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THE POLITICAL ECONOMY OF AGRICULTURAL COMMERCIALISATION: INSIGHTS FROM CROP VALUE CHAIN STUDIES IN SUB-SAHARAN AFRICA

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ACRONYMS

APRA	Agricultural Policy Research in Africa
FCDO	Foreign, Commonwealth and Development Office
PEA	political economy analysis
SAP	Structural Adjustment Programme
TCDA	Tree Crop Development Authority (Ghana)

EXECUTIVE SUMMARY

This paper is a synthesis of findings from 11 value chains case studies in six countries across sub-Saharan Africa, carried out as part of the APRA programme during 2020–21. The countries and their respective value chains case studies included: Ethiopia (rice), Ghana (oil palm and cocoa), Malawi (groundnuts), Nigeria (maize, cocoa and rice), Tanzania (rice and sunflower) and Zimbabwe (tobacco and maize).

A political economy analysis (PEA) framework was used to examine the performance of the selected value chains in the six countries. The starting point for the studies was that the success of the value chains is driven by a combination of several factors, in particular related to the relative importance of a crop in the country's political settlement, the relative influence of different actors, and, ultimately, its ability to generate and distribute rents. In this synthesis, we ask the following questions: (1) What are the drivers and obstacles to commercialisation in the value chains? (2) What are the key factors affecting rents and outcomes, and for whom? And, (3) what are the future prospects for the value chains?

We find that the policy choices to promote a value chain depend, to a large extent, on its importance to the most powerful interests in society. The studies clearly demonstrate that the nature of a country's political settlement matters in either facilitating or hindering a value chain's prospects for developing its full potential. The case studies thus give insights into the various ways in which politics play a role in facilitating or hindering the development of the value chain. There are unique or specific country experiences as well as common experiences that influence the success or failure of agricultural commercialisation of the value chains.

1 INTRODUCTION

Agricultural commercialisation is seen as one of the most important avenues for fundamental structural transformation and development in sub-Saharan Africa (Kiliman, Buyinza and Gutoba, 2020). It is assumed to help enhance a wide array of household welfare indicators, and big gains from commercialisation are expected among rural households whose livelihoods directly derive from agriculture. Kirsten et al. (2013, p.2) describe agricultural commercialisation as 'the process in which farmers increase their productivity by producing more output per unit of land (and labour), produce greater surpluses which can be sold in the market and thus increase their market participation with a beneficial outcome of higher incomes and living standards.' The authors contend that agricultural growth brought about commercialisation can only be useful in reducing rural poverty if the process is inclusive and broad based, with smallholder families benefiting from the commercialisation processes. Commercialisation takes place across different scales of production (small, medium or large farmers) and for both crop or livestock-based livelihoods.[1]

Over recent years, sub-Saharan African countries have experimented with different models of agricultural commercialisation that have included plantations or estates; contract farming and out-grower schemes; and medium-scale farming (Hall, Scoones and Tsikata, 2017). While there have been some success stories, the performance track record of agricultural commercialisation has generally been dismal (Jayne and Muyanga, 2011; Kirsten et al., 2013; Poulton and Chinsinga, 2018). The success cases of agricultural commercialisation are attributed to farmer organisation, collective action and innovation; information and direct access to markets; and access to finance and credit. The main impediments to agricultural commercialisation include socioeconomic characteristics of smallholder producers; limited or lack of access to land;[2] lack of access to sufficient agricultural support services; transaction costs and other institutional factors; insufficient and/or missing infrastructure; and effects of climate-related risks and uncertainties.

This paper is a synthesis of findings from studies exploring the dynamics of crop value chains as a way of understanding the drivers, obstacles and pathways to agricultural commercialisation. A total of 11 case studies were carried out over 2020–21 in six countries as part of the Agricultural Policy Research in Africa (APRA) programme. While there is a growing literature on drivers and obstacles for commercialisation at regional and national levels, less is known about how these factors play out in particular value chains, where there is still a need to better understand what drives or hinders the success of commercialisation (Poulton and Chinsinga, 2018). Using a political economy perspective, the starting point for these studies was that the success of the value chains is driven by a combination of several factors, in particular related to the relative importance of a crop in the country's political settlement, the relative influence of different actors, and, ultimately, its ability to generate and distribute rents. A political settlement is an agreement, sometimes explicit, sometimes tacit, among a country's most powerful political groups about the basic rules of the political game and economic game. In other words, a political settlement underpins how power is acquired, organised, distributed, and exercised and maintained in society (Kelsall and vom Hau, 2020; Prowse and Grassin, 2020). According to Lavers (2018), political settlement institutions are grounded in powerful groups' basic ideas about the nature of the polity and society, how it should be organised, and also who should benefit from these processes.

A PEA framework was used to examine the performance of the selected value chains in the six countries. For purposes of these studies, we understand PEA as a framework for understanding the processes whereby different stakeholders in society use their power and resources to advance their interests in a particular area. Thus, PEA involves looking at the dynamic

1 This paper is focused on crop-based commercialisation. Livestock or other forms of agriculture are outside its scope.

2 See Bellwood-Howard and Dancer (2021) for an in-depth discussion of the role of land in relation to the crop value chains covered by this synthesis.

interaction between structures, institutions and actors to understand decision making. This gives a greater understanding of the context, as well as how power and decision making is exercised (Laws and Leftwich, 2014; Prowse and Grassin, 2020).

The countries and their respective value chains case studies included: Ethiopia (rice), Ghana (oil palm and cocoa), Malawi (groundnuts), Nigeria (maize, cocoa and rice), Tanzania (rice and sunflower) and Zimbabwe (tobacco and maize). This synthesis complements the working paper by Bellwood-Howard and Dancer (2021), which focused on social differentiation of the value chains and the effects of COVID-19. The case study approach was considered ideal for this purpose because it entails an up-close, in depth and detailed examination of a subject of study and its related contextual position (Crowe et al., 2011). For this reason, the case study approach allowed in depth multi-faceted explorations of complex issues, and the use of a PEA framework enhanced the potential to gain new and deeper insights into the enablers and constrainers of agricultural commercialisation in sub-Saharan Africa.

The case studies examined the key drivers that are influenced and shaped by the underlying dynamics of political settlement, rent management and policymaking processes in a country. These in turn allow for a more detailed understanding of the interests, ideas and relations of power among leaders, elites and coalitions that can assist or obstruct the processes of change, growth and development. In this synthesis, we ask the following questions:

1. What are the *drivers and obstacles* to commercialisation in the value chains?
2. What are the *key factors affecting rents and outcomes,* and for whom?
3. What are the *future prospects* for the value chains?

We find that the policy choices to promote a value chain depend, to a large extent, on its importance to the most powerful interests in society. The studies clearly demonstrate that the nature of a country's political settlement matters in either facilitating or hindering the prospects of a value chain to develop its full potential. Furthermore, the ability of a value chain to generate, accumulate and distribute resources is key: The more a value chain is amenable to profitable rent extraction, the more likely it will be captured by key elites for personal and political gains. The studies show that in general, value chains that are predominantly export orientated such as cocoa, palm oil and tobacco are more susceptible to this sort of capture than those that are domestically orientated. An exception is cases where they are very important for national subsistence (for example, rice and maize), as they often lie at the heart of electoral politics, especially in countries that are fairly agroecologically homogenous.

Overall, the case studies give insights into the various ways in which politics play a role in facilitating or hindering the development of the value chain. There are unique or specific country experiences as well as common experiences that influence the success or failure of commercialisation of the value chains. These experiences show that the policy actions or interventions in the development and management of these chains are contested by diverse interests with different forms and degrees of power, influence and authority. External and domestic drivers, together with COVID-19 and climate change, create new winners and losers. The impact of exogenous international and global forces on the success or failure of agricultural commercialisation is substantial, but should not be overstated. However, overall, the case studies show that exogenous factors, such as policy conditionalities, especially in the form of Structural Adjustment Programmes (SAPs), are less important than the ramifications of domestic political configuration and contestations.

The rest of the paper is structured as follows. Section 2 elaborates on the conceptual framework that was used to carry out these studies and gives a brief overview of the case studies. Section 3 reviews some key results from the case studies, followed by a discussion in section 4, with a particular focus on the implications for agricultural commercialisation across sub-Saharan Africa. Section 5 offers some concluding remarks and reflections.

2 BACKGROUND AND FRAMEWORK

2.1 Conceptual framework: political settlement, rents and policymaking

The conceptual scaffolds of political settlement, rents and policymaking are rooted in the political economy tradition, which is broadly concerned with the dynamic interaction between structures, institutions and actors to understand how decisions are made in countries, societies and sectors (Laws and Leftwich, 2014). While there are competing definitions of political settlement, it essentially helps shed light on issues of rent management and policymaking processes in a country, society or sector. For the purposes of this paper, we consider it an agreement, sometimes explicit, sometimes tacit, among a country's most powerful political groups about the basic rules of the political game and economic game. Defining political settlement in this way helps focus attention on intra-elite contention and bargaining, on contention and bargaining between elites and non-elites, intergroup contention and bargaining, and contention and bargaining between those who occupy the state and society more broadly (Di John and Putzel, 2009).

Khan (2017) argues that the political settlement approach resolves two critical puzzles in the development context: First, that policies and institutions that work well in some contexts appear to achieve much poorer results in others; and second, that quite different policies and institutions appear to be effective in solving similar problems in different contexts. This puts the spotlight on the point that context matters, in which case the only way to fully understand the distribution of organisational power in society is to look at the history of how organisations have mobilised, won and lost in the past. It thus requires a deep understanding of history, sociology and ideological and identity cleavages in a country, and how they have overlapped with, and been used to mobilise around resources. Therefore, it is critical to map out the key stakeholders; identifying their interests and recognising their forms of power (political, economic, social and ideological); understanding their relations with other stakeholders, particularly decision makers; and appreciating the issues, narratives, beliefs and ideas that shape how and why they interact with others (Laws and Leftwich, 2014).

There are several key features of a political settlement. They encompass processes and practices, and they involve contestation, negotiation and bargaining, which in turn implies that political settlements are not static. They are continuous and evolving, and not just a one-off event, which implies that political settlements are dynamic and change over time. Moreover, they entail vertical as well as horizontal negotiations and deals between elites, but also vertical relations between elites or leaders and followers whose support they may need. And, political settlements are not just only national; they often evolve over time at sub-national level and in relation to broad policy areas or sectors (Laws and Leftwich, 2014). Consequently, the distribution of organisational power is important for understanding the economic and political effects of institutions and policies (Khan, 2017). These create rents, i.e. incremental changes in incomes or benefits created by particular institutions, which have an effect on economic, social or political outcomes as well as the distribution of benefits in society.

Policies, just like institutions, have this dual effect, which means that any analysis of their expected economic and political outcomes cannot be understood without looking at the responses of the organisations affected by the changes in the allocation of rents. Organisations can be expected to respond by seeking to change the allocation of rents, and the outcome will depend on a number of factors, including the relative organisational and bargaining power of the competing organisations. Thus, institutions or policies that threaten the rents of powerful organisations will be strongly contested, and may be reversed, modified or distorted in different ways.

According to Khan (2017), the distribution of power describes the likelihood of particular organisations holding out in contests seeking to influence institutional outcomes. Powerful organisations with greater holding power can outclass competitors in these contests, because they can either deploy more resources to influence governments or other organisations, or inflict greater costs on them, or hold out for longer because they can absorb more pain until others give in. The holding power of organisations is not just based on economic capabilities, or on whether they include elites, but primarily on their organisational capabilities to mobilise and enthuse and their skills in identifying and rewarding the right people through formal or informal networks. This draws attention to the fact that political settlement does not only refer to the formal architecture of politics, but also the web of informal rules, shared understandings and rooted habits that share political interaction and conduct, as well as being at the heart of every political system (OECD, 2011). It is therefore possible that groups that may appear powerful in terms of their formal and economic positions in society may not be able to actually enforce compliance with formal and informal institutions they desire, leading to a much more complex relationship between institutions and paths of political and economic change (Gray, 2017).

A country or society can facilitate positive change if it has a viable rent management system with a robust system of checks and balances. Khan (2017) observes that institutions and policies that have developmental objectives also create net flows of rents and disrupt old ones. Two critical questions are therefore raised in relation to the rent management system: (1) Can it ensure that organisations getting the rents are the ones that are supposed to get these rents? And, (2) can it make these organisations actually deliver or achieve what they were supposed to? Thus, one way of tracking why developmental objectives may not be achieved is to look at checks and balances set by other organisations whose work constrain the organisations that are supposed to deliver on development goals and aspirations.

These realities make policymaking processes quite complex. Policy processes are often highly contested, and as such, they are frequently distinctly non-linear, political, incremental, and haphazard. Clay and Shaffer (1984) described the whole life of policy as chaos of purposes and accidents. Policies are thus not merely matters of 'rational' implementation of policy strategies, and the processes through which they are informed and formulated are often as important to their outcomes as the policy documents themselves. Moreover, autonomous changes in organisational power, driven by agency of leaderships, social activists and entrepreneurs, are continuously driving the creation of new institutions while these changes in institutions and policies may trigger new mobilisations by affected organisations that can reverse, modify or more deeply embed these changes (Khan, 2017).

Ultimately, these processes produce winners and losers. The tendency for winners is to push for the maintenance of the status quo, whereas losers push for changes to the status quo so that should they become winners, their desired social, economic or political institutional arrangement will be obtained. This is inevitable because processes of institutional change are never neutral; they advantage some and disadvantage others such that they mobilise bias in some way or another. The outcomes of these processes will have a bearing on social differentiation processes in a country, society or even in a sector. Dancer and Hossain (2018) argue that the analysis of social differentiation draws attention to the interconnection between individual agency, social structures and wider political developments. They emphasise the importance of intersectionality in understanding the underlying dynamics of social differentiation in a given setting. Intersectionality seeks to understand the complexity of interactions across multiple forms of social categories including gender, age, class, religion, and ethnicity in shaping social structures and matrices of inequality and oppression. The processes of social differentiation have consequences for the empowerment of people in society, especially women and girls. This is largely attributed to socially ascribed gender roles that restrict their ability to make and enact choices, reproducing these restrictions across generations and society through gendered socialisation and institutions. For an in depth assessment and discussion of social difference aspects of the value chains studies, see Bellwood-Howard and Dancer (2021).

Thus, the political settlement of a country, society or sector shapes the context in which policy processes take place. This is particularly important because political settlements involve not only formal institutions but also the informal institutions that underpin a political system. According to Di John and Putzel (2009), it is not the design of institutions or policies that determine either political or economic outcomes, but rather the underlying political settlement. This means that an understanding of the political settlement is essential also for framing development interventions, for assessing the potential impact of those interventions on the processes of state-building and for avoiding doing harm.

2.2 Research questions

Following on from the above, this synthesis focuses on key questions centred on the combination of factors that shape the actors and interests involved in value chains, the factors that make value chains successful, for whom, with what outcomes, including goals of social equity, biodiversity protection and climate change resilience, and ultimately, what opportunities and spaces there are for meaningful change. Specifically, this synthesis is led by three questions, drawing on the theories of political settlements, rents and policymaking as outlined above:

First, we ask what and who are the *drivers and obstacles* to commercialisation of the value chains? Here, we look at how the value chain is placed in the country's political settlement, and how this has changed, or is changing. Drivers may be structural, institutional (informal and formal rules and regulations), or actor-based (individuals and organisations). What is its strategic importance, and to whom? The assumption is that this will drive investments, their timing, location and focus. How the value chain is framed is also important; its role for long-term goals such as food security, national development, and/or climate change, and also more short to medium-term goals of securing and keeping electoral gains.

Second, what are the *key political economy factors determining the outcomes* of the commercialisation pathways, and to whom? The focus here is on the value chain generation of rents and the flow of material and political benefits and rents, who are able to access these and who are not, and the actors who are able to exert influence, to whom and how. We also look at who is excluded and included in informal and formal processes. To understand this, we look at actors and networks in the value chains, as well as other factors such as geography.

Third, what are the *prospects* for the future of the value chains, and what can be learnt? Here we look across the value chains and assess them in relation to the implications and prospects based on the assumptions and hypotheses made at the outset. In turn, this can give us insights on what questions to ask, and what a PEA can contribute to value chains studies, in terms of understanding their current and future potential, and in the context of climate change and COVID-19. Ultimately, what can these studies say about why particular value chains were successful, or not, and how might this inform other value chains studies?

2.3 Overview of the value chains studies

The broad characteristics of the 11 value chains case studies are summarised in Table 2.1. They were distributed among all the six countries covered by the APRA programme, namely Ghana, Nigeria, Zimbabwe, Malawi, Tanzania and Ethiopia, covering seven different crops in total: oil palm (Ghana), cocoa (Ghana and Nigeria), maize (Nigeria and Zimbabwe), tobacco (Zimbabwe), groundnut (Malawi), sunflower (Tanzania), and rice (Ethiopia, Nigeria, and Tanzania). The main purpose of these case studies was to understand the basic underlying political economy dynamics of the selected value chains, and how they can contribute to understanding the drivers and constraints of agricultural commercialisation in the countries concerned.

The contexts for the value chains were varied, comprising a mix of coastal and landlocked settings, as well as a combination of crops for domestic and export markets. Of the 11 value chains studied, some were mainly for the domestic markets (e.g. rice in Ethiopia), others were major export crops (e.g. cocoa in Ghana and Nigeria, palm oil in Ghana, and tobacco in Zimbabwe). In between, there were a wide range of

Table 2.1. Characteristics of the value chains analysed in the study

Country study	Crop	Characteristics/market focus
Ghana (Asante, 2021)	Oil palm	Small-scale production for local markets (women) and some larger-scale production for international markets (men).
Ghana (Teye and Nikoi, 2021)	Cocoa	An important export crop.
Nigeria (Aiyede, 2021)	Cocoa	A less successful export crop.
Nigeria (Amaza, Mailumo and Silong, 2021)	Maize	An important food crop.
Zimbabwe (Shonhe, 2021b)	Maize	An important national food crop.
Zimbabwe (Shonhe, 2021b)	Tobacco	An important export crop.
Malawi (Chinsinga and Matita, 2021)	Groundnut	The most important legume crop in the country; fluctuating production and export levels.
Tanzania (Isinika and Jeckoniah, 2021)	Sunflower	National food crop; unable to compete on international markets due to high price.
Tanzania (Mdoe and Mlay, 2021)	Rice	Important for national consumption and export.
Ethiopia (Alemu and Assaye, 2021)	Rice	Important food crop increasing in popularity; locally grown varieties cannot compete with imported basmati.
Nigeria (Aiyede, 2021)	Rice	Important food crop; import controls imposed by government.

Source: Bellwood-Howard and Dancer (2021) value chains providing for domestic as well as export markets, with the balance between them shifting over time. Key external factors, such as the COVID-19 pandemic and climate change, as well as responses to them, have had wide reaching consequences, many of which were still unfolding at the time of study.

3 RESULTS AND DISCUSSION

This section is a synthesis of the findings in response to the three research questions, with some key points summarised in Table 3.1.

3.1 Drivers and obstacles: strategic importance and the political settlement

The importance of value chains in domestic policy debates vary significantly. While some value chains have been deemed of high national importance (e.g. oil palm in Ghana, rice in Ethiopia), others have been seen as less significant. This variation notwithstanding, however, value chains that have been considered nationally important have nevertheless been subjected to policy instruments that, as shown in the following sections, disadvantage smallholder farmers. These include instruments such as subsidies, import controls, export bans, and public-private partnerships. Conversely, the neglect of value chains, and concomitant absence of policy instruments, has allowed for powerful interests to exploit value chains through a wide range of informal dynamics, such as the emergence of *makoronyera*[3] in Zimbabwe (Shonhe, 2021b) and the *Mgona* groundnut informal export market in Malawi (Chinsinga and Matita, 2021).

The Ghana oil palm sector is a case in point for the former category, i.e. a value chain seen as important, and with substantial policy influence. Oil palm is Ghana's second most important industrial crop after cocoa, and the crop has been significant to the post-independence development agenda of the successive government (Asante, 2021). It is currently subject to a resurgence in attention (Khatun et al., 2020). However, this is happening in a historical context where its success has been marred by inadequacies in policies, the weak status of key actors in the value chain in the political settlement, and the divergent – and largely incompatible – goals of the domestic, small-scale part of the value chain and the large-scale, export-oriented one (Asante, 2021). Ultimately, the rhetoric of its importance has not been matched by actions on the ground. For that reason, Asante (2021) concludes, starkly, the policy attention given to the sector for the last more than a century has had little effect on the productivity of oil palm.

In this case, the failure to succeed can largely be attributed to the bifurcated nature of the oil palm sector, into an industrial and domestic segment. The industrial segment is dominated by powerful interests – policy makers, business leaders, politicians and foreign interests – whereas the domestic segment is dominated by smallholder farmers. According to Asante (2021), the industrial segment enjoys higher productivity due to improved input, economies of scale and superior technology, whereas the domestic segment grapples with low yielding palm varieties, fragmented landholdings and low-quality crude oil. While pronouncements are consistently made by the political elites to improve the productivity of the domestic segment of the oil palm sector, policies are either not implemented at all or, if rolled out, they are not pursued to their logical conclusion. The domestic cocoa industry has been captured by the political elites for their own political goals and dividends. Consequently, most of the policies for the sector, such as subsidies and land and marketing reforms, have failed to address longstanding structural barriers to productivity. This has essentially become a culture in the sector, and policy makers are reluctant to make tough but necessary policies, or to stick to such decisions once they are made.

The value chains studies also show how strategic interests are used for policy elites to reinforce control over value chains. For example, Ghana's cocoa value chain is (like oil palm) seen as strategically important for the country. In this case, Teye and Nikoi (2021, p.5) found that despite 'liberalisation of the value chain (enforced onto Ghana by international development partners), the government of Ghana has relied on policy ambiguities to maintain its autonomy and control over the lucrative cocoa marketing sector (…).' Moreover, the state's

3 *Makoronyera* are informal tobacco traders or aggregators who act as middlemen, buying tobacco and other crops directly from the farmers. The role of *Makoronyera* has grown in Zimbabwe, and they have now overtaken formal marketing arrangements (Shonhe, 2021a).

'monopoly over internal marketing' has been justified 'in terms of the need to ensure the continuous supply of high quality of cocoa products' (Teye and Nikoi, 2021, p.5). The political elite have thus exploited the policy reforms imposed by donors to tighten their grip on the cocoa value chain, largely for their own interest. The liberalisation of the cocoa industry has paved way for public-private partnership initiatives, which are touted as mechanisms for reducing rural poverty, empowering women and youth, protecting rights of children and promoting environmentally friendly farming practices. As further highlighted in the next section, however, the reality is quite different, with only a few well-connected actors benefiting from such partnerships.

In other cases, the value chains are lacking national level champions. Tanzania's sunflower chain has evolved to become an important cash crop from its earlier status as an "obscure subsistence crop". The country is now the second most important producer of sunflower in Africa, and the 10th most important in the world (Isinika and Jeckoniah, 2021). The sunflower value chain in Tanzania is dominated by smallholder farmers and a relatively less powerful political elite, who are keen to develop it as one of the leading crops in the country. Unlike other crops in Tanzania, there are no huge political stakes in the sunflower value chain. Furthermore, as the production of sunflower has expanded, it has attracted the attention of importers of crude palm oil dominated by influential businessmen and politicians. The importers tussle with the producers of sunflower to influence national policies in their favour. According to Isinka and Jeckoniah (2021), the imports of edible oil are dominated by crude palm oil, and actors behind the imports are keen to protect their market share and influence since they supply more than 50 per cent of the local demand.

The rice value chain in Ethiopia is an example of a crop that from its introduction in the early 1970s was central to the government's goal to ensure food security, and also the settlement programme during the Derg regime (Alemu and Assaye, 2021). The importance of rice has been recognised in its role as a 'millennium crop', in the formulation of the National Rice Research and Development Strategy (2010–19). Furthermore, the Growth and Transformation Plan II (2015–20) included targets for rice self-sufficiency (Alemu and Assaye, 2021). There is currently a National Rice Strategy Plan (2020–2030),[4] and a key focus at present is on ensuring self-sufficiency in rice to reduce the burden of rice imports on the country's foreign exchange reserves. Despite this, the sector is suffering from political marginalisation, in part because it is dominated by smallholders that are unable to compete with imported rice, and due to the fact that the – predominantly – women and youth farmers in the sector are marginalised in policy discussions. Despite increasing investment by the government, the sector shows few signs of improvement, and banning imports is seen as unrealistic (Alemu and Assaye, 2021; Bellwood-Howard and Dancer, 2021).

The case studies also include other value chains that, for different reasons, are either neglected or considered as less important by policymakers. In Malawi, Chinsinga and Matita (2021, p.8) argue that while groundnut would be in a good position to replace the 'collapsing tobacco industry (…) it is currently neglected by the government.' Similarly in Nigeria, maize is not receiving attention commensurate with its role as staple food crop, being the second biggest crop in Nigeria in terms of area harvested (Amaza, Mailumo and Silong, 2021). In both these cases, however, the value chains are exploited for self-interest by political actors. As further demonstrated below, this apparent "neglect" of these value chains is arguably strategic to allow for activities, including illicit ones, that benefit large influential interests in society, mainly policy makers, politicians, businessmen and well-connected political supporters.

Nigeria's rice value chain has received more resources and investments for commercialisation compared to the cocoa value chain, as shown in the study by Aiyede (2021). The study argues that this is due to several factors, the most important ones being the large gap between demand for rice and domestic production, and that '[s]uccessive governments have sought to make the country self-sufficient by substituting rice imports with domestic production' (Aiyede, 2021, p.6). Thus, in this case, commercialisation is driven by a combination of increasing demand for rice in urban markets, and the government's goal of substituting imports with locally grown rice. In addition, there are pressures to increase foreign exchange of agricultural products and to guarantee food security. Overall, the government has invested considerable resources in the promotion of primary production of rice relative to other value chains such as maize and cocoa, enabled by the fact that the government has control over the consumption end of the chain, and hence able to achieve its strategic political goal through the focus on maintaining food security.

4 See also a blog from a recent national event held in Ethiopia (Odame and Alemu, 2022).

The changes in value chains reveal contestations and power relations in value chains in other ways too. In Tanzania, the transformation of rice from a subsistence to a commercial crop has attracted a number of new actors, including producers, processors, traders, input suppliers, and service providers (Mdoe and Mlay, 2021). At the same time, it has become a subject of fierce political contestation due to the administration of imports. Strong political and business interests are opposed to letting domestic production of rice in Tanzania thrive because it would curtail imports of cheap rice imports, from which they themselves benefit significantly from. While policies have been put in place to protect the domestic rice industry from cheap imports, a coalition of political and business interests makes it very difficult to effectively enforce them. Policies are thus never fully enforced, to the detriment of domestic rice producers (Mdoe and Mlay, 2021). The authors highlight that overall, import policies are inconsistent in terms of intermittent import permits and the failure to apply 75 per cent import duty agreed for East Africa trade to Zanzibar, which facilitates smuggling of cheap rice imports to the Tanzania mainland.

3.2 Policy choices and the distribution of rents

The political settlement processes as outlined above give insights into how value chains generate and distribute rent flows, emanating from processes of policy negotiation and implementation. Overall, it is clear that policy choices are driven in large part by the importance of the value chain to the most powerful, and their ability to extract material and non-material gains. Winners or losers result from how various policy instruments are implemented, such as whether and how subsidies are deployed, and the underlying dynamics of elite capture, patronage and corruption. We illustrate these factors with the following examples from across the value chains studies.

One of the key issues for rent flows relates to *how subsidies are administered*. Across the case studies, the story of subsidies show how they are often justified as a means to boost agricultural production by specifically targeting impoverished smallholder farmers, while ending up being captured by the strategically, politically connected elite – such as traditional leaders, local level bureaucrats and business people – for their own gains. Similarly, policies that do not deliver immediate and tangible benefits to political elites and their associates are ignored or simply implemented in a way that they do not achieve the intended goals and objectives. For example, Chinsinga and Matita (2021) demonstrate how developing and institutionalising policy export mandates for the groundnut sector that would enhance formal trade have not been implemented despite being on the agenda for the past decade. The reason is that influential interests – policy makers, politicians and traders – fear that the institutionalisation of export mandates would bring to an end the stream of benefits from the *Mgona* informal groundnut export market, which is blatantly illegal. The *Mgona* informal market thrives in spite of the existence of the Control Goods Act, 2017, which requires any exporter of agricultural produce from Malawi to be licensed by the Ministries of Agriculture and Trade.

Nigeria's maize value chain represents another example. Policies exist to control the importation of maize into Nigeria as a way of promoting domestic production, but because of the huge profits in illicit trade, political actors connive with businesses to provide for selective opportunities to engage in this trade. Amaza, Mailumo and Silong (2021, p. 9) find that '[p]rivate sector processing industries and traders prefer to import maize because they profit from the relatively lower prices compared to domestically produced maize.' Thus, high demand for maize for food and feed have attracted unfair involvement of politicians to extract supernormal profits. Regulation of maize imports through export bans and the associated informal cross border trade have largely been to the benefit of the politically connected and influential individuals. Over time, each new regime in the maize sector in Nigeria has prioritised the implementation of a new set of policies that promote rent extraction at the expense of continuity. The authors argue that 'the political elite's interest in the MVC [maize value chain] is mainly focused on the fertiliser inputs required in maize production, where they tend to benefit from the diversion of subsidised fertiliser from the government' (Amaza, Mailumo and Silong, 2021, p. 7). Input subsidies focusing on fertiliser and seed have been captured by the private sector and are poorly targeted and implemented. The authors show how smallholders in this way lose out from government-led efforts.

Another aspect that runs through a number of the studies is their *gender and social differentiation implications*. Many value chains studies show how policy processes culminate in a significant disparity in who are included and excluded, and ultimately who wins and who loses. The challenges for value chains to realise their potential are particularly high among smallholder farmers, who are facing numerous constraints stacked against them (Bellwood-Howard and Dancer, 2021). In Tanzania's rice value chain, Mdoe and Mlay (2021) found that the country's inconsistent import policies, combined with the failure to enforce protective measures for domestic producers, have increased the wealth inequalities and social differentiation between large actors, who are

Table 3.1. Summary of findings across the value chain studies.

Value chain	Drivers and obstacles in the political settlement	Policymaking and rent distribution	Future prospects
Oil palm Ghana	Important to the post-independence agenda, but suffering from inadequate policies, with the smallholder segment particularly neglected.	Competitive clientelism leads to prioritisation of short-term electoral gains. Exclusion of women in formal and informal structures.	Some optimism that TCDA may give opportunities to address structural barriers. Smallholder development could give social and environmental benefits.
Cocoa Ghana	Strategic importance to government, which has relied on policy ambiguities to maintain its autonomy and control over the lucrative cocoa marketing sector.	Policy implementation driven by electoral competition by political elites. Only entrepreneurs in patronage networks benefiting from public-private partnerships.	Considerable challenges, particularly overcoming rent-seeking behaviour to the detriment of smallholder farmers in particular.
Cocoa Nigeria	Limited government support, dominance of large-scale actors. Weak role of smallholder farmers' interests.	Smallholder farmers face structural poverty, are poorly organised and voiceless in the value chain decision-making.	Government interventions needed to control conduct of large multinational companies in the cocoa sector.
Maize Nigeria	Second most cultivated crop in Nigeria, but not receiving attention commensurate with its value. A level of "strategic neglect" allows for illicit activities.	Benefit largely influential and well-connected groups of actors, culminating in marked gender disparity and social differentiation in flow of benefits.	Urgent need to address the politics of Nigeria's fertiliser subsidy policy; movement of subsidised fertiliser from public to private sector sabotages efforts to support smallholder maize farmers.
Maize Zimbabwe	Important national food crop, state monopoly (GMB) in buying and selling grain commodities, controlling grain handling, storage, processing, and strategic grain reserves.	In the absence of a coherent voice from farmer associations, buyers and millers control commodity markets, including illicit *makoronyera* trade.	Considerable impact of COVID-19, farmers being forced to sell at far lower prices and to fewer local *makoronyera*.
Tobacco Zimbabwe	Important export crop but a disproportionate amount sold through informal networks (*makoronyera*). The large profits made fuels further neglect of formal marketing channels.	The *makoronyera* are influential politicians, policy makers and business people, generating huge profits for themselves at the expense of smallholder farmers.	Some farmers suggest decentralisation of the marketing system made it difficult for *makoronyera* in Harare to collude with buyers to manipulate prices.
Groundnut Malawi	Huge potential but currently (intentionally?) neglected by the government, leaving it open to informal/private sector control.	Stream of benefits from the *Mgona* informal (and illegal) groundnut export market.	Fallout from COVID-19 that women, poorer men, and youth have not been able to access markets, even the informal ones.
Sunflower Tanzania	Evolving to become an important cash crop, but missing national level champions.	Increasing competition from cheap imports, especially female-headed households less able to benefit from sunflower commercialisation.	Political influence of importers a barrier to stimulating local production and reducing farm gate prices for producers.
Rice Tanzania	Transforming from subsistence to commercial crop attracting a range of new actors.	Import policies have benefitted large importers and encouraged the smuggling of cheap rice, smallholders unable to compete.	Steady production increases but significant setback from COVID-19: stifled rice exports, causing a negative impact for small-scale actors.
Rice Ethiopia	Focus on ensuring self-sufficiency, but sector dominated by smallholders and politically marginalised groups.	Despite extensive support from external actors, availability of technologies remain low. Women farmers in particular are losing out.	Intended expansion of rice growing areas may come into conflict with other crops, as well as livestock.
Rice Nigeria	Focus on making the country self-sufficient, and government to control imports and protect sector.	Opportunity for revenue to state governments, public-private partnerships. For the industrial millers, import bans or quotas safeguard the urban markets.	Limited success from import bans. Incentives for production and commercialisation undermined by competition from smuggled imports.

Source: Authors' own

able to lobby the governments for import permits, and small actors, who are unable to compete. Similarly, they argue that it has also increased social differentiation between male and female actors in the value chain.

In Nigeria, the maize value chain is dominated by male farmers, not because of lack of interest from women farmers, but because women farmers are facing barriers to accessing capital to buy inputs such as fertiliser, or hire labour to plough the fields (Amaza, Mailumo and Silong, 2021). As a result, women farmers tend to concentrate instead on crops requiring fewer inputs, like cowpea, groundnuts, cassava, and yams. They also found that in some instances, especially among spouses, men take control of women's maize crop as it is commercialised. Ultimately, therefore, 'women who grow maize, mainly do so for household food security' (Amaza, Mailumo and Silong, 2021, p. 10). The authors conclude that all these processes culminate in marked social differentiation that manifests heavily between men and women, especially in terms of their ability to cultivate maize on a profitable scale and benefit from informal cross border trade, which is more lucrative than the local maize trade.

In Tanzania's sunflower value chain, its commercialisation has increased cropping area, taking over some traditional grazing land, such that land for livestock has become very scarce in many villages. This has led to changes in the institutional framework for managing livestock, forcing large owners to redistribute their herds to poorer neighbours as caretakers. This, in turn, has meant that, in particular, poorer households and female-headed households are less able to benefit from sunflower commercialisation (Isinika and Jeckoniah, 2021).

Distribution of rents for electoral gains also loom large in some of the case studies. For Ghana's cocoa sector, while overtaxation of farmers was the main mechanism of creating rent in the early post-independence era, recent governments have been distributing such rents through the procurement and distribution of subsidised inputs, and by awarding donor grants to crony capitalists (Teye and Nikoi, 2021). Despite the rhetoric of public-private partnerships promoting poverty, social equity and environmental goals, the authors found that only entrepreneurs in the patronage networks for the ruling governments are benefiting from such partnerships. The authors also found no evidence that such partnerships had produced any improved outcomes for vulnerable groups, such as women, children, or youth. They argue that both in the case of palm oil and cocoa, the implementation of these policies is driven largely by the logic of electoral competition. The political elites use policies targeted at these crops as a means of building up a strategic political base in readiness for the next elections.

Furthermore, as revealed in Ghana's oil palm value chain, inadequate supporting infrastructure, weak marketing systems, and poor industry-wide coordination continue to frustrate development of the value chain's full potential. This is particularly the case because political leaders prefer distribution of targeted goods to smallholders because of its potential electoral payoffs. Thus, despite the politically strategic importance of the value chain, it has consistently underperformed since the early twentieth century, in part due to the failure to address long standing structural barriers at the expense of capitalising on short term payoffs to fit election cycles (Asante, 2021). The author relates this to the concept of 'competitive clientelism', a characterisation of the political settlement whereby ruling elites have little incentives for structural change, but rather engage in maintaining their power through, among others, allocation of rents.

In the case of Malawi, Chinsinga and Matita (2021) find that the groundnut value chain has experienced notable recovery in terms of productivity, but remains primarily informal and struggles to re-enter the lucrative and formal global export markets. The government neglect of the value chain leaves it open to 'being exploited by a cartel of traders (domestic and foreign), technocrats, and politicians for selfish interests' (Chinsinga and Matita, 2021,p. 8). Progress towards the possibility of establishing structured markets has stalled completely, perhaps because the results show that some policymakers are profiting from the impasse, with some exporting their share of crops through shady deals. This, perhaps, explains why the condemnation of the informal groundnut export trade, coordinated and dominated by the Burundians, does not translate into any concrete policy action to dismantle or regulate it.

3.3 Outcomes and future prospects for the value chains

The future prospects for the value chains appear mixed. For Ghana's oil palm value chain, there is a level of optimism around the potential for addressing long standing structural through the (newly established) Tree Crop Development Authority (TCDA) and that it could 'turn the fortunes of the industry' (Asante, 2021, p. 6). Furthermore, the rice sectors in Nigeria and Ethiopia, are, overall, expected to continue to thrive, despite challenges in productivity and land availability, and the competition from cheap, illegally imported rice (Alemu and Assaye, 2021; Aiyede, 2021). Overall, however, the general picture across the value chains studies is that, despite significant potential, they are facing an uphill battle to succeed, especially as far as social equity goals and distribution of benefits are concerned.

Some key challenges include rent seeking behaviour, the detrimental effect of the diversion of subsidies, the dominance of large-scale actors, as well as the compounding challenges of COVID-19 and responses, as well as climate change. In Ghana, Teye and Nikoi (2021) concluded that the cocoa sector in Ghana faced particular challenges in overcoming rent-seeking behaviour to the detriment of smallholder farmers.

In Nigeria's cocoa sector, Aiyede (2021) stresses the need for clearer regulation and the enforcement of sustainable cocoa initiatives are necessary for cocoa farming to thrive in Nigeria, given the relative dominance of large multinational companies in the downstream sector of the cocoa value chain. In Tanzania's sunflower sector, local production is facing competition from imported and cheap palm oil, exacerbated by the political influence of importers able to influence policy and circumventing new regulations in their favour, undermining efforts to boost local production and reducing farm gate prices for sunflower producers (Isinika and Jeckoniah, 2021).

Amaza, Mailumo and Silong (2021, p. 8) argue that for the maize sector in Nigeria, 'the politics behind the implementation of Nigeria's fertiliser subsidy policy remain an issue that needs [addressing] as the movement of subsidised fertiliser from the public to the private sector sabotages the government's efforts to support smallholder maize farmers.' And that '[t]o promote and enhance the commercialisation of the MVC in Nigeria, the government should therefore provide a conducive environment for the private sector to play a role in the procurement and distribution of agricultural inputs. At the same time, the government should maintain its position in quality control and the enforcement of policy implementation' (Amaza, Mailumo and Silong, 2021:8).

COVID-19 and responses to the pandemic have affected the politics of value chains in different ways, and with varying outcomes, revealing as well as exacerbating existing inequities (for a wider analysis of the effects of the pandemic on value chains, see Bellwood-Howard and Dancer, 2021). It is clear that the pandemic's adverse effects have disproportionately affected the poor and marginalised sections of the population, with the majority moving in and out of poverty depending on the severity of the impact. In all, the combined negative consequences of elite capture of the value chains in various forms, climate change and COVID-19, have deepened and broadened social differentiation across all six countries. The main victims are the smallholder farmers, particularly youth and women. For example, COVID-19 affected the oil palm value chain in Ghana severely through 'failing world market prices for palm oil' which 'caused a reduction in farmgate prices for fruits. At the same time, domestic demand for palm oil dropped as eateries closed or reduced operations and border closures shut off access to sub-regional markets, prompting many agri-businesses along the chain to lay off workers and to substantially scale down production' (Asante, 2021, p. 6).

Importantly, as shown in the case of Malawi, '[t]he impacts of COVID-19 have underscored the intersectionality of social differentiation, which affects the welfare of women, poorer men, and youth. These groups have not been able to access markets, even the informal ones, which have been largely monopolised by men who have better social capital networks that they can leverage in these difficult circumstances' (Chinsinga and Matita, 2021, p. 8). Similarly in Tanzania's rice sector, COVID-19 was reported to have had particularly negative effects on rice exports, with ripple effects affecting small-scale actors particularly badly (Mdoe and Mlay, 2021).

The study of Zimbabwe's tobacco and maize sectors concluded that COVID-19 regulations 'are likely to trigger increased illicit trade, corruption including fraud, theft, and pillaging along agricultural commodity circuits' (Shonhe, 2021b, p. 7). The author found that women farmers in particular were disadvantaged by this. On the other hand, processing associations are politically well-connected actors that control both the formal and informal markets, and who would benefit from 'an environment where the rule of law is in doubt and law enforcement mechanisms are weak' (Shonhe 2021b, p. 8). On the positive side, some farmers suggested that the COVID-induced 'decentralisation of the marketing system in which tobacco auction floors were established in other towns besides Harare, made it difficult for *makoronyera* in Harare to collude with buyers to manipulate the prices' (Shonhe, 2021b, p. 8). This effect was confined to the tobacco sector, however, because maize sector actors were hampered by disruptions to transport, including closure of market centres.

The challenges in the cocoa sector in Ghana were exacerbated by the pandemic through closure of land borders affecting migrant labour supply from neighbouring countries, and farmers' access to (imported) inputs. The border closure also made it difficult to transport goods to other African countries. For rice in Ethiopia, the lockdown and fear of the pandemic were major challenges, while the increasing demand for food benefited producers and processors. The cocoa value chain has been affected by the shrinking export market in Europe and other importing countries. Movement restrictions have, in many cases, meant that farmers are not present throughout the marketing and auction processes; the end result has been higher consumer prices and increased producer profits, with some farmers engaging in speculative activities to further enhance profits.

In Ghana's cocoa sector, Teye and Nikoi (2021, p. 5) finds that 'while Ghana's cocoa sector is in a good position and has the potential to continue to contribute to economic development, there is a need for the government to work with various stakeholders to address various challenges, which include: tenure insecurities, inadequate labour supply, lack of accessible credit, shortage of farm inputs, high levels of poverty among smallholder farmers, climate change, and COVID-19.' They also find that '[g]iven that rent-seeking behaviour is also a threat to the sustainability of the sector, we also urge international development partners and civil society groups to demand greater accountability and transparency from the political elite and state institutions in the cocoa sector' (Teye and Nikoi, 2021, p. 5).

4 DISCUSSION AND CONCLUSIONS

Drivers and obstacles

The value chains case studies demonstrate in different ways that context matters in terms of shaping opportunities that must be exploited or constraints that should be surmounted to facilitate the growth and development of a value chain in order to create win-win situations for all stakeholders. These studies, however, demonstrate that creating win-win situations or scenarios for all stakeholders along the value chain is almost impossible. A combination of exogenous and endogenous forces leads some stakeholders, especially the powerful, to capture the value chains to promote their own interests and those of their close associates. These stakeholders often comprise politicians, policy makers, multinational companies, businesses and individuals with close connections to the political establishment. Smallholder farmers, especially poor women, youth and men often bear the brunt of policies that are generally pronounced or justified in their name, yet they are either designed or implemented in a way that channel disproportionate benefits to the powerful interests in society.

In almost all of the case countries, the policy context for the development of value chains has been shaped by the implementation of SAPs at the behest of the International Monetary Fund and World Bank. The SAP policy packages have had debilitating effects on the growth and development of value chains, especially those value chains dominated by smallholder farmers. In addition, political elites have exploited the implementation of these policies to promote and advance their self-interest (Asante, 2021; Chinsinga and Matita, 2021; Shonhe, 2021b). Exogenous forces have continued to shape and influence the agricultural policy context in these countries which has culminated in the push for land deals as the basis for large-scale industrial agriculture. This development has, for instance, led to the prominence of public-private partnerships as one of the leading models for agricultural investment, especially for tree crops. As shown above, while the rhetoric around these is attractive, the benefits to smallholders in practice have often been limited (Asante, 2021; Teye and Nikoi, 2021).

Rent distribution through policy

The case studies also demonstrate how powerful interests across the board take advantage of policy interests that are justified to promote the public good. Subsidies, for example, are touted as a means for supporting and boosting agricultural productivity of the poor and marginalised smallholder farmers. However, from Ghana to Zimbabwe, these subsidies have been manipulated and exploited to benefit the powerful more than the smallholder farmers. The subsidies are often poorly targeted, strategically captured, especially by private sector actors, and exert enormous administrative costs that are systematically inflated. In most of these countries, such as Ghana, Tanzania, Nigeria and Zimbabwe, the subsidies are exploited for electoral purposes. For this reason, the value chains are subjected to ad hoc policy interventions, which are often not well thought of, but designed to ratchet electoral benefits and do not generally lead to the value chains' transformative development that would at least benefit all stakeholders across the value chain (Amaza, Mailumo and Silong, 2021; Asante, 2021; Mdoe and Mlay, 2021; Shonhe, 2021b; Teye and Nikoi, 2021).

Import and export bans are subjected to exploitation by the same elite actors. The cases of Nigeria and Tanzania demonstrate how powerful interests extract rents from these interrelated policy instruments. In the rice value chain, the goal of Tanzania is to promote domestic rice production by protecting it from the influx of cheap rice imports. As part of the East African Community, Tanzania has signed up to a 75 per cent regional tariff to be imposed on rice imports. This is not enforced, leading to massive smuggling of rice into Tanzania through Zanzibar (Mdoe and Mlay, 2021). Rice import permits are given to those who are politically well-connected and domestic producers are also subjected to intermittent export bans. This makes it very difficult for unconnected rice producers in Tanzania to cultivate reliable export markets. In Nigeria, maize imports are banned as a means of protecting and promoting the maize value chain. The cross border maize trade still thrives, but it is those who are not politically connected or influential who face the wrath of the long arm of the law when apprehended. According to Amaza, Mailumo and Silong (2021), the politically connected and influential businessmen import maize and earn massive profits from these illicit maize imports. The demand for maize in Nigeria, especially for industrial purposes, currently surpasses its domestic production capacity.

The public-private partnerships, especially in the context of tree crops, have not yielded the intended benefits to the people. Policies underpinning public-private partnerships appear quite attractive on paper because they basically tout principles of responsible investment (Asante, 2021). The implementation is, however, very different. Smallholder farmers are employed, but the proceeds are not adequate for subsistence; some smallholder farmers are alienated from their land; markets for the produce are not as lucrative as projected; environmental stewardship is below par; and in some cases, they even indulge in child labour.

Last but not least, in cases where value chains are simply neglected, spaces for informality thrive. Powerful interests, in turn, exploit this informality to their benefit. As the Malawi and Zimbabwe cases demonstrate, informality is fostered through neglect of policy implementation that would have created order and a supportive milieu for the growth and development of the value chain. According to Chinsinga and Matita (2021), calls for the establishment of a structured ground market through the promulgation of export mandates have simply been ignored by a coalition of technocrats, politicians and businesspeople. They are benefiting from the shady deals through the Mgona informal groundnut export market which is run by a network of East Africans dominated by the Burundians. The promulgation of export mandates would mean the closing of this market.

Future prospects

It is clear from the preceding sections that most of the value chains are struggling to succeed to advance commercialisation, let alone bring value to the stakeholders most in need of support. The importance of the different value chains has shifted over time and with the influence of various external and domestic actors. The role of external forces remains important, especially when it comes to policies. However, the studies highlight that domestic actors – notably politicians and policymakers – are extremely adept at appropriating policies and implementing them in a way that services, primarily, their own material and political interests. The studies suggest that domestic political, economic and social forces are more important than external forces in determining a value chain's prospects.

Climate change represents an additional challenge and threat to many value chains, most visibly to their productivity potential, affecting mainly impoverished smallholder farmers who can ill afford mitigation measures such as crop diversification, use of improved seed that are disease and drought tolerant, and irrigated farming using either modern equipment or simply access to rich and fertile wetlands.

In all, the combined negative consequences of elite capture of the value chains in various forms, climate change and COVID-19, have deepened and broadened social differentiation across the case studies. The main victims are the poor smallholder farmers, particularly youth and women, which makes the prospects of inclusive agricultural commercialisation increasingly challenging to realise.

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