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Economics versus Socio-cultural Logics

Senegalese farmers in a liberal, market-based economy

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Policy Context: Post-structural adjustment Africa

- Both SAP critics & supporters agree that
 - *"Market liberalization necessary for economic development"*
 - YET *"Intervention is necessary for rural livelihood protection"*
- Because potential of African private sector to step in had been overestimated
 - Was discriminated against and harassed for decades
 - And lacked managerial skills, business experience and capital
- And African rural markets are plagued by high transaction costs and risks
 - Because of poor roads & communications & low institutional development
 - Insufficient business volume to attract private sector involvement

=> Necessity to stimulate rural economies

Importance of smallholder agriculture

- In the wake of the Millennium goal “Cut hunger by half in 2015”
 - > Smallholder farmers become focal center to accomplish goal
- Large scale recognition of potential role of smallholder agriculture because
 - Agriculture is main livelihood of 65% of African population
 - Agricultural production is 30% to 40% of GNP
 - Agriculture accounts for 60% of export earnings
 - 95% of agricultural production is from small scale farms
- Has comparative advantages over large scale, industrial farming because of
 - Higher productivity per acre of land
 - Lower input costs through family and other labor sharing arrangements
 - Utilizing local knowledge and indigenous farming techniques

Promoting market access

- Key to developing agricultural sector = promoting market access
 - Hence, the necessity to create entrepreneurial culture:
“Farmers should produce for markets rather than trying to market what they produce”
 - Promoting market access for smallholder farmers should lead to
 - Increase incomes
 - Reduce food insecurity
 - Create new rural employment
 - Lower malnutrition
- => To set foundation for real positive growths in agriculture and overall economy

Senegal – Country Profile

■ General demographics

- Population: 11.5 million
- 25 and younger: 64.1%
- Urban population: 41%
- Ethnically divers: Wolof, Serer, Peul, Mandingue, Diola
- Literacy rate: 38% (women 28%)
- Life expectancy at birth: 54 y



■ Some Economic indicators

- Annual growth rate: 5%
- Per capita Income: PPP \$1,792
- HDI: 156/177
- Poverty rate: 57.1%
- Auto subsistence in grains: 50%



The Senegalese agricultural sector

- Contribution of agricultural sector to GNP: 15%
- Population active in agriculture: 60%
 - 95% of whom in smallholder farms (7% Female Headed HH)
 - Poverty rate in rural areas: 80% (57% nationally)
 - Rural out-migration: 15%
- 50% of farms cultivate less than 3 hectare (21% less than 1 ha)
 - Average farm size: 4.3 hectare
 - Ha/person : from 1.07ha in 1960 to 0.57ha in 2000

=> Declining productivity per person

The chain approach

- Mission of the NGO
 - Wants to contribute to rural viable livelihoods
 - Chooses family farmers as the starting point
 - Objective is “*Improving farmers position in the agricultural chain, from production to consumption*”.

- Implementing the missions through
 - Choosing chains in multi stakeholders meetings
 - Analyzing bottlenecks at production, processing and commercialization level
 - Drawing up action plans
 - Signing yearly financial agreements

Action plan (Example)

- Co-financing (75%) of production and processing materials
- Promoting new production techniques to increase productivity and quality
- Training in processing techniques according to professional norms of hygiene and quality
- Setting up of commercialisation teams (incl. packing materials)
- Organizational strengthening for better positioning within the chain – e.g. negotiation techniques



Observations

- Heavy involvement in declining “peanut industry” persistent
 - Input provided, fixed prices set and output bought (“providential state”)
 - Other chains not well organized (price, input, output uncertain)
- Rural income structure (Source: VECO Baseline survey 2008)
 - From agricultural activities – 26%
 - From salaried employment outside the farm – 28%
 - Other incomes sources – 46% (In particular remittances from migration)
- Rural spending patterns (Remittances to Senegal-Source Lalou & Ndione 2005)
 - Food (40%) and other HH consumption goods (20%)
 - School fees, health, investments (10%)
 - Religious and social events (22%)

=> Farmers look for economic security outside of farming activities

Revisiting “The Economy of Affection”

- Concept developed by Goran Hyden
 - “denotes a network of support, communications and interactions among structurally defined groups connected by blood, kin, community or other affinities, for example religion” (1980)
 - “Money goes for ‘leveling’ rather than ‘growth’, an approach that helps to keep alive the economy of affection, but does not contribute to the formalization of capitalist relations” (Hyden 2003)
- => Peasantry remains “un-captured” by liberal market based policies and interventions
- => Social relationships & religion are perceived to provide more security for economic livelihoods



Thank you for your attention