

**Synthesis of the USAID, Bureau for Africa Workshop for
Agriculture, Environment, Private Sector and Food for Peace Officers
Nairobi, Kenya, November 12-17, 2000**

Summary. More than 80 USAID officers and resource specialists participated in the African Bureau workshop for Agriculture, Environment, Private Sector, and Food for Peace Officers (AEPS). Most USAID African missions, several offices in USAID/W and various partner organizations sent participants. The workshop reviewed macro trends in Africa, examined USAID field experience, and explored the challenges ahead. Three major themes emerged from the workshop: (1) *Poverty reduction*, which was strongly endorsed as an overarching objective of USAID's work in agriculture, environment, private sector and food security. Broad-based economic growth reduces poverty. A major way of doing this is through market-oriented agricultural intensification on small farms; (2) *Globalization*, which requires that Africans be competitive in international markets and manage the natural resource base for future agricultural productivity; and (3) *HIV/AIDS* is a threat to both development and economic growth. The morbidity and mortality caused by HIV/AIDS reduces economic growth. Activities to prevent and address HIV/AIDS must include poverty reduction and improvements in food security. A series of "next steps" were outlined for moving forward to reduce poverty and sustain the environment. **End Summary.**

I. Background and Themes: More than 80 persons participated in the African Bureau workshop for Agriculture, Environment, Private Sector, and Food for Peace Officers (AEPS). Most USAID field missions in Africa, several offices in USAID/Washington and a number of other organizations sent representatives. Participants reviewed macro trends in Africa, examined USAID field experience and explored the challenges ahead. Major themes emerging from the Workshop include:

A. Poverty reduction, which was strongly endorsed as an overarching objective of USAID's work in agriculture, environment, private sector and food security. Africa's poverty is pervasive, with widespread effects on productivity, health, education and the use of natural resources. Poverty reduction is key to US national interests in Africa. These interests include the expansion of US-Africa trade and investment linkages, reduced incidence of infectious disease, an end to costly, violent conflicts, and the conservation of Africa's natural resources.

B. Globalization, which requires that Africans be competitive in international markets and manage the natural resource base for future agricultural productivity. The biodiversity in Africa's forests offers the potential of numerous pharmaceutical and other economically viable products. Trade, investment, access to information and rapid technology change provide expanded economic opportunities, but few African nations effectively participate in trade negotiations, aggressively attract business and investment or explore the opportunities globalization offers. Biotech, regionalization, capital flows and democracy challenge political leaders, investors and rural families with new and complex choices. Unless Africans are equipped and energized to exploit global economic opportunities, they will fall farther behind.

C. HIV/AIDS is a threat to both development and economic growth. Many countries have lost large numbers of adults in their prime, creating labor shortages and a reallocation of resources that affects all sectors of the economy. HIV/AIDS undermines economic growth, increases poverty and leaves many children orphans.

To promote poverty reduction in Africa, USAID must encourage activities that support participation in the global economy and address the urgent problems caused by HIV/AIDS. Larger and more predictable investments are needed in economic growth, agriculture and natural resource management. Small farmer agricultural intensification and community natural resource management can contribute to the preservation of protected areas and environmentally sustainable economic development. USAID's programs in economic growth and environment reduce poverty and increase the ability of countries and households to make investments in health and education. Opportunities exist to expand the impact of programs in economic growth and environment by linking them with programs in child survival, democracy and governance and HIV/AIDS.

II. Themes

A. Rapid Economic Growth Reduces Poverty

Broad-based economic growth reduces poverty. In rural villages, where most of Africa's poor live, rapid rural economic growth is the surest way to raise family incomes and reduce poverty. Small farmer income gains are spent on locally-produced goods and services, creating local jobs and expanded market incentives. Increased agricultural productivity lowers food costs. Since the poor spend about 80 percent of their income on food, lower food costs expand their disposable income and contribute to improved food security.

Agricultural growth can help reduce the cyclical connections between poverty, natural resource degradation and conflict. Africa's pervasive and costly conflicts are often over natural resources, including land and water. Population pressures exacerbate these conflicts. Improved natural resource governance, including better transboundary natural resource management, can help prevent African conflicts. Programs that reduce environmental degradation, institute rational economic policies, expand the use of productive technologies and promote more tolerant, open and transparent political systems encourage stability and complement small farmer agriculture.

To enhance economic growth, food assistance programs should be targeted to avoid market distortions and promote productive investment, normal trade and rural family innovation. The U.S. has committed itself to help reduce malnutrition in developing countries by one-half by 2015. One of the means to do this is food assistance. Well-targeted food assistance programs cut hunger, malnutrition and child mortality when they encourage market-based solutions that promote productive investment, normal trade, and rural family innovation.

Market-oriented agricultural intensification on small farms promotes poverty reduction and has a multiplier effect. Small farmers who have entrepreneurial drive and openness to new ideas can participate in profitable free market activities. Through targeted investments, USAID assists in reducing transaction costs and increasing returns for farmers who work together in groups and partner with progressive agribusinesses. As incomes increase, farm families buy services and products from non-farm enterprises, generating additional employment in the community and helping more households out of poverty. Successful farmers encourage other rural families by demonstrating the advantages of new technologies and modern livelihoods.

Support for farmer groups and rural associations promotes citizen participation in decision-making. Lessons learned throughout Africa demonstrate that increases in productivity and improvements in resource management occur when farmers participate in associations that are democratically managed and financially viable. Successful group participation equips rural families to deal with formal financial institutions, businesses and local authorities. Experienced rural groups can influence policies that improve agriculture and natural resource management, reduce rent seeking, strengthen farm returns and expand economic opportunity. Farmer groups and associations provide rural Africans with their most tangible exercise of participation in democracy.

Activities to empower rural women in production and marketing interventions are crucial. A majority of farmers in Africa are women and rural women make significant contributions to Africa's productivity. They must be empowered to participate in group decision making, integrated into decisions on resource control and investments, and provided with labor saving technologies to enhance their participation in market-led agricultural transformation.

Many USAID investments stimulate traditional and non-traditional agricultural exports. Many experts believe that agriculture growth must be export-led, reasoning that African farmers will make more money selling high value crops to high income regional or international consumers than they will selling low value crops to low income domestic consumers. However, in some countries, high-value food crops offer high returns. All high-value crop production requires competitive African farmers and agribusinesses, increases in regional and international market access, linkages to non-farm enterprises, and expanded communication of information on quality and other standards.

B. Globalization and Current Market Dynamics Offer New Opportunities

Africa is opening up as market globalization unfolds. Supportive macroeconomic environments are important, but countries must also encourage private enterprise-led growth. They must eliminate anti-export bias in taxes and policies, simplify business regulation and involve the private sector in policy development and poverty-reducing programs. Additional policies must facilitate rural non-farm enterprise development to create jobs and reduce poverty.

Most Africans farm small plots of land, but they can link with agribusinesses to deliver products to national, regional and international consumers. They produce food for consumers and earn income to buy their neighbors' services and products and invest in education and health. Farm families use or abuse natural resources. New links with agribusinesses create a market dynamic that offers improved productivity and livelihoods to farmers and the opportunity for USAID and African communities to spur environmentally sustainable agricultural growth, increase incomes and food security, and improve governance.

Encouraging African-US business linkages that promote technology transfer, management and partnerships is important. The African Growth and Opportunity Act (AGOA) illustrates how USAID can provide opportunities for African enterprises. Through partnerships and outsourcing, small firms have the opportunity to service expanding markets, but have no guarantee of a profitable business response. International agribusinesses can partner with African enterprises and small farmer producer groups to exploit organic, fair trade or certified natural resource market demand. Regional market integration can permit multi-country sourcing based on efficiency and comparative

advantage. The potential benefits include significant competitiveness, investment and political stability. For globalization to reduce poverty and increase employment opportunities, smaller enterprises, and especially rural non-farm enterprises, must be encouraged and strengthened.

Helping governments and civil society understand how to benefit from globalization is USAID's role. Activities to strengthen African regional markets and promote regional integration increase market size and enhance opportunities for African entrepreneurs to be involved in the global economy. African producers need assistance in developing and operating in regional and international export markets. They will benefit from improved financial and business services and increased investment.

Capacity building and policy reform activities help Africans understand and use the analytical tools necessary to defend and expand their global trade interests. Trade policy and investment management capacity must be internalized and must be based on sound data and appropriate analytical tools and methods. USAID's experience in policy reform and analytical capacity building is enormous. We can assist countries in making needed domestic, regional and trade policy changes.

C. HIV/AIDS is a Development and Economic Growth Issue in Africa

The morbidity and mortality caused by HIV/AIDS reduces economic growth. In many countries HIV/AIDS has moved from infecting and affecting relatively better off urban populations, and has begun attacking poor, rural small farmers and entrepreneurs. The loss of productive labor in its prime, the reallocation of scarce resources from production to consumption, and the loss of large education and training investments call for urgent actions to rapidly reduce HIV/AIDS transmission. Simultaneously, communities and resources must be mobilized to care for affected households and orphans and help them develop effective coping mechanisms.

Food assistance can help the poorest HIV/AIDS households extend their productive capacity. Targeted food assistance can also improve HIV/AIDS family nutrition and provide a temporary income safety net. Agricultural and natural resource extension systems and business development support activities can disseminate HIV/AIDS prevention and coping information. Agriculture and natural resource led economic growth can generate the household and national income needed for sustainable HIV/AIDS prevention and treatment. Finally, innovative microfinance innovations that target households affected by HIV/AIDS merit attention.

Activities to prevent and address HIV/AIDS must include poverty reduction and improvements in food security. USAID food assistance provides temporary income and boosts nutrition, but other activities are needed to integrate HIV/AIDS prevention into agricultural extension, natural resources management activities, rural association and business development and microfinance.

III. Next Steps: Moving Forward to Alleviate Poverty and Sustain the Environment in a Regional and Global Marketplace

Workshop participants strongly endorse the following recommendations to the Africa Bureau.

1. **Share this synthesis with the transition team** that will develop the new Administration's foreign assistance strategy. It represents the views of USAID staff working in agriculture, food security, environment and private sector in Africa and outlines their strategies for alleviating poverty and ensuring achievement of US national interests.
2. **Share this synthesis with the Partnership to Cut Hunger in Africa.** The Partnership is an independent effort formed by US and African public and private sector institutions and international humanitarian organizations. Its goal is to formulate a vision, strategy, and action plan for renewed US efforts to help African partners cut hunger by 2015. In sharing these deliberations, specific attention should be paid to the US comparative advantage in African professional capacity building and how to mobilize increased US agribusiness investment in African agricultural and agribusiness development.
3. **Develop a comprehensive strategy that links environmentally sustainable agricultural development with poverty alleviation and HIV/AIDS prevention.** Since the degree of HIV/AIDS problems varies from one country to the next, field Missions should be the final decision point on what actions are needed. More thinking is needed on how to make effective links between programs that reduce HIV/AIDS transmission and programs that promote economic growth, agricultural productivity and natural resource management.
4. **Develop and implement a resource mobilization strategy that taps non-traditional sources of political and financial support to help Africa's large and small-scale enterprises succeed in the global marketplace.** The African Growth and Opportunity Act (AGOA) provides an exciting opportunity for African entrepreneurs and farmers to spur investment, productivity, economic growth, and poverty alleviation. The risks are as great as the opportunity and can only be reduced by building business capacity and developing improved policies. AGOA should be complemented with increased resources to buttress Africa's market-led response.