No reported droughts during the study period.
  - (2) Drought years excluded -2.4 per cent.
  - (3) Drought years excluded -17.4 per cent.
  - (4) Drought years excluded -20.0 per cent.

Next we analyse the growth in the individual countries within country groups. Countries relying on private marketing of key food crops before and after SAP include West African countries plus Burundi. Nigeria is excluded from Table 6. If Nigeria were included, it would dominate the scene because of its high population figure. Moreover,

<sup>24</sup> The selection of the time period is limited by considerations related to country classification. The data after 1994 cannot be included in the analysis because during 1995-6 even the interventionist countries had a liberalized food marketing system in operation (and because the data for 1995-96 are initial FAO guesstimates).

the reported crop production shows a spectacular development. If Nigeria were included in the category of private marketing countries, the growth for the group would be over 100 per cent. The high growth rate of Nigeria (yams) is heavily influenced by growth of planted area. Within this group, the production of coarse grain in Chad shows a substantial growth in the early 1990s. Burundi and Sierra Leone have negative growth rates which can partly be explained by political unrest.

The countries which liberalized food marketing during the course of SAP implementation are numerous. Positive examples are Guinea (rice), Togo (maize) and Benin (roots and tubers). The Central African Republic, which produced decreasing amounts of cassava in the 1980s, signed its first SAL in the 1987 and showed a slight recovery in the first years of the 1990s and a decrease later on. Tanzania (maize) and Gambia (coarse grain) have the poorest performance.

Countries with continued government intervention in food marketing after SAP show largely negative growth over the study period. Mauritania (cereals) exhibits a negative growth rate over the study-period averages, although it has increased production in the 1990s. Malawi, Zambia and Zimbabwe – all maize-producing countries – were extremely hard hit by the 1992 drought, but recovered fully in one year, except for Zimbabwe, which was again defeated by drought in 1994. All in all, liberalization policy first appears as a power explanation. Next, we introduce three factors, which reduce considerably the explanatory power of reform policy.<sup>25</sup>

### 5.2.2 *Droughts*

Weather is the major determinant for fluctuations in African food production. Over past decades, rain has increased in importance because population congestion has forced farmers to increasingly utilize marginal farming areas, where weather fluctuations are more erratic than in high-potential agricultural regions. In analysing the SAP performance in drought-prone countries, Elbadawi (1996) identifies several drought-induced obstacles for reaching the aims of adjustment. During the period studied (1985-94) drought caused havoc only in east Africa. Using World Bank (1996:243) data on drought (but omitting cases where per capita key crop production decline from previous year was less than 10 per cent), the following drought periods were identified: Mozambique 1992, Malawi 1992 and 1994, Niger 1987 and 1990, Zambia 1992 and 1994, Kenya 1993 and Zimbabwe 1992. When only these individual cases are dropped from the original comparison, we locate the following rates of increase: private marketing countries 1.0 per cent, liberalizing countries -2.4 per cent, countries with limited state intervention -17.4 per cent, and countries with major intervention -20.0 per cent. This means a noticeable change for the benefit of liberalizing countries.

---

<sup>25</sup> Kenya actually embarked on the liberalization of maize marketing after the 1992 cutoff point used in this study. Its maize production increased temporarily in 1994, but it is not clear whether the major explanatory factor is marketing reform.

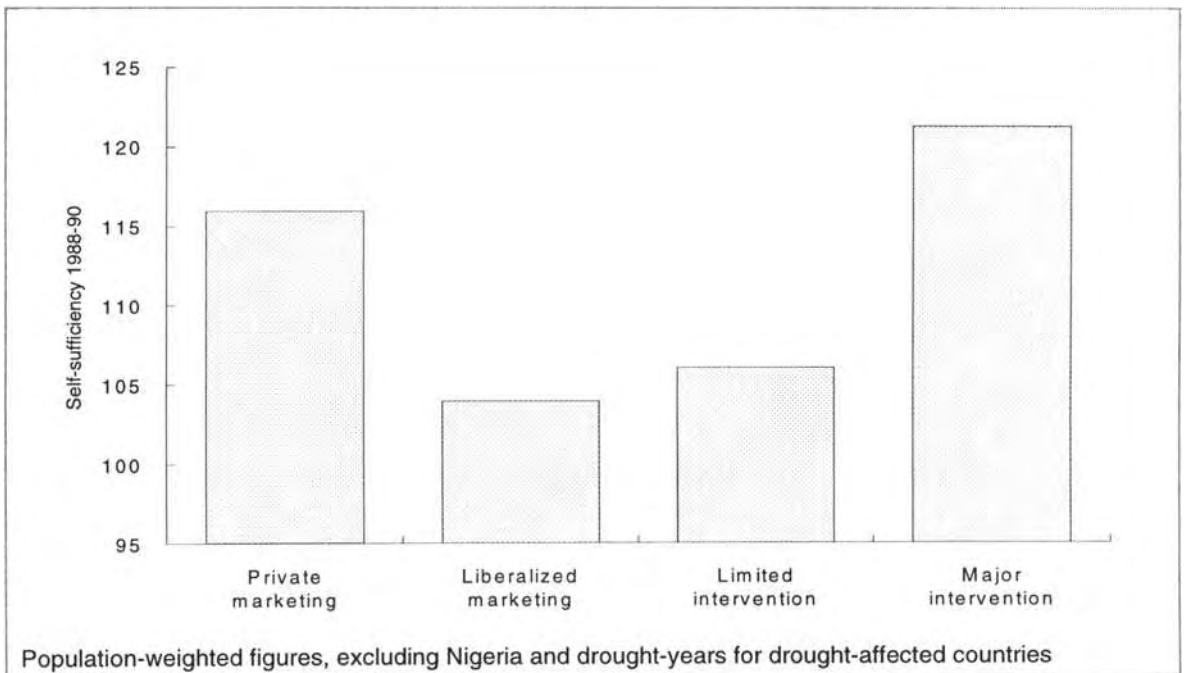
### 5.2.3 Key crops

The competitiveness of various crops represents an intervening variable which partly explains the variation among the country groups. Different key crops face different levels of competition. In general, the production of non-tradable key crops and rice has increased more than has the production of maize in this sample. An average population-weighted increase in key crop production was 1 per cent for countries with rice as the key crop, compared to the 1 per cent decline for countries with non-tradable key crops (i.e. roots, tubers, beans, sorghum and millet). The decline was marked (12 per cent) for the maize producing countries. This result is not independent from the liberalization score analysis. However, it points to the importance of the other two possible explanations, namely, the impact of drought on maize-producing countries and the high initial food self-sufficiency in these countries. These factors are also evident from Figure 4 (Panels A-E) and Figure 6.

### 5.2.4 Food self-sufficiency prior to the 1990s

The results for the 1990s hide another factor related to demand. All five countries classified as interventionist, with the exception of Mauritania, reached a self-sufficiency ratio in food staples above 100 in the period 1988-90 (IFAD n.d:60). This does not mean that the interventionist countries (i.e. maize-producing countries in Eastern and Southern Africa) had eradicated food security problems among all sections of the population, but it does indicate that a successful production increase was reached in the late 1980s and

FIGURE 5  
THE FOOD STAPLES SELF-SUFFICIENCY RATIO IN 1988-90, BY LIBERALIZATION SCORE

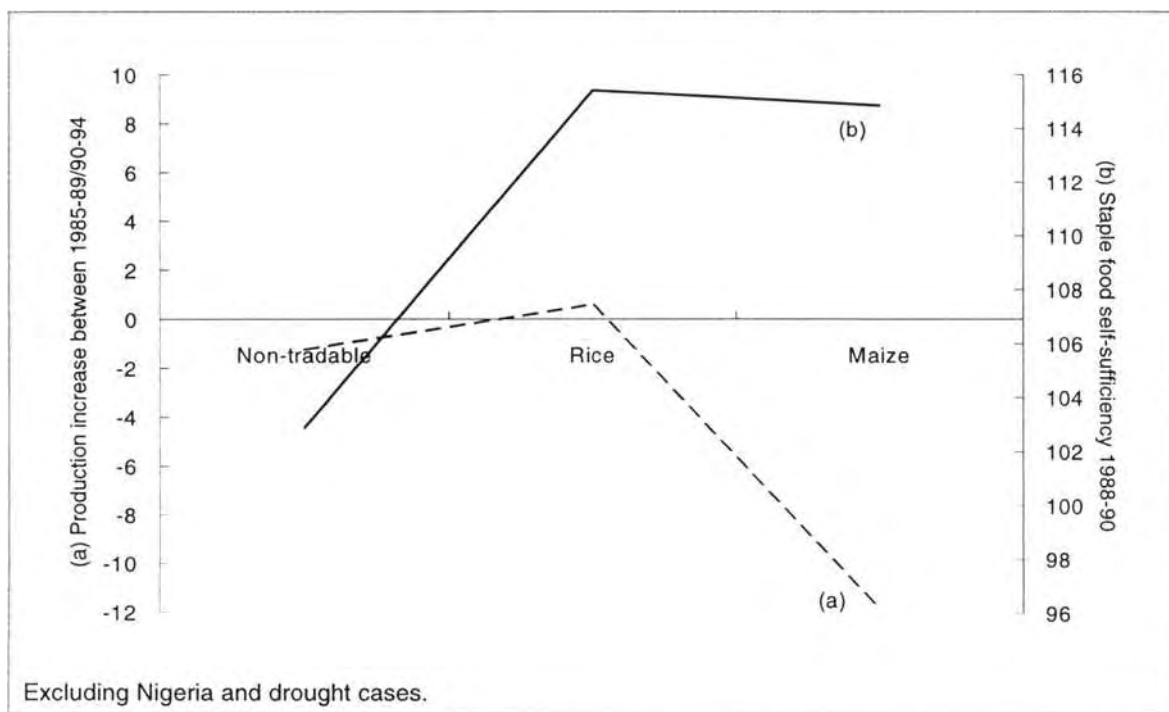


Source: IFAD (n.d:60 for self-sufficiency figures).

that domestic production exceeded effective demand at the existing prices. The high self-sufficiency ratio (and the costs incurred by governments in the purchase, storage and exportation of surplus) led governments to lower their buying price already at the turn of the 1990s. Due to the resulting low maize prices, some farmers, especially those in the estate sector, shifted from maize to other crops.

Thus, the poor performance of interventionist countries can be explained by the sensitivity of data to the selection of study period. During the study period, the interventionist countries are actually demolishing wide support structures and taking other initial reform measures. One would argue that the poor performance of interventionist countries merely reflects the typical slump of production at the early state of reform – reform from high-cost, high-production strategy towards a low-cost market strategy. A combination of two factors, namely, the key crop and the self-sufficiency, gives some further guidance (Figure 6).

FIGURE 6  
A COMPARISON OF INITIAL SELF-SUFFICIENCY AND PRODUCTION INCREASE  
(COUNTRIES CLASSIFIED BY KEY CROPS)



Source: Figure 5 and IFAD (n.d.): 60.

For non-tradable key crops, poor self-sufficiency is combined with sustaining production. For the maize-producing countries, high self-sufficiency is combined with decreasing production. An anomaly between these poles is the group of rice-producing countries which had high self-sufficiency and which continued to raise production. This is exemplified by Guinea, which showed a slump in rice production in the second half of the 1980s.



### 5.2.5 *A tentative formal test for explaining key crop production growth*

In order to assess the relative importance of the above mentioned variables, a formal test has been conducted using the following model.

$$G = f(L_2, L_3, T, S, D)$$

where

G = Average non-weighted compounded key crop production growth per capita during 1990-94

L<sub>2</sub> = countries liberalizing before 1992 (L<sub>2</sub> = liberalization score 2)

L<sub>3</sub> = countries still interventionist in 1992 (L<sub>3</sub> = liberalization score 3 and 4)

T = tradeness (where cereals = 1 and roots and tubers = 0)

S = dummy for staple crop self-sufficiency in 1988-90 (1 = over 100)

D = dummy for drought year during 1990-94 (1 = yes, if any)

The analysis has been conducted using the average compounded key crop growth rate for the period 1990-94. The data provide slightly different results if either year 1989 or 1995 is included in the sample. The sensitivity is not cushioned by the usage of moving averages. The analyses indicate that the results are extremely sensitive to the different time span.

A multifactoral unbalanced analysis of variance that permits a control to be made for the other variables was conducted. A test has been made of the null hypothesis that the average growth rate does not significantly vary among the different country groups as determined by the liberalization score. The test clearly shows that per capita production growth is not affected by the liberalization score. A robust regression confirmed the hypothesis.

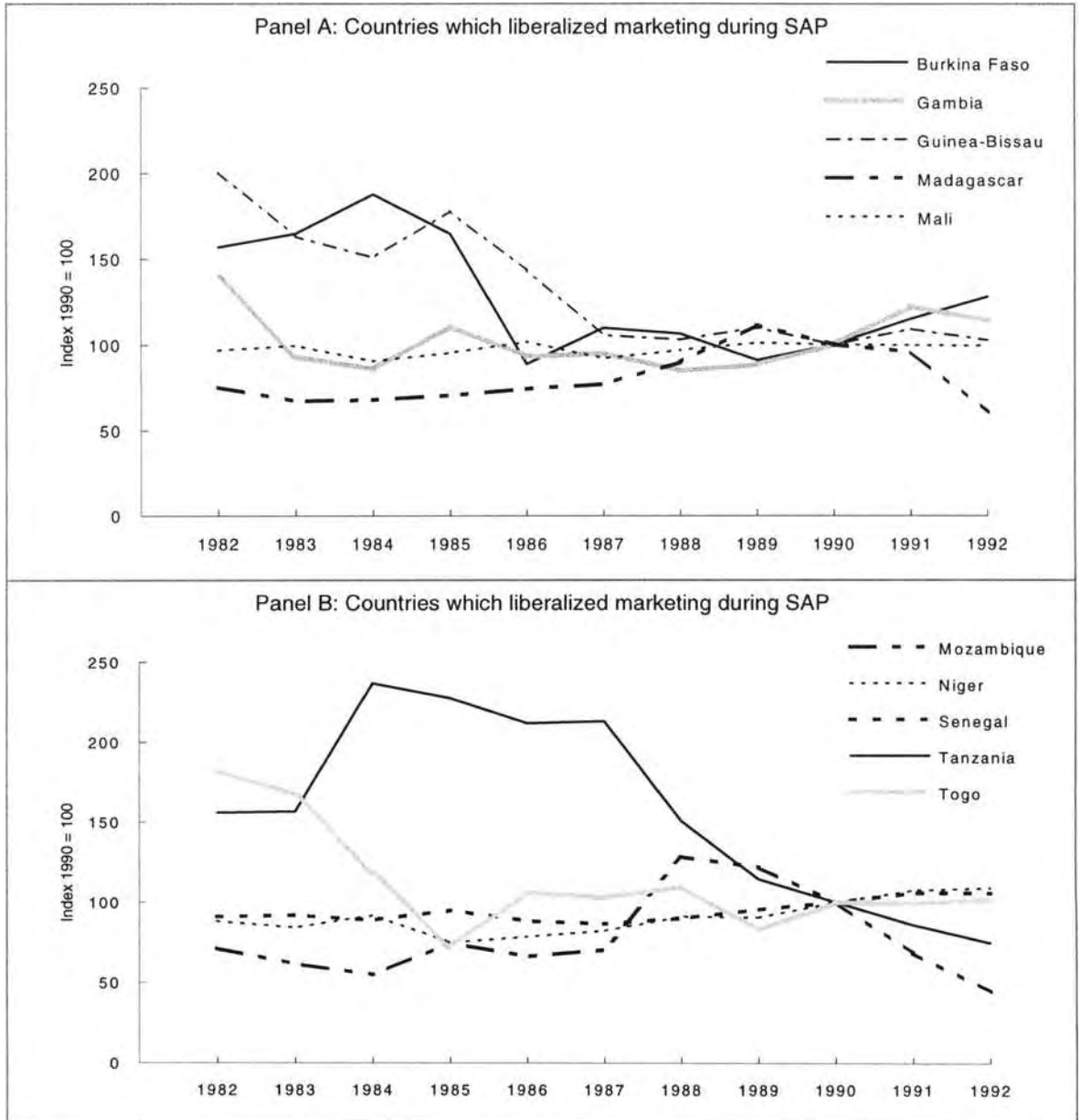
Based on this test and the overall analysis, the initial picture of a clear relationship between key crop liberalization and production growth is considerably dimmed. We can see that some exceptional countries weight heavily in the across-the-board comparison. Behind the relationship we can locate other intervening variables like the aim of reducing subsidized overproduction, the effects of droughts and the differing prospects for various key crops.

### **5.3 The effects of marketing reform on food prices**

Next, the analysis of countries classified according to their implementation of marketing liberalization is repeated, but this time the data on producer prices are examined. The question is: Are countries with liberalized food marketing able to offer farmers producer prices which are substantially higher than those offered before liberalization? In searching for an answer, we can compare the liberalizing countries with others to determine whether there are major differences in price development among the country groups.

The World Bank does not provide price data on all key crops in each country.<sup>26</sup> The paucity of data typically concerns roots and tubers, which are bulky and are thus subject to varying prices. Since price data are available only for some key crops which the World Bank has used to describe the rate of implementation of liberalization policies, we are compelled to omit certain countries from the analysis.<sup>27</sup>

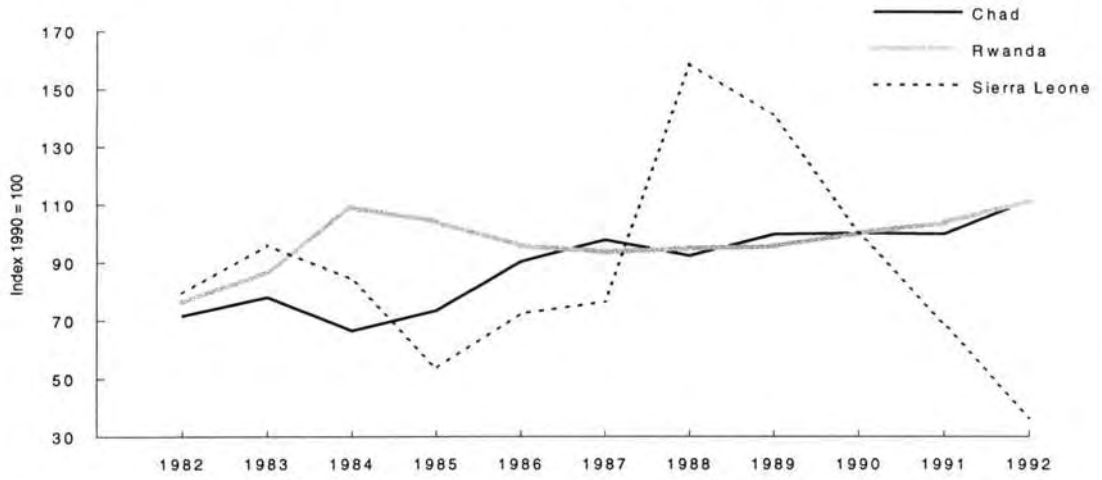
FIGURE 7  
FOOD PRICES FOR KEY CROPS IN THE FOUR COUNTRY GROUPS, 1982-92



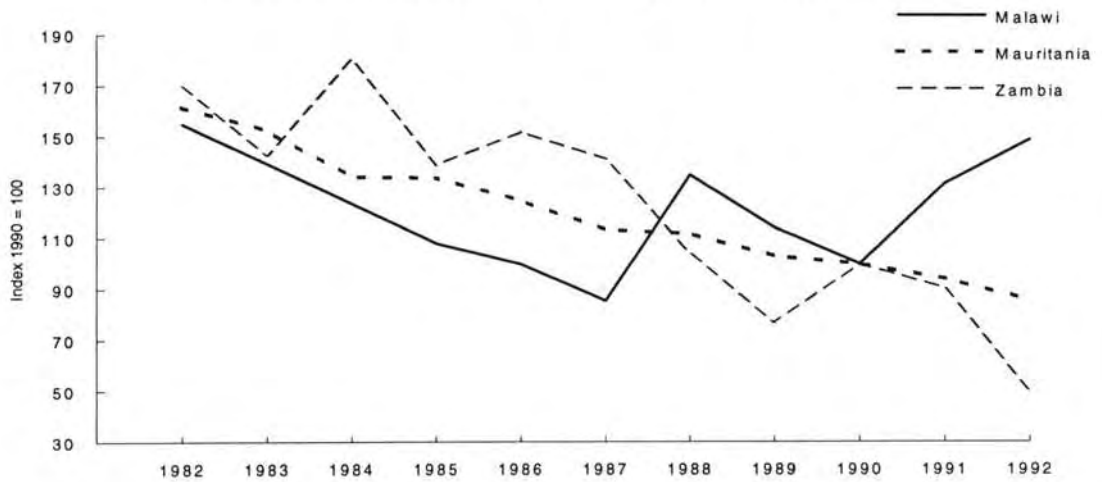
<sup>26</sup> The comparative price data available extend only to 1992. The time series is too short for the calculation of any regression coefficients for the post-adjustment period, given the fact that there is a lag of several years between the signing of reform and the potential impact on prices.

<sup>27</sup> See Annex 5 for countries and crops.

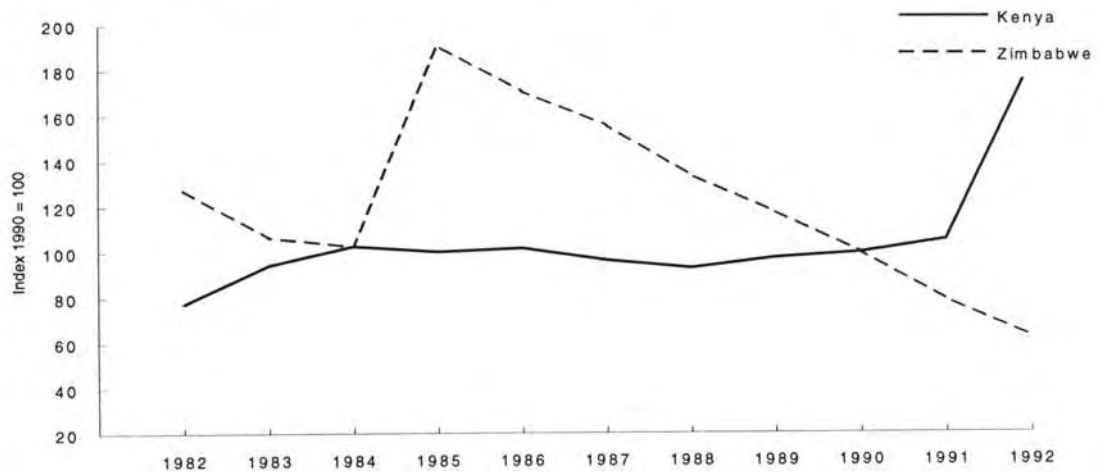
Panel C: Countries with private marketing before and after SAP



Panel D: Countries with limited marketing intervention in 1992



Panel E: Countries with heavy market intervention in 1992



In order to generate comparable price data, nominal prices (World Bank 1996:217-23) have been deflated by the GDP deflator. Real prices have then been indexed using 1990 as the base year. The results are plotted in Figure 7 (Panels A-E).

Again, the results for the country groups are, as expected, ambiguous. There are no simple distinctions in the price development for key crops between liberalized and interventionist countries that could be located on the basis of descriptive plots. Variations within country groups are larger than those between country groups. The results indicate that the importability of a crop is a likely explanatory variable. Crops like millet and sorghum have yielded good producer prices because of the lack of imports, while producer prices for maize and rice are more vulnerable due to competition.

Three countries have relied on the private marketing of key crops. Among these, the producer price for rice collapsed in Sierra Leone in 1991-92, while Chad (millet) and Rwanda (sorghum) show a sustained level in real producer prices.

Countries (for which price data are available) which have liberalized food marketing are an extremely heterogeneous group. Guinea (rice), Guinea-Bissau (rice), Mozambique (maize) and Tanzania (maize) show declining food producer prices. No country can be singled out as an example of substantially increased producer prices.

Countries with some government intervention in food marketing include Malawi, Mauritania and Zambia. Malawi (maize) exhibited positive price development, while producer prices in Mauritania (millet) and Zambia (maize) were declining. The price decline in Zambia coincided with falling production, the exceptional development being a reflection of the crisis in the national economy. Although the nominal producer price increase was substantial, inflation still exceeded it. Two countries, namely, Kenya and Zimbabwe, sustained heavy interventions in key crop marketing. The real producer price for maize in Kenya in 1991-92 was above the average level of the 1980s, whereas in Zimbabwe the price for maize dropped.

The results show by and large that the price development for key food crops is subject to several factors, such as the importability of the crop, the prices of substitute crops for cultivation and consumption, the existence of other incentives, and the prices of inputs. Thus, no clear line can be drawn between the change in food marketing policies and food prices.

There are several explanations for the limited gains of rural food producers. According to one theory, food price is not determined by demand or relative prices, but by the poverty of producers that forces them to sell at a low price. Producers provide their own subsistence through plot cultivation and are thus able to sell surplus products at a minimal price. When a rural producer enters the market, the produce sold is the result of self-exploitation. If the situation of food producers is so desperate, it is likely that the gains from food market liberalization will be reaped by traders and urban consumers.

## 5.4 Section summary

The relationship between the supply of key crop food and marketing liberalization is tenuous. There are several factors which intervene in the relationship, modifying it in individual countries. Droughts and wars tend to interrupt smooth food supply. Slower changes are induced by the world trade in key crops and by relative price developments. These factors tend to have varying effects in different countries, depending on whether traded crops can be substituted for the key crops. In countries in which there are state interventions in food marketing, the record of relative change between 1985-89 and 1990-94 is dismal. This can be partly explained by the overproduction of key crops in the late 1980s and partly by the droughts of the 1990s. In absolute terms, these countries were doing no better and no worse than the others.

The relationship between key crop producer prices and marketing reform is far from straightforward. There are some cases in which liberalization is accompanied by a decline in real prices, while in others a modest increase has taken place. This is not surprising. Although private trading can be expected to be more efficient (in locations where it can function), the removal of guaranteed pan-territorial floor prices is likely to decrease prices in many locations. The simultaneous influx of imported food also has a detrimental effect on local prices.

The relationship between key crop food production and marketing reform is a rather specific one. It should be noted that marketing reform is part of a wider set of structural adjustment reforms which, directly or indirectly, have an effect on key crop production. These wider causal linkages deserve special attention.

One argument of the pro-SAP analysts is that the adjustment does not aim to maintain the existing levels of given key crops, but to direct production toward those crops in which the country has a relative competitive advantage. Thus, some food crops may lose ground as others become more competitive. Likewise, some food crops may lose ground to export crops which provide revenue for the importation of food. This argument is logical, but a major problem is that it is valid for aggregates. It does not tell us who the beneficiaries of structural change are.

A glance over total food production figures shows that overall food production is lagging behind population growth (although per capita food production increases more quickly in private-marketing and liberalized countries than it does in interventionist countries). Consequently, the import bill for food trade is rising. In a situation in which aggregate food imports exceed the income from export crops, the overall efficiency of the market-oriented strategy is questioned.<sup>28</sup>

The open domestic and external trade of food is subject to growing turbulence which affects both producers and consumers.<sup>29</sup> Price fluctuations tend to hit especially the

---

<sup>28</sup> The main export crops of SSA face harsh competition and limited demand. Due to the limited demand, the 1 per cent increase in world production means that there is a greater than 1 per cent decline in price.

<sup>29</sup> The dynamics of world market prices is different from that of local prices. When crop marketing was controlled by the state, it partly cushioned local price swings from international shocks. When world crop

poor, who have less capacity to protect themselves against adverse price movements.

The adherents of structural adjustment have yet another argument which they can use to explain the necessity of food marketing reform. They can say that, although the effects of reform on prices and production are less than satisfactory, reform has been beneficial because it generates a reduction in the massive subsidies which governments pay out for food. Thus, marketing reform reduces the fiscal costs of food policy (see 4.2.8). This argument is extremely important because it sets marketing reform in a new context. According to this view, active food policies have become an expensive burden for the SSA countries, which cannot afford this luxury. The argument is based on the premise that, once marketing is liberalized, the costs for the government will be significantly reduced.

However, some recent data on Eastern Africa show that the equation is not so simple. Active food policy meant a slight excess in production which cushioned countries against the effects of droughts. Meanwhile, liberalized marketing was accompanied by a drop in production to the level of a meagre structural deficit. During years of drought, government interventions have still been required, and these tend to be costly exercises. Moreover, regardless of marketing liberalization, politicians still tend to intervene in the functioning of marketing institutions. As an overall effect of these factors, marketing board deficits rose rather than declined after the reforms. Thus, the major benefit of marketing reform remains to be located (Jayne and Jones 1996).

---

prices dropped, government revenue on particular export crops diminished (Deaton and Miller 1995). Liberalized markets do not possess the same safeguards, and the fluctuations in the price for both cash and food crops are more directly felt in the entire local economy.

## VI CASE-STUDIES IN MAIZE MARKETING IN EASTERN AFRICA

### 6.1 A framework for the case-studies

The cross-country analysis of SSA countries has shown that some of the maize-producing countries in Eastern Africa have been most defiant towards the liberalization of food marketing. There are noticeable differences among the countries in terms of their willingness and speed in reform implementation. In this section, we compare a select group of countries and look for specific reasons for the variation.

The following case-studies shed light on the implementation and the effects of marketing reforms in Kenya, Malawi, Tanzania, Zambia and Zimbabwe.<sup>30</sup> These countries share a history of expansion in maize cultivation. Marketed in urban centres, maize has been subjected to exceptionally extensive marketing controls by governments. Recently, governments have liberalized marketing arrangements, but in some cases, the changes have been hesitant and lacking in commitment. Tanzania liberalized food marketing already in the 1980s. Malawi nominally liberalized food marketing, but actually continued subsidizing the public marketing agency. Zambia embarked on the path of liberalization in the early 1990s. Finally, Zimbabwe and Kenya have undertaken liberalization policies, but the policy implementation has been subject to several twists.

TABLE 7  
BASIC INDICATORS OF THE ECONOMY OF THE FIVE CASE-STUDY COUNTRIES

	GNP per capita 1994 (USD)	Population 1994 (millions)	Rural population below poverty line 1990 (%)	Food staple self-sufficiency ratio 1988-90	Variability in production of food staples 1965-90
	Column 1	Column 2	Column 3	Column 4	Column 5
Kenya	250	26	55	110	11
Malawi	140	11	85	120	13
Tanzania	90 *	29	60	117	11
Zambia	350	9	80	105	19
Zimbabwe	490	11	60	148	26

Source: Column 1 World Bank (1994: 34).  
Columns 3-5 IFAD (n.d: 60-3).

Variability is calculated as the standard deviation of variable  $(xt-Tt)/Tt$ , where  $xt$  refers to the annual observations and  $Tt$  the corresponding trend values, calculated on the basis of a line fitted by the least squares regression method.

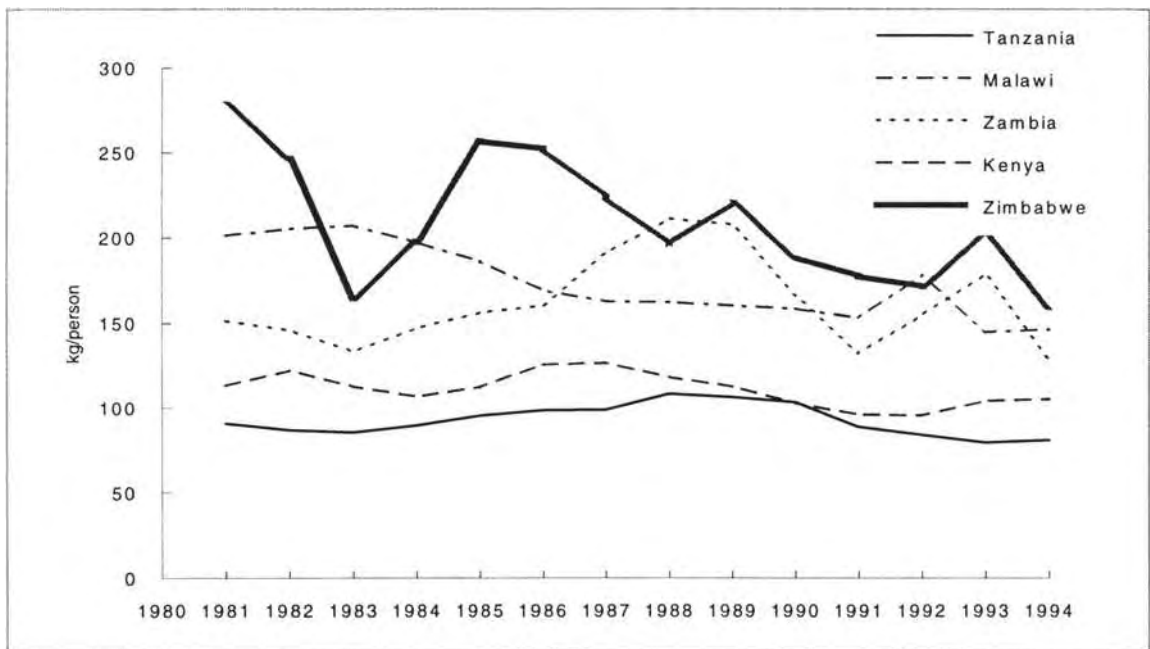
Note: \* GNP in 1993.

<sup>30</sup> If Mozambique had also been included in the comparison, we would have had two countries representing each of the liberalization scores from liberalizers to heavy interventionists. However, due to an extended period of warfare, Mozambique is unsuitable for the purposes of comparison.

The selected countries constitute a suitable focus for a comparative study since they are roughly similar in size and have the same major staple crop. Some important differences do exist in colonial history, agro-ecological conditions and economic policies, but one should not exaggerate them too much. As Table 7 shows, there are significant differences in overall wealth, but large portions of the population in each country are living below the poverty line. Most countries have attained a reasonable level of food production which, however, dropped during the drought years well below the level of national self-sufficiency. Especially Zimbabwe is prone to high variation in food production and, as a land-locked country, has good reasons to cushion itself against drought.

A longer historical analysis shows that Zimbabwe was actually a significant coarse grain exporter during the 1970s and 1980s, while Kenya was a net exporter, Malawi was in balance, and Zambia and Tanzania imported grain. During recent years, the situation among the countries has levelled, and so far in the 1990s even Kenya has become a net importer.

FIGURE 8  
THE PRODUCTION OF MAIZE PER CAPITA IN THE FIVE CASE-STUDY COUNTRIES  
(3-moving averages)



Source: FAOSTAT (data for 1980-95).

Note: Excluding the drought years: Kenya 1993, Malawi 1992, Zambia 1992 and 1994, Zimbabwe 1992, Tanzania 1992.

Structural adjustment policies have been implemented with varying rigour in all the case-study countries. Malawi and Kenya were among the first to adjust, followed by Zambia and Tanzania and finally Zimbabwe. The structural adjustment loans received by the countries up to 1992 are presented in Annex 6.



There has been a considerable time-lapse between overall adjustment policies and the liberalization of maize marketing. Although the liberalization of the domestic maize trade became effective in 1992-93 in Kenya, 1987 in Malawi, 1984-88 in Tanzania and 1993 in Zambia, administrative hindrances to private trade are still common in all the countries. Zimbabwe has made some policy moves towards private trade since 1993, but state marketing boards still constitute strong actors. The liberalization measures which have been undertaken are presented in Table 8 (see also Table 2).

TABLE 8  
CHANGES IN MAIZE MARKETING POLICIES IN THE FIVE CASE-STUDY COUNTRIES

	Kenya	Malawi	Tanzania	Zambia	Zimbabwe
Government monopoly in maize buying from farmers until	(1984) (1988) 1993	1987	1987	(1990) 1991	
Government announced pan-territorial floor producer prices until	1994*	(1986) not removed	1990	1993	not removed
Liberalized domestic trade and milling from	1994	(1987)	1990	1993	1993
The reduction of the marketing board to the buyer of last resort	1996?*	1993*	1990-1	1993	*
Price subsidies and marketing controls for fertilizers until		(1982) (1983)	(1990) 1992	(1990)	
Subsidy on consumer price removed in			(1984)	(1990) (1993)	(1993)
Government import monopoly until	(1991) (1994) 1995				

Note: \* In these countries the marketing boards pay a high price to producers, and the boards still play a definite role in maize marketing.

The years in brackets signify partial implementation.

The introductory tables show that the situation in some of these countries was a paradoxical one, in which production had reached a high level (reflecting heavy state support), while a sizeable segment of the population remained undernourished, and all of this was accomplished under the banner of food security. In these countries the liberalization of food production addressed the problem of the political control over food, rather than the problem of the inadequate supply of food.

We hypothesize that the differences in the initial political economy environment explain the variations in the implementation of reform. During the 1960s and 1970s, maize policies developed into a complex web of vested interests in all the countries, but there were still important differences among the countries in the relative importance of key groups. Because of the efficient elite and middle-class lobbies (and the wide coverage of pre-reform public marketing), it was difficult to liberalize food marketing in Kenya and Zimbabwe. The initial situation was different in Tanzania, where there was less over-production, more limited coverage of the public marketing agency, fewer large-scale

farmers and millers, and fewer high-level vested interests overall. For these reasons, it was more feasible to liberalize maize marketing in Tanzania. Malawi and Zambia should be situated between these extremes.

## 6.2 Kenya: the art of evasive politics

Kenya has a long history of expansion and intensification in maize production. Already in the 1930s, remarkable results were achieved in some smallholder areas. The colonial system in Kenya was geared to protecting the interests of a small group of settlers. However, the settlers were more inclined to grow cash crops and wheat rather than cultivate maize. For many years during the colonial period and the first decades of independence, smallholder production of maize outstripped local demand. Recently, however, maize production has fallen below the level of consumption, partly reflecting very rapid population growth and the increasing rate of urbanization.

Kenya signed its first structural adjustment loan (SAL) in 1980. The agreement included a policy conditionality on agricultural prices. Domestic producer prices were linked to world market prices, meaning that there was parity with import prices. In connection with the second SAL in 1982, the government reformed its foreign exchange regime, introducing a crawling peg form of devaluation. Together these basic reforms introduced a definite change in pricing policy (Gibbon *et al.* 1993:32-5). According to Bigsten and Ndung'u (1992:73), the increases in producer prices were artificial because the marketing boards were inefficient, operating at a loss. In practice, the higher prices were funded by government subsidies.

The most difficult part of reform has been the institutional change in the organization of marketing. The National Cereals and Produce Board (NCPB) developed into a large organization with close political linkages to the government. The World Bank has made several proposals to restructure the board and to limit its organizational role to food security and to the function of buyer of last resort. The government has ventured into a game with the World Bank, whereby it began to allow inter-district trade up to a four ton maximum. In 1984 it also allowed the state-organized Kenya Grain Growers Cooperative Union (KGGCU) to market maize in competition with the NCPB. The government managed to sign two more Agricultural Sector Adjustment Loans (ASALs), officially granted in 1986 and 1991. Initially, the government responded to the external pressure with minor administrative changes. In 1988 further modifications were made in NCPB's monopoly position in maize collection, and, after twisting and turning, some other licensed buyers were allowed to enter the market in 1988/89. But the licences were revoked in 1992 (Gibbon *et al.* 1993). These changing policies resulted in a drop in the amount of officially marketed maize from an average of some 27 per cent of the harvest in 1983-90 to 15 per cent in 1990 (Ikiara *et al.* 1995:37).

Ikiara *et al.* (1995) conducted a field-study on maize marketing in 1992 in which it was observed that official maize marketing was controlled by the NCPB, KGGCU and a few powerful individuals. Maize transportation was legal, but police still prevented private trade. The producer prices of maize were low, and, since fertilizer prices were rising, profit margins were small. Some of the collected maize was sold in neighbouring

countries. Famine relief food was used as a political tool to garner votes. In 1993 the government took steps to liberalize maize marketing. First, inter-district trade of maize was genuinely permitted, and the importation of maize was liberalized. In 1994, total liberalization of the grain trade was announced. A field-study conducted in 1993 showed that the NCPB still controlled over 50 per cent of marketing and that other channels included private traders, individual sales and sales to schools. The group of specialized large-scale grain wholesalers was still rather small. A web of transporters, brokers and market traders had emerged. Farmers had less maize to sell because of the drought, but they were confident that higher prices would lead to additional efforts.

During 1996 the NCPB was facing a liquidity crisis, because the government had not paid for its food security operations on time. The NCPB was expected to register a Ksh 2.1 billion loss on its trading activities after exporting and importing in consecutive seasons (EIU 1996/3:18). Thus, the advantages of large storage capacity and good road network were not sufficient to offset the haphazard food policies in the officially liberalized marketing environment.

The decontrol of maize marketing took place at a time when the large-scale millers, mainly Asian, were calling for the liberalization of the domestic and external maize trade and the large-scale farmers, politically eminent Africans, were starting to bend towards domestic liberalization. After liberalization, cheap imports began to flood the country. The context of rent-seeking thus changed from provincial administration-cum-cooperatives to import and domestic trade licensing. In any case, maize marketing continued to be subjected to politico-administrative interventions for the benefit of the state class (EIU country report 1995/3; Lewa and Hubbard 1995).

Ikiara *et al.* (1995:34) refer to the quarrel between the government and the World Bank as shadow-boxing:

A pattern emerged whereby conditionalities were introduced and compliance promised, then withdrawn. Sometimes the donors appeared to go along with this pattern of events, agreeing to 'studies' whose terms of reference were clearly designed to reinforce the Kenya government's defence of the trade's structure. On other occasions sufficient reforms were undertaken to meet initial donor expectations but then excuses were found to go no further or even revert to the status quo (Ikiara *et al.* 1995:34).

For the government, the demands of the World Bank have represented a platform for a populist fight. The high politics of Kenya is a combination of populism, rent-seeking activities and genuine developmental efforts. It is far from evident that food security considerations are the most important issue in this context.

### **6.3 Malawi: a promise turned sour**

When Malawi became independent, it was a poor country. Its subsequent advancement policy was based on the development of agricultural exports. Under an authoritative

political regime and a fairly open economy, agricultural production, especially the production of export crops, increased substantially. When economic hardships emerged in the early 1980s, it was soon noted that much needed to be done.

The government established the parastatal Agricultural Development and Marketing Corporation (ADMARC) as a monopsonistic buying agent for the purchase of maize from smallholders. ADMARC provided pan-territorial and pan-seasonal prices for farmers. In the wake of rational planning, its tasks increased substantially over the years of its operation. ADMARC was expected to market food according to commercial criteria, but simultaneously to provide stable prices, market clearing, farm input supply and overall food security. Beyond these functions, it was also expected to engage in other activities outside smallholder agriculture. Initially, it fulfilled its obligations with the help of export incomes, and it was even able to subsidize maize prices. In the early 1980s, its financial situation worsened due to deteriorating world prices and operational inefficiency (Cromwell 1992:124-5).

Malawi was among the first countries to receive substantial loans through SAPs. It signed its first agreement with the IMF in 1979 and with the World Bank in 1981. During the first years of the SAP, the World Bank supported the activities of ADMARC. There was disagreement between the government and the World Bank over the price level of food crops relative to export crops. The government still tried to maintain the goal of food self-sufficiency. As the financial problems of ADMARC evolved, the World Bank shifted its policy proposals towards the privatization of maize marketing. ADMARC was to be a commercially operating and financially self-sufficient organization, but the government continued to resist and implemented the proposals with hesitation.

According to Smith (1995:562), the major problem in marketing reform was that liberalization measures were implemented without the prior adjustment of prices. Thus, reform was poorly prepared and the conditions for private trade were not fully developed. Smith outlined a number of policies and constraints which were adverse to private sector trade. He also noted that the ADMARC was still responsible for food security operations and that its remaining non-commercial functions continued to be a financial burden. These findings supported Cromwell (1992:124) who had noted that the problems of marketing reform were the result of poor planning and the undefined role of ADMARC. In practice, ADMARC continues to play a major role in maize marketing.<sup>31</sup>

As a result of export-oriented agricultural policies, maize production has not developed as forcefully as has export crop production on large estates (Livingstone 1985). In Malawi, maize cultivation is the major crop of smallholder farmers who reserve over 60 per cent of their land for maize (which is often inter-cropped with beans). However, only a tiny portion of this area is given over to hybrid varieties (Cromwell 1992:127). According to Mosley (1994:268-9), despite relatively fair fertilizer prices (in relation to maize price), interest in the utilization of hybrid varieties has been slow, although some

---

<sup>31</sup> An explicit ban on trading in the countryside by Asian traders was not lifted until 1996 (EIU 1996/3: 24).

development has taken place. EIU (1996/3 and 4) is more positive on recent developments. It claims that almost 90 per cent of the bumper harvest of 1996 is produced by smallholders. Nevertheless, this was achieved at a time when the government was continuing the Supplemental Inputs Programme it had undertaken in 1994 and through which 3,500 tons of seed and 25,000 tons of fertilizer were distributed to small-scale farmers hit by drought (EIU 1996/4:27).

#### **6.4 Tanzania: the benefits and costs of equality**

Tanzania's situation is exceptional because of the 'political geography' of the country. A vast nation, Tanzania possesses fertile maize-surplus agricultural areas in the highlands in the south-west, but the central and north-eastern highlands have historically also produced surpluses. The *de facto* capital, Dar es Salaam, is far from these agricultural areas, and thus the production capacities and the consumers are in different locations. The problem has its roots in the lack of investment in infrastructure, agriculture and human capital under colonial rule, which handed over to the newly independent Tanzania a poor resource base in which agriculture largely relied on hoe-farming for subsistence. Given the country's political geography and state of agriculture, the task of developing a modern agricultural sector was a huge one.

Independent Tanzania took up the challenge of developing agriculture, but never forgot the priorities: the food security of the population always came first (Bryceson 1993). Political decisions were made on the premise that the population was overwhelmingly rural and poorly educated. Unfortunately, good intentions were occasionally coupled with political decisions that were too paternalistic and, equally important, with continuously shifting administrative arrangements.

The history of food marketing has seen many turning points. Soon after World War II, private marketing was replaced by state-controlled marketing and pricing. Prices differentiated between food-surplus and food-deficit areas and later on among the various regions. The aim was territorial self-sufficiency. Although fairly efficient at first, the system was replaced by private marketing in 1957. The level of state intervention was raised again in 1963, when the National Agricultural Products Board (NAPB) was established. It provided guaranteed pan-territorial (in-store) prices. Actual collection was organized by cooperatives which turned out to be extremely inefficient. Farmers were disillusioned with the low prices after the costs of the cooperatives were deducted from the NAPB's in-store prices. Consequently, reliance on parallel markets increased in the 1960s. The NAPB was replaced by the National Milling Corporation (NMC), but the policy line remained the same. Pan-territorial prices meant a significant subsidy to the farmers in peripheral food-surplus regions. This policy resulted in a manifold rise in total collection in the 1970s and the development of the southern highlands as the 'maize bowl' of Tanzania.<sup>32</sup> Another policy line ensured that consumer prices were

---

<sup>32</sup> Van Donge (1994) argues that price incentives may have been a secondary aspect in this development. He points to such supply factors as population migrations and hunger for consumer goods as explanations for increased production. He also identifies considerable variation within the southern highlands in the production figures from one decade to the next and from one region to the next.

concurrently maintained at an artificially low level (Ellis 1988:69-92; Raikes 1988:58-9; Bryceson 1993:32-90).

Between 1973 and 1982, commercial bank lending to parastatals involved in the marketing of agricultural produce rose from 31 to 61 per cent of total lending (Bryceson 1993:21). The government's fiscal crisis forced it to turn to the IMF, with which Tanzania subsequently signed three agreements, and to the World Bank, with which it signed an agricultural adjustment credit agreement. In 1984 the policy line was geared towards the liberalization of the economy. Also in 1984, the subsidies for maize flour were removed, and devaluations were set in motion. Between 1987 and 1990, all restrictions on inter-regional trade were removed and private traders started to compete with the NMC (Gibbon *et al.* 1993:52-9).

Private marketing did not emerge from nothing. Parallel marketing made up well over 50 per cent of total marketing throughout the 1980s.<sup>33</sup> Still, the emerging private marketing system has been hampered by the lack of credit for crop purchases and investment. The majority of operators are small traders working with limited capital. A key feature of the marketing system is the high regional price variations. Even though the price margin between the southern highlands and Dar es Salaam has decreased during liberalization, the lack of transport capacity and capital means that farmers in the southern highlands have difficulty selling their crops at reasonable prices (Coulter and Golob 1992; Santorum and Tibaijuka 1992; Bryceson 1993; Parsalaw 1996).<sup>34</sup>

The political geography of Tanzania has exposed maize marketing to cross-border trade, a fact which has diminished the government's control over prices and production levels. During the years of state-controlled marketing, cross-border trade was apparent in smuggling, generally encouraged by the nearness of markets and the differences in pricing policies<sup>35</sup> (e.g. Raikes 1988:59). In the situation of liberalized domestic marketing and the fairly liberal foreign trade, the level of cross-border trade is likely to remain substantial.

## **6.5 Zambia: rural policies with urban aims**

Zambia is a prime example of a country in which the aim of food production and marketing is to keep the growing urban population satisfied. Maize has become a political crop, and maize prices are at the centre of hectic political debates. In the background of maize politics is the exceptionally high level of urbanization during the

---

<sup>33</sup> Chachage (1993:234) argues that the maize boom of 1988-89 can be explained by the unification of the parallel and official markets. This indicates an underestimation in the official production figures of the parallel market volumes prior to liberalization.

<sup>34</sup> The price data for the 1990s show that there is an growing degree of market integration taking place. Dodoma (and surrounding regions) is appearing as a new major supplier of maize for Dar es Salaam. (Seppälä forthcoming)

<sup>35</sup> According to Coulter and Golob (1992:428) the maize harvests in Tanzania are negatively correlated with those of most Southern African countries. This would indicate that demand across the border fluctuates in a different manner than does national supply. However, this result is based on an inadmissible level of aggregation (i.e. national instead of district-wide correlations).

transitory period from colonial rule to independence. During these decades, the economy was geared towards the mining industry. The cultivation of export crops was minimal; at less than 15 per cent, the share of agriculture in GDP was very low compared to that in most neighbouring countries.

Maize marketing during the late colonial era was based on a dualistic organization: the large commercial maize farms had their own marketing networks with a monopoly position, while smallholders were served by cooperatives. After independence, the government united these channels into the National Agricultural Marketing Board (Namboard). The government, giving attention to equity, started to support production in the peripheral areas. The role of Namboard was soon extended to non-commercial functions, and the government fixed producer and consumer prices at levels which generated constant negative balance sheets (Kydd 1988).

The collapse of copper prices beginning in 1975 caused the government to revise its policies. Economic liberalization was initiated with the support of the IMF in 1981. The 1980s were characterized by sweeping economic reforms. Maize marketing, for which responsibility was shifted to the cooperatives by the government in 1981, was a noticeable exception. When efficiency did not improve, marketing reverted back to Namboard in 1983. At the same time, private traders were allowed to compete with Namboard, but the subsidy system ensured that Namboard continued to operate in many areas until 1989, when it was replaced by provincial cooperatives (Gibbon *et al.* 1993:87). During the 1980s, maize production increased substantially, especially in the new smallholder producer areas, as a result of good access to fertilizers and credit, a reliable marketing system and pan-territorial prices. According to Gibbon *et al.* (1993:90): 'These positive developments were actually more strongly related to measures adopted in advance and retained in defiance of the adjustment programme than to adjustment itself, as evidence from local studies demonstrates.'

Agricultural policies were implemented with the objective in mind of food self-sufficiency and low urban prices. It is noteworthy that rural staple crops (cassava, millet and sorghum) were not subjected to any serious state-organized marketing (Kydd 1988:125). The subsidy for maize production inputs was coupled with artificially low prices for urban consumers, a policy which the government could afford to maintain until 1990. At that time, the government was forced to implement partial liberalization by allowing trade between producers and millers, private traders and cooperatives (Shawa 1993). Consumer subsidies were also abolished (Gibbon *et al.* 1993:98). The subsequent political turmoil, compounded by the 1992 drought, whipped the economy into chaos. In mid-1993 the government cancelled all official producer prices and liberalized the importation and exportation of maize. The country was hit by a new drought in 1995, and imports from South Africa and Zimbabwe entered the market. During that year, the World Bank praised the country for its adherence to economic reforms and provided Zambia with a four-year agricultural sector investment programme (EIU country report 1996/1 and 1995/96).

Liberalized food marketing has meant a geographical shift in maize production. In distant locations, farmers have great difficulty accessing the market. They also complain

that private traders are few and that liberalization thus means the replacement of a government monopoly by a private monopoly. In these circumstances, the Zambian National Farmers Union describes maize as the least profitable crop. The low prices, partly caused by a bumper harvest in 1996, are mostly affecting the indebted smallholder farmers who need to sell at low prices immediately after harvest. The government has alleviated the adverse situation by occasionally banning exportation, but it is the urban consumers, who benefit from low producer prices (EIU 1996/2-4).

Maize marketing in Zambia is totally embedded in political considerations, and the recent developments are linked to changes in the political scene. The new government has bowed to international financial institutions. In the past, food riots were a constant danger in Lusaka, but the recent upheavals in the economy have forced both the government and the people to accept new policies more readily.

## **6.6 Zimbabwe: the heritage of a dual economy**

All countries considered in this analysis possessed an estate cultivation sector during colonial times. Zimbabwe is unique in the fact that the policy regime which openly supported the estate sector has persisted for a longer time, and the effects of dual agricultural policies are more apparent.

The policy of the segregation of farms has a long history. The government supported the interests of the white farmers beginning in the 1920s. A marketing board was established by the government as the sole agency for the purchase of maize from commercial farms. In 1950, the Grain Marketing Board (GMB) was established, and marketing was extended to some other crops. The GMB worked fairly efficiently and did not require financial support from the government to subsidize producer prices (although the government had the expansionist aim of achieving and maintaining national self-sufficiency) until 1975, when the government started to intervene more seriously in producer and consumer prices. From the time of the Unilateral Declaration of Independence until 1980, the marketing board served primarily the white commercial farmers. Marketing depots had not yet been extended to the communal farming areas, which at that time produced very little food for the urban sector (Thompson 1988:190-1).

All this changed after independence. The government started to build up a marketing infrastructure in communal farming areas, incurring increased costs for the GMB and causing pressure to lower producer prices. In effect, the income generated from commercial agricultural areas was invested in the construction of marketing infrastructure in communal farming areas. The commercial farmers responded to this development by shifting to other crops and by demanding the deregulation of maize marketing (Jiriyengwa 1993:319).

Maize marketing had developed into a complex structure in which farmers provided produce to monopsony buyers, who organized milling and sold the maize flour to customers. The very scale and complexity of operations necessitated a certain degree of centralization. The structure, when extended to communal farming areas, proved to be



very costly. Jayne and Nuppenau (1993) and Nuppenau (1994) have estimated that the elimination of pan-territorial pricing and the implementation of the free movement of maize would have decreased marketing costs substantially.

Considerable costs in maize marketing have also been induced by efforts to achieve self-sufficiency. To be sure of success, the government imposed an attractive price to raise maize production. Since the fluctuations in production are substantial (Table 7), this meant that the reserve in good years has been high, creating additional costs for storage or export. These costs could have been lowered simply by allowing markets to determine prices. However, a free market would create extremely high price fluctuations. In these circumstances, researchers have recommended more moderate price interventions and a low level of stock-keeping. This would mean less profits for large-scale farmers and millers and lower prices for net consumers in rural and urban areas (Pinckney 1993; Jayne and Rukuni 1993).

In 1991, discussions with the World Bank and the IMF led to hesitant promises by the government to adopt liberalization. However, the liberalization of maize marketing was extremely difficult due to the lack of parallel markets. Policy change in Zimbabwe to set up private marketing structures, therefore, required much greater efforts than those needed in other SSA countries. In 1993 the government announced a reform programme to convert the GMB to a commercial enterprise with fewer powers. The planning manager of organization, S. Jiriyengwa, argued strongly that the board's non-commercial functions and policies were the only guarantee that small producers could be able to reach markets: 'Small producers are likely to be competed out of profitable markets by their commercial counterparts and left to satisfy a "weather dependent" rural demand for grains' (Jiriyengwa 1993:321). In 1994/95 the country was hit by drought, and the GMB was forced to import large quantities of maize. At home, the GMB offered a comparatively low price, so farmers sold to private dealers or smuggled maize out of the country. But during the 1995/96 season, the harvest again exceeded demand, and the GMB was back in a strong buying position. It seems that large fluctuations in production helped the GMB operate as a clearing house for reserves, exports and imports, albeit at a high cost. The GMB had accumulated a deficit of Z\$ 800 million (i.e. USD 100 million) by 1995 because of stockpiling and interest payments for maize operations. The government has been willing to take over this deficit, but in return it expects the GMB to downsize its workforce and close expensive depots in communal areas. This means that the farmers in these areas must deal with private traders who offer prices which are considerably lower than those offered by the GMB (EIU 1996/3-4).

Although the GMB continues to wield a strong position, the same cannot be said for the large-scale maize mills. The government removed the roller meal subsidy in 1993, thereby increasing the price considerably. Once permitted to operate, the small maize mills have proved to be highly competitive (Jayne, Lawrence *et al.* 1996).

Zimbabwe exhibits a dualistic economy that has been able to provide a high level of national food self-sufficiency at the cost of marginalizing a large number of rural

producers and consumers.<sup>36</sup> This dualistic economic structure is difficult to dismantle without jeopardizing either food security or creating higher and more variable food prices.

## 6.7 A comparison: similarities and differences

Why did the maize policies in Eastern Africa differ from the food policies in other SSA countries prior to reforms and during the early years of reform? One answer can be found from a surprising direction. From the perspective of a combination of cultural history and political economy, maize appears to be more than a simple food.

Maize was already being extensively cultivated in the 1930s, but from the 1950s to the 1970s maize production and consumption became a distinctive activity with cultural undertones. For a progressive farmer, the cultivation of maize using bought inputs and implements (i.e. intensive production) offered a stark contrast with the earlier pattern of high labour use and the planting of new fields (i.e. extensive production). For an urban consumer, the secure supply of nicely milled maize flour was a neutral (i.e. uncontested, not luxurious) indication of well-being. Both the rural and the urban middle classes thus became dependent on wide and stable maize production. It seems evident that the production and marketing of maize became more politicized than other crops, because it directly affected the vital interests of *both the urban and the rural middle classes*. In the urban and rural areas, maize had become a symbol of modernity.

This view challenges the narrow assumption that the urban political class totally dominated food policies. An excursion in politics confirms this. The countries in the study are large in terms of the size of the elites, and they cannot be governed through (close, personal relations between) unified elites backed by a well-fed urban populace. Since the elites depended on their respective regional or ethnic rural political constituencies, the opinions of rural residents entered the discussion. This forced leaders into defensive positions, in which the maintenance of active food policies was a crucial issue. Serving both rural and urban constituencies, the use of pan-territorial prices as a political tool can be understood from this wider perspective.

Paradoxically, the principle of equity implied inequality: peripheral producers were integrated on an 'equal' basis, but only in relation to *urban* food provisioning. If progressive farmers were the only ones able to generate surplus maize, the 'equalizing' strategy appears, on closer inspection, to be rather selective. At the same time, rural staple food crops (bananas, cassava and other bulky crops generally consumed in these peripheral regions) were not eligible for similar support. Thus, equality existed only in terms of a nation-wide project geared towards modernization.

The equality principle also disguised the fact that in these countries a large share of the officially marketed food was actually produced by large commercial farmers (Jayne and

---

<sup>36</sup> While food security is rather well assured at the national level, at the household level in many communal areas it is less so. Several studies show alarming rates of malnutrition (e.g. Chipika and Chipika 1994).

Rukuni 1993:334; Lewa and Hubbard 1995). Although maize is often considered a smallholder crop, substantial quantities of marketed maize were supplied by large farms, at least in Zambia, Zimbabwe and Kenya where the politics of production was also linked to the politics of milling. Consumer subsidies were also directed at refined maize flour, while the consumption of coarse grain and hammer-milled flour was discouraged.

The policy was open-handed in many directions and, consequently, became very expensive. State-governed marketing arrangements were costly, as the following examples show. The Kenyan government has written off the National Cereals and Produce Board's debts at least twice. At one time the debt amounted to 5 per cent of GDP (World Bank 1994:86). In Zambia, the support for maize during the 1985/6 season was 131 per cent of the into-mill maize price (Coulter 1994:10). Subsidized prices created surplus over local demand towards the end of the decade. The cost of maize production and marketing was one factor behind the collapse of the national economy in the early 1990s. Zimbabwe has supported the consumption of maize processed through large-scale milling. In 1993, the roller meal subsidy was costing the government an equivalent of 2 per cent of GDP annually (Jayne and Lawrence *et al.* 1996).

All countries in the study have entered onto the liberalization path, albeit most of them are still hesitant in its implementation. Governments, because of their fiscal problems and the changing political scene, have turned towards the liberalized food marketing regime. The abolition of pan-territorial pricing policies hints at a policy which seems to prioritize fiscal well-being at the expense of regional politics and the aim of food self-sufficiency. In political terms, active food policies have been abandoned so as to maintain external (donor) support for the weak state.

The changes in consumption patterns have accommodated the policy change. In urban areas, wheat and rice became increasingly popular among the middle class in the 1980s. Although locally produced to some extent, these crops were economically more marginal, and did not create similar rural power bases. In any case, the nexus between the urban middle class and the rural middle class weakened, thus facilitating liberalization.

After liberalization, there were some expected and some unexpected changes. First, private marketing appears to be functioning well, but there are some areas where producers had difficulty in reaching markets. at least during the first years after reform. The failure of private traders to collect crops in the peripheries is reported at least for Tanzania (Chachage 1993), Malawi (Cromwell 1992) and Zambia (EIU 1996/2).

Second, the maize market is becoming increasingly segmented. The global market for white maize (consumed in SSA) is thin, while there is an abundant supply of yellow maize. Marketing liberalization may push poor customers from conventional white maize to yellow maize, which is cheaper and more readily available.<sup>37</sup> Similarly, when subsidies are removed, poor consumers may abandon refined maize flour (if they have

---

<sup>37</sup> If the food consumption of yellow maize becomes popular, its local production may also increase. There is already significant production of yellow maize for animal feed at least in Zimbabwe and South Africa.

been able to afford it in the first place) and rely on *posho* milled maize. Thus, a segmentation of consumption preferences has been taking place, and this process is currently enhanced by the liberalization of food marketing (Jayne and Rubey *et al.* 1996).

Third, gains from the reduced fiscal costs seem to be much smaller than was anticipated. Liberalization has caused production to fall below self-sufficiency level. During years of drought, the governments needed to import food and initiate massive food security operations. These operations have been expensive because the world market price has increased by 40 per cent due to the poor harvest in the US. As an extreme example of a high domestic deficit, the estimated deficit of 1.2 million tons of grain in Kenya in early 1997 can be cited.

In summary, the analysis shows that marketing reform cannot be understood without taking the political and ideological elements into consideration. The comparative analysis of five countries reveals that there were two policy strands in maize production, marketing, milling and consumption prior to adjustment. On the one hand, patronage politics meant that rural production policies and urban wage policies were aimed at providing some support to less centrally located producers and to poor urban consumers. These policies were rather populist, but they also involved an effort at achieving equality. At the same time, the populist policies masked favours which were offered to large-scale farmers, millers and well-positioned administrators. These were based on a highly unequal distribution of benefits. The liberalization of maize marketing eliminated this type of patronage. Its effects were felt by some of the rich producers, as well as some of the poor consumers and producers.

## VII CONCLUSIONS

### 7.1 SAP, SSA and food marketing

During the colonial period and the first decades of independence, several African countries developed extensive state institutions to control food markets in order to boost agriculture and guarantee food security. Accumulated evidence shows that, whatever the intentions may have been, African governments could not achieve full control over food markets and subsequently, in most cases, aimed only at limited strategic interventions. In practice, this meant interventions in certain filières, including the marketing of key food crops, which were controlled more for the sake of urban food provisioning than to guarantee smooth rural production. Official marketing channels for these key crops handled only a portion of the total food trade, and there was effective competition from parallel markets. Nevertheless, marketing boards and controlled pricing systems created heavy financial burdens for the state and financial institutions. Something had to be done.

The World Bank launched a major programme to restructure the economies of African countries with structural adjustment policies that addressed price and marketing reform in the agricultural sector consistently throughout the 1980s and 1990s (World Bank 1981, 1989 and 1994). A major instrument was the pricist policies of marketing liberalization. Although policy was directed towards boosting export crop production and the first cautious World Bank policy reports emphasized the special needs of food markets, in practice the broad policy line extended to food crops.

To put it strongly, food security is not a priority for the World Bank, which is more concerned with other policy issues and overall liberalization. It seems that the World Bank has largely achieved its aims in the liberalization of crop marketing. But several questions can still be raised: i) Was this reform *necessary*?, ii) Is the emerging system *feasible*?, and iii) Is the emerging policy *adequate* for sustainable food crop production and marketing?<sup>38</sup>

The necessity of marketing reform has first and foremost been discussed in terms of the efficiency of marketing agencies. However, inefficiency hides two antagonistic elements. On the one hand, marketing boards exhibited operational inefficiency, coupled with rent-seeking activities. On the other, they performed 'welfarist' non-commercial tasks aimed at establishing stable prices, national equality and economic growth. If policy recommendations had distinguished between these two elements, the resulting

---

<sup>38</sup> The analysis is, by necessity, inconclusive due to methodological problems (cf. Killick 1995:36-53). It is next to impossible to give counterfactual evidence on the likely trends when adjustment measures have not been implemented. Toye (1994:32) concludes that the beneficial effects of adjustment policies in general have been greatly outweighed by the external factors. This conclusion does not render any of the three questions unnecessary. As Toye puts it, 'Small improvements are, after all, superior to no improvements at all.'

reforms would most likely have been different. For one, the reform should have distinguished between two issues, namely, the determination of the minimum requirements necessary to achieve an acceptable level of national food security and the identification of the institutions directly responsible for the implementation of the relevant tasks. Second, considerable efficiency gains would have been achieved through the decentralization of organizations, a combination of state interventions and private pricing systems, reliance on limited and locational interventions and, most importantly, the targeting of (marketing, processing and consumption) subsidies on crops consumed by the poor. The increasing segmentation of consumption patterns makes it possible to target food policies at the poor by focusing on crops like hammer-milled maize, cassava and plantains. Yellow maize shows that positive targeting is possible.

The feasibility of private marketing can be measured with three criteria. First, do the farmers meet private traders at the farm gate? Second, is the cost margin of privatized trade smaller than the margin of the public marketing agency? Third, does this generate a positive supply response? Regarding the first question, some farmers in the hinterlands have lost their marketing channel with the abolishment of pan-territorial prices. Here the effect is directly related to the features of active regional policy. The second criteria, the one concerning cost margin, must still be unambiguously clarified, despite the accumulated studies. Case-studies revolving around pre- and post-adjustment comparisons of marketing margins are difficult to develop because of numerous intervening contextual factors. Third, a marketing reform can be said to be feasible if it generates a positive supply response among the farmers. Here the evidence is complex. In some countries, the production of key crops has increased, and the liberalized environment seems to be supportive of a positive supply response. In other countries, the liberalization process has meant that the production of (subsidized) key crops has considerably diminished. This result is not alarming if other food crops can be substituted for those losing popularity. However, at the aggregate level, the food security situation is deteriorating, as the increase in total food production lags behind the population increase.

The solution to the adequacy problem in reform policies is the usual one: it is always possible to do better. In economic cost-benefit terms, a shift from general subsidies to targeted subsidies and the accompanying shift from the mistake of excessive coverage (E-mistake) to failure to reach the target group of the poor (F-mistake) can be noted (Cornia and Stewart 1995). While pre-reform marketing caused both E- and F-mistakes, the post-reform situation includes a potential for widening F-errors. The major drawback of food marketing reform is that it is based on the assumption that food traders possess full financial capacities and know-how. In reality, food traders tend to be petty traders, able to react to policy changes, but unable and unwilling to invest in anything hinting of more risk. Unfortunately, this means losses to peripheral producers and seasonal losses to poor consumers. The need for actively targeted food policies is as great as ever, and, given the large share of populations living below the poverty line, it should not be difficult to avoid E-mistakes if there is a political commitment to food security.

## 7.2 Politics

The political and institutional analysis of food marketing reform shows that food is still a 'hot potato' on the political scene. Local problems in food security are still strong justification for government interventions through food imports, food prices or modified institutional settings. Changing the rules also creates opportunities for rent-seeking activities and profits to administrators. The unpredictability of food markets keeps the private traders alert. Privatized food crop trading is thus hampered by limited capital investments and limited working capital reserves for crop buying.

## 7.3 Development

Food marketing reform produces varying results when viewed from the perspective of the different stakeholders. Collected evidence seems to indicate that marketing reform will, in the medium to long run, have some effects on cropping patterns and in directing cultivation towards higher spatial differentiation. Urban areas in coastal regions are likely to be supplied increasingly by imported food, and urban-rural linkages may become weaker.

The full impact of marketing liberalization on rural producers and all consumers is not yet clear. Because the population in developing SSA is expected to jump from 532 million in 1994 to 1,422 million in 2025, food security will be a paramount development issue in the future. One can only speculate whether the policy of private food marketing will be sustained or whether governments will step in and upgrade their machinery for intervention to prevent periodic hunger. It seems evident that neither the donor community nor the (associations of) private traders have placed food security at the top of their agenda. Given the fiscal difficulties of the SSA governments, it is likely that they can only partially fulfil their responsibility for food security.

When governments intervene on food markets in the future, interventionism should not lead to re-instating nation-wide state-run marketing monopolies. As we have shown, there are several more modest ways for governments to provide an acceptable level of food security and price stability. However, a major change in policies is necessary if the level of food production is to be raised to match population growth. To achieve this aim, more equitable access to land must be established. Another necessary though extremely demanding task will involve the adjustment of modern technological support so that it is appropriate to locational socio-economic and agro-ecological conditions. Due to the high variation in both respects, any top-down paternalistic solutions will be inadequate or unsuitable.

## ANNEX TABLES

- |         |  |
|---------|--|
| Annex 1 | Food security in Sub-Saharan Africa  |
| Annex 2 | Policy conditionality in 22 agricultural sector adjustment loans, fiscal years 1979-92                   |
| Annex 3 | Policy conditionality in 45 structural adjustment loans, fiscal years 1979-92                            |
| Annex 4 | Rate of implementation of the World Bank's policy conditionalities by the loan receivers between 1980-92 |
| Annex 5 | Market liberalization: intervention policies and key food crops in Sub-Saharan Africa, by country        |
| Annex 6 | Loans provided by the World Bank and IMF for the five case-study countries                               |



ANNEX 1  
FOOD SECURITY IN SUB-SAHARAN AFRICA

Column 1	Food aid in cereals as a % of cereal imports 1990-1	Volume of cereal imports as a % of merchandise imports 1990-1	Food security index, 1990 *	Average annual % growth of cereal imports in the 1990s **	Per capita average import of cereals in the 1990s ***
Column 1	Column 2	Column 3	Column 4	Column 5	Column 6
Angola	41.4	14.0	0.8	3.5	33.6
Benin	3.7	16.0	1.1	9.2	31.4
Botswana	0.0	14.9	0.8	6.5	0.4
Burkina Faso	31.6	23.0	0.9	-1.7	15.2
Burundi	9.7	17.0	0.7	30.3	1.5
Cameroon	1.7	14.0	0.9	-4.4	28.1
Cape Verde	76.8	30.4	1.5	-4.7	179.0
CAR	11.1	17.0	0.7	-0.2	10.8
Chad	41.1	17.0	0.5	15.9	9.5
Comoros	9.3	29.8	0.7	7.8	64.5
Congo	15.6	18.0	1.0	19.2	50.6
Côte d'Ivoire	9.2	18.0	1.2	1.4	43.4
Djibouti	14.1	24.4	0.3	7.2	82.0
Equatorial Guinea	13.0	10.2	0.6	-9.1	23.8
Ethiopia	111.5	14.0	0.7	29.3	15.43
Gabon	0.0	17.0	1.1	14.8	56.7
Gambia	11.3	51.9	0.9	9.1	95.0
Ghana	20.9	9.0	0.9	11.4	21.8
Guinea	4.1	18.0	1.0	15.9	1.5
Guinea-Bissau	10.9	32.0	1.0	11.6	65.7
Kenya	19.1	6.0	0.8	38.0	18.6
Lesotho	31.0	23.9	0.8	5.6	71.3
Liberia	39.6	24.0	0.9	4.4	42.3
Madagascar	33.3	13.0	0.9	-1.3	8.7
Malawi	150.8	7.0	0.8	38.6	29.7
Mali	16.4	18.0	1.0	-5.1	12.3
Mauritania	29.5	23.0	0.9	12.1	133.5
Mauritius	3.8	27.0	1.2	3.0	196.5
Mozambique	94.8	...	0.7	10.2	38.2
Namibia	4.0	3.2	0.9	17.9	89.8
Niger	55.2	15.0	0.9	14.9	15.9
Nigeria	0.0	18.0	0.8	38.3	10.0
Rwanda	47.4	9.0	0.8	58.2	5.6
Sao Tome & Principe	51.1	21.1	1.0	-12.1	80.6
Senegal	5.0	26.0	0.8	-1.5	80.0
Sierra Leone	9.3	24.0	0.8	-3.1	36.5
Somalia	46.6	19.0	0.6	-8.6	26.5
Sudan	38.1	22.0	0.7	0.7	30.9
Swaziland	12.8	8.5	1.0	-8.5	92.8
Tanzania	18.5	11.0	1.0	38.7	6.2
Togo	6.7	20.0	0.9	-11.3	25.5
Uganda	234.6	8.0	0.7	27.4	1.8
Zaire	31.9	22.0	1.0	-11.2	7.2
Zambia	3.8	8.0	0.8	45.2	36.5
Zimbabwe	6.1	5.0	0.8	104.6	50.3

Sources: Column 2-4: IFAD (n.d.: 61); Column 5: World Bank (1996:233) Column 6: SOFA95, FAO database 1995 and World Bank (ibid).

Note: \* Based on food production and consumption, including data on growth and variability. A value of '1' is a cut-off point indicating relative food security compared to values below '1'.

\*\* Based on data up to 1993.

\*\*\* Average import 1990-93. Value is litres (= thousands of metric tons per million people).

## ANNEX 2

## POLICY CONDITIONALITY IN 22 AGRICULTURAL SECTOR ADJUSTMENT LOANS, FISCAL YEARS 1979-92

Country	Fiscal year to board	Agricultural policy conditions on				Exchange rate conditions	Trade policy conditions			
		Pricing subsidy	Institutional reform	Investment promotion	Technical research		Import/ export quantitative restrictions	Import duty/ subsidy	Export duty subsidy	Other institutions
Burkina Faso	85,92	x	x					x	x	x
Burundi	89	x	x							
Chad	89	x	x							
Côte d'Ivoire	90	x	x	x			x	x		
Ghana	92	x	x	x			x			x
Kenya	86,91	x	x	x			x			x
Madagascar	86	x	x	x						x
Malawi	90	x	x		x	x	x	x		x
Mali	90	x	x	x			x		x	
Mauritania	90	x	x	x	x					
Nigeria	84	x	x							
Somalia	84,86	x	x		x	x	x			x
Sierra Leone	89	x	x							
Sudan	80,83	x	x			x				x
Tanzania	90	x	x		x	x	x			
Uganda	83,91	x	x	x	x		x	x		x
Zambia	85	x	x							

Source: Knudsen and Lindbert (1995:384-5)

## ANNEX 3

## POLICY CONDITIONALITY IN 45 STRUCTURAL ADJUSTMENT LOANS, FISCAL YEARS 1979-92

Country	Fiscal year to board	Agricultural policy conditions on				Exchange rate conditions	Trade policy conditions			
		Pricing subsidy	Institutional reform	Investment promotion	Technical research		Import/ export quantitative restrictions	Import duty/ subsidy	Export duty subsidy	Other institutions
Benin	89, 91	x	x				x	x		
Burkina Faso	91		x				x	x		x
Burundi	86, 88, 92	x	x		x	x	x	x	x	x
Cameroon	89	x	x				x	x	x	x
Congo	88							x		x
Côte d'Ivoire	82, 84, 86	x	x				x	x	x	x
Gabon	88	x	x	x			x	x		x
Gambia	87, 89	x	x	x		x		x		x
Ghana	87, 89	x	x			x	x	x		x
Guinea	86, 88	x	x			x	x	x		x
Guinea Bissau	87, 89	x	x			x	x	x	x	x
Kenya	80, 83	x	x			x	x	x		x
Malawi	81, 84, 86, 92	x	x			x	x	x		
Mali	91						x	x		
Mauritania	87	x	x					x		
Mauritius	81, 84	x	x			x	x	x		
Niger	86	x	x	x			x	x		
Rwanda	91	x	x			x	x	x		
Sao Tome	87, 90	x	x	x		x	x	x		
Senegal	81, 86, 87, 90	x	x	x	x		x	x		
Togo	83, 85, 88, 91	x	x		x		x	x		
Uganda	92						x			
Zaire	87		x	x				x		
Zimbabwe	92		x			x	x			

Source: Knudsen and Lindbert (1995:384-5)

ANNEX 4  
RATE OF IMPLEMENTATION OF THE WORLD BANK'S POLICY CONDITIONALITIES  
BY THE LOAN RECEIVERS BETWEEN 1980-92

	Agricultural sector adjustment loans				Structural adjustment loans			
	Full implementation		Substantial implementation		Full implementation		Substantial implementation	
I) Agricultural policy:	68	(48)	15	(33)	54	(67)	18	(18)
Pricing and subsidies	73	(60)	12	(20)	49	(70)	21	(17)
Institutional reforms:	62	(26)	21	(37)	54	(65)	16	(19)
entry/exit	70	(na)	30	(na)	20	(na)	20	(na)
regulatory	30	(0)	40	(100)	87	(0)	0	(100)
subsector restructuring	63	(33)	16	(67)	54	(57)	15	(14)
subsector planning	70	(20)	4	(20)	72	(100)	14	(0)
marketing	76	(100)	24	(0)	58	(67)	17	(33)
other institutional	65	(67)	12	(0)	32	(100)	32	(0)
Investment promotion/incentives	66	(33)	24	(67)	58	(0)	25	(50)
Technology/research	88	(na)	13	(na)	60	(na)	0	(na)
II) Trade policy conditionality:	78	(70)	10	(10)	60	(62)	16	(22)
Quantitative restrictions (M/X)	70	(75)	10	(0)	55	(47)	31	(33)
Import duties/subsidies	57	(100)	14	(0)	69	(71)	10	(14)
Export duties/subsidies	80	(50)	0	(0)	76	(83)	6	(0)
M/X financing and credit	0	(na)	100	(na)	79	(100)	7	(0)
Other X incentives and regime	100	(100)	0	(0)	61	(71)	17	(14)
Other X institutions/promotion	75	(50)	25	(50)	43	(33)	14	(33)
Other trade policies	100	(na)	0	(na)	52	(na)	15	(na)
III) Exchange rate conditions	100	(na)	0	(na)	75	(77)	8	(0)

Source: Knudsen and Lindert (1995:400-01).

Note: The implementation rates for economically 'critical' conditionalities are given in brackets.

Coverage: all countries receiving loans.

'Full' and 'substantial' implementation rate: subjective evaluation by the World Bank.

Numbers in brackets: implementation rate for the 'critical' conditionalities.

ANNEX 5  
MARKET LIBERALIZATION: INTERVENTION POLICIES AND KEY FOOD CROPS IN SUB-SAHARAN  
AFRICA, BY COUNTRY

Liberalization score	Country	Intervention in food marketing before SAP and in 1992 *	Crops stipulated as key crops by the WB	Crops used for production data in Figure 4	Crops used for price data in Figure 7
Column 1	Column 2	Column 3	Column 4	Column 5	Column 6
No control ever	Burundi	None/none	Beans	Beans	
	Chad	None /none	Millet, sorghum	Coarse grain	Millet
	Côte d'Ivoire	None /none	Tubers	Roots, tubers	
	Gabon	None/none	Cassava	Cassava	
	Ghana	None/none	Tubers	Roots, tubers	
	Nigeria	None /none	Yams	Yams	
	Rwanda	None/none	Sorghum		Sorghum
	Sierra Leone	None/none	Millet, rice	Rice	Rice
Liberalized	Benin	Major/none	Cassava	Roots, tubers	
	Burkina Faso	Major/none	Millet	Coarse grain	Millet
	Cameroon	Limited/none	Cassava	Cassava	
	CAR	Major/none	Cassava	Cassava	
	Congo	Limited/none	Cassava	Cassava	
	Gambia	Major/none	Sorghum	Coarse grain	Sorghum
	Guinea	Major/none	Rice	Rice	Rice
	Guinea-Bissau	Major/none	Rice	Rice	Rice
	Madagascar	Major/none	Rice	Rice	Rice
	Mali	Major/none	Millet	Coarse grain	Millet
	Mozambique	Major/none	Maize	Maize	Maize
	Niger	Major/none	Millet	Coarse grain	Millet
	Senegal	Limited/none	Millet	Coarse grain	Millet
	Tanzania	Major/none	Maize	Maize	Maize
	Togo	Limited/none	Maize	Maize	Maize
Limited intervention	Malawi	Heavy/limited	Maize	Maize	Maize
	Mauritania	Limited/limited	Millet	Cereals	Millet
	Zambia	Major/limited	Maize	Maize	Maize
Heavy intervention	Kenya	Major/major	Maize	Maize	Maize
	Zimbabwe	Major/major	Maize	Maize	Maize

Sources: Columns 2-3: World Bank (1994:85).  
Column 4: World Bank (1996:228-31).  
Column 5: FAO agristat database 1995.  
Column 6: World Bank (1996:219-23).

Note: \* None = No intervention except in food security stocks.  
Limited = Limited intervention by government buying agency.  
Major = Major restrictions on purchases and sales.

## ANNEX 6

## LOANS PROVIDED BY THE WORLD BANK AND IMF FOR THE FIVE CASE-STUDY COUNTRIES

Country	IFI	Type	Duration
Kenya	IMF	Stand-by arrangement	1979-81
	WB	SAL I	1980-80
	IMF	Stand-by arrangement	1980-82
	IMF	Stand-by arrangement	1982-83
	WB	SAL II	1982-83
	IMF	Stand-by arrangement	1983-84
	IMF	Stand-by arrangement	1985-86
	WB	Agricultural sector loan	1987-88
	IMF	Structural adjustment facility	1988-91
	IMF	Stand-by arrangement	1988-89
	WB	Industry and trade sectors loan	1988-90
	IMF	Enhanced structural adj. facility	1989-92
	WB	Financial sector loan	1989-91
	WB	Export development	1990-95
	WB	Agricultural. sector adjustment II	1991-95
WB	Education sector adjustment credit	1991-94	
Malawi	IMF	Stand-by arrangement	1979-81
	WB	SAL I	1981-82
	IMF	Stand-by arrangement	1982-83
	WB	Fertilizer loan	1983-88
	IMF	Extended fund facility	1983-86
	WB	SAL II	1984-85
	WB	SAL III	1985-88
	IMF	Stand-by arrangement	1988-89
	IMF	Enhanced structural adj. facility	1988-91
	WB	Industry and trade policy loan	1988-90
	WB	Agriculture sector	1990-91
Tanzania	IMF	Stand-by arrangement	1980-82
	WB	Export rehabilitation loan	1981-83
	IMF	Stand-by arrangement	1986-88
	IMF	Structural adjustment facility	1987-90
	WB	Multisector rehabilit. programme	1988-89
	WB	Industry rehabilit. and trade loan	1989-90
	WB	Agricultural adjustment credit	1990-92
	IMF	Enhanced structural adj. facility	1991-94
	WB	Financial sector	1991-94
Zambia	IMF	Extended fund facility	1981-84
	IMF	Stand-by arrangement	1983-84
	IMF	Stand-by arrangement	1984-86
	WB	Export rehabilitation and diversification	1984-88
	WB	Agricultural sector loan	1985-88
	WB	industrial sector loan	1985-88
	IMF	Stand-by arrangement	1986-88
	IMF	Stand-by arrangement	1986-88
	WB	Economic recovery programme	1986-90
	WB	Recovery credit (SAL)	1991-92
Zimbabwe	IMF	Stand-by arrangement	1983-84
	WB	Export industry policy loan	1983-87

Source: World Bank (1992).

## LITERATURE

- Abdulai, A. and C. Delgado. 1995. *Re-establishing Agriculture as a Priority for Development Policy in Sub-Saharan Africa*. Washington, DC: IFPRI.
- Alexandratos, N. and H. de Haen. 1995. World Consumption of Cereals: Will it Double by 2025? *Food Policy* vol. 20: 359-66.
- Arhin, K., P. Hesp and L. v. d. Laan. 1985. *Marketing Boards in Tropical Africa*. London, Boston, Melbourne and Henley: KPI.
- Bernstein, H. 1996. The Political Economy of the Maize Filière. *The Journal of Peasant Studies* vol. 23, no. 2/3: 120-45.
- Berry, Sara. 1993. *No Condition is Permanent: The Social Dynamics of Agrarian Change in Sub-Saharan Africa*. Madison: University of Wisconsin Press.
- Bigsten, A. and N. Ndung'u. 1992. Kenya. In *Structural Adjustment and the African Farmer*, edited by A. Duncan and J. Howell. Overseas Development Institute and James Currey, London and Heinemann, Portsmouth, NH.
- Boonekamp, L. and Y. Cathelinaud. 1996. *Agricultural Markets from Now to 2000*. The OECD Observer no. 199: 19-23.
- Braun, Joachim von and Leonardo Paulino. 1990. Food in Sub-Saharan Africa: Trends and Policy Challenges for the 1990s. *Food Policy* vol. 15, no. 6: 505-17.
- Bryceson, D. F. 1993. *Liberalizing Tanzania's Food Trade*. UNRISD. London: Villiers Publications.
- Bryceson, D. F. 1994. Too Many Assumptions: Researching Grain Markets in Tanzania. *Nordic Journal of African Studies* 3(1): 29-45.
- Chachage, C. S. L. 1993. Forms of Accumulation, Agriculture and Structural Adjustment in Tanzania. In *Social Change and Economic Reform in Africa*, edited by P. Gibbon. Uppsala: Nordiska Afrikainstitutet.
- Chipika, J. T. and S. Chipika. 1994. Alternative Food Policies and Zimbabwe's Uneven Development. In *Inducing Food Insecurity: Perspectives on Food Policies in Eastern and Southern Africa*, edited by M. Salih. Nordiska Afrikainstitutet, Seminar Proceedings no. 30. Uppsala.
- Clay, E. and O. Stokke (eds) 1993. *Food Aid Reconsidered: Assessing the Impact on Third World Countries*. EADI Book Series II. London: Frank Cass.
- Clay, E. and C. Benson. 1991. Triangular Transactions, Local Purchases and Exchange Arrangements in Food Aid: A Provisional Review with Special Reference to Sub-Saharan Africa. In *Food Aid Reconsidered: Assessing the Impact on Third World Countries*, edited by E. Clay and O. Stokke. EADI Book Series II. London: Frank Cass.
- Commander, S. 1989. Prices, Markets and Rigidities: African Agriculture 1980-88. In *Structural Adjustment and Agriculture: Theory and Practice in Africa and Latin*

*America*, edited by Simon Commander. Overseas Development Institute and James Currey, London and Heinemann, Portsmouth, NH.

Cornia, G. A. and G. K. Helleiner. (eds) 1994. *From Adjustment to Development in Africa: Conflict, Controversy, Convergence, Consensus?* Basingstoke and London: Macmillan.

Cornia, G. A. and F. Stewart. 1995. Food Subsidies: Two Errors of Targeting. In *Adjustment and Poverty; Options and Choices*, edited by F. Stewart. London and New York: Routledge.

Coulter, J. 1994. Liberalization of Cereals Marketing in Sub-Saharan Africa: Lessons from Experience. *Marketing Series* 9. Chatham: Natural Resources Institute.

Coulter, J. and P. Golob. 1992. Cereal Marketing Liberalization in Tanzania. *Food Policy* vol. 17, no. 6: 420-30.

Cromwell, Elizabeth. 1992. Malawi. In *Structural Adjustment and the African Farmer*, edited by A. Duncan and J. Howell. Overseas Development Institute and James Currey, London and Heinemann, Portsmouth, NH.

Deaton, A. and R. Miller. 1995. *International Commodity Prices, Macroeconomic Performance and Politics in Sub-Saharan Africa*. Princeton Studies in International Finance no 79. Department of Economics, Princeton University.

Delgado, C. L. 1992. Why Domestic Food Prices Matter to Growth Strategy in Semi-open West African Agriculture. *Journal of African Economies* vol. 1, no. 3: 446-71.

Donge, J. K. van. 1994. The Continuing Trial of Development Economics: Policies, Prices and Output in Tanzanian Agriculture. *Journal of International Development* vol. 6, no. 2: 157-84.

Duncan, A. and J. Howell. 1992. *Structural Adjustment and the African Farmer*. Overseas Development Institute and James Currey, London, and Heinemann, Portsmouth, NH.

ECA/FAO. 1995. Food and Agriculture in Africa. Staff Papers no. 6.

Eicher, Carl K. 1992. African Agricultural Development Strategies. In *Alternative Development Strategies in Sub-Saharan Africa*, edited by F. Stewart, S. Lall and S. Wangwe. Houndmills and London: Macmillan Press.

EIU (Economic Intelligence Unit) Kenya. Country Report. Various issues.

\_\_\_\_\_. Malawi. Country Report. Various issues.

\_\_\_\_\_. Tanzania. Country Report. Various issues.

\_\_\_\_\_. Zambia. Country Report. Various issues.

\_\_\_\_\_. Zimbabwe. Country Report. Various issues.

Elbadawi, I. A. 1996. Structural Adjustment and Drought in Sub-Saharan Africa. *Journal of International Development* 8 (5): 581-96.

Ellis, F. 1988. Tanzania. In *Agricultural Pricing Policy in Africa: Four Country Case Studies*, edited by C. Harvey. Hong Kong: Macmillan Publishers.

- Endale, D. 1993. *Rural Markets, Food-Grain Prices and Famines: A Study on Selected Regions in Ethiopia*. Helsinki: UNU/WIDER Working Paper no. 104.
- FAO. 1995a. Food Supply Situation and Crop Prospects in Sub-Saharan Africa. FAO/GIEWS: Africa Report July.
- \_\_\_\_\_. 1995b. *The State of Food and Agriculture*. Rome: FAO.
- Geest, W. v. d. 1994. A Review of Research Literature on the Impact of Structural Adjustment in Sub-Saharan Africa. In *Structural Adjustment and Beyond in Sub-Saharan Africa*, edited by R. v. d. Hoeven and F. v. d. Kraaij. DGIS, The Hague, with James Currey, London, and Heinemann, Portsmouth, NH.
- Gibbon, P., K. J. Havnevik and K. Hermele. 1993. *A Blighted Harvest: The World Bank and African Agriculture in the 1980s*. Trenton, NJ: Africa World Press, Inc.
- Green, R. H. 1989. Articulating Stabilization Programmes and Structural Adjustment. In *Structural Adjustment and Agriculture*, edited by Simon Commander. Overseas Development Institute. London: Villiers Publications.
- Guyer, J. (ed.) 1987. *Feeding African Cities: Studies in Regional Social History*. London: Manchester University Press.
- Harvey, C. (ed.) 1996. *Constraints on the Success of Structural Adjustment Programmes in Africa*. Houndmills and London: Macmillan Press.
- Harvey, Charles (ed.) 1988. *Agricultural Pricing Policy in Africa: Four Country Case Studies*. Hong Kong: Macmillan Publishers.
- Hoekman, B. and M. Kostecki. 1995. *The Political Economy of the World Trading System: From Gatt to WTO*. Oxford: Oxford University Press.
- Hubbard, M. 1995. The 'New Public Management' and the Reform of Public Services to Agriculture in Adjusting Economies: The Role of Contracting. *Food Policy* vol. 20, no. 6: 529-36.
- Hyden, Göran. 1980. *Beyond Ujamaa in Tanzania: Underdevelopment and an Uncaptured Peasantry*. University of California Press.
- IFAD. (n.d.). *The State of World Rural Poverty: A Profile of Africa*. Rome: International Fund for Agricultural Development.
- Ikiara, G. K., M. Jama and J. O. Amadi. 1995. The Cereals Chain in Kenya: Actors, Reforms and Politics. In *Markets, Civil Society and Democracy in Kenya*, edited by Peter Gibbon. Nordiska Afrikainstitutet. Uppsala: Reprocentralen HSC.
- Jayne, T. S., R. Lawrence, M. Chisvo and M. Weber. 1996. *Zimbabwe Food Security Success Story*. Policy Synthesis for USAID no. 18. Bureau for Africa Office of Sustainable Development, USAID.
- Jayne, T. S. and S. Jones. 1996. *Food Marketing and Pricing Policy in Eastern and Southern Africa: Lessons for Increasing Agricultural Productivity and Access to Food*. Policy Synthesis for USAID no. 12. Bureau for Africa Office of Sustainable Development, USAID.



- Jayne, T. S. and E.-A. Nuppenau. 1993. Maize Market Reform in Zimbabwe. *Food Policy* vol. 18, no. 4: 308-15.
- Jayne, T. S., L. Rubey, D. Tschirley, M. Mukumbu, M. Chisvo, A. Santos, M. Weber and P. Diskin. 1996. *Effects of Market Reform on Access to Food by Low-Income Households: Evidence from Four Countries in Eastern and Southern Africa*. SD Publication Series, Office of Sustainable Development, Bureau for Africa, Technical paper no 25. USAID.
- Jayne, T. S. and M. Rukuni. 1993. Distributional Effects of Maize Self-sufficiency in Zimbabwe. *Food Policy* vol. 18, no. 4: 334-42.
- Jiriyengwa, S. 1993. Grain Market Liberalization and Social Goals: the Grain Marketing Board in Zimbabwe. *Food Policy* vol. 18, no. 4: 316-24.
- Jones, S. 1995. Food Market Reform: The Changing Role of the State. *Food Policy* vol. 20, no. 6: 551-60.
- Killick, T. 1995. *IMF Programmes in Developing Countries: Design and Impact*. Development Policy Studies. London and New York: Routledge.
- Knudsen, O. and K. Lindert. 1995. Agricultural Lending in Transition: Lessons from Experience and Future Approaches. In *Agriculture in Liberalizing Economies: Changing Roles for Governments*, edited by D. Umali-Deiniger and C. Maguire. Washington DC: World Bank.
- Krueger, A. O., M. Schiff and A. Valdés. 1991. Measuring the Effects of Intervention in Agricultural Prices. *The Political Economy of Agricultural Pricing Policy* vol. 3 Africa and the Mediterranean: A World Bank Comparative Study. Baltimore and London: The Johns Hopkins University Press.
- Kyle, S. and J. Swinnen. 1994. The Theory of Contested Markets and the Degree of Tradedness of Agricultural Commodities: An Empirical Test in Zaire. *Journal of African Economies* vol. 3, no. 1: 93-113.
- Kydd, J. 1988. Zambia. In *Agricultural Pricing Policy in Africa; Four Country Case Studies*, edited by C. Harvey. Hong Kong: Macmillan Publishers.
- Lele, U. and R. Christiansen. 1989. *Markets, Marketing Boards and Cooperatives in Africa: Issues in Adjustment Policy*. MADIA Discussion Paper 11. Washington, DC: World Bank.
- Lewa, P. M. and M. Hubbard. 1995. Kenya's Cereal Sector Reform Programme: Managing the Politics of Reform. *Food Policy* vol. 20, no. 6: 573-84.
- Lipumba, N. 1994. *Africa Beyond Adjustment*. Washington, DC: Overseas Development Council.
- Livingstone, I. 1985. Agricultural Development Strategy and Agricultural Pricing Policy in Malawi. In *Marketing Boards in Tropical Africa*, edited by K. Arhin, P. Hesp and L. v. d. Laan. London etc: KPI.
- Mosley, P. 1994. Policy and Capital Market Constraints to the African Green Revolution: A Study of Maize and Sorghum Yields in Kenya, Malawi and Zimbabwe, 1960-91. In *From Adjustment to Development in Africa: Conflict, Controversy,*

*Convergence, Consensus?*, edited by G. A. Cornia and G. K. Helleiner. Basingstoke and London: Macmillan.

Mosley, P., J. Harrigan and J. Toye. 1991. *Aid and Power: the World Bank and Policy-based Lending*. Volume 1: Analysis and Policy Proposals. London and New York: Routledge.

Mosley, P., T. Subasat and J. Weeks. 1995. Assessing Adjustment in Africa. *World Development* : 1459-73.

Mundlak, Y., D. Cavallo and R. Domenech. 1990. *Effects of Macroeconomic Policies on Sectoral Policies*. World Bank Economic Review vol. 4, no. 1: 55-80.

Nuppenau, E.-A. 1994. Partial Market Reform, Dual Marketing Channels and Food Security under Structural Adjustment: A Case Study of Maize Marketing in Zimbabwe. In *Food and Agricultural Policies under Structural Adjustment*, edited by F. Heidues and B. Knerr. Frankfurt am Main etc: Peter Lang.

Parsalaw, W. 1996. Liberalization of Maize Marketing in the Arusha Region in Tanzania. In *Constraints on the Success of Structural Adjustment Programmes in Africa*, edited by C. Harvey. Houndsmill: Macmillan Press.

Pinckney, T. 1993. Is Market Liberalization Compatible with Food Security?: Storage, Trade and Price Policies for Maize in Southern Africa. *Food Policy* vol. 18, no. 4: 325-33.

Platteau, J.-P. 1994. Behind the Market Stage Where Real Societies Exist, Part I: The Role of Public and Private Order Institutions. *The Journal of Development Studies* vol. 30, no. 3 (April): 533-77.

\_\_\_\_\_. 1995. The Food Crisis in Africa. In *The Political Economy of Hunger: Selected Essays*, edited by J. Drèze, A. Sen and A. Hussain. UNU/WIDER Studies in Development Economics. Oxford: Clarendon Press.

\_\_\_\_\_. 1996. 'Physical Infrastructure as a Constraint on Agricultural Growth: The Case of Sub-Saharan Africa'. A paper presented at the VIIIth general conference of EADI in Vienna, 11-14 September.

Pottier, J. 1986. *Village Responses to Food Marketing Alternatives in Northern Zambia: The Case of the Mambwe Economy*. IDS Bulletin no. 17/2.

\_\_\_\_\_. 1993. Taking Stock: Food Marketing Reform in Rwanda, 1982-89. *African Affairs* vol. 92: 5-30.

Raikes, P. 1988. *Modernizing Hunger: Famine, Food Surplus and Farm Policy in the EEC & Africa*. Catholic Institute for International Relations with James Currey, London, and Heinemann. Portsmouth, NH.

Sahn, D. (ed.) 1995. *Adjusting to Policy Failure in African Economies*. Ithaca and London: Cornell University Press.

Sahn, D. E. and J. Desai. 1995. The Emergence of Parallel Markets in a Transition Economy: The Case of Mozambique. *Food Policy* vol. 20, no. 6: 83-98.

Salih, S. 1995. *Food Security in Africa*. UNU/WIDER World Development Studies 3. Helsinki: UNU/WIDER.

- Santorum, A. and A. Tibaijuka. 1992. Trading Responses to Food Market Liberalization in Tanzania. *Food Policy* vol. 17, no. 6: 431-42.
- Seppälä, P. 1996. The Politics of Economic Diversification: Reconceptualizing the Rural Informal Sector in South-East Tanzania. *Development and Change* vol. 7, no. 3: 557-78.
- \_\_\_\_\_. forthcoming. The Liberalization of Maize Marketing in Tanzania. In *Liberalized Maize Marketing in Eastern Africa*, edited by P. Seppälä. Helsinki: UNU/WIDER World Development Studies.
- Shawa, J. J. 1993. Trade, Price and Market Reform in Zambia: Current Status and Constraints. *Food Policy* vol. 18, no. 4: 83-98.
- Smith, L. D. 1995. Malawi: Reforming the State's Role in Agricultural Marketing. *Food Policy* vol. 20, no. 6: 561-71.
- Smith, L. D. and A. M. Thompson. 1991. *The Role of Public and Private Agents in the Food and Agricultural Sectors of Developing Countries*. FAO Economic and Social Development Paper 105.
- Temu, P. 1973. 'Marketing Board Pricing and Storage Policy with Particular Reference to Maize in Tanzania'. Ph.D. Thesis. Stanford University.
- Stewart, F., S. Lall and S. Wangwe (eds). 1994. *Alternative Development Strategies in Sub-Saharan Africa*. Houndmills and London: Macmillan Press.
- Thompson, A. 1988. Zimbabwe. In *Agricultural Pricing Policy in Africa; Four Country Case Studies*, edited by C. Harvey. Hong Kong: Macmillan Publishers.
- Thomson, A. and N. Terpend. 1993. *Promoting Private Sector Involvement in Agricultural Marketing in Africa*. FAO Agricultural Sector Bulletin no. 106. Rome: FAO.
- Timmer, P. 1986. *Private Decisions and Public Policy: The Price Dilemma in Food Systems of Developing Countries*. MSU International Development Papers no. 7. Michigan State University.
- Toye, J. 1994. Structural Adjustment: Context, Assumptions, Origin and Diversity. In *Structural Adjustment and Beyond in Sub-Saharan Africa*, edited by R. v. d. Hoeven and F. v. d. Kraaij. DGIS, The Hague, with James Currey, London, and Heinemann, Portsmouth, NH.
- United Nations. 1995. *Statistical Yearbook: Fortieth Issue, 1993*. New York: United Nations.
- World Bank. 1981. *Accelerated Development in Sub-Saharan Africa: An Agenda for Action*. Washington, DC: World Bank.
- \_\_\_\_\_. 1988. *Adjustment Lending: An Evaluation of Ten Years of Experience*. Country Economics Department. Policy and Research Series. Washington, DC: World Bank.
- \_\_\_\_\_. 1989. *Sub-Saharan Africa: From Crisis to Sustainable Growth*. Washington, DC: World Bank.

- \_\_\_\_\_. 1990a. *Adjustment Lending Policies for Sustainable Growth*. Country Economics Department. Policy and Research Series. Washington, DC: World Bank.
- \_\_\_\_\_. 1990b. *World Bank/Tanzania Relations, 1961-1987*, Volume II: Sectoral Departments. Operations Evaluation Department. Washington, DC: World Bank.
- \_\_\_\_\_. 1992. *Adjustment Lending and Mobilization of Private and Public Resources for Growth*. Country Economics Department. Policy and Research Series. Washington, DC: World Bank.
- \_\_\_\_\_. 1994. *Adjustment in Africa: Reforms, Results and the Road Ahead*. A World Bank Policy Research Report. Washington, DC: World Bank.
- \_\_\_\_\_. 1995. *Developing the Regulatory Environment for Competitive Agricultural Markets*. World Bank Technical Papers no. 266. Washington, DC: World Bank.
- \_\_\_\_\_. 1996. *African Development Indicators 1996*. Washington, DC: World Bank.
- Yeboah, D. 1993. Intra-African Food Trade: An Empirical Investigation. *Developing Economies* vol. 31, no. 1: 54-101.

## Research for Action Series RFA

- RFA1** Hunger and Entitlements by Amartya Sen, January 1988 *out of print*
- RFA2** Lessons of the Golden Age of Capitalism by Stephen A. Marglin, April 1988
- RFA3** Conditionality: Facts, Theory and Policy by Dragoslav Avramovic, July 1989
- RFA4** The World Economic and Financial Crisis by Celso Furtado, Lal Jayawardena and Masaru Yoshitomi, November 1989 *out of print*
- RFA5** The Affinity between Ownership and Coordination Mechanisms. The Common Experience of Reform in Socialist Countries by János Kornai, January 1990
- RFA6** Towards a Peaceful Sri Lanka. Six Introductory Seminars for University Students by Carlo Fonseka, October 1990
- RFA7** Gender, Development, and Policy: Toward Equity and Empowerment by Valentine M. Moghadam, November 1990
- RFA8** Foreign Resource Flows and Developing Country Growth by Lance Taylor, March 1991
- RFA9** A Global Environmental Compact for Sustainable Development: Resource Requirements and Mechanisms by Lal Jayawardena, August 1991
- RFA10** Privatization and Democratization in Central and Eastern Europe and the Soviet Union: The Gender Dimension edited by Valentine M. Moghadam, January 1992
- RFA11** Aid and Development Policy in the 1990s by Arjun Sengupta, February 1993
- RFA12** The Potential of Development Contracts and Conditionality: Towards Sustainable Development Compacts by Lal Jayawardena, February 1993 *out of print*
- RFA13** Gender and the Development Process in a Changing Global Environment. Results of the UNU/WIDER Research Programme on Women and Development by Valentine M. Moghadam, July 1993
- RFA14** The New Regionalism: Implications for Global Development and International Security by Björn Hettne and András Inotai, February 1994
- RFA15** Economic Reform and Its Interpretations in Russia by Ruben N. Yevstigneyev and Arkady M. Voinov, May 1994
- RFA16** Structural Adjustment in Africa. A Performance Review of World Bank Policies under Uncertainty in Commodity Price Trends: The Case of Ghana by Tetteh A. Kofi, June 1994 *out of print*
- RFA17** Russian Transition - Chinese Reforms: A Comparative View by András Blahó, June 1994 *out of print*
- RFA18** Internationalization of Finnish Firms and their Response to Global Challenges by Reijo Luostarinen, December 1994
- RFA19** Impacts of Africa's Growing Debt on its Growth by Siddig A. Salih, December 1994

- RFA20** Trends in International Cooperation and Net Resource Transfers to Developing Countries by Krishnalekha Sood, January 1995
- RFA21** Habitat II and the Urban Economy: A Review of Recent Developments and Literature by Pii Elina Berghäll, April 1995
- RFA22** Restructuring of Peripheral Villages in Northwestern Russia by Eira Varis, February 1996
- RFA23** The Urban Challenge by Reino Hjerppe and Pii Elina Berghäll, March 1996
- RFA24** Development, Aid and Conflict: Reflections from the Case of Rwanda by Peter Uvin, September 1996
- RFA25** The Age of Humanitarian Emergencies by Raimo Väyrynen, September 1996
- RFA26** Welfare Changes in China during the Economic Reforms by Lu Aiguo, September 1996
- RFA27** The Banking System and Monetary Aggregates Following Financial Sector Reforms: Lessons from Indonesia by Anwar Nasution, September 1996
- RFA28** Dealing with Capital Inflows: Are There Any Lessons? by Carmen M. Reinhart and Steven Dunaway, September 1996
- RFA29** A Russian Puzzle: What Makes the Russian Economic Transformation a Special Case by Vladimir Popov, September 1996
- RFA30** Tree Plantations in the Philippines and Thailand: Economic, Social and Environmental Evaluation by Anssi Niskanen and Olli Saastamoinen, October 1996
- RFA31** Why Humanitarian Emergencies Occur: Insights from the Interface of State, Democracy and Civil Society by Claude Ake, January 1997
- RFA32** Zaire after Mobutu: A Case of a Humanitarian Emergency by Kisangani N. F. Emizet, February 1997
- RFA33** The Polish Alternative: Old Myths, Hard Facts and New Strategies in the Successful Transformation of the Polish Economy by Grzegorz W. Kolodko and D. Mario Nuti, March 1997
- RFA34** Food Marketing Reconsidered: An Assessment of the Liberalization of Food Marketing in Sub-Saharan Africa by Pekka Seppälä, April 1997

For price and order information, please contact UNU/WIDER Publications at the address given below.

UNU/WIDER Publications  
Katajanokanlaituri 6 B  
00160 Helsinki  
Finland

Telephone (+358-9) 6159911  
Facsimile (+358-9) 61599333  
Telex 123455 unuei fi  
E-mail wider@wider.unu.edu