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Editors

# Development Policies and Policy Processes in Africa

Modeling and Evaluation

 Springer Open

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# Foreword

The challenge of economic development is to simultaneously understand both which policy is the best to resolve a specific development problem and why and how these policies can be effectively implemented given the political, behavioral, and economic framework conditions in a specific country. Thus, to do good economic policies we need to go beyond economics. It draws on the research on the interface between politics, behavior (i.e., the incorporation of insights from psychology into policy design), and economics.

Within IFPRI this research has been initiated by Peter Hazell and others in the early 2000s and led to the development and application of quantitative economic modeling tools for growth-poverty analysis in an economy-wide framework. The political process, however, has not been integrated in these economic modeling approaches. But, in political reality, identifying and pursuing technically sound policies is further constrained for political reasons, e.g., elected government has bias incentives to serve particular economic interest at the expense of the general public, or specific needs of the poor or marginalized groups are not sufficiently represented in the political process. Rather than lowering expectations when politics is a problem, technical experts and policymakers can use a better understanding of political incentives, knowledge, and behavior to improve outcomes. Similarly, behavioral economics brings new insights into how to craft better policies by offering new policy tools, improving predictions about the effects of existing policies, and generating new welfare implications.

This is what this book tries to do closing this research gap via developing and applying quantitative approaches integrating political decision-making and behavior economics into existing economic modeling tools. In particular, it contains a selection of tools and methodologies that can help to tackle the complexities in the analysis of policy processes and outcomes under the implementation of the Comprehensive Africa Agriculture Development Programme (CAADP) agenda. However, the various contributions are not targeted only to experts and interdisciplinary scholars working on empirical or theoretical research using quantitative policy

modeling and evaluation techniques. They are also intended for technical experts, including policymakers and analysts from stakeholder organizations, who are involved in formulating and implementing policies to reduce poverty and to increase economic and social well-being in African countries.

A lesson for International Development Organizations, like the World Bank, also comes out of this research. We can do more, through relatively small changes in what we are already doing, to leverage our technical strengths in generating credible data and evidence, and to work with our clients to diminish political constraints to achieving development goals and to better understand what are the needed conditions, constraints, and predictions of policies. We can provide more targeted and reliable information via quantitative modeling of the political and behavioral process that will help societies to build effective political institutions that are capable of tackling development problems. To do this, we have to overcome the fear of modeling politics and behavior and confront it as part of the challenge of development. In this book, the authors have just begun to extend the influence of modeling politics and behavior over policy design. The glass is only starting to begin to be filled, but there's no reason to believe the glass isn't going to completely fill up.

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# Preface

In 2003, African leaders endorsed the Comprehensive Africa Agriculture Development Programme (CAADP) as the action plan for putting agriculture back on Africa's development agenda. A critical challenge for all policymakers wrestling with economic development and poverty reduction in Africa—as well as everywhere else in the world—is how to assess which programs and policies actually work. A corollary to this challenge is to identify, among the programs that do work, those that provide the best value for money (OECD 2004). A key approach of CAADP is the promotion of evidence-based policies, where it has been fully recognized that policy impact evaluation is an important prerequisite for evidence-based policy processes. In the literature, quantitative policy impact evaluation is considered a key method for generating scientific knowledge on which policies actually work best in a country. However, the incorporation of this knowledge into the political decision-making process is a nontrivial process. Hence, beyond generating knowledge, incorporating it into the political process is another prerequisite of an effective evidence-based policy process. In this regard, it is widely expected that active stakeholder participation will not only increase politicians' incentives to select the most efficient policies but also increase the capacity of policy learning inherent in a political system (see, e.g., Ball 1995). The principles of review, accountability, and inclusivity, which are core principles of CAADP, reflect the belief that participatory policy processes at the continental, regional, and national levels lead to improved coordination, mutual learning, and the adoption of best practices, which together should result in improved policy planning and execution as well as better growth and poverty reduction outcomes.

Linking economic analysis to policy formulation and outcome is a very complex and tedious process. The problem is not just one of applying rigorous economic theory to high-quality data in order to tackle relevant questions. This is difficult enough but may still be the easiest part. A greater challenge is for the knowledge and insights generated from policy research and analysis to find their way into the decision-making process. And even when it does, science-based evidence forms only one part, and often not the most important part, of the understanding that

influences the decision-making process, where imperfect political competition often induces biased incentives and incomplete knowledge for politicians, impeding the implementation of available best-practice politics.

This book examines the methodological challenges to analyze and understand simultaneously both which policies work best and why and how these policies can be effectively implemented given the political and economic framework conditions in a country. In particular, this volume contains a selection of tools and methodologies that can help to tackle the complexities in the analysis of policy processes and outcomes under the implementation of the CAADP agenda. The various contributions in these proceedings are not targeted only to experts and interdisciplinary scholars working on empirical or theoretical research using quantitative policy modeling and evaluation techniques. They are also intended for technical experts, including policymakers and analysts from stakeholder organizations, who are involved in formulating and implementing policies to reduce poverty and to increase economic and social well-being in African countries.



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# List of Acronyms

ACF	Advocacy Coalition Framework
ADD	Agricultural Development Divisions
ASWAp	Agricultural Sector-Wide Approach
BAU	Business as usual
BC	Bunda College
BF	Baron/Ferejohn model
BGH	Baron–Grossman–Helpman model
CAADP	Comprehensive Africa Agriculture Development Programme
CAMAL	Coffee Association of Malawi
CAP	Common Agricultural Policy
CAU	University of Kiel
CBF	Community-based facilitator
CES	Constant Elasticity of Substitution
CET	Constant Elasticity of Transformation
CGE	Computable General Equilibrium
CGPE	Computable General Political Economy Equilibrium
CISANET	Civil Society Agriculture Network
COMESA	Common Market for Eastern and Southern Africa
CSO	Civil Society Organization
DCGE	Dynamic single-country Computable General Equilibrium
DFID	Department for International Development of the Government of the United Kingdom
DPP	Democratic Progressive Party
eCGPE	Evolutionary Computable General Political Economy Equilibrium
ECOWAP	Common Agricultural Policy of ECOWAS
ECOWAS	Economic Community of West African States
EU	European Union
EV	Equivalent Variation
FISP	Farm Input Subsidy Program
FUM	Farmers Union of Malawi
GA	Governmental accountability

GAMS	General Algebraic Modeling System
GDP	Gross domestic product
GH	Grossman/Helpman model
GIS	Geographic information systems
HPD	Highest Posterior Density
ICRISAT	International Crops Research Institute for the Semi-Arid Tropics
IDRC	International Development Research Centre
IFPRI	International Food Policy Research Institute
IITA	International Institute of Tropical Agriculture
ILRI	International Livestock Research Institute
IWMI	International Water Management Institute
LES	Linear Expenditure System
LSMS-ISA	Living Standards Measurement Study and Integrated Surveys on Agriculture
LNE	Local Nash Equilibrium
LSNE	Local Strict Nash Equilibrium
MCL	Mixed conditional logit
MCMC	Markov Chain Monte Carlo
MCP	Malawi Congress Party
MDG	Millennium Development Goal
MEJN	Malawi Economic Justice Network
MGDS	Malawi Growth and Development Strategy
MIC	Middle Income Country
MoAFS	Ministry of Agriculture and Food Security
MoDPC	Ministry of Development Planning and Cooperation
MoF	Ministry of Finance
MoIWD	Ministry of Irrigation and Water Development
M&E	Monitoring and evaluation
NAADS	National Agricultural Advisory Services
NAIP	National Agriculture Investment Program
NASFAM	National Smallholder Farmers' Association of Malawi
NEPAD	New Partnership for Africa's Development
NGO	Non-governmental organization
ODI	Overseas Development Institute
OECD	Organisation for Economic Co-operation and Development
OLS	Ordinary Least Squares
OPC	Office of the president
PBF	Political belief formulation module
PDM	Political decision-making module
PDR	Principle of departmental responsibility
PEGNet	Poverty Reduction, Equity, and Growth Network
PIF	Permanent Income Fund
PIF	Policy Impact Function
PNAD	Pesquisa Nacional por Amostra de Domicílios

PPG	Pro-poor Growth
PPPS	Probability proportionate to population size
QUAIDS	Quadratic almost ideal demand system
REC	Regional economic community
ReSAKSS	Regional Strategic Analysis and Knowledge Support System
R&D	Research and development
SADC	Southern Africa Development Community
SAKSS	Strategic Analysis and Knowledge Support System
SAM	Social Accounting Matrix
SF	Stabilization Fund
STAM	Seed Trade Association of Malawi
TAM	Tea Association of Malawi
TAMA	Tobacco Association of Malawi
TDS	Technology development site
UDF	United Democratic Front
UNHS5	2005/06 Uganda National Household Survey 5
WTO	World Trade Organization