

# **INVESTING IN AFRICA'S FUTURE: U.S. AGRICULTURAL DEVELOPMENT ASSISTANCE FOR SUB-SAHARAN AFRICA**

**EXECUTIVE SUMMARY – SEPTEMBER 2005**

Michael R. Taylor and Julie A. Howard



Resources for the Future  
1616 P Street, NW  
Washington, DC 20036  
[www.rff.org](http://www.rff.org)



Partnership to Cut Hunger and Poverty in Africa  
499 S. Capitol Street, Suite 500B  
Washington, DC 20003  
[www.africanhunger.org](http://www.africanhunger.org)

# **Investing in Africa's Future: U.S. Agricultural Development Assistance for Sub-Saharan Africa**

## ***Executive Summary***

Never before has the divide between the world's rich and poor been more glaring. The problems are particularly acute in sub-Saharan Africa, where nearly half of the region's 700 million people live on less than one dollar a day and a third lack basic food security. And sub-Saharan Africa's situation is deteriorating: It is the only region of the world where poverty and hunger are projected to increase over the next two decades unless major new investments are made.

Agricultural development is a critical catalyst for economic growth and poverty reduction in sub-Saharan Africa. Three-quarters of the population lives and works in rural areas and for every \$1 generated through agricultural production, economic linkages add another \$3 to the rural economy.

External assistance for African agriculture has ebbed and flowed since the 1960s, but agriculture's central role in development regained prominence in the late 1990s as the global community focused on the persistent problems of poverty and hunger in Africa. Its role is emphasized in the Rome Declaration on World Food Security (FAO 1996), in the U.N. Millennium Development Project, and in the poverty-reduction strategies of a host of African governments and international development institutions.

From the beginning of his tenure in 2001 as administrator of the U.S. Agency for International Development (USAID), Andrew S. Natsios stressed the central role of agriculture in USAID's development strategy and called for increased assistance:

Without economic growth and food security, no development effort is sustainable. We will increase support for economic growth and agriculture programs that reduce poverty and hunger, while finding better ways to mobilize and partner with the private sector. (Natsios 2001)What Is Agricultural Development Assistance?

The traditional understanding of agricultural development assistance focuses on improving productivity on the farm. However, approaches have changed. This report takes a broad contemporary view and construes agricultural development assistance to include the wide range of investments and activities that contribute to the ability of agriculture to foster rural economic development and reduce poverty and hunger in Africa. It includes natural resources management and the many other activities that contribute to improved productivity on the farm as well as efforts to create an enabling policy and institutional environment for African agriculture (ranging from improved land tenure systems to liberalized trade rules to applied agricultural research), develop markets for agricultural inputs and outputs, build rural roads and other physical infrastructure necessary for market access, facilitate rural employment through agribusiness and value-added processing of agricultural commodities, and build agricultural export capacity and opportunity.

### **The Purpose of This Report**

This report examines the complex system through which the United States provides assistance to African agriculture, whether the United States has significantly increased its assistance since 2000, and features of how U.S. assistance is delivered that affect its impact on the ground in Africa. The purpose for providing this information is forward-looking. Never before has the opportunity been so great to construct a foundation for sustainable economic growth in Africa. At their July 2003 African Union Summit in Maputo, African heads of state endorsed the Comprehensive African Agriculture Development Programme developed by the New Partnership for Africa's Development (NEPAD). They also pledged to allocate 10% of their national budgetary resources to its implementation based on their conclusion that "agriculture-led development is fundamental to cutting hunger, reducing poverty ... agriculture must be the engine for overall economic growth in Africa" (NEPAD 2002, 9).

In collaboration with Africans and other donors, the United States has a critical role to play in devising and implementing an effective public investment strategy to foster agriculture-led economic growth. For U.S. agricultural development assistance programs in Africa to make progress, however, the starting point must be well understood. In this report, we attempt to provide that understanding.

## **Scope, Methods, Organization, and Findings**

Specifically, the report seeks to:

- define agricultural development assistance;
- summarize the policy-level commitments to African agriculture made by U.S., African, and other world leaders and organizations;
- document levels and trends in U.S. assistance to African agriculture;
- describe the system of institutions and funding mechanisms through which U.S. assistance is provided;
- analyze how political and governance features of the U.S. aid system influence the effectiveness of U.S. assistance based on country studies of U.S. assistance in Ghana, Mali, Mozambique, and Uganda; and
- present conclusions and recommendations concerning U.S. agricultural development assistance for sub-Saharan Africa based on the research conducted for this report to stimulate thought and debate within the policy and stakeholder community working to improve the U.S. assistance program and the contribution agriculture can make to poverty and hunger reduction in Africa.

The report is based on an extensive review of publicly available documents on the budgets and programs of agencies involved in agricultural development assistance and on interviews and information provided by dozens of people in those agencies and the surrounding community of experts and stakeholders in the United States. The research included a data-gathering trip to Ghana, Mali, Mozambique, and Uganda and meetings with a broad cross section of knowledgeable people in those countries. In addition, we issued an interim version of the report in April 2005 and convened a workshop to stimulate comment and subsequently benefited from important new information on USAID's budget and new perspectives on other issues. Many of these have been included in this final report, though some went beyond the scope of the report.

The final report contains five chapters. In Chapter 1, we document the new recognition of how agriculture can contribute to economic growth and poverty reduction in Africa. In Chapter

2, we describe the institutional and policy landscape within which U.S. assistance for African agriculture occurs. In Chapter 3, we document current funding levels and trends in U.S. assistance through all channels. Chapter 4 distills lessons and observations drawn from the four country studies that relate to aid effectiveness and how U.S. assistance aligns with the strategies and priorities of recipient countries. Chapter 5 presents conclusions and recommendations.

### ***Chapter 1: Agriculture's Role in Africa's Development***

The recognition that agriculture must play a central role in reducing poverty and hunger in most African countries is widespread and genuine.

- In addition to sharing NEPAD's focus on agriculture, many African governments embrace agriculture in their Poverty Reduction Strategy Papers (PSRPs).
- An understanding of agriculture's central role underlies the World Bank's rural development strategy as well as programs of the Food and Agriculture Organization of the United Nations (FAO) and the International Fund for Agricultural Development (IFAD).
- Private investment and entrepreneurship are widely understood to be essential.
- The role of public investment is to provide the critical public goods needed to make private effort attractive and rewarding. They include supportive policy frameworks, market information and market facilitation services, rural transport and other physical infrastructure, human capacity building through training and extension, and technology development.
- The Monterrey Consensus on financing for development is an important component of the international consensus on agricultural development in Africa (U.N. 2002). It calls for mobilizing public and private investment within developing countries, increasing international financial cooperation, significantly improving the level and quality of development assistance, and cultivating recipient-country ownership of the development process.

### ***Chapter 2: Institutional and Policy Landscape***

The United States provides agricultural development assistance to Africa within a complex web of laws, competing policies, and interests whose interaction controls the level and uses of U.S.

assistance resources. Congress plays a central role in funding and overseeing these programs, which are administered by at least 10 U.S. agencies and international organizations.

Because it rarely amends the authorizing legislation,<sup>1</sup> **Congress** most directly influences development assistance programs today through the appropriations process—most prominently through congressional earmarks that specify not only how much money is available for broad purposes (e.g., health and economic development) but also how the money is to be spent to achieve those purposes. Earmarks play a central role in controlling how USAID manages the resources available to it for agricultural development in Africa.

The **White House** provides overall policy guidance on development issues, including agricultural assistance. Within the White House, the **Office of Management and Budget** sets budget priorities for international agricultural assistance. The **Secretary of State** provides policy oversight to USAID and the USAID administrator reports to the Secretary of State.

As the primary development assistance agency, **USAID** has the most substantial involvement in agricultural development assistance. It is a complex organization, and its multiple units at headquarters and in the field play important roles in managing agricultural development resources and programs.

- The **Office of the Administrator** declares new priorities, manages the agency, and brokers between USAID and the administration and Congress.
- The **Bureau for Policy and Program Coordination** develops budgets and balances agency priorities.
- The **Bureau for Africa** manages about \$1.5 billion in program funds and designs and implements and evaluates strategies and programs in sub-Saharan Africa—including 22 country missions and three regional programs.
- The **Bureau for Economic Growth, Agriculture, and Trade** (EGAT) is one of the three “pillar” bureaus that provides policy leadership and technical expertise to support field offices and contains most of the agency’s agricultural expertise. EGAT led the development of USAID’s 2004 agriculture strategy (USAID 2004).

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<sup>1</sup> This includes the Foreign Assistance Act of 1961 (as amended in 1973 and 1978) and three food aid laws: Title II of P.L. 480 (originally enacted in 1954 as part of the Agricultural Trade Development and Food Assistance Act), Section 416(b) of the Agricultural Act of 1949, and the Food for Progress Act of 1985.

- The **Bureau for Democracy, Conflict, and Humanitarian Assistance** (DCHA) is the pillar bureau that works on emergency relief and disaster assistance. DCHA's **Office of Food for Peace** (FFP) plays an important role in agricultural development assistance through its management of the P.L. 480, Title II food aid program, a major source of resources for USAID's agricultural development efforts in Africa.
- **USAID Field Offices**, including country missions and regional offices, design and implement programs. Field offices devise activities to produce results within the constraints of agency policy and goals, budget allocations, and congressional earmarks.

Resource allocation within USAID is a complex process and details of the procedure change frequently. Broadly speaking, it occurs through the combination of top-down budgeting and bottom-up strategic objective planning. Development Assistance (DA) budget account funds are allocated first to pillar and regional bureaus then to the field offices to be used for specific purposes. The field offices devise strategic objectives and activities to achieve those objectives. The allocation of USAID resources for agricultural development is guided by two headquarters-driven policy frameworks: the current USAID agriculture strategy (USAID 2004) and the president's Initiative to End Hunger in Africa (IEHA), launched in 2002.

At least six other U.S. agencies provide bilateral assistance that can include African agriculture, but all except one at substantially lower levels than USAID.

- The **Foreign Agricultural Service** in the U.S. Department of Agriculture (USDA) oversees the distribution of Section 416(b) and Food for Progress food aid.
- The **African Development Foundation** provides small grants (generally less than \$250,000) to grassroots organizations to support poverty-alleviating projects.
- The **U.S. Trade and Development Agency** provides technical assistance and conducts feasibility studies to identify trade opportunities that potentially benefit both developing countries and U.S. companies.
- The **Overseas Private Investment Corporation** provides loan guarantees, insurance and other forms of assistance to promote U.S. private investment in developing countries and transition economies.

- The **Peace Corps** provides volunteers to developing countries to help meet their needs for trained men and women and to promote mutual understanding between Americans and the people in host countries.
- **Millennium Challenge Corporation** (MCC) is a government corporation established in 2004 to implement the Millennium Challenge Account (MCA). President George W. Bush pledged funding of \$5 billion annually by FY 2006—a 50% increase over the current \$10 billion annual funding for U.S. development and humanitarian assistance. The MCA was intended to depart sharply from traditional U.S. development assistance by providing large amounts of assistance to select countries that create an enabling environment for economic growth through market-oriented, pro-growth policies; good governance, including tackling corruption; and investment of their own resources in the health and education of their people. The potential for agriculture is significant: 15 of 16 MCA-eligible countries included agriculture in their proposals, including seven of the eight African countries.

At least five U.S.-funded international organizations provide multilateral assistance for African agriculture.

- The lead U.N. agency for hunger is **FAO**. FAO supports policy change and agricultural development programs with core annual resources of about \$375 million, supplemented by project-specific funding. About 20% of FAO's field program budget is devoted to activities in sub-Saharan Africa.
- The aim of the United Nations' **World Food Programme** (WFP) is to meet emergency or humanitarian food needs. In 2003, WFP fed 104 million people in 83 countries on a budget of \$3.3 billion. WFP also uses a portion of its resources (less than 10%) for longer term development in Africa and elsewhere, including some activities related to agriculture.
- With concessional loans, **IFAD** has financed 653 projects in 115 countries, including projects valued at about \$175 million in 43 sub-Saharan African countries.
- The **International Development Association** (IDA), a member of the World Bank Group, is the channel for virtually all of the bank's activity in sub-Saharan Africa. IDA's current portfolio includes \$16.6 billion in concessional loans and grants in Africa.



- The **African Development Fund**, an arm of the African Development Bank, provides development finance on concessional terms. The Agriculture and Rural Development sector is the bank's top priority, garnering about one-quarter of loan and grant approvals.

Key findings of Chapter 2 follow.

***Competing Priorities and Congressional Earmarks Influence Agriculture Funding.***

- Because decisions about U.S. development assistance funding are shaped by so many executive institutions and, importantly, by Congress, priorities established by USAID officials are very difficult to translate into new budget allocations.
- Since September 11, 2001, development initiatives with longer term investment horizons and payoffs (such as support for agricultural development in Africa) have competed unsuccessfully with immediate, short-term assistance needs in Afghanistan, Iraq, and Sudan.
- Competing policy and political considerations have led to an increasing imbalance in the resources available for agriculture-led economic growth relative to assistance for the health and education sectors. Funding for health-related assistance in Africa has grown dramatically in recent years through USAID and special presidential initiatives to fight HIV/AIDS, malaria, and other diseases of great concern.
- Even within funding available for agriculture, strong congressional earmarks severely limit the flexibility of assistance programs to respond to needs identified at the country level. Through earmarks, at least 90% of USAID's DA account is pre-allocated to specific areas, including trade capacity, microenterprise, biodiversity, and plant biotechnology. These are important areas in general for agricultural development but may not match specific country priorities.
- The effect of congressional earmarks is to reduce the flexibility of development assistance programs to respond to the most important needs at the field level and thus reduce the effectiveness of assistance.
- USAID reports on its development expenditures by strategic objective (such as Rural Income Growth or Private Sector Expansion). There is no agency-wide system in place for reporting progress on spending and outcomes related to implementing the agency's agriculture strategy and achieving agriculture-led economic growth in Africa.

***Institutional Factors Affect the Scale and Potential Effectiveness of Development Resources.***

- Estimated spending on agriculture-related strategic objectives in sub-Saharan African field offices from 2000 through 2004 was spread widely across 24 countries and four regional programs, resulting in average annual funding of about \$6 million per year, per country. These allocations typically were subdivided further among multiple contractors and grantees. This approach raises the issues of whether most projects are large enough to have a lasting effect and how their combined effects add up in terms of sustainable development impact.
- The need to compete for development resources with other sectors and to report quantifiable, relatively near-term results through the USAID internal management system may or may not result in projects that have an impact as large and as broad-based as longer term investments in infrastructure and human capacity, the immediate effects of which are more difficult to quantify.
- Fragmentation of resources also raises questions about the coordination of agricultural development assistance within USAID, among U.S. agencies, and with other donor countries and international institutions. For example, within USAID, the Bureau for Africa and FFP traditionally have operated in parallel but independently. There is no U.S. government mechanism in place to closely coordinate agricultural development strategy, resource allocation, and on-the-ground activity with USDA or multilateral development institutions. Because the general approach to agriculture-led economic growth and poverty reduction has wide international agreement, improving coordination offers the opportunity to decrease costs and increase assistance effectiveness by setting priorities, allocating resources, and aggregating efforts.
- Domestic political considerations increase the costs of U.S. development assistance, including the costs incurred to procure food in the United States and ship it to Africa in predominately U.S. ships, tying aid to procurement from U.S. sources, and using predominately U.S. contractors to implement development projects in Africa.
- MCC is a new government corporation that operates under a different institutional and policy framework and receives funds that are not earmarked. It has the potential to become a significant funder of agricultural development in Africa because African countries make up about half of the MCA-eligible countries and most proposals for MCA funding have included

agriculture. MCA remains untested as a vehicle for development assistance, and it is currently focused on a limited number of countries.

### ***Chapter 3: Recent Trends in U.S. Funding***

Because there is no standard definition of agricultural development assistance and agencies report relevant activities in diverse ways, it is impossible to provide a precise measure or accounting of U.S. development assistance for African agriculture. By devising approaches for estimating such expenditures by each of the involved agencies, however, it is possible to form a reasonable and informative picture of recent funding trends and priorities. Key findings of Chapter 3 follow.

#### ***U.S. support for African agricultural development lags overall, while USAID funding for African agriculture increased 9% in real terms from 2000 to 2004.***

- Our estimates indicate that since 2000, overall U.S. resources devoted to agricultural development in Africa have not increased significantly, with the high-end estimate indicating a 2% increase in real terms from 2000 to 2004 despite USAID's efforts to focus more of its available development assistance resources on agriculture-related projects (Table ES-1).
- We estimate that USAID achieved an increase of 19% in its total estimated programming of funds over the five-year period or 9% in real terms after adjustment for inflation (Table ES-2). However, this increase was offset by absolute declines in funding through most other bilateral and multilateral channels. Most of USAID's gain occurred in one year (between FY2002 and FY2003); estimated funding declined slightly in absolute terms in FY2004, and actual FY2005 programming levels remain uncertain.
- USAID was the predominant funder of U.S. agricultural assistance for Africa from 2000 to 2004, accounting on average for 82% of U.S. bilateral funding and 67% of funding through all channels (Figure ES-1).

#### ***The trend is flat in resources available to USAID's Bureau for Africa.***

- USAID funds African agricultural development through three channels: the Bureau for Africa, the Title II food aid program of P.L. 480, and EGAT.

- The Bureau for Africa is by far the largest single channel for U.S. agricultural development assistance. Its funds for agricultural development come mainly through the DA budget account, which includes three categories of funds that can be used to support agricultural development as broadly construed: Agriculture, Economic Growth, and Environment. Since 2003, the Bureau for Africa has been funding some of its agriculture-related projects from the DA account under the separate heading of IEHA.
- The Bureau for Africa uses most of its available DA resources for agricultural development, but the amount of funds available for that purpose grew by only 7% from FY2000 to FY2004, from \$284 million to \$304 million (Table ES-3), which means a 3% decrease in real terms after adjusting for inflation. This places an effective cap on increases in expenditures for African agriculture. This stagnancy contrasts sharply with the substantial growth in USAID funding for health-related assistance in Africa.
- The \$27 million and \$47 million allocations designated as IEHA funding in 2003 and 2004, respectively, came primarily from a reallocation of funds within the Africa DA account rather than from increased funding (Figure ES-2).

***Dramatically increased funding for health and education in Africa stands in stark contrast to the flat trend in funding for economic growth activities.***

- Figure ES-2 compares funding available between 2000 and 2004 in the DA account for agriculture with funding for education, health, and other social development assistance purposes.
- Bureau for Africa health funding alone grew by 51% in real terms during the period to \$474 million and billions more have been pledged to protect health in Africa as part of the president's five-year, \$15 billion commitment to HIV/AIDS and other health initiatives.
- In 2004, funding for African agriculture, as construed broadly for this report, was 4% of total USAID-managed assistance worldwide and 29% of USAID resources available for development in Africa, including health, education, and other sectors (Table ES-4).

***Agriculture funding through multilateral channels has increased due to World Bank investment in rural roads.***

- U.S. funding for agricultural development in Africa through multilateral channels (FAO, IFAD, WFP, World Bank/IDA, and the African Development Fund) was about 20% of total U.S. funding and, as we estimated for this report, increased by 24% in real terms between 2000 and 2004, from \$79 million to \$106 million, due almost entirely to a commendable increase in World Bank/IDA investment in rural roads.

#### ***Chapter 4: Lessons from the Country Studies***

We sought to understand through case studies how U.S. development assistance programs and funding levels relate to specific countries' agricultural programs, priorities, and public investments; how U.S. assistance is coordinated with assistance from other donors; and the views of stakeholders on how U.S. development assistance, and public investment in agriculture in general, could be improved. Key findings follow.

***Agriculture and rural development play a central role in the PRSPs and related agricultural development strategies of all four countries.***

- The PRSPs embrace similar visions of changing archaic, near-subsistence agricultural economies into progressive, dynamic, entrepreneurial, and profitable businesses. All place a high priority on a market-oriented approach and the promotion of thriving agribusinesses alongside a multidimensional approach to ensure food and nutrition security and improved access to health services.

***Sectoral development plans are extremely ambitious, reflecting the new understanding that transforming rural economies will require far more than traditional agricultural development assistance geared to improving productivity on the farm.***

- Sector plans call for a broad array of investments needed to improve infrastructure; increase productivity on and off the farm; reform land tenure; assist farmers and agribusinesses to access inputs and financial services, improve agro-processing, and find markets for raw and

processed goods; and improve crisis prevention and response, education, health, and environmental measures.

***Despite the priority given to rural-led economic growth in policies and strategic plans, domestic public resources are scarce and agriculture competes unfavorably with other sectors, notably education and health, for PRSP funding.***

- Countries rely on external donors for 37–90% of funding to implement their PRSPs and agriculture/rural development strategies. Coordination of country and donor strategies and programs is thus essential to meet agriculture and rural sector development goals. However, under 10% of total Organisation for Economic Co-operation and Development bilateral assistance to the countries was directed to core agriculture and rural sector development programs. In each country, the proportion of PRSP expenditures dedicated to agriculture, and actual domestic spending on agriculture and rural development, was expected to decline between 2000–2004.

***USAID country and sector plan priorities are highly consistent with PRSPs and country sectoral strategies, underscoring the priority on rural-led economic growth, but this is not reflected in U.S. assistance allocations.***

- Agriculture activities received only 15% of USAID/Ghana’s budget and approximately 33–45% of Mozambique, Uganda, and Mali’s budgets in FY2004.

***Between 2000–2004, US bilateral assistance to agriculture declined in Ghana, Mali, and Mozambique and rose only slightly in Uganda despite the fact that all four countries are designated priority countries for the IEHA.***

- By contrast, USAID spending on health and basic education ballooned, consuming 45–74% of USAID’s annual budget in 2004 in the case countries.

## **Conclusions and Recommendations**

Despite widespread recognition that agriculture is critical to future economic growth and poverty reduction in Africa, total U.S. agricultural development assistance for Africa has grown by only an estimated 2% in real terms since 2000. This essentially flat funding has occurred even as USAID, the lead development agency, has focused more of its available development assistance funds in Africa on agriculture and achieved an estimated real increase of 9% from 2000 to 2004 in its total funding for agricultural development. USAID's gains are offset by absolute reductions in funding for African agriculture by other agencies through which the United States provides such funding.

Moreover, the apparent trend in U.S. assistance for African agriculture is not promising. Most of USAID's gains occurred in one year (from FY2002 to FY2003), and there was an absolute decline in estimated funding for African agriculture by USAID and the U.S. government as a whole in 2004. A central constraint for USAID is that although it has placed agriculture at the center of its economic development strategy for Africa, the level of appropriated money available to support such development declined in real terms between 2000 and 2004.

The stagnant U.S. funding for Africa's economic development stands in stark contrast to dramatic increases in funding for health programs in Africa. Increased health funding is critical, but agricultural development should not be allowed to languish. Food, economic development, and health are interdependent. Without adequate food, people will never be healthy; without economic growth in rural communities, African nations will remain dependent on external assistance to sustain their health systems and meet other basic human needs.

### ***Recommendations***

#### **Funding Levels and Priority**

Because U.S. funding for agricultural development assistance in Africa has lagged significantly behind other sectors and regions, the United States should:

- *Invest More in Economic Growth, Making African Agriculture a Real Budget Priority* – It is critical that overall development assistance grow significantly. As part of a major increase, creating a better balance between spending on social services and investments for economic development is critical. African economic development in general and agriculture-led growth and poverty reduction in particular should be made true budget priorities for Congress and USAID. Assistance to African agriculture should grow at least as fast as overall foreign development assistance and by 2009 at least double to 10% or more as a percentage of USAID-managed development assistance.

### **Resource Use and Effectiveness**

Because the level of resources actually reaching the ground in Africa and their effective application are diminished by correctable policy and structural features of the aid system, the United States should:

- *Reduce Political Overhead* – Congress and the administration should review and reform the policies governing sourcing and shipping of food aid, U.S. procurement preferences, and reliance on U.S.-based vendors so that more of the resources appropriated for agricultural development assistance reach the ground in Africa.
- *Reduce Fragmentation* – USAID should take the lead among U.S. agencies to mount larger and more focused programs within countries and within the region, taking advantage of all available U.S. resources (DA, Title II food aid, and USDA-managed food aid) and managed by fewer vendors, to ensure that the U.S. investment adds up to meaningful improvement in the public goods required to build a successful agricultural system.
- *Improve Donor Coordination and Pooling of Resources* – To further improve the use and effectiveness of resources, USAID should intensify its efforts to both coordinate programs and pool resources with other donor agencies so that the donor community as a whole can be a coherent, meaningful component of the recipient country's agricultural development and investment strategy.



- *Foster Local Ownership of the Development Process* – USAID should expand its program and budget support funding for agricultural development in countries that have committed to a clearly defined development strategy and have installed the systems required to manage resources with transparency and accountability.

## **Planning and Reporting**

- *Develop a Coordinated U.S. Strategy for Supporting Agriculture-Led Economic Growth in Africa* – To support growth in funding for agriculture-led economic growth in Africa and a more strategic use of available funds, the USAID administrator should lead the development of and propose to Congress a comprehensive cross-agency plan that defines funding needs and priorities for this purpose and outlines how agricultural development resources will be spent in a coordinated manner to foster broad-based economic growth and poverty reduction.
- *Improve Transparency, Accountability, and Focus on Local Ownership and High-Impact Programs with Longer Time Horizons to Achievement* – As a key part of the comprehensive agricultural development strategy, the USAID Administrator should develop and implement a consistent reporting mechanism that reveals, on an annual basis and for all agencies with programs related to African agricultural development:
  - Levels and trends in U.S. assistance for agriculture-led economic growth and poverty reduction in Africa;
  - Progress against indicators of substantive progress established in the comprehensive cross-agency plan; and
  - Assessment of the projected long-term impact of projects, including standardized projected returns to the investment beyond external funding and assessment of the probability that the gains can be sustained by the host country following withdrawal of external assistance.

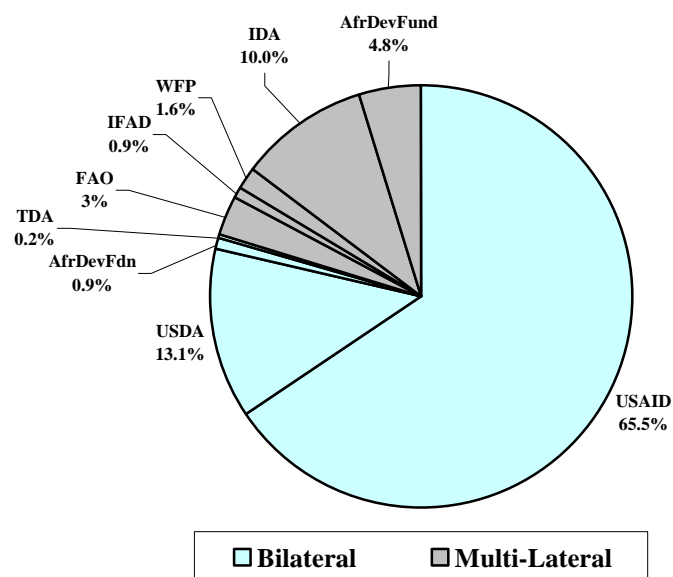
## **Fund for African Rural Economic Growth**

To provide a budget vehicle for increased investment in African agriculture and poverty-reducing economic growth, the United States should:

- *Develop a New Funding Mechanism* – The principles underlying the MCA go a long way toward insulating long-term investment for development from the congressional earmark process and competition with the crisis or political priority of the day, but its scope remains limited. Congress and the administration should create a similar, unearmarked fund specifically for Africa targeted at supporting rural economic growth in countries that meet specific criteria.

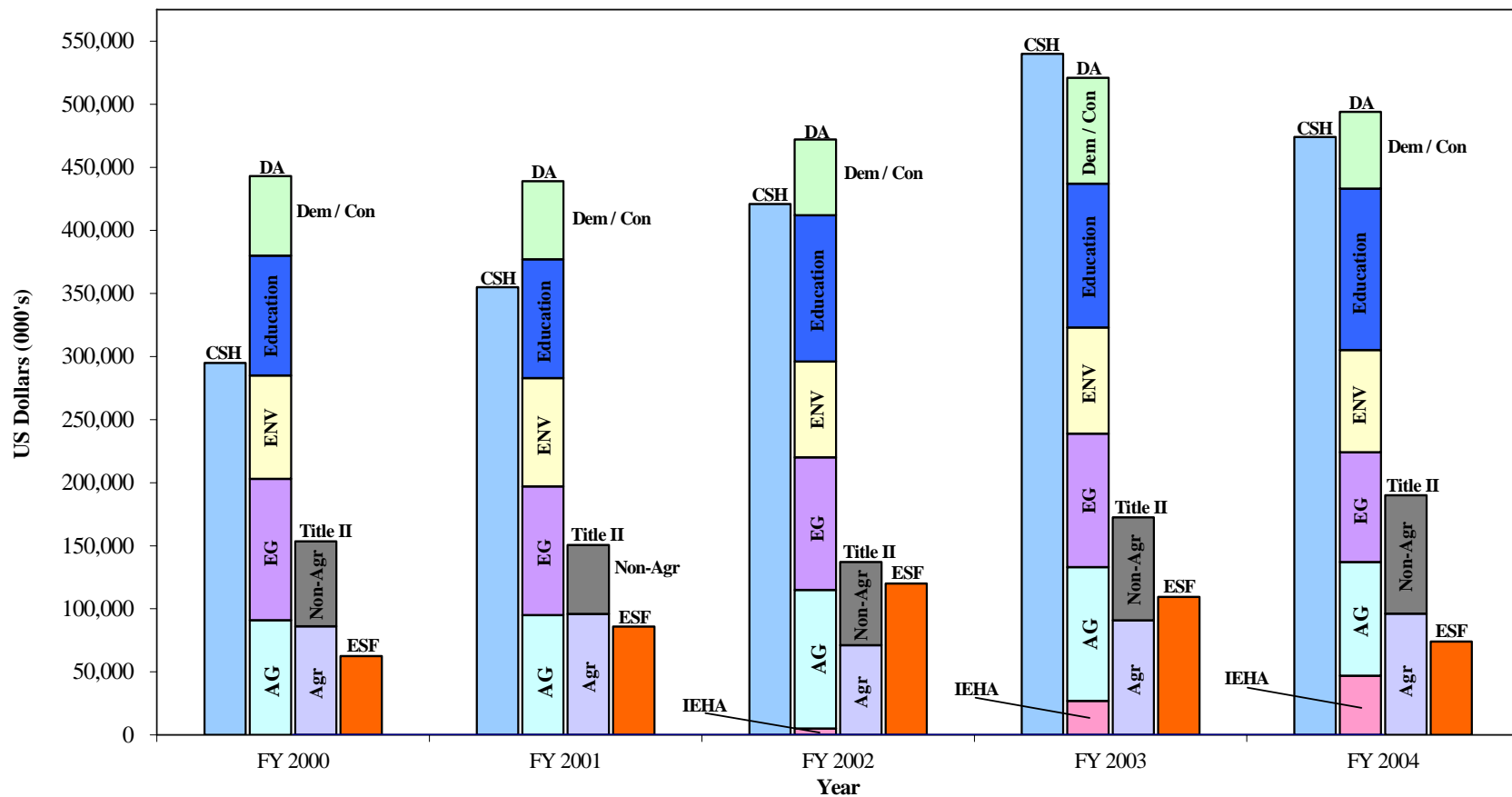
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*Notes:* USDA = U.S. Department of Agriculture, AfrDevFdn = African Development Foundation, TDA = U.S. Trade and Development Agency, FAO = Food and Agriculture Organization of the United Nations, IFAD = International Fund for Agricultural Development, WFP = World Food Programme, IDA = International Development Association of the World Bank, AfrDevFund = African Development Fund of the African Development Bank, USAID = U.S. Agency for International Development.

**Figure ES-1. Average Distribution of Total U.S. Agricultural Development Assistance for sub-Saharan Africa, 2000–2004**



Total Funds (\$000's)	953,934	1,030,457	1,149,129	1,342,978	1,232,085
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Notes: CSH = Child Survival and Health, AG = Agriculture, EG = Economic Growth, ENV = Environment, Ed = Education, DA = Development Assistance, Agr = Agriculture, Non-Agr = Non-agriculture, ESF = Economic Support Fund, IEHA = Initiative to End Hunger in Africa.

**Figure ES-2. USAID Non-Emergency Assistance to sub-Saharan Africa, FY2000–FY2004: Allocation of Appropriated Program Funds by Account and Sector**

**Table ES-1. Estimate of Total U.S. Agricultural Development Assistance for sub-Saharan Africa, 2000–2004**

Source	Funding (\$, millions of current dollars)						Increase, 2000–2004
	2000	2001	2002	2003	2004	Average	
Bilateral							
USAID	296	310	309	359	353	325	19%
USDA <sup>a</sup>	78.6	87.1	58.0	52.5	49.2	65.0	–17.3%
ADF	5.2	2.4	5.7	3.1	5.6	4.4	7.7%
TDA	0.3	0.7	3.2	0.9	0.03	1.0	–90%
Subtotal <sup>b</sup>	380	400	376	416	408	396	7.4%
Multilateral							
FAO	17.2	17.2	14.8	14.7	11.4	15.1	–34%
IFAD	1.9	2.2	7.2	5.9	NA	4.3	NA
WFP	3.8	11.8	7.6	8.7	NA	8.0	NA
IDA <sup>d</sup>	29.5	45.0	47.5	68.0	58.4	49.7	98%
ADB/ADF <sup>b</sup>	26.1	17.5	26.6	24.5	NA	23.7	NA
Subtotal <sup>b</sup>	79	94	104	122	106	101	34%
Total <sup>b</sup>	459	494	480	538	514	497	12%

*Notes:* For the U.S. bilateral agencies, estimates are derived from appropriations and expenditures based on U.S. fiscal year, except that the best available data on TDA expenditures were calendar-year data from the Organisation for Economic Co-operation and Development/Development Assistance Committee (DAC) Creditor Reporting System. For the multilateral agencies, the estimated U.S. contribution is based on fiscal year U.S. contributions and the percentage of total agency funds devoted to agriculture-related projects in Africa, which are reported by those multilateral agencies on a calendar year basis.

USDA = U.S. Department of Agriculture, ADF = African Development Foundation, TDA= U.S. Trade and Development Agency, FAO = U.N. Food and Agriculture Organization, IFAD = International Fund for Agricultural Development, WFP = U.N. World Food Programme, IDA = World Bank's International Development Association, ADB/ADF = African Development Bank's African Development Fund, NA = data not available. Subtotals and totals are rounded to the nearest million and assume that the 2004 figures for IFAD, WFP, and African Development Foundation are at the preceding four-year average.

<sup>a</sup> USDA-managed food aid with adjustment to include freight costs.

<sup>b</sup> Based on new commitments (IDA) or approvals (ADB/ADF).

*Source:* Extracted from Tables 3-9, 3-11, 3-12, 3-13, 3-14, 3-15, 3-16, 3-17, and 3-18 in Chapter 3.

**Table ES-2. Estimated Total USAID Assistance for African Agriculture, FY2000–FY2004**

<i>Account</i>	<i>Estimated Funding (\$, millions)</i>						<i>% of Total</i>	<i>Increase, FY2000–FY2004 (%)</i>
	<i>FY2000</i>	<i>FY2001</i>	<i>FY2002</i>	<i>FY2003</i>	<i>FY2004</i>	<i>Total, FY2000–FY2004</i>		
Africa Bureau	187	190	211	243	226	1,058	65	21
Title II Food Aid	86	96	71	91	96	440	27	12
EGAT	23	24	27	25	31	130	8	35
Total	296	310	309	359	353	1,628	100	19

*Note:* EGAT = Bureau for Economic Growth, Agriculture, and Trade.

*Source:* Tables 3-3, 3-5, and 3-8 in Chapter 3.

**Table ES-3. USAID Development Assistance (DA) Account Allocation in Africa by Sector, FY2000–FY2004 (with percent of total DA allocation in parentheses)**

<i>Account/Sector</i>	<i>Allocation (\$, millions)</i>						<i>Increase, FY2000–FY2004/2005 (%)</i>
	<i>FY2000</i>	<i>FY2001</i>	<i>FY2002</i>	<i>FY2003</i>	<i>FY2004</i>	<i>FY2005</i>	
Total DA for Africa	443 (100%)	439 (100%)	471 (100%)	522 (100%)	494 (100%)	547 (100%)	11.5/23.5
Education	95 (21.4%)	94 (21.4%)	116 (24.6%)	114 (21.9%)	128 (25.9%)	149 (27.2%)	34.7/56.8
Democracy/Conflict	63 (14.2%)	62 (14.1%)	60 (12.7%)	84 (16.1%)	61 (12.4%)	80 (14.6%)	-3.2/27.0
Agriculture (without IEHA)	91 (20.5%)	95 (21.6%)	110 (23.4%)	106 (20.4%)	90 (18.6%)	104 (19.0%)	1.1
Economic Growth	112 (25.3%)	102 (23.2%)	105 (22.3%)	106 (20.4%)	87 (17.6%)	95 (17.4%)	-22.3/-15.2
Environment	82 (18.5%)	86 (19.6%)	76 (16.1%)	84 (16.1%)	81 (16.4%)	71 (13.0%)	1.2/-13.4
IEHA	0	0	5 (0.11%)	27 (5.5%)	47 (9.1%)	47 (8.6%)	NA—
Agriculture/IEHA Total	91 (20.5%)	95 (21.6%)	115 (24.4%)	133 (25.5%)	137 (27.7%)	151 (27.6%)	50.6/65.9
Agriculture/IEHA, Economic Growth, Environment Total	284 (64.1)	283 (64.5%)	295 (62.6%)	323 (62.0%)	304 (61.5%)	318 (58.1%)	7.0/12.0

*Notes:* The sectoral allocations in this table are based on the “653(a)” reports that USAID must provide to Congress within 30 days of enactment of the annual appropriations bill informing Congress of how the congressional appropriation in the DA and other accounts are to be allocated by the agency by region and sector. IEHA = President’s Initiative to End Hunger in Africa.

*Source:* USAID/Africa Bureau Office of Development Planning (ABODP) table re: “FY 00–05 Budget Levels by Sector: DA/CSH” (provided to authors by Carrie Johnson, ABODP, May 19, 2005), and personal communication with Carrie Johnson, August 3, 2005.

**Table ES-4. Estimated U.S. Agency for International Development (USAID)  
Funding for African Agriculture Relative to Other USAID-Managed Programs,  
FY2000 to FY2004 (with percentage of USAID total in parentheses)**

<i>Funding Use</i>	<i>Estimated Funding (\$, millions)</i>					<i>Increase, FY2000– FY2004 (%)</i>
	<i>FY2000</i>	<i>FY2001</i>	<i>FY2002</i>	<i>FY2003</i>	<i>FY2004</i>	
USAID Total <sup>a</sup>	7,616 (100%)	7,822 (100%)	8,853 (100%)	9,465 (100%)	8,813 (100%)	15.7
Global Development Total (CSH, DA, ESF, P.L. 480 <sup>b</sup> )	4,976 (65.3%)	4,949 (63.3%)	6,493 (73.3%)	5,012 (53.0%)	6,838 (77.6%)	37.4
Africa Development Total (CSH, DA, ESF, P.L. 480)	955 (12.5%)	1,005 (12.9%)	1,140 (12.9%)	1,314 (13.9%)	1,231 (14.0%)	28.9
Estimated African Agriculture Total: Point Estimates	296 (3.9%)	310 (4.0%)	309 (3.5%)	359 (3.8%)	353 (4.0%)	19
Estimated African Agriculture Total: Range Estimates	247–321 (3.2–4.2%)	254–335 (3.2–4.3%)	257–332 (2.9–3.7%)	287–383 (3.0–4.1%)	295–378 (3.4–4.3%)	19–18
African Agriculture as Percent of Global Development Total: Point (and Range Estimates)	6.0% (4.9–6.4%)	6.3% (5.1–6.7%)	4.8% (3.9–5.1%)	7.2% (5.8–7.7%)	5.2% (4.3–5.5%)	–13.3 (–12 to–14)
African Agriculture as Percent of Africa Development Total: Point (and Range Estimates)	31% (26–33%)	31% (25–33%)	28% (22–29%)	27% (22–29%)	29% (24–31%)	–6.5 (–7.7 to– 6.1)

*Notes:* CSH = Child Survival and Health, DA = Development Assistance, ESF = Economic Support Fund, P.L. 480 = Agricultural Trade Development and Food Assistance Act of 1954.

<sup>a</sup> USAID total excludes Emergency Response Fund and wartime supplemental appropriations for Iraq.

<sup>b</sup> Includes only the portion of the P.L. 480 Title II appropriation used for non-emergency (i.e., development) purposes.

*Source:* USAID Congressional Budget Justifications, FY2003 and FY2005 (USAID various years), and USAID/Africa Bureau Office of Development Planning table re: “FY 00–05 Budget Levels by Sector: DA/CSH” (provided to authors by Carrie Johnson personal communication, May 19, 2005).