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# ***CAADP and agrarian options for Mozambique: contribution for a political economy analysis***

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# Structure of the presentation

- CAADP in Mozambique – early stages and the revival
- Towards a political economy explanation of the revival of CAADP in Mozambique – which crisis, nature of donor crises, nature of policy crisis, why going back to CAADP, and what does it all mean I practice?
- Have there been substantial and meaningful changes in the view and understanding of agriculture, and in policy and practice?
- Conclusions – what is left for international frameworks?

# CAADP in Mozambique

- Early stages:
  - Enthusiasm by GoM since 2003 (Maputo Declaration, MD) – maybe because of historical/political reasons/stake (MD approved in Maputo), international relevance [political (SADC, NEPAD, African Renaissance) & financial (external resource mobilization)], and identity of rhetorical approach (the four pillars, agriculture as pathway for poverty reduction, agriculture = small and medium farmers, economic dualism)]...
  - Which faded away quickly (many things happening at the same time, responding to different pressures) – context of multiple policy initiatives, conflict over the role and options for agriculture between rhetoric of political discourse and practice of overall pattern of capital accumulation, difficulties with donors and important political transitions in Mozambique, within the dominant party and of accumulation strategy.

# CAADP in Mozambique

- Early stages (cont.):
  - ...
  - CAADP related activities were few and far between, mostly limited to attending meetings and politically supporting CAADP within a broad concept of African renaissance associated with NEPAD. Very limited consultation beyond senior civil servants at key, related ministries (ex., agriculture, water and roads).
  - Even these fragmented activities were interrupted during and after the restructuring of MINAG (2005-2007) – new president, same party, same generation of politicians, took office in 2005, with focus on big business and overall restructuring of State accordingly, and internal political struggle.

# CAADP in Mozambique

- The revival of interest in CAADP – it was not until 2010 that the GoM and some donors started consistent efforts towards adoption of CAADP approach:
  - **vision** (agriculture-led growth and poverty reduction, focus on family agriculture and small and medium farmers because: share of population in family agriculture, more and deeper poverty in rural areas, and assumed role of family and small/medium farmers in poverty reduction),
  - **pillars** (land and water management, rural infrastructure and trade related capacities for market access, increasing food supply and reducing hunger, and agriculture research and technology dissemination and adoption – no discussion of real market dynamics, hence no way to make technology choices, address market access problems, etc.) and
  - **targets** (10% of budget expenditure for the sector and 10% sector growth, instead of CAADP 6%)

## CAADP in Mozambique

- PEDSA (2010), was developed very much in line with some of CAADP guidelines (similar targets and pillars, similar view of the agriculture sector); and in 2011 the GoM signed the CAADP compact (little consultation, not broadly known).
- Where did this revival come from? We argue that, as usual, crisis led to the quest for new tools, and CAADP was one of the readily available tools. Which crisis? And why the tool of CAADP? Did this lead to significant changes in policy direction? Which conclusions can we draw from this for analysis of the role of international frameworks like CAADP?

# Towards a political economy explanation of the “revival” of CAADP in Mozambique

- Which crisis (this point is important to understand pressures and see if CAADP responds to the characteristics of the crisis)?
  - **Aid flows** to PROAGRI (*agriculture sector budget support*): number of DCP providing sector budget support fell from 15 in 2000-2004 to 8 in 2005-2006, and available external finance available to the sector budget fell accordingly. Some of the departing donors remained in the sector, but with projects on their own rather than participating in the sector programme. More than supporting production and trade, PROAGRI was key to keeping qualified staff in MINAG and related organizations and to support the functioning of the institutions (equipment, training, recruitment of domestic and external consultants, topping up of salaries and bonuses, transportation and communication, research and general functioning). Hence, the quasi collapse of PROAGRI affected the operation of MINAG and its staff more than affected production and trade.

# Towards a political economy explanation of the “revival” of CAADP in Mozambique

- Which crisis (this point is important to understand pressures and see if CAADP responds to the characteristics of the crisis) (cont.)?
  - ...
  - *Period of intensive **institutional and policy formulation and confusion** (2004-2010):* Besides PROAGRI II (whose formulation lasted a few years, 2003-2005), MINAG also formulated: 4 major policy documents [the agricultural sector priorities (2006), the agrarian diversification and intensification strategy (2007), the green revolution strategy, GRS (2008), the action plan for food production, PAPPA (2008)], several sub-sectoral strategies (irrigation, livestock, extension and others), and several attempts at institutional reform, none completed or successful. On top of all of these, the Minister of MINAG was changed 3 times between 2005 and 2008, and each new Minister brought new directions, new strategies, and conflicting priorities. All of these did not help with donors and with the clarification of direction for agriculture.



# Towards a political economy explanation of the “revival” of CAADP in Mozambique

- Nature of donor crisis:
  - Definition: quasi collapse of sector budget support to agriculture
  - Explanations:
    - GoM performance: failure to reduce poverty, to implement large scale support to small and medium farmers, to privatize land and to deliver a consistent and unified strategy and policies for agriculture;
    - Tensions amongst donors reflecting two types of conflicts: between a neo-liberal approach (USAID and others) and a structuralist view of more direct State intervention in support of production and trade; and related to the architecture of aid (the role and the effectiveness of conditionality and of programmatic aid, the extent of political conditionality, etc.)

# Towards a political economy explanation of the “revival” of CAADP in Mozambique

- Nature of policy crisis:
  - Definition: too many, confusion and incoherence, continuous changes in direction (back and forth) and no implementation of policy documents.
  - Explanations:
    - One view of the problem (Cunguara and Hanlon): Donor-satisfying policies to mobilize aid, which account for neo-liberal stance (no role for the state in supporting production and trade, no ownership of policy):

# Towards a political economy explanation of the “revival” of CAADP in Mozambique

- Nature of policy crisis (cont.):
  - Explanations (cont.):
    - ...
    - Other views: certainly, Cunguara-Hanlon view is part of the equation, but too simplistic and not capable of explaining some key facts and processes, namely:
      - significant role of the state in resource expropriation and privatization of rents, and in promoting large private investment;
      - systematic non alliance between policy documents and policy practice, with consistent type of “error” (“talk” about poverty, small business, broad base, but action is for large capital instead);
      - land issue (resistance against pressure from donors and Mozambican liberals for land and other natural resources privatization, as state ownership favours both privatization of rents and rhetoric of poverty reduction and protection of the poor);
      - strong tensions between the narrow, extractive, pattern of capital accumulation in Mozambique and the interests of local elites with no access to large resources, the inability to provide cheap food and the failure to reduce poverty in any significant manner – these tensions exacerbate tensions in policy action/thinking, discourse/practice

# Towards a political economy explanation of the “revival” of CAADP in Mozambique

- Nature of policy crisis (cont.):
  - Explanations (cont):
    - ...
    - Hence, it is clear that in practice, even if not in rhetoric, the government is focused on a strategy of attracting big, multinational business to support the formation of a domestic, oligarchic capitalist process of accumulation, which for historical reasons is extractive and rent seeking in nature. But this creates conflicts and tensions of multiple dimensions, leading to confusing discourses, frequent changes in policy focus to take advantage of international private capital (from sugar to biofuels to tobacco to food production for the domestic market to food production for exports to focus on minerals, and so on), with systematic conflicts about resources large differences between documents and practice.

# Towards a political economy explanation of the “revival” of CAADP in Mozambique

- Nature of policy crisis (cont.):
  - Explanations (cont):
    - ...
    - Populism, power struggle within the party and crisis of the models of development as explanations for general confusion about institutional reform.
    - Thus, policy crisis not only reflects dependency or “wrong” choice of the technocratic model, but is deep rooted in the basic texture of the political economy of capital accumulation in Mozambique under specific historical circumstances. And this is the point that matters most.

## **Towards a political economy explanation of the “revival” of CAADP in Mozambique**

- Why answering the crisis by going back to CAADP (rather than finding some other meaningful alternative)?
  - Definition of “going back to CAADP”: The strategic plan for development of the agricultural sector, PEDSA (2010), was developed very much in line with some of CAADP guidelines (similar targets and pillars, similar view of the agriculture sector); and in 2011 the GoM signed the CAADP compact. Why?

# Towards a political economy explanation of the “revival” of CAADP in Mozambique

- Why answering the crisis by going back to CAADP (rather than finding some other meaningful alternative) (cont.)?
  - ...
  - Explanations: CAADP
    - Brings “international legitimacy” to the policy process; which also helps with aid mobilization (official and private). External aid is an external support for capitalist accumulation without having to challenge the basic, extractive and porous, pattern of accumulation. Hypothesis is that aid can take care of poverty (and food production for the domestic markets and small and medium farmers, and all that) while capitalist accumulation proceeds and oligarchic national capitalist classes develop by expropriating the State and privatising rents.
    - Brings “domestic legitimacy” to the policy process by providing a readily available framework for domestic policy negotiation as it apparently offers what looks to be a technical and consensual solution for the unsolved political debate around the role and options for agriculture, and also delivers a nationalist and populist discourse not disliked by local elites and populists alike.
    - Does not enter in conflict with some of intellectually dominant views about agriculture in Mozambique
    - Does not challenge, in any way, the dominant pattern of capital accumulation, while apparently providing (at least in discourse) some solutions for tensions related to it.
    - Most importantly, meaningful alternatives would be much more challenging politically, because they would have the challenge, fundamentally, the dominant pattern of capital accumulation.

## **Have there been substantial and meaningful changes in understanding agriculture and in policy?**

- CAADP is not well known. Its adoption (if we can say so) may be due to opportunistic behaviour – provides a discourse to deal with tensions of the pattern of accumulation, and provides an external, “technical and consensual” solution for an internal, political problem related with contest and conflict around the pattern of accumulation and the role of agriculture in it.
- With its key question defined as how to make agriculture the pathway for growth with poverty reduction, CAADP does not offer much of a realistic pathway, as it neglects the analysis of real processes of capitalist accumulation and transformation that are going on.



## Have there been substantial and meaningful changes in understanding agriculture and in policy?

- Conceptual problems shared by CAADP and PEDSA (and other policy approaches in Mozambique):
  - View of agriculture in isolation of the economy as a whole. Idea that agriculture is the pathway for poverty reducing growth, without understanding that what happens elsewhere in the economy defines the options, roles and possibilities for agriculture. Although two thirds of the population live in the rural areas, agriculture contributes with less than one quarter of GDP and only about 10% of exports, and poverty is broader, deeper and more intense amongst those living in rural areas. Furthermore, agriculture is a diversified “sector”, and its current dominant dynamics are associated with primary commodity exports and different ways of organizing the extraction of labour surplus for this effect. Thus, the idea that agriculture is the pathway for poverty reducing growth is an abstraction from reality. Hence, the question to be asked is not how agriculture can promote growth and deliver change, but what role it can play in the dominant pattern of growth and struggles for change in the economy as whole.

## Have there been substantial and meaningful changes in understanding agriculture and in policy?

- Conceptual problems shared by CAADP and PEDSA (and other policy approaches in Mozambique) (cont.):
  - ...
  - Focus on “the agriculture sector” distracts from focus on “functions in the process of accumulation”. The dominant dynamics of capital accumulation in Mozambique is extractive and rent seeking. In agriculture, this is revealed by the dominance of primary commodity production for exports (tobacco, forestry, sugar and biofuels being key examples). Notwithstanding, the shares of agriculture in exports and GDP are falling every year, and food production for the domestic market is increasing slower than population growth. If the dynamics and trends of private and public investment are large capital based production/extraction and wage work, what is the role agriculture can play to raise standards of living, diversify the possibilities of industrialization and make wage work feasible and poverty reducing, taking into what exists and how it works, rather than what is missing? Cheap and diversified food production for the domestic market and links with broad, diversified and articulated agro-industrialization may be ways forward. This requires the focus to shift to functions in the process of accumulation, rather than sectors and scale of enterprise.

## Have there been substantial and meaningful changes in understanding agriculture and in policy?

- Conceptual problems shared by CAADP and PEDSA (and other policy approaches in Mozambique) (cont.):
  - ...
  - Focus on crop productivity (yields) distracts from three key factors. First, average crop productivity (t/ha) of cereals in SSA is only one third of the average in developed economies, but labour productivity in agriculture is much lower, only 5%. Of course this is related also with the structure of production, markets and prices, but in many SSA countries the ratio of land/worker is actually falling (which is not happening elsewhere). Second, to improve living conditions, generate investment and tackle the issue of systemic shortages in agriculture, it is labour productivity and returns on capital that matter most. The struggle for improved yields need to address labour productivity and shortages, as well as returns on capital, or yield improving technologies will only benefit large companies and a small group of medium farmers (or even not happen at all). Third, what is the point to focus on productivity without understanding key, real market dynamics (where demand is, at what price, for which products, of which standards, and so on)? There are a few different experiences of labour organization, technology development and spillovers, mobilization of resources, organization of intersectoral linkages and markets that, over time, have resulted in different patterns of economic and social development in the rural areas, including changes in crop productivity.

# Have there been substantial and meaningful changes in understanding agriculture and in policy?

- Conceptual problems shared by CAADP and PEDSA (and other policy approaches in Mozambique) (cont.):
  - ...
  - Without specific targets and references in the economy as a whole, it is very difficult to be specific about what is wrong and what should be done with agriculture, and to identify priorities and sequences. What and where are the markets for agriculture products that justify viable technical change and increase in crops yields and production, and at what prices, and how are they changing with changing patterns of growth or broadening of opportunities for growth (in and around cities and mega projects or industrial clusters)? Which linkages are there available for sustained import substitution (from food to different inputs and raw materials)? What are the forms of social and technical organization of production and trade and technologies that exist, or are emerging, and how can they best address key structural issues like labour productivity and migration, bargaining power related to working conditions and prices, and other issues? What are the social issues that agriculture is asked to address within specific patterns of accumulation, and how these can be addressed but acknowledging, rather than ignoring, social and economic patterns emerging everywhere in the economy (like, for example, the dominance of an extractive and porous economy, based on large foreign capital allied to domestic capitalist classes through expropriation of resource based rents)? This raises the point that the focus of policy need to shift from productivity in general to the detailed empirical investigation of what exists and needs to be done elsewhere in the economy.

## Have there been substantial and meaningful changes in understanding agriculture and in policy?

- Conceptual problems shared by CAADP and PEDSA (and other policy approaches in Mozambique) (cont.):
  - ...
  - View of agriculture, and rural areas, as essentially formed by homogenous small and medium farmers is not only a falsification of the reality, but crowds out useful and detailed analysis and policy work. Understanding differentiation and its sources is absolutely crucial for policies for agrarian change (shows the path and sources of change and accumulation, the social and economic challenges related to the economy as a whole, the interactions between markets, activities and processes, the broad diversity of actors, scales, forms of organization of production and trade, technologies, markets, options and how they relate to each other, and so on).

## Have there been substantial and meaningful changes in understanding agriculture and in policy?

- Conceptual problems shared by CAADP and PEDSA (and other policy approaches in Mozambique) (cont.):
  - ...
  - View of finance – focused on public or quasi public, external finance (even the target for 10% of State budget for agriculture has an implicit element of “...contingent to raising external aid...”). No discussion about mobilization of surplus within a specific pattern of accumulation, about the macroeconomic framework and how it affects finance, and about the actual structures and changing dynamics of the financial sector broadly speaking. A strategy is only successful insofar as it can be reproduced endogenously (it does not mean a “close economy”, but the ability to generate, appropriate and deploy resources as a result of the strategy itself).

# Have there been substantial and meaningful changes in understanding agriculture and in policy?

- ...
- Conclusion:
  - What is meant by “adopting CAADP”? Mechanical process of adopting targets and frameworks, pillars;
  - No significant change in quality of policy, as policy is not only technical or a process, but reflects the quality of approaches and methods to address conflict, contestation, articulations, etc. Policy has the discourse and action elements, and both are defined by the tensions and conflicts of accumulation they are trying to address. CAADP does not provide a pathway for this because it starts with the wrong questions, assumptions and method.
  - In the meantime, what is happening is still happening, regardless of CAADP or policy documents.

# Conclusions – what is left for international frameworks?

- Given our approach, that emphasises historical specificity, what is left for international initiatives like CAADP?
  - Certainly not the provision of a comprehensive framework for an entire continent as diversified as Africa, particularly if that framework starts with the wrong question (how to promote agriculture based growth and poverty reduction, instead of a more detailed question related to what are the emerging patterns of accumulation and change in the economy and how they are related to agriculture) and the wrong set of assumptions (that agriculture is a homogeneous sector that does not perform its (desirable) leading role in growth and poverty reduction because of low crop productivity/yields, amongst others)
  - What is left? Framework for negotiating regional strategies in face of existing regional patterns of accumulation and industrialization and the presence of regional hegemony (like in Southern Africa), to deal with issues like patterns of industrialization and markets, labour migration, water utilisation, focus of research, trade and finance? Framework for information? Whatever emerges from different experiences, it may not be more than a method of investigation, coordination, negotiation and information sharing.