Agriculture under Pressure

Implications for Feed the Future

By Julie Howard and Emmy Simmons

Agriculture is the backbone of societies and economies around the world, providing food and livelihoods for billions of people. Beyond the farm, agriculture is the basis for small and large markets, vibrant food processing industries, and a host of food service establishments and other businesses. But the food and agricultural sectors in many countries and regions are beginning to experience new pressures. These include increasing conflicts, changing climate conditions, volatile markets, evolving food demands, and concerns about agriculture’s effect on the environment and on unhealthy diets. The spread of Covid-19 has added to the pressures, with impacts on food availability, affordability, and agriculture-related employment in low-income countries.

Private roundtable discussions convened by the Center for Strategic and International Studies (CSIS) with senior U.S. government officials, experts, and private sector and NGO leaders inform a new CSIS brief, Agriculture under Pressure. The discussions confirmed the gravity of these trends and the intensity of concerns about the ability of food and agriculture systems to respond to mounting pressures.

The discussions highlighted several important opportunities for Feed the Future, the U.S. government’s global hunger and food security initiative, which is managed by the United States Agency for International Development (USAID). These include sharply increasing demands on humanitarian assistance, which could energize efforts to join up short-term food assistance with longer-term development initiatives and lay the groundwork for more resilient markets and expanded economic opportunities. Opportunities for investing in a new generation of agricultural development innovations abound, from cutting-edge R&D supported by digital technologies to new financial tools.

One of the unexpected and recurring messages from the roundtable participants was the imperative of focusing much more effort on building the capabilities of national and community organizations in low-income countries. Local leaders and organizations—from the public sector, businesses, and civil society—are in the best position to lead the transformation to more environmentally sustainable, healthier, and inclusive food and agricultural systems in their countries. To be effective, they need training, access to resources, and they must be empowered to take on new roles.
Feed the Future’s Evolution

When it was launched in 2010, Feed the Future concentrated primarily on poor but stable countries with good agricultural conditions. The initiative’s strategy reflected lessons from the Green Revolution beginning in the 1960s, when productivity-enhancing technologies increased yields of staple crops across Asia and Latin America and saved many people from famine. This productivity-centered model brought impressive results against Feed the Future’s first phase (2010-2016) objectives of reducing poverty and stunting in focus countries.

The initiative’s Phase 2 strategy (2017-2021) responded to rising hunger trends in vulnerable countries and regions by adding resilience as a third objective and including more fragile and conflict-affected countries. The new resilience objective recognized the importance of helping at-risk populations cope with climate- and conflict-related shocks to protect investments and livelihoods throughout the food system.

However, more than halfway through Phase 2, Feed the Future’s strategic shift remains tentative, and the spread of Covid-19 has added complexities. Addressing hunger today will require Feed the Future to make strengthening resilience its central priority. The initiative must also shift from its current strong focus on increasing the productivity of staple food crops (maize, rice, wheat, cassava) and fully embrace an expanded view of food and agricultural systems. This broader view encompasses agriculture’s impacts on the environment, its adaptation to the effects of climate change, and its contributions to improving human health by offering safe, affordable, and nutritious dietary choices.

Putting the Main Focus on Resilience and Local Organizations: Priorities for Action

Many international organizations, including USAID, have already begun building relationships of trust with organizational partners in low-income countries. The sudden spread of Covid-19 and limitations on international travel meant assistance organizations had to rely on digital communications to manage immediate program requirements and move quickly to empower their local partners. Longer-term recovery from Covid-19 presents an opportunity to build on these steps and move away from the direct provision of development services by external organizations. Developing effective programs to institutionalize and support new, locally-driven approaches will require concerted efforts over the coming months and years.

Five areas of action stand out as priorities for Feed the Future going forward.

1. **Better integrate food system development with humanitarian efforts, starting with market systems**

   The recent rise in global hunger is concentrated largely in fragile and conflict-affected regions, where humanitarian actors have been working for years. The shift from providing direct food aid to cash- or voucher-based assistance has led to a new focus on local market development that can support agricultural production and meet consumer needs over the longer term.

   However, humanitarian and development programs have remained largely separate, missing important opportunities for collaboration around market system development that could potentially reap rewards. For example, the auction rules introduced by Mozambique for local sale of yellow maize food aid in the early 1990s, as the long civil war was winding down, facilitated the growth of the informal marketing system and the local small-scale milling industry that continues to provide affordable maize products today.

   During the civil war, urban population centers were cut off from rural food producers. The Mozambican government allocated peri-urban tracts of land to women’s cooperatives that produced vegetables for...
sale and provided poor female-headed households with training and income. These cooperatives still operate and are today one of the largest suppliers of poultry in the country.

Feed the Future programs have excelled at private sector and market systems development in stable regions. There are important opportunities to build on this work in fragile regions and to better link stable businesses and markets to prospective partners in more fragile areas. In the Niger Delta of southeast Nigeria, for instance, local organizations have been involved in developing market-responsive agribusinesses that are creating lasting economic opportunities and contributing to enduring peace in the region.

Conversely, when humanitarian and development programs work in isolation, agribusinesses and long-term market development can be impeded. For example, in Ethiopia and elsewhere, continuous direct seed distribution to populations affected by conflict or natural disasters set back the emergence of local seed companies and agro-input dealers.

2. Shift from a focus on agricultural productivity to a broader food systems approach

Continued investments in R&D are essential to ensure an adequate supply of food for a growing global population. The emerging impacts of climate change on production in many areas will require cutting-edge science and innovation to improve the capacity of crops and animals to withstand high temperatures, droughts, floods, and the changing distributions of pests and diseases. Climate adaptation will also require looking beyond the farm to reflect how production interacts with water, soil, forests, and other natural resources. A landscape perspective can help producers revise their crop and livestock production strategies to ensure greater environmental sustainability.

But farms and ranches do not exist in isolation from the markets that transform the commodities produced into foods. Feed the Future has largely focused on food staples—improving their productivity and linking producers to reliable markets. This approach increased farm incomes and contributed to ensuring adequate supplies of food for growing urban populations. But the focus on expanding the production and consumption of energy-intensive staples is increasingly at odds with the goal of improving nutrition and providing healthy, affordable diets.

During its first phase, Feed the Future's emphasis on improving nutrition centered on reducing stunting among children under five and improving maternal nutrition. This thinking is now evolving in response to increasing evidence that poor diets are leading contributors to the global burden of disease. There is an identified need to increase production and consumption of the diverse commodities essential for healthy diets—especially fruits, vegetables, pulses, and some animal source foods. This implies expanding related research and programming around these commodities to meet challenges and opportunities throughout value chains. The needs range from production to market development, processing, storage, retailing, and related issues around quality, accessibility, and consumer demand for safe, affordable, and nutritious foods.

Agribusinesses, often small and medium-scale enterprises (SMEs), play a much larger role in Africa’s food systems than previously recognized. Today, urban and rural consumers in Africa buy an estimated 80 percent of their food in small and large markets. SMEs and other agribusinesses are part of a continuum of formal and informal private sector actors responding to increasing urbanization, changing food demands, and the resulting economic opportunities. These businesses play a critical role in determining agricultural sector efficiency and its ability to respond to shocks, although they remain at the margins of conventional finance, development assistance, and policy discussions.
Covid-19 has added to the impacts of conflict, infrastructure gaps, and thin markets that affect agribusiness operations in many Feed the Future partner countries. There is energy in the business sector, though, to respond to local needs for food and the demand for inputs and services that producers need. Focusing more attention on strengthening the capabilities of this sector—and especially SMEs—will be critical for improving the resilience of the food system as a whole.

3. **Put risk management at the center of research, production, and market programs**

Agriculture is a risky business. Adverse weather conditions, market volatility, emerging pests/diseases, and the management demands associated with production of perishable commodities are endemic to agriculture. While public subsidies, private insurance, and other financing mechanisms provide safety nets for producers in high-income countries, few low-income countries or smallholder producers have access to such support. Instead, savings from commodity sales and earnings from off-farm work continue to provide the major source of investment capital for smallholder farmers and SMEs. Savings are a critical factor in the ability to recover from shocks and sustain production systems. The expanding availability of digital finance tools and mobile banking services holds great promise for improving access to savings services, especially in rural areas distant from physical banks.

Access to sources of external capital becomes more important as farms and agricultural businesses grow in scale, but the risks of agriculture, combined with the high cost of lending to dispersed small borrowers, discourage commercial bank investment. Expanding public sector and donor programs to reduce financial risks for agriculture in low-income countries is important. Such risk reduction strategies might include public investments in market-stabilizing infrastructure such as roads, warehousing and cold storage facilities, commodity exchanges, and expanding access to innovations that improve access to credit. Examples include digital financial tools and mobile banking services, index-based insurance, and the use of blended financing to attract more diverse sources of capital to the food and agricultural sector from public, private, philanthropic, and nongovernmental partners.

4. **Accelerate the uptake of information and communication technologies**

Increasingly, digital applications for agriculture are helping to “level the playing field” for small farmers and agribusinesses. Smartphones and simpler systems have a wide reach in many low-income countries and provide a cost-effective means for linking producers, markets, and consumers. Input importers and commodity aggregators as well as SMEs are also beginning to offer innovative digital services to producers, including drones and other tools for precision agriculture and extension advice tailored to weather and market indicators.

During the Covid-19 pandemic, utilization of digital information and marketing platforms has skyrocketed as an alternative to face-to-face transactions. There is an opportunity now to build on this momentum to further accelerate adoption of digital services. Special attention will be needed to ensure access of remote communities and marginalized groups, including women and youth, to these technologies. Priorities for action by Feed the Future and its partners could include infrastructure investments to expand broadband and wireless connectivity; policy and regulatory reforms to improve data security and expand access to market information and mobile payment systems; and investments in satellite and mobile-based data collection and utilization to transform research, extension, and marketing services.
5. Embrace the training and management changes required to operationalize the shift in focus to local partners and resilience

Local leaders, institutions, and organizations are well placed to understand complex conditions on the ground and lead response and adaptation efforts over time. However, maintaining funding and policy support to enable organizations to develop skills, plan, take effective action, and learn from their experiences has been challenging. Pressures for short-term results in the early years of Feed the Future discouraged investments in local capacity development, which require long-term, iterative efforts across programs, institutions, and partners.

Increasing the focus on resilience, and on building the capabilities of national and local organizations, will require support for organizational development initiatives on a scale far beyond what individual projects have been able to achieve to date. Greatly expanded technical and management training, on-going coaching and mentoring, and data-responsive adaptive management will all come into play.

For Feed the Future and USAID, an ambitious organizational and institutional development objective will also require modifying internal procedures and incentives to focus on change at the system level—not just the farm, the training course, or the volume of food produced or sold. Major changes in metrics, procedures, and incentives will be needed to shift Feed the Future’s focus from short-term tangible outputs to longer-term, sustained organizational capacity and systemic change.

The Covid-19 pandemic presents an opportunity to expand this critical shift to local leadership and organizations. USAID and international implementing organizations have had to withdraw external staff and rapidly transfer responsibilities to local staff and partner organizations. As recovery from Covid-19 proceeds, the empowerment of local individuals, organizations, and institutions can be sustained—and deepened—if deliberate efforts are made to engage local partners now.

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