



Strategic Review

FEED THE FUTURE

October 10, 2010

This presentation represents the preliminary strategic direction of a multi-year, whole-of-government, U.S. strategy to address food security in a Feed the Future country or region. It describes partner country progress and outlines how U.S. investments will align in support of partner country priorities. This document has not yet been approved or funded but will form the basis of a multi-year strategy in development.

Key Achievements by 2015

- Increase intra-regional trade in food staples, e.g., maize and livestock, by 50%
- A reduction of bribe costs by 50% per 100 km along major corridors for food staples
- Meeting over 25% of rice and maize seed requirements in five FTF focus countries
- Planting at least 15% of total crop area for selected food staples with improved varieties
- Of ECOWAS's 15 member states:
 - 15 have functional food security early warning systems
 - 15 include nutritional info in their food security info systems
 - at least 7 have adopted seed policy regulations allowing cross-border seed trade

Population and demographics

- West Africa¹ has 280 million inhabitants, with a rapidly growing population expected to grow to 625 million by 2050
- \$391 billion GDP, growing at ~5.89% annually for the last 10 years
- 55% of the population is rural, with an annual urbanization rate of ~4%

Key indicators

- 50% of West Africa lives on less than \$1.25 daily; 22.3% of adults are undernourished
- ~36.7% of children under 5 years old are under height for their age; 28.3% under 5 are underweight for their age; 9.9% of the child population is affected by global acute malnutrition
- Average female literacy rate is 47%; and ratio of estimated female to male income is 49%

Role of agriculture

- Agriculture contributes 35% of GDP; represents 60% of the active labor force
- Main staple food crops include rice, sorghum/millet, cassava, yam, plantains, and maize; with cocoa and cotton the main cash crops
- Heavily traded commodities in the region include maize and livestock
- West Africa has some of the lowest yields in the world, with increased productivity accounting for only 30% of growth in regional production

Cross-cutting issues

- Chronic undernutrition and food availability are core challenges of food security in West Africa. Critical gender concerns related to food insecurity include women often unable to hold to land; make decisions regarding household expenditure and consumption; and having less access to capital than men
- Climate change (flooding, desertification, coastal erosion, erratic rainfall) exacerbates the challenges for disaster relief, overpopulation and the ultra-poor

Regional Background

Regional context

Political

- West Africa has had a history of poor governance and lack of institutional capacity
- Political turmoil has plagued many countries and threatened regional stability – from the 2008 military junta in Guinea to the failed coup d'état in Cote d'Ivoire
- Cape Verde, in contrast, has enjoyed years of good governance, earning the second rank in the 2009 Ibrahim Index of Governance

Social

- Although HIV/AIDS has relatively lower prevalence than East and Southern Africa, many West African countries have lost close to a decade from previous life expectancy estimates
- Adult illiteracy rates have fallen, but rates remain high and wide differentials exist between men and women

Economic

- Most economies grew faster in the 1990s than 1980s, with agriculture an important contributor to GDP
 - Industry's expanding share of GDP in many countries has been driven largely by the mining sector (Ghana, Nigeria)

Security

- Although the end of violence in Liberia, Sierra Leone, Guinea-Bissau, and Cote d'Ivoire is a critical step forward, humanitarian challenges remain within many countries in the region

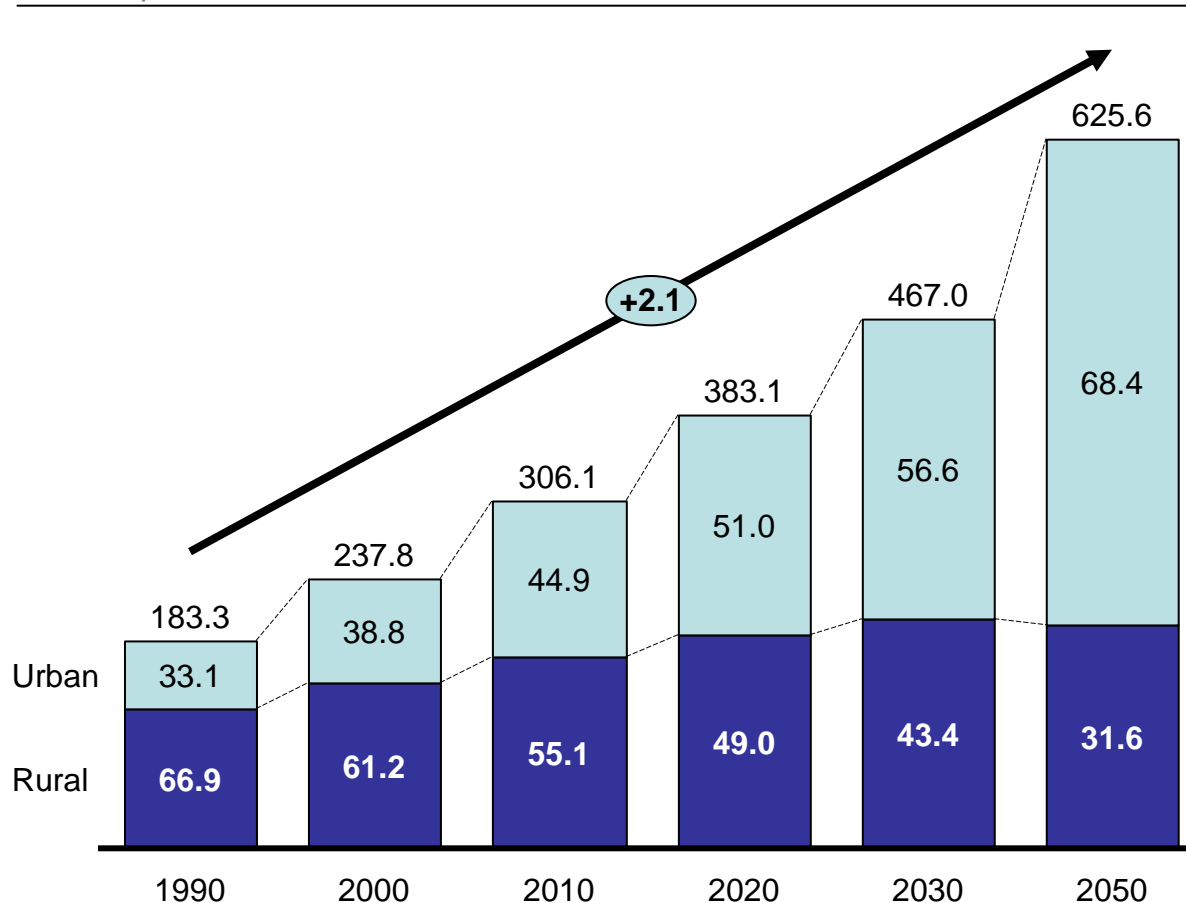
Map of West Africa



Rapid Population Growth

This chart illustrates West Africa's historical and projected population growth.

Millions, percent

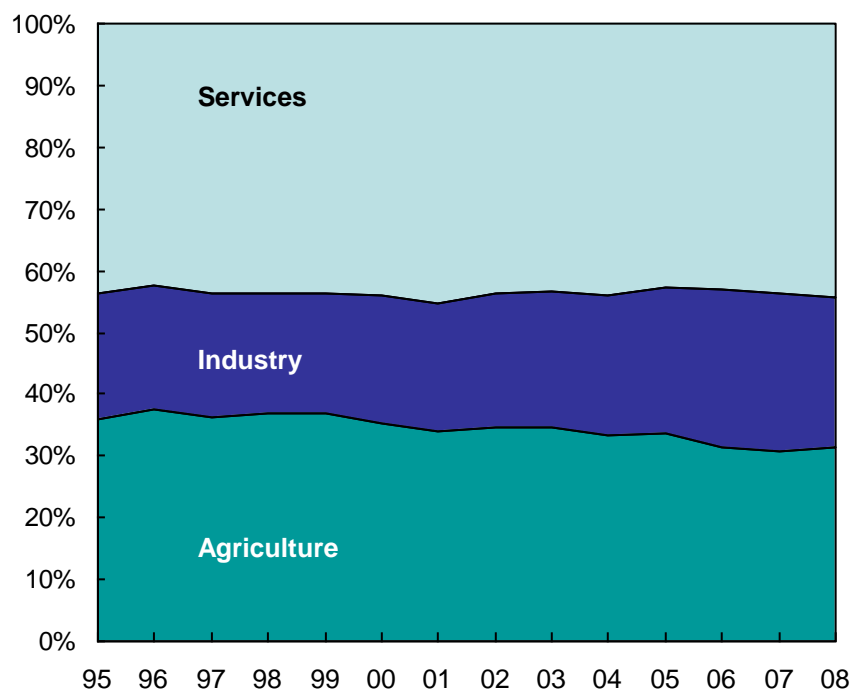


- Population density in West Africa ranges from 168/km² to 3/km²
- The population is expected to grow 100% between 2010 and 2050 compared to global growth rate of 38%
- Nigeria, with 140 million people, has the largest population in Africa and is expected to grow more than 130% in population between 2010 and 2050
- Population growth combined with low increases in productivity tightens constraints and heightens stakes of food security

Role of Agriculture

This chart presents a GDP breakdown by sector.

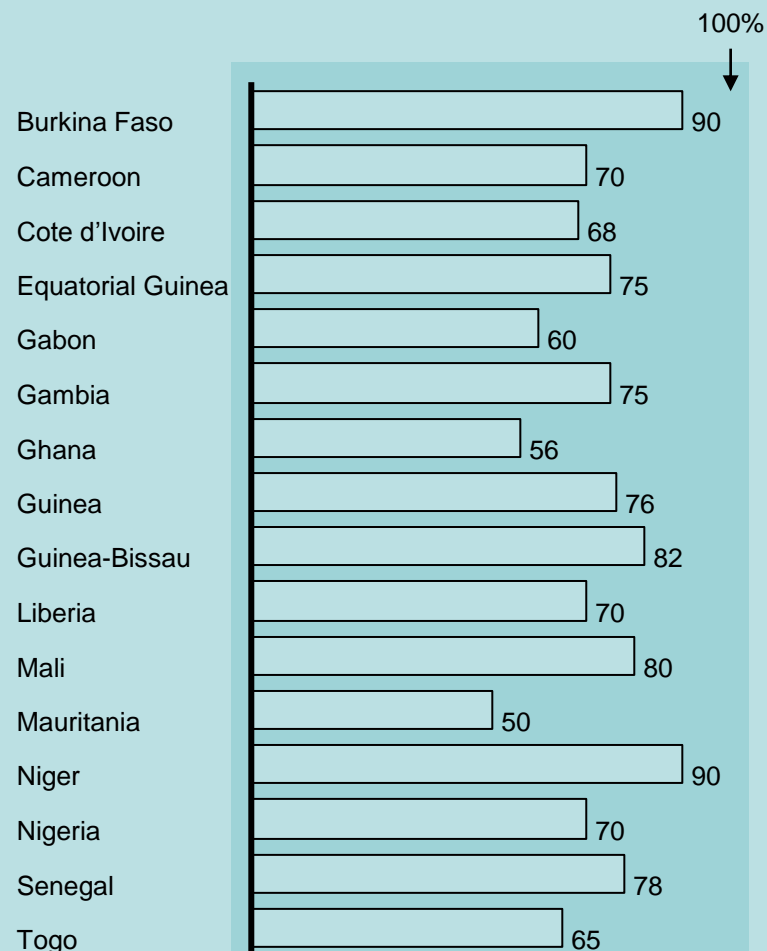
Percent, USD Billions



With a strong majority of the workforce employed by agriculture, this sector will be critical to reducing poverty

This chart presents the agricultural workforce in West Africa¹

Percent of active labor force, 2010



¹ Data not available for all West Africa countries

- Policy/regulatory & physical barriers to flows of staples
 - Corruption along corridors, and at border posts and ports
 - Non-harmonized standards, such as for seeds or biosafety
 - Poor physical infrastructure
 - Disregard at national level for regional policy regimes
- Low agricultural productivity in face of rising demand:
 - Use of seeds of low yielding varieties, especially in context of increasing climatic variability
 - Limited use of modern inputs (seeds, fertilizer)
- Low capacity of regional institutions, public and private, to assume leadership roles on policy reform
- Weak capacity to produce food security information; such information does not cover nutrition

Rationale for a Regional Approach

- Small countries can capture economies of scale by participating in regional agricultural research programs
- Region includes surplus and deficit food staple zones—political boundaries rarely encompass both
- Non-implementation of regional policy regimes, e.g. on phytosanitary standards or free movement of goods, hinders trade in food staples and inputs
- Pockets of vulnerable rural population span national borders--early warning systems and vulnerability mapping best conducted regionally
- Regional focus: those issues that by nature affect more than one country, that require or benefit from coordination or trade between countries, or that are regulated by regional policy regimes
- Regional constituents: public regional organizations, producers and traders in agricultural commodities and their associations, cross-border traders

ECOWAS Regional Agricultural Transformation

Regional Strategy

❑ The Common Agricultural Policy of ECOWAS was adopted by West Africa Heads of State in January 2005, following a close consultation among member states and regional professional organizations.

❑ Regional CAADP Compact was signed by the ECOWAS Commission, Technical and Financial Partners, professional organizations of the agricultural sector, private sector representatives, and African Union in November 2009.

Regional Investment Plan

❑ ECOWAS presented a comprehensive Regional Agriculture Investment Plan at the high-level Business Meeting held in Dakar in June 2010

❑ ECOWAS has prepared a roadmap to finalize the regional investment plan.

Policy Environment

❑ ECOWAS Trade Liberalization Scheme provides for goods to be traded and transported in WA duty free.

Donors' Coordination

❑ Development partners have agreed to harmonize their regional assistance to agricultural development and food security with the guidelines, objectives, principles, programs and actions of ECOWAP/CAADP.

Private Sector Engagement

❑ Private sector stakeholders actively participate in the different consultation processes concerning the implementation of ECOWAP/CAADP.

Institutional Capacity

❑ Regional experts and line ministries are working to validate the institutional and financial mechanism.

❑ Technical and financial partners are developing a joint monitoring and evaluation mechanism as the framework for monitoring and evaluating the results of their support to the regional policy (outputs, outcomes and impacts).

Regional Approach to Addressing Food Security Issues: ECOWAS

Mobilizing Programs

Promotion of strategic products for food sovereignty

Promotion of a global environment conducive to regional agricultural development

Reduction of food vulnerability and promotion of sustain-able access to food

ECOWAS Key Recommendations

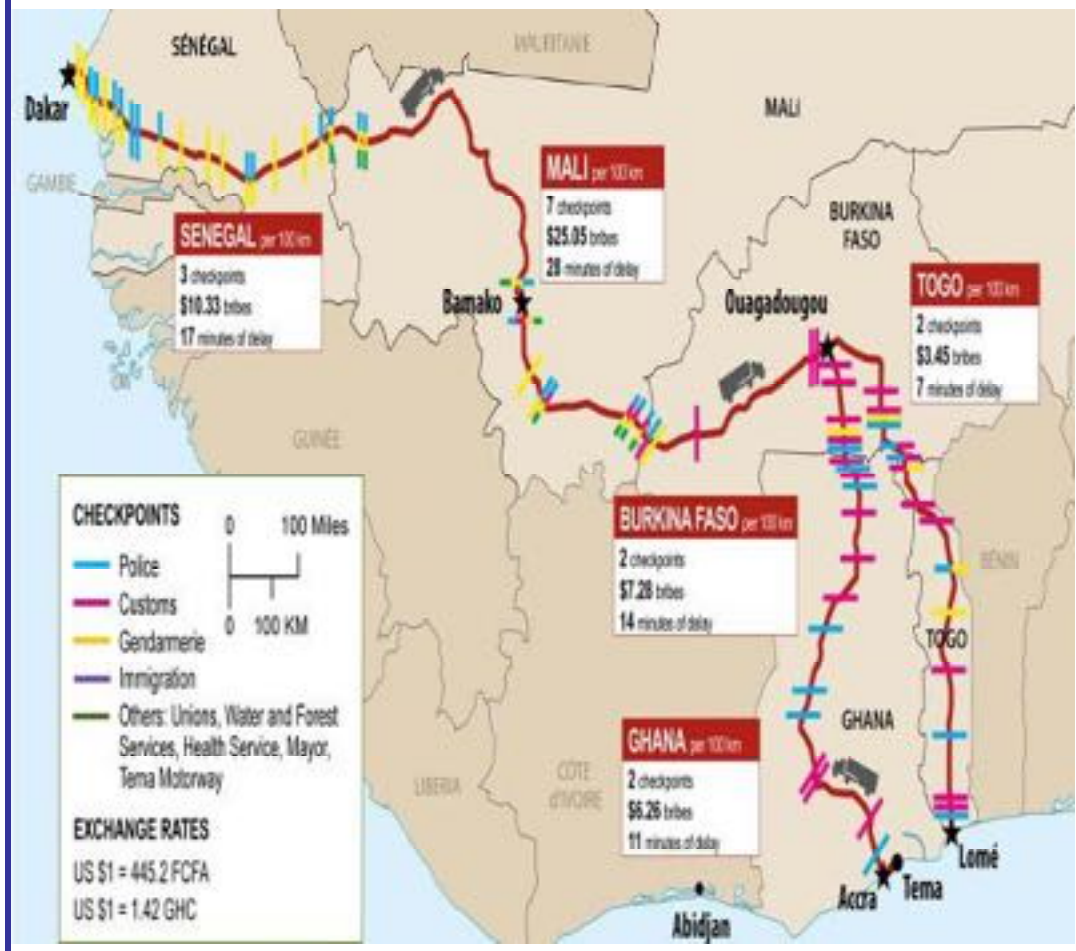
- Achieve regional food sovereignty through prioritizing products which:
 - Demonstrate a significant production potential
 - Correspond to the changing dietary habits of the populations, and are
 - Subject to large imports from outside the region which can be substituted complementarities of production basins and through promoting regional trade
- Prioritize the development of the rice, maize, cassava, livestock, meat, and milk value chains to improve incomes of the rural population, reduce food dependency, and modernize production systems
- Improve the enabling environment for the overall agricultural sector through:
 - Improving the business environment of agri-food chains through development of trade infrastructure and implementation of new trade provisions
 - Strengthening regional research on climate change and impact on production systems and strengthening the capacity for integrated management of shared water resources
- Ensure the coverage of food needs of vulnerable populations and reduce the structural vulnerability of populations in rural and urban areas
 - Defining a regional approach to safety nets for vulnerable populations
 - Adapting the vulnerability and food-crisis prevention monitoring system
 - Promoting regional instruments for food security

Proposed USG Engagement: High Priority Activities

- ① Regional trade facilitation for two or three value chains – including maize and livestock – and transport corridors and border posts central to regional trade
- ② Support agricultural policy implementation campaign targeting two to three policy areas
- ③ Promote science-based agriculture through CORAF (West and Central African Council for Agricultural Research and Development)
- ④ Launch public-private partnerships on use of modern inputs (seeds, fertilizer)
- ⑤ Address vulnerability issue with respect to informational needs and harmonization of regulations through CILSS (Permanent Interstate Committee for Drought Control in the Sahel)
- ⑥ Provide technical support to ECOWAS

① Streamlining Border Posts

This maps shows the checkpoints, bribes, delays per 100 kilometers along key West African trade corridors.



High impact on de-bottlenecking trade

- Streamlines customs procedures
- Creates transparent transactions and reduce delays at border crossings
- A 10% drop in transport costs can lead to as much as a 25% increase in trade flows
- Transport cost in land-locked African nations: 15-20% of import cost (3-4x above developed world)
- In the Trans-Kalahari Corridor, a OSBP increased cargo volume by 58.4%

Aligned with ECOWAS priorities

- ECOWAS identified nine border posts as potential OSBP sites
- Investment plan requests support in training customs officials

① Corridors and Border Posts

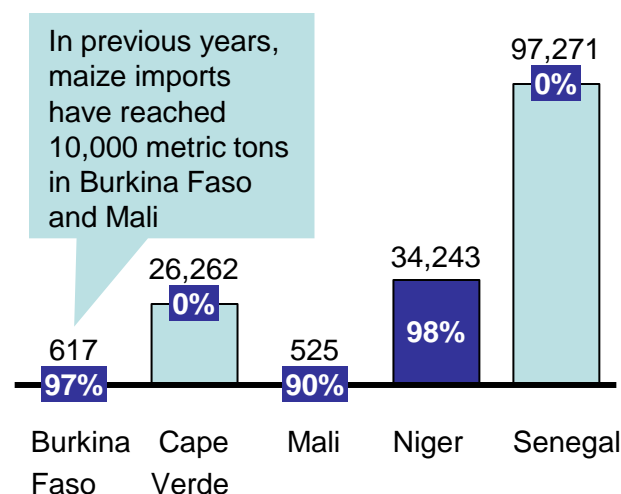
- Tentative list of corridors to focus on
 - Ouagadougou (Burkina Faso)-Bamako (Mali)-Dakar (Senegal)
 - Niamey (Niger)-Ouagadougou (Burkina Faso)- Accra/Tema (Ghana)
 - Kano (Nigeria)-Maradi (Niger)
- Why select these corridors?
 - Important to movement of maize, livestock, and other key value chains
 - Proximity to deficit and surplus areas for key value chains
 - Demonstrated progress in reducing bribes in transport [e.g., 17% fall in 2010 in bribe costs in Kantchari (Burkina Faso) – Accra (Ghana) corridor]
- Why focus on small number of corridors and border posts?
 - Effective work on corridors entails a focus on one stop border posts (OSBPs), which requires expenditures on consolidating border posts into single facilities and streamlining customs and related processes
 - Experience elsewhere in Sub-Saharan Africa shows \$33.5 million as minimum spending per one stop border post, so selectivity is necessary due to resource constraints

Why invest in maize?

- Critical for food security of region, and also used in industry and animal feed
- Variable rainfall patterns drive production levels because of rain-fed agriculture creating inconsistencies in supply
 - Improved intra-regional trade could move maize from surplus to deficit zones
- While ECOWAS, as a whole only imports about 2% of its maize, Niger, Cape Verde and Senegal are high importers
- Of the maize imported by ECOWAS countries in 2007, 19% was from within the region.
 - Intra-regional trade in maize is limited by the seasonal bans by many countries
- Varying growing calendar by country, creates opportunities for regional trade (e.g., southern Nigeria is May-June, Cote d'Ivoire has 2 seasons)
- *Note:* ATP estimates intra-regional exports to be about 15 percent of local regional production compared to FAO details above
- USAID/WA needs to conduct additional baseline/ analytics to assess trade flows

This chart depicts maize imports by country in 2007.

Metric tons

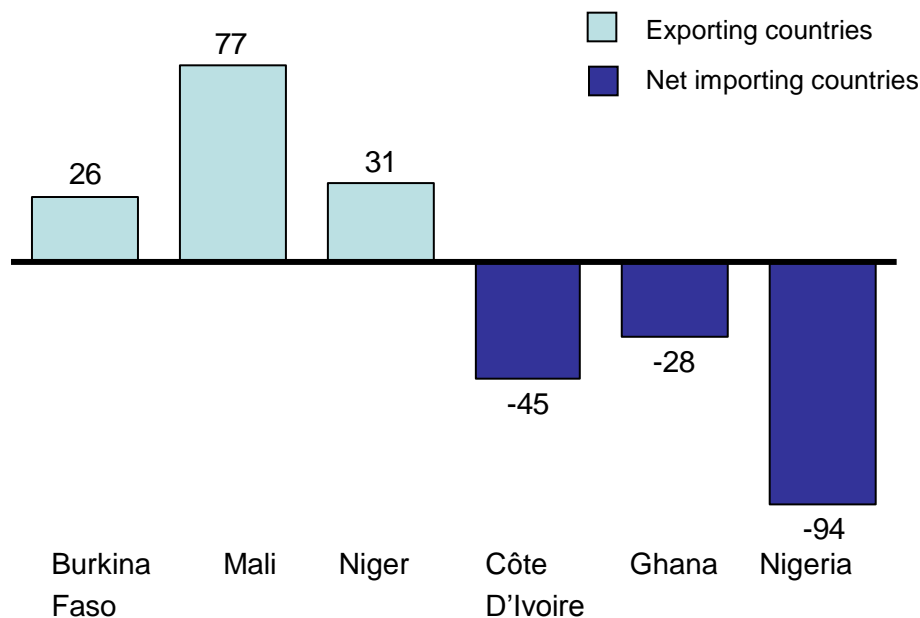


Why invest in livestock?

- Livestock plays a critical role in regional trade –especially from the Sahel to the coastal countries
- Current value of regional exports from Burkina Faso, Mali, Niger are a significant portion of intra-regional trade (\$126M)
 - This has increased from \$13M in 1970
 - The market is based exclusively on demand from Benin, Côte d'Ivoire, Ghana, Nigeria and Togo.
 - Côte d'Ivoire consumes more than 30% of the meat in the region
- If the livestock sector grows at the same rate as that projected for the crop sector, it would contribute the most to total agricultural growth in the Sahel
- But livestock trade in the region is much lower than expected; high potential exists for increased trade
- Lack of market information and lack of credit identified are major factors affecting live trade of animals
- Theory of change – improving regional market trade of livestock sector in Sahelian countries will remove a binding constraint in their ability to respond to growing urban demand in coastal countries.

This chart shows the value of net imports of cattle, sheep, and goats.

\$ Millions, 2007



1 Approach to Follow in Facilitating Trade in Value Chains

- Technical assistance on end-market needs
- Access to finance for producers
- Cross-border payments facilitation
- Warehouse receipts processing
- Regional tradeshows and workshops
- Regional association capability building to engage in direct market facilitation
- Creation of regional private sector market information system (prices, bids/offers)
- Monitoring of trade corridors
- Education on border policies for truckers
- Direct market facilitation



Rationale

- Helping private sector actors become more organized and improving their ability to articulate their needs improves the competitiveness of value chains and the efficiency of food marketing
- Lack of market information and skills in navigating regional trade have been identified as major factors affecting regional trade

| | Description | Rationale |
|---|--|---|
| Implementation of phytosanitary protocols | <ul style="list-style-type: none"> Regional seed policies and catalogues established through CILSS and WASA | <ul style="list-style-type: none"> Access to affordable and timely inputs are critical for improving agricultural productivity in W Africa through increased yields |
| Removal of customs duties/certificate of origin requirements | <ul style="list-style-type: none"> Advocate for compliance with ECOWAS and UEMOA rules that a certificate of origin is not required for agricultural products Advocate for removal of customs duties due to faulty requirements for certificates of origin | <ul style="list-style-type: none"> National government policies create unnecessary taxes and costs for traders |
| Removal of export bans | <ul style="list-style-type: none"> Focus efforts on removal of 2-3 staple crop export bans | <ul style="list-style-type: none"> Export bans are in violation of ECOWAS agreements, harm neighboring countries' short-term food security, and discourages investment in production and infrastructure needed for trade in that country |

3 Promote Science-Based Agriculture:

- Fund coordination of research and transfer of technologies to enhance staple crop productivity, including through biotechnology
- Promote alliances with private sector investors, traders, transporters, warehouse operators, banks to increase use of modern inputs
- Sign collaborative agreements with private sector to develop commercial supplies of seeds & fertilizers

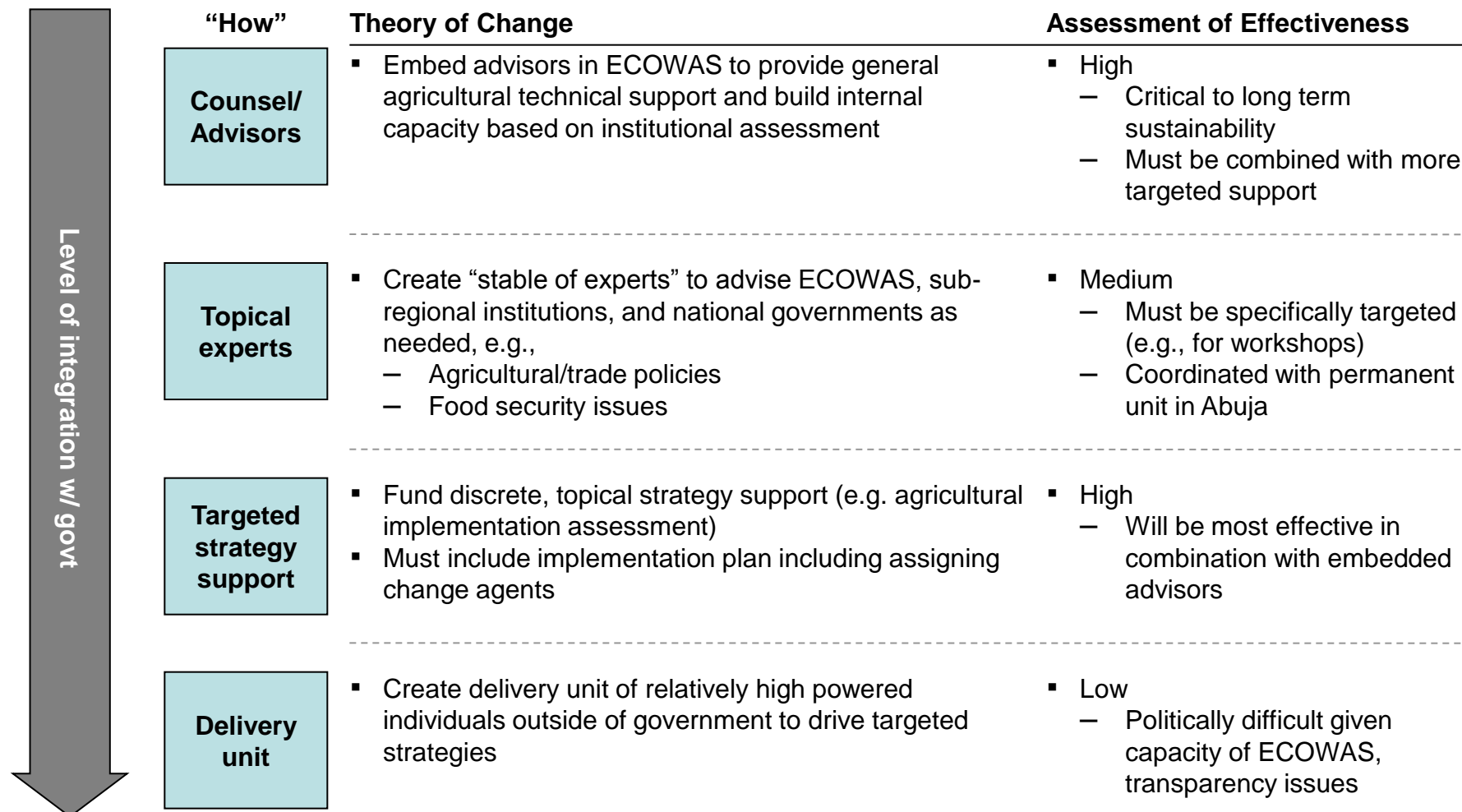
4 Public-Private Partnerships on Use of Modern Inputs

- Support regional private sector organizations to ensure coordination to upgrade input value chains and advocate for improved policies and business environment
- Sign collaborative agreements with private sector – including banks, transporters, warehouse operations – to develop commercial supplies of seeds and fertilizer

5 Addressing Vulnerability Regionally

Regional Capacity to Address Vulnerability:

- Strengthen country capacity to produce food security info
- Strengthen capacity to include nutrition in food security info
- Improve harmonized vulnerability assessment mechanism
- Map vulnerability zones
- Harmonize national seed regulations and implement regional biosafety regulations



Gender:

- Will undertake gender assessment to address gender roles in:
 - Agricultural productivity
 - Market access
 - Leveraging greater gender equity to positively impact childhood nutrition
 - Redressing negative impacts of current conditions affecting small-scale women cross-border traders
- Focus on enhancing women's skills & supporting women's producer groups and enterprises

Nutrition:

- Currently improving info systems to orient decision-making on nutrition/food security; and strengthening stakeholder capacity for nutrition info collection, analysis, advocacy
- Will support expansion of WAHO/CILSS nutritional surveillance system from 3 to 15 countries
- Based on results of assessment and availability of funding, may develop activities jointly with USAID/WA Health Office

Climate Change:

- Food Security Activities will
 - Support transfer of varieties of crops of short duration in conjunction with improved soil and water management
 - Build regional capacity to disseminate info on climate change and techniques for adaptation to it
 - Engage private sector for joint programs to adapt to negative effects of climate change on food security

Institutional Strengthening and Capacity Building:

- USAID/WA is supporting Africa Bureau's action plan to "build a cadre of African leaders to design and implement food security strategies and investment plans."
- Short-term training workshop to increase capacity of senior and mid-career Africans for leadership roles in own institutions for moving CAADP forward
- Based on assessment of institutional capacity of public sector partners, USAID/WA will support institutional strengthening and capacity-building interventions

Integration Efforts

Description

Coordinated Programs

- One-stop border posts
 - Major donors (World Bank, JICA) have invested in one-stop border posts in other African regions (Southern and East Africa)
 - Geographic targets for border posts should be vetted with other donors; opportunities for coordination will be identified
- Trade corridors
 - USAID/WA will collaborate closely with World Bank and EU on their trade corridor programs
- Policy implementation
 - Policy implementation focus areas and government capacity building (ECOWAS and national governments) for policy implementation will be vetted with other donors
- Knowledge conduit
 - USAID will coordinate funding of programs with other donors

Institutional Support

- USAID will continue to support West African sub-regional intergovernmental institutions and will require coordination with multilateral donors, e.g., EU and UN agencies

Donor Working Group

- USAID will continue participation in a donor working group for ECOWAS for the CAADP process
- Undertake a joint programming design and appraisal assessment of ECOWAS

Impact of US Engagement on FY 2010 Programs

- Re-orienting CORAF's programs to provide farmers with range of options to prepare for anticipated impacts of climate change
- Expanding CILSS work plan to include regional vulnerability assessments and nutritional surveillance in all ECOWAS countries
- Sharpening focus of USAID's regional agricultural trade facilitation programs on 2 value chains with greatest potential for impact
- Aligning all other work plans to focus on FY10 Implementation Plan in transition to Multi-year Strategy



- Leverage USDA technical and government capacity building expertise as needed
- Cooperate on SPS policy engagement
- Fund Cochran fellowships to build regional capacity



- Coordinate with MCC as necessary to leverage infrastructure expertise and relationships with other donors
- Leverage MCC's robust M&E for evaluation of USAID/WA programming



- **Bilateral missions**
 - Engage bilateral missions in FTF efforts; establish a USG regional inter-agency coordinating process for FTF
 - Create opportunities for bilateral missions to jointly fund regional efforts
- **USAID/W Trade and Investment Office** - work closely on border post activities
- **OFDA/FFP** – coordinate regional humanitarian assistance activities; support efforts to improve nutrition through food fortification programs and Vitamin A supplementation



- Involve USTR representatives/expertise as necessary to ensure appropriate attention to market access, investment, and labor related issues when relevant for border post activities