



Elections in Africa: Mixed Blessings for Growth and Poverty Alleviation

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Good governance and free elections are often described as preconditions for growth and poverty alleviation. But recent research tells a different story. Although elections motivate political elites to be responsive to popular demands the effects are ambiguous. This has implications for how donors should support policy initiatives in the productive sectors.

COMPETITIVE ELECTIONS ARE HERE TO STAY

The number of countries holding competitive elections has doubled in the last 25 years. Although that is not a reliable indicator for good governance and democracy, elections are, nevertheless, central to both. But do elections matter to growth and poverty alleviation? Research by the Elites, Production and Poverty Programme (EPP) based at DIIS shows that the impact is ambiguous.

According to many OECD donors elections matter: “Respect for human rights, democratic participation in society and good governance [are] crucial for ... social and economic progress ...” At the same time they agree that “economic growth and employment are prerequisites for fighting poverty. No country has ever succeeded in reducing poverty without lasting economic growth” (Danida, 2010: 7 & 18). For years many donors have therefore pushed for elections and good governance in the countries where they work, and many governments are increasingly unwilling to recognise political regimes that gain or hold onto power without being elected into office. In addition, citizens across the world demand to be heard even in countries that until recently were regarded as ‘hostile’ to democracy. The recent dramatic events in the Arab world illustrate this. In other words, winning elections is now increasingly regarded as necessary for political elites to gain legitimate power both in the eyes of citizens and the international community.

NOT ALL GOOD THINGS GO TOGETHER

It is striking that much recent research on poor countries does not support the donor paradigm quoted above, namely that elections and good governance are central for eco-

POLICY RECOMMENDATIONS

- 1. Support new initiatives in productive sectors based on assessment of their interest for political elites in terms of ‘winning elections’ and of their potential for promoting economic transformation**
- 2. Negotiate productive sector initiatives immediately after rather than prior to elections. If these do not benefit large groups of citizens countrywide they are not likely to be generally popular**
- 3. Promote public debates in poor countries about the long-term implications of productive sector initiatives; not just debates about governance**

nomic growth and poverty alleviation. Research has shown that democratic institutions have a positive effect on economic performance over the very long haul. However, “the econometric evidence suggests ... that the net effect of democracy on growth performance cross-nationally over the last five decades is negative or null” (Gerring et al. 2005:331). Moreover, historical evidence shows that developing countries with high growth and substantial poverty alleviation were not characterised by ‘good governance’ as defined by western donors. Rather, these countries have gone through long periods of economic development prior to improving their governance situation.



South Korea and Taiwan for example broke out of poverty in the 1960s, but were not democratic or run according to good governance principles. On the contrary, they were rather authoritarian and corrupt.

Botswana – often considered an African version of a developmental state with many features of a western-style liberal democracy – has experienced growth with no poverty alleviation. It is one of the most unequal countries in the world and 47% live below the national poverty line. The reason is that Botswana has not succeeded in transforming its economy. It remains a dual economy, still depending very much on the income from diamonds, a sector that only employs 4% of the labour force and with no technological innovations or productivity increases. Botswana has not experienced the job-creating economic transformation necessary in order to substantially reduce poverty.

Mauritius' reputation as a democratic developmental state is also questionable. Recent research shows that "good

governance was perhaps a less decisive factor in the country's development than generally thought." (Goldsmith, 2005:22) Rather, Mauritius is a good example of growth contributing to democratisation.

These observations are not arguments against the desirability of good governance. Rather, the argument is that conventional good governance has no clear, immediate and robust impact on economic growth and poverty alleviation. But since it was not good governance that led to the economic transformation, then what policies did the elites actually pursue?

ELECTIONS AND STRATEGIC GROWTH POLICIES

Much research indicates that often 'good' policies – good in the sense that they lead to economic growth and poverty alleviation – do not follow the good governance-*cum-*

CASES

Ghana

During the late 1980s and early 1990s, Ghana carved out a niche in the European market as a primary supplier of top quality fresh pineapple, controlling about 60% of the market in air-freighted pineapples to Europe. Competitive elections were introduced at the end of 1992 and power changed. In the early 2000s, Ghana had captured 10-11% of the European market in sea-freighted pineapples. However, its market share plummeted in 2005, primarily as the European market shifted wholesale to a new variety supplied by Latin American countries. Several joint government-donor projects were then designed and implemented to support horticulture producers and exporters to adapt to market changes and to expand production. These initiatives had limited results. Why? Because the donor-government pineapple projects focused on public sector services or on support to the large number of smallholder pineapple producers. The commercial producer-exporter group received little attention and the problems of the industry as whole were not addressed. The reason is that pineapple exports are a recent, non-traditional export which is not a major pillar of the economy and the industry is run by commercial producer-exporters with little involvement of the state. With a focus on winning elections this industry was not very important. It would have been a politically risky strategy to allocate resources to an industry that would benefit a narrow section of society, at least initially.

Mozambique

Competitive elections were introduced in 1994. Around that time a rehabilitation of the sugar industry started. It has led to a remarkable turnaround. Thus, over a fifteen year-period, employment in the sugar industry more than

tripled and sugar production rose tenfold. Moreover, the provision of services (health, education, housing, water) in the sugar producing areas improved significantly. Following the end of civil war this was made possible by close cooperation between the state and foreign investors, which took place under the auspices of the ruling party, Frelimo. The domestic market for sugar was protected against imports even though this raised urban consumer prices significantly. The government also helped to secure favourable finances for the sugar industry. One of the central motivations for the party's engagement with international capital (to which it had traditionally been opposed) was to regain 'lost territories' that were controlled or strongly influenced by the opposition party, Renamo. These territories are also where most sugar cane is grown. The sugar industry rehabilitation became a sign of Frelimo's will and effort to secure greater legitimacy through jobs and services. This has contributed significantly to the increasing voter support in the 'lost territories' and helped Frelimo to win the latest national and local elections in areas that used to be opposition strongholds.

Tanzania

Competitive elections were reintroduced in 1995. In the same year post-independence fertilizer subsidies in Tanzania were abolished due to donor pressure. They argued that subsidies are inefficient at raising production, do not benefit the poor, promote rent seeking, and are inconsistent with the government declared, market-based agricultural policy. Nevertheless, the government reintroduced subsidies in 2003 despite donor resistance. The cost of fertilizer subsidies rose from 4% of the total agricultural budget in 2003 to 28% in 2008 (a

market model. Instead, they involve a set of strategic productive sector policies to support and promote investments or technological innovations that would not have occurred by themselves in a free market. Increased productivity involves learning new technologies; and in all of the late developers, the state has encouraged such learning through for example support for research and development, performance related infant industry protection, etc.

Based on empirical evidence, there is also a growing consensus that agriculture is particularly important for growth and poverty alleviation in poor countries. The experience is that agriculture must be transformed by initiatives that are state-led, market mediated and smallholder focused.

Since political elites now increasingly need to win competitive elections to gain legitimate access to power, the question is how these elections affect the policy making and implementation for the productive sectors and what

positive impact such decisions may have on economic growth and poverty alleviation. In much of the recent academic research on the political economy of poor countries the answer to those questions are: “not much.” Findings by the EPP do not support that.

RESPONSIVE ELITES AND PRODUCTIVE SECTOR POLICIES IN GHANA, MOZAMBIQUE, TANZANIA AND UGANDA

Many would argue that political elites in Africa typically enjoy a high degree of autonomy and make policy decisions more or less as they please – legitimising their power by patronage rather than through responsiveness to popular demands. Moreover, the argument goes, most elections are not free and fair as votes are typically bought and ballots are fixed. The EPP case studies have led us to a different set of conclusions.

tripling of the tonnage of fertilizer subsidised). From 2009 all major maize and rice producing regions have been eligible for subsidised fertilizer.

The reintroduction of subsidies was popular in rural areas and was a direct response to concerns expressed by citizens through the ruling party, CCM. There was also a considerable push within the party for a fast geographical expansion of the subsidy despite its financial costs. Local authorities, especially village councils, are central in deciding who is eligible for the subsidy. Since almost all village and district councils are controlled by CCM, the provision of subsidies can be directly linked to the ruling party. Opposition MPs also suspect that the government used officials with strong party links (District and Regional Commissioners) to take undue advantages when selecting traders as distributors. In short, the fertilizer subsidy aimed to cover most of the country, it was perceived to produce rapid increases in small-holder maize and rice production; and it could very clearly be linked to the party in power.

Uganda

In Uganda, competitive elections within the National Resistance Movement (NRM) system were introduced in 1996, and within a multi-party system, in 2006. An ambitious programme to reform agricultural extension services (NAADS) from the traditional top-down system to a demand-driven extension advice and farmer forums, was turned on its head during implementation, primarily because of the politics of elections. The programme, introduced prior to the 2001 elections, was initially backed by the President. However, in spite of an initial success, the President got impatient about the speed with which the reform showed results on the ground. The NRM's 2006 election manifesto

under the slogan ‘Prosperity For All’ (PFA) promised that everyone would prosper and that government would use substantial public expenditures on rural programmes to that purpose. Several changes in the reform programme were therefore made.

First, an input subsidy support was introduced. Second, a structure for the Prosperity For All programme was established under the President's Office running in parallel with the Secretariats of agricultural extension reform. Through the PFA machinery the President was now able to intervene directly in the NAADS programme. Third, he suspended the NAADS programme twice prior to the 2011 elections and all activities, and even salaries, were put on hold. When the programme resumed, it was under a ‘New NAADS’ label with lower level governments (through committees of which the local Movement chairman by law is a member) selecting six model farmers per parish to receive benefits and serve as demonstration farms for the rest of the community. This was a very clear move away from the demand-based idea of NAADS, where farmers themselves are meant to decide what to invest in and which farms to use as demonstration farms in their groups. Instead, there is a new political leverage in deciding the model farmers. These farmers are likely to be local elites who will be able to mobilize votes for Museveni. According to Ugandan election observers, when Museveni realized he was not able to make everybody wealthy prior to the 2011 elections, he could at least demonstrate that wealth was possible for some farmers in the local community and use them as an example. The new NAADS is better at showing visible, short term results that are directly linked to the party in power, than the old NAADS, which was designed to have a more gradual, long-term effect and was implemented primarily through the private sector.



In Ghana, Mozambique, Tanzania and Uganda political elites have clearly been responsive to popular demands since competitive elections were reintroduced from the mid 1990s. Major decisions have typically aimed to benefit citizens country-wide; they are designed to have immediate and visible impact and can clearly be identified with the party in power. Such policy features are important in order to win elections. Examples of important decisions in the productive sectors that aim to win elections are given in the box on page 2-3. Initiatives that do not fit these criteria get less political support (as the Ghana case shows).

The cases also illustrate that the impacts of such election-winning productive sector policies are country specific and may – or may not – promote economic growth and poverty alleviation.

Thus, as illustrated in the box, the rehabilitation of the Mozambique sugar industry has been successful. A ruling elite with close relations to the sugar industry supported it, despite protests among urban voters. It did so to win votes in opposition strongholds. In Tanzania, however, fertilizer subsidies which were granted in order to gain votes are by themselves unlikely to secure significant productivity increases in the long run without additional interventions and the strengthening of farmer associations. In Uganda, NAADS, an ambitious programme to reform agricultural extension services – after an initial success albeit in a few districts only – was reversed and has not improved agricultural extension services.

The fact that country specific impacts of election driven policies are mixed is consistent with findings in the literature on growth and governance cited at the top of this brief.

ELECTIONS MATTER

Some longer-term implications of competitive elections which are not captured by these case studies may be important. One is that elections in Africa can motivate political elites to focus more on agriculture, simply because most African voters live in the rural areas. In countries that have been renowned for their urban bias this may have significant impact on growth and poverty alleviation in the future. Moreover, there is strong evidence that “the most important lesson to be learned by democratically elected elites is that growth performance matters for their political future” (Gerring et al.:331). Such learning takes time and will not occur equally quickly across countries but it is a clear possibility. Obviously, this does not imply that all policies will be made and implemented to win elections. But it does mean that political elites will be responsive to the perceived demands of voters to a higher extent than hitherto has been the case.

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