

# Laying the Groundwork for Agriculture-Led Economic Growth

Feed the Future's value chain approach (depicted below) provides ample opportunity for synergies between public & private sector investments. Where do you see your business fitting in? Working together, we can transform agricultural economies into healthy ones that benefit us all.



### Investing in People & Productivity

**The two greatest potential resources in most poor, food insecure countries are people & productivity, including land & water (FAO).**

**Science & Technology**  
Investments, such as better seeds & fertilizer & innovate technologies, can improve agricultural productivity. Once available, farmers need access to these improved inputs.

**Capacity Building**  
Investments, such as higher education & training, help strengthen organizations, human resources & commerce for lasting progress.

**Research & Extension**  
Farmers benefit when they learn from each other about what techniques & tools work best. Investments, such as technical assistance, provide them with adaptable knowledge.

**Environment**  
Natural resources are finite & require stewardship to ensure balanced demand. Investments like irrigation help preserve natural resources.

With the same access to productive resources like **seeds & fertilizers** as men, women could increase their yields by **20-30%** (FAO).

**Irrigation** increases yields of most crops by **100-400%**. More than 40% of the increase in food production over the past 50 years came from irrigated areas (FAO).

According to the World Bank, growth in agriculture can be up to **3.2 times** more effective at **reducing poverty** than growth in other sectors (FAO).

### PARTNERSHIP SNAPSHOT

#### Overcoming the Productivity Gap

The African Cocoa Initiative is a public-private partnership between the U.S. Agency for International Development (USAID), the World Cocoa Foundation (WCF) & the Dutch Sustainable Trade Initiative.

The partnership aims to overcome the productivity gap between the world's cocoa demand & supply by fostering investment across sectors in people and productivity. Funding comes from WCF member companies.

Specifically, the partnership:

- Improves the genetic quality & productivity of cocoa varieties
- Trains & educates 100,000 cocoa farmers
- Improves their input supply chains

### Transforming Development by Incentivizing Investment

**Farmers often lack access to money for improving productivity. In Sub-Saharan Africa, commercial bank lending to agriculture is less than 10 percent (FAO). Farmers also face risk.**

**Financial Services**  
Investments in financing, such as broader access to credit, provide farmers with capital to upgrade their agriculture activities, like purchasing or leasing equipment.

**Risk Mitigation**  
Farmers need insurance to mitigate agriculture's inherent risks, such as rain variability and climate change. Smallholder farmers, particularly women, are often the most vulnerable.

**Policy Reform**  
People need incentives to invest in agriculture. Investments in policy reform, such as better access and control of land, help encourage entrepreneurship, innovation and investment.

By **sharing risk**, USAID's Development Credit Authority has unlocked more than **\$2.3 billion** in private investment. For every \$28 that gets to entrepreneurs & small businesses, USAID spends \$1 (USAID).

**Improvements in governance** are positively associated with higher investment & growth rates, including **increased economic performance** (FAO).

Countries that performed best in terms of **reducing poverty** & hunger are also those that achieved **higher net investment rates** per agricultural worker (FAO).

### PARTNERSHIP SNAPSHOT

#### Buffering Against Extreme Weather

This public-private partnership combines the expertise of the global insurance company Swiss Re with Feed the Future & USAID's Global Climate Change initiatives.

The partnership aims to provide poor farmers with affordable access to customized, market-based instruments to manage risk, helping them cope with the impacts of droughts, floods & other severe weather-related events.

Better insurance products also help farmers more easily obtain loans to improve their productivity & incentivize such investments.

### Improving Market Function

**Farmers can produce more food, but if it doesn't meet market demand or if it spoils in transit to the market, they risk losing money & profit.**

**Pre-Harvest Market Efficiency**  
Investments, such as good seeds available for sale & information on what markets want, help facilitate farmers' access to local, regional & international markets. Smallholder farmers benefit when companies choose to buy & source from them.

**Post-Harvest Market Efficiency**  
Investments provide farmers with better storage options to prevent spoilage, modern food processing to ensure quality, & better & quicker access to customers. Improved storage & transportation can help bring more nutritious foods to local populations.

**25-40%** of agricultural production is lost post-harvest in developing countries. **Infrastructure must be improved** for agriculture to thrive (FAO).

**Roads & transportation** link farmers to local & international markets and reduce transactions costs, **helping farmers** earn more and consumers pay less (FAO).

According to the FAO, "improvements to **basic rural infrastructure**, particularly **roads, electrification & storage** are a prerequisite for agricultural sectors to thrive."

### PARTNERSHIP SNAPSHOT

#### Promoting Food Safety & Nutrition

The Solutions for African Food Enterprises is a Global Development Alliance between USAID & Partners in Food Solutions (General Mills, Cargill & DSM).

This public-private partnership offers technical support & training to African food processing companies to help them improve their business practices & meet food safety & quality standards.

The partnership helps:

- Increase availability of high quality nutritious & safe foods for local populations through targeted foods like ready to use therapeutic food
- Expand market access for farmers, traders & other agribusinesses through engagement with local food processors

### Increasing Access to Nutritious Foods

**Nutrition Services**  
Better storage & food processing, like biofortification, help improve the nutritional value of food. People also need nutritious foods to be affordable & available on the local market. Micronutrient supplements help provide nutrients when nutritious food is unavailable or inaccessible.

**Nutrition Education**  
Nutrition education helps families make smart choices about what foods they buy & how to safely prepare, preserve & consume them.

## Happy, healthy farmers & families with more money, more food, more education & more opportunities.