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CHANGE **FUTURE**

Strategic Review

FEED THE FUTURE
November 18, 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.

- Regional Problem Statement
- Analysis of the Underlying Causes
- Regional Readiness
- Regional Priorities with Greatest Potential
- Proposed Strategy for USAID/East Africa
 - Transitional Focus Area
 - Support Areas
 - Integrating Nutrition, Gender and Climate Change Activities
- Whole-of-Government Partners
- Timeline and Next Steps

East Africa's Context

- Poor enabling environment
- High cost of doing business
- Low competitiveness
- High barriers to intra-regional trade
- Low productivity and inadequate access to markets
- High rates of poverty and malnutrition
- Chronic food insecurity, chronic emergency food assistance

Challenge

- Significant barriers to the trade in staple crops and agricultural inputs across borders limit effective integration of regional markets

Opportunity

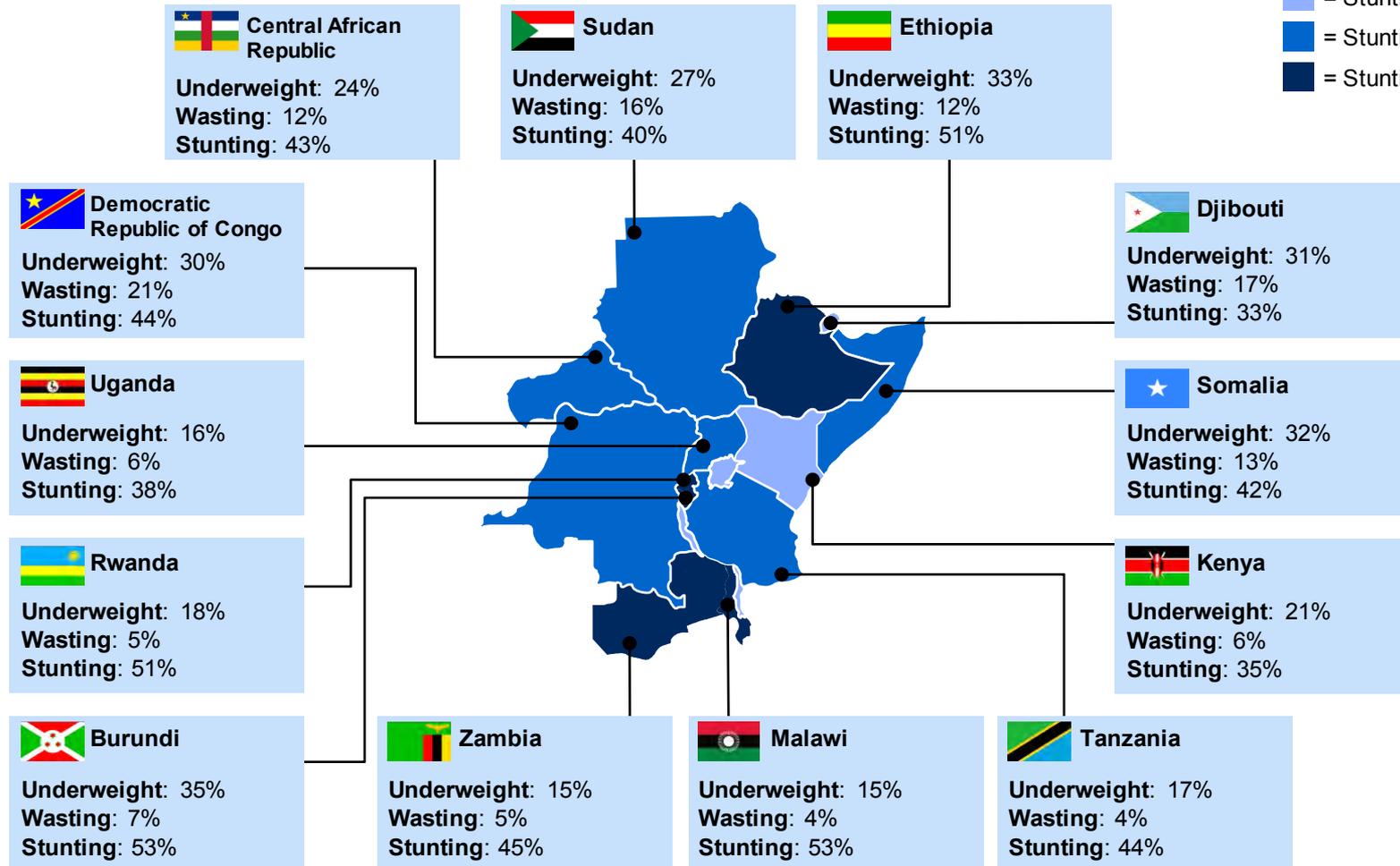
- Regional agricultural interventions offer the opportunity to scale up production technologies and increase staple trade flows across borders

Impact

- More efficient regional markets will generate economic growth and structural change, leading to improved food security and nutrition in East Africa

Malnutrition plagues the region

 = Stunting <35%
 = Stunting 35-45%
 = Stunting >45%



Inherently Regional Issues:

Market Size/Economies of Scale

- Individual country markets too small to achieve efficiency
- High transaction costs for services

Food Security and Nutrition

- Food does not move efficiently from surplus to deficit areas
- Need for regionally coordinated research and harmonized standards

Fragmented Supply Chains

- Trade barriers inhibit competitiveness

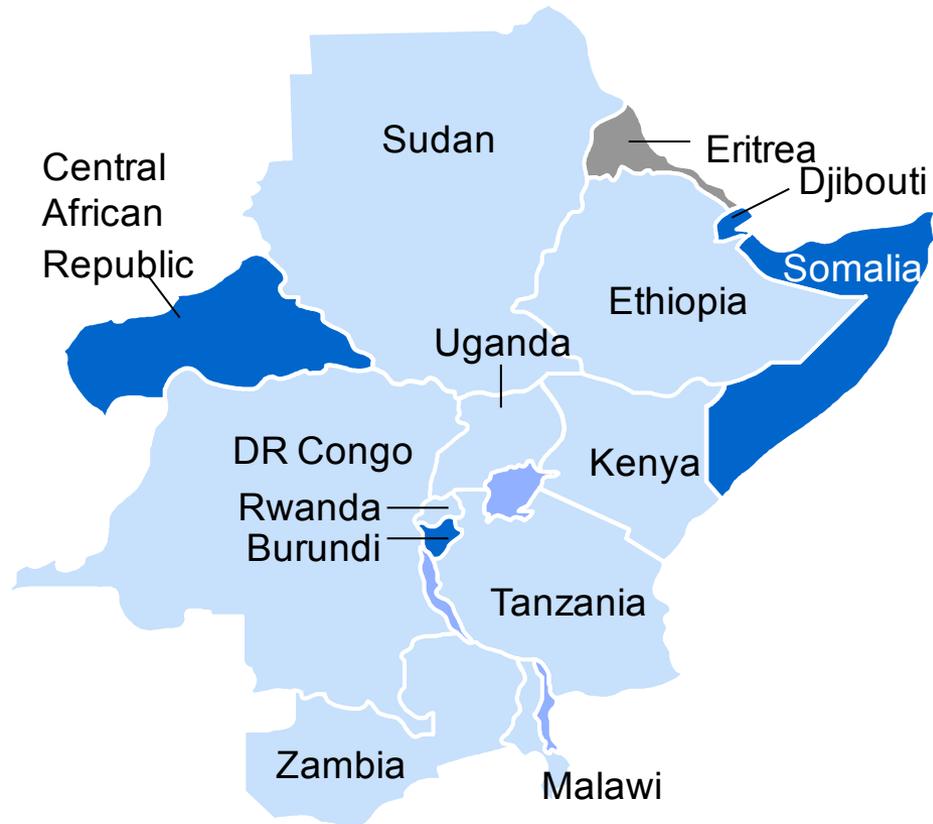
Regional Integration along Transport Corridors

- Regional integration high on the African agenda, requires greater coordinated support

Impact of Climate Change

- Increased yield variability creates uncertainty in food supplies, which affects trade

- = USAID Mission
- = Limited-Presence Country



Regional Readiness

CAADP Update

- **The regional CAADP process** is being coordinated by the Common Market for Eastern and Southern Africa (COMESA), with support from the African Union and the NEPAD Planning and Coordination Agency (NPCA)
 - **Country Investment Plans** have been completed in Rwanda, Kenya, Ethiopia, and Uganda; others are still in progress
 - **Preliminary regional compact** in development through Tripartite agreement among COMESA, EAC and SADC
-

Donor Coordination Mechanisms Through African Regional Institutions

Regional Economic Communities

- Countries with formal representation to COMESA (19 member states) and donor group including EU, NORAD and World Bank
- Friends of the EAC – DFID, EU, JICA, NORAD, SIDA and World Bank

Agricultural Trade

- Formal donor group supporting ACTESA, including AusAID, DFID, EU and World Bank with donor representation on steering committee

Transport Corridors

- Coordinated donor investments based on corridor diagnostic study, including AfDB, DFID, EU, JICA and World Bank

Regional Research

- Formal development partner group of ASARECA, including AfDB, CIDA, DFID, EU, SIDA and World Bank with MOU to support the overall operational plan
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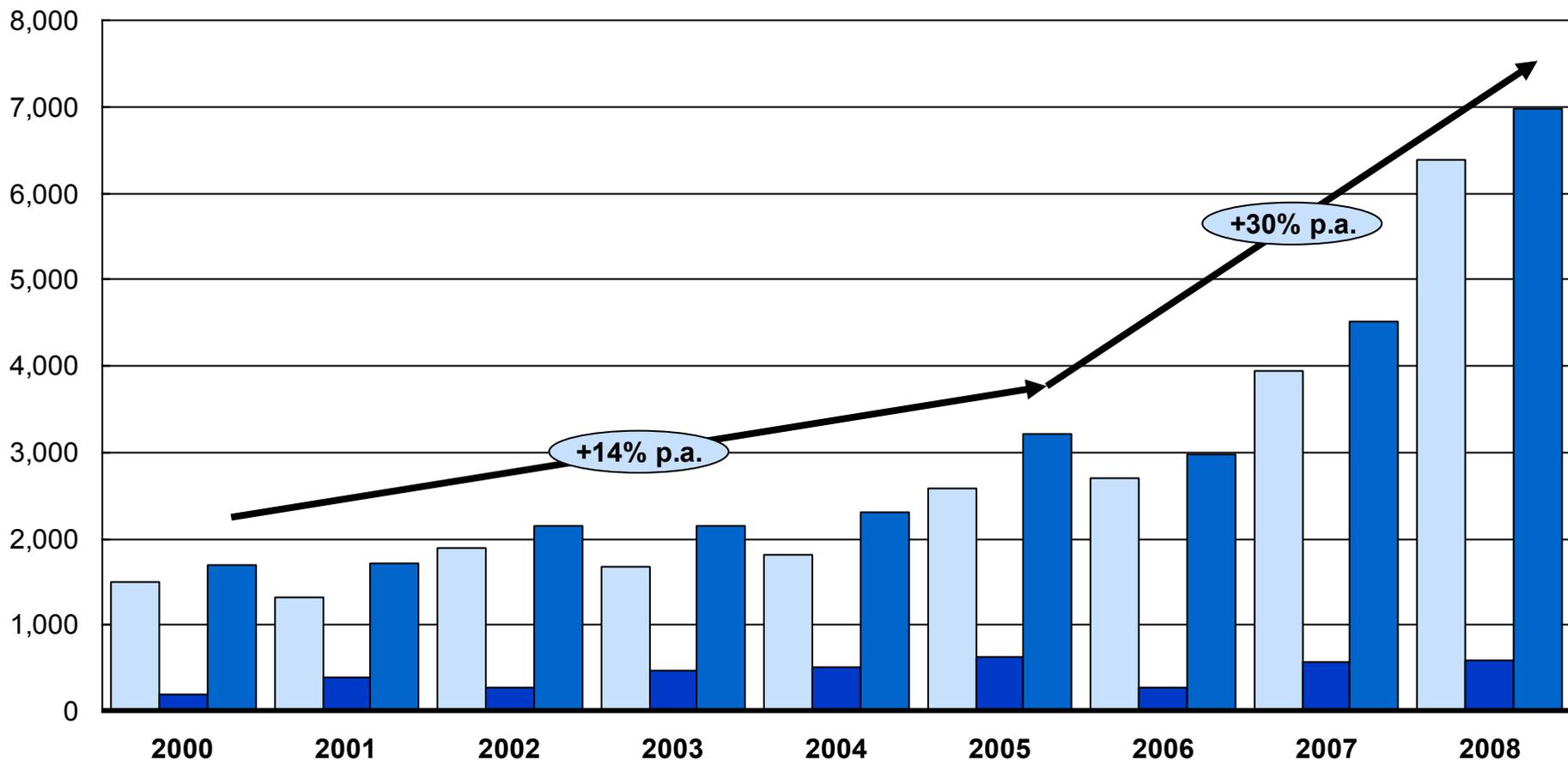
Private Sector Fora

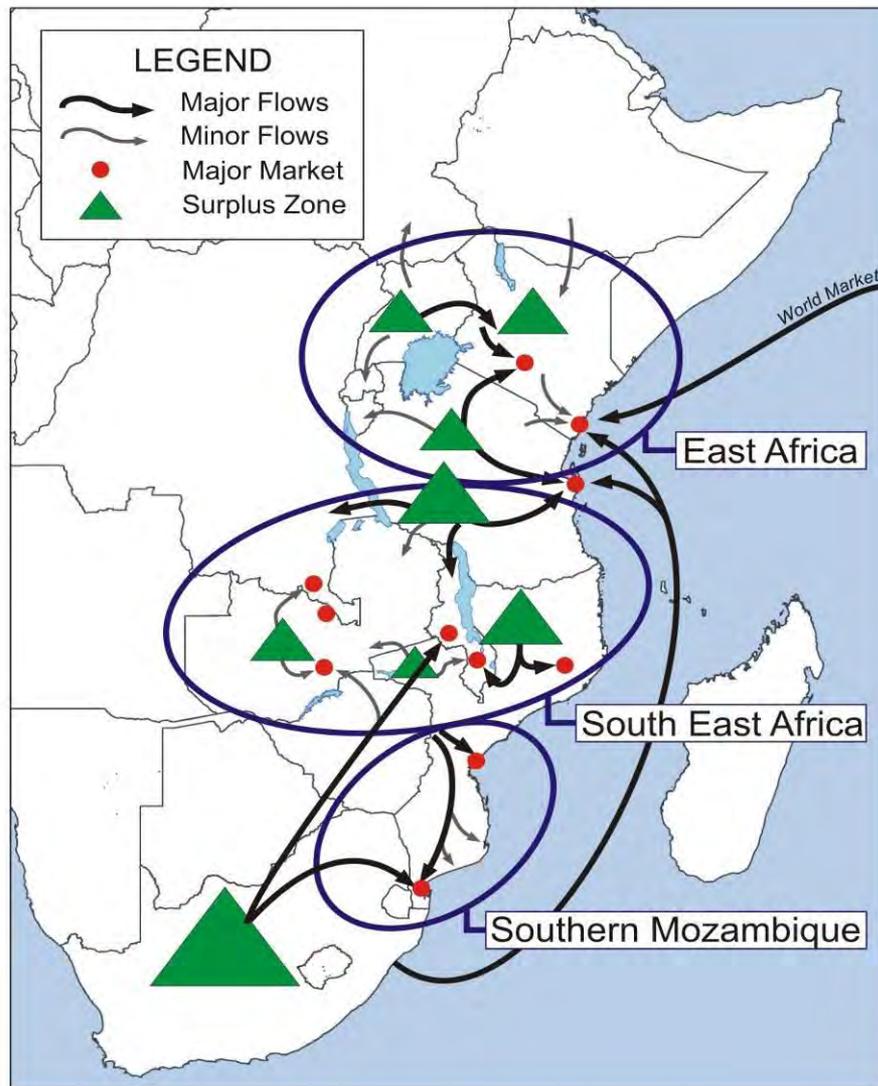
Regional Trade Associations and Alliances

- Eastern Africa Grain Council (EAGC)
- African Seed Trade Association (AFSTA)
- The Federation of East African Freight Forwarders Associations (FEAFFA)

Increasing Value of Total Intra-COMESA Trade, 2000 – 2008 (US\$ Millions)

- Exports
- Re-Exports
- Total Exports

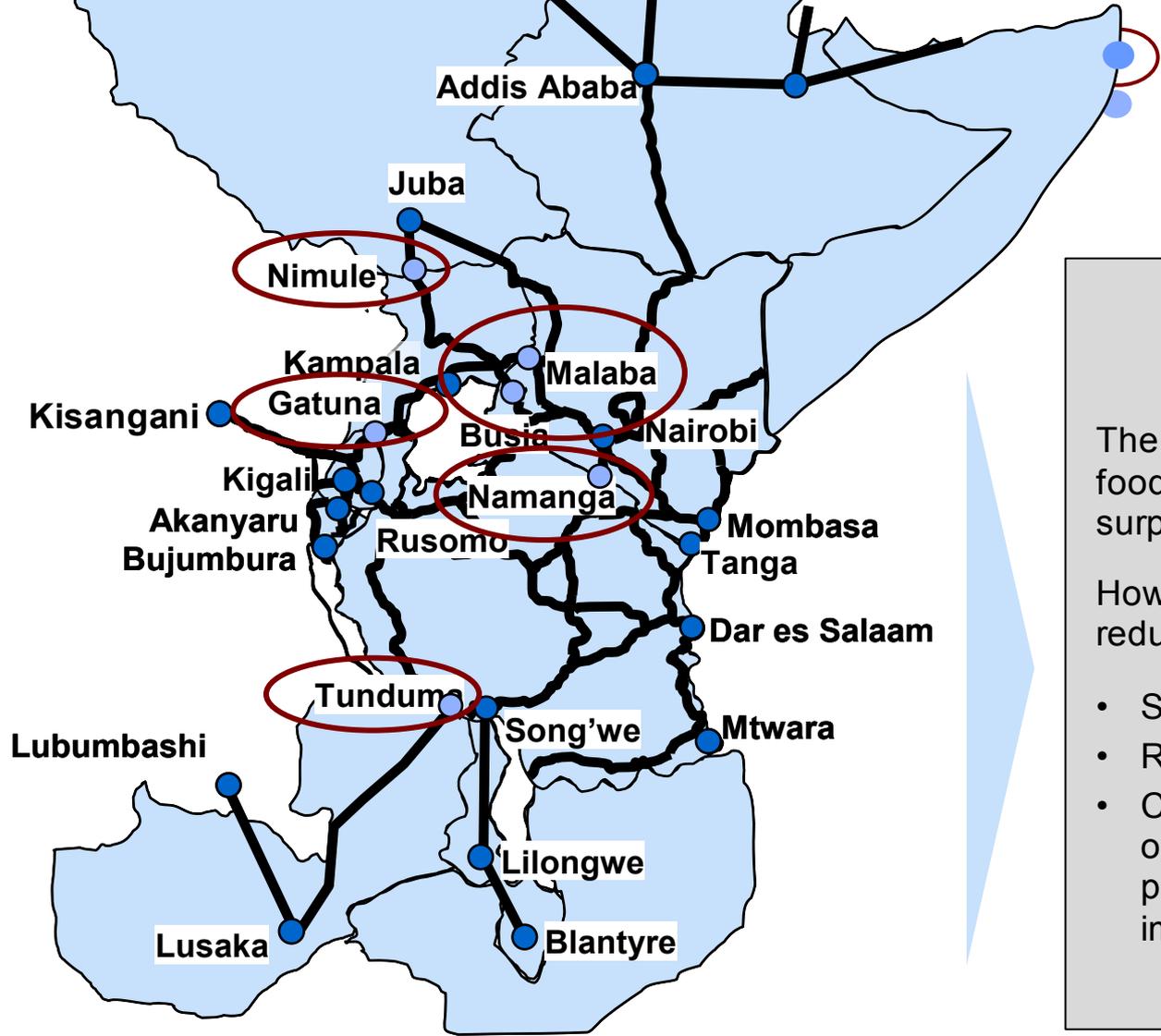




Increase Intra-Regional Trade

- Food surpluses in some areas help cover seasonal deficits in others
- Reliable access to larger integrated regional markets reduces price fluctuations and risk for farmers
- Increased intra-regional trade ensures that adequate supplies are available for both rural and urban consumers
- Reduced dependence on imports from outside the region, including food aid
- Coordinated investments at both national and regional levels are needed

Regional Priorities with Greatest Potential



Focus port, border, or city
Other port, border, or city

Focus on Northern and Central Corridors

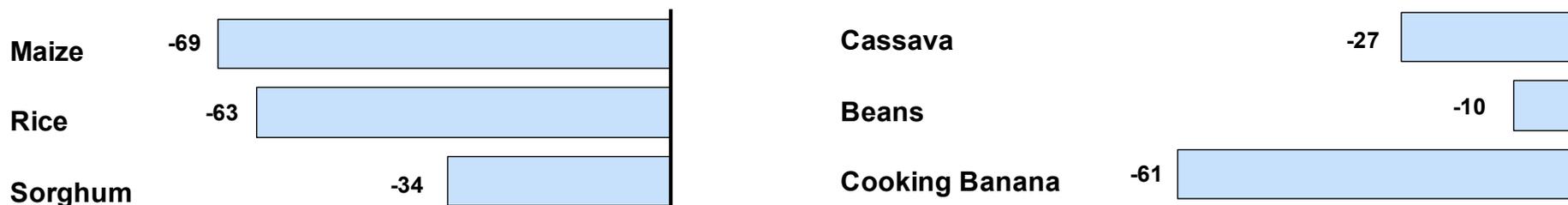
The Region's corridors can increase food security by connecting areas of surplus production to areas of deficit

However, time and cost must be reduced:

- Streamline border operations
- Reduce informal delays
- Coordinate with EAC, COMESA, other donors and USAID missions to prioritize investments for maximum impact on trade and food security

Productivity of Staple Crops

Yields of Major Staple Crops in the East Africa Region: Percent Below World Averages



Essential Regional Actions

- Promote regionally coordinated research on problems that cut across borders
- Pool scarce national resources and expertise to work on cutting-edge science and technology
- Promote regional policy reform, harmonize regulations and promote regional alliances of private seed companies and input suppliers

Results

- Improved technologies and production methods available throughout the region quickly and efficiently
- Best practices on biotechnology, plant breeding and innovative extension methods
- Increased regional availability and access of improved seed and other inputs

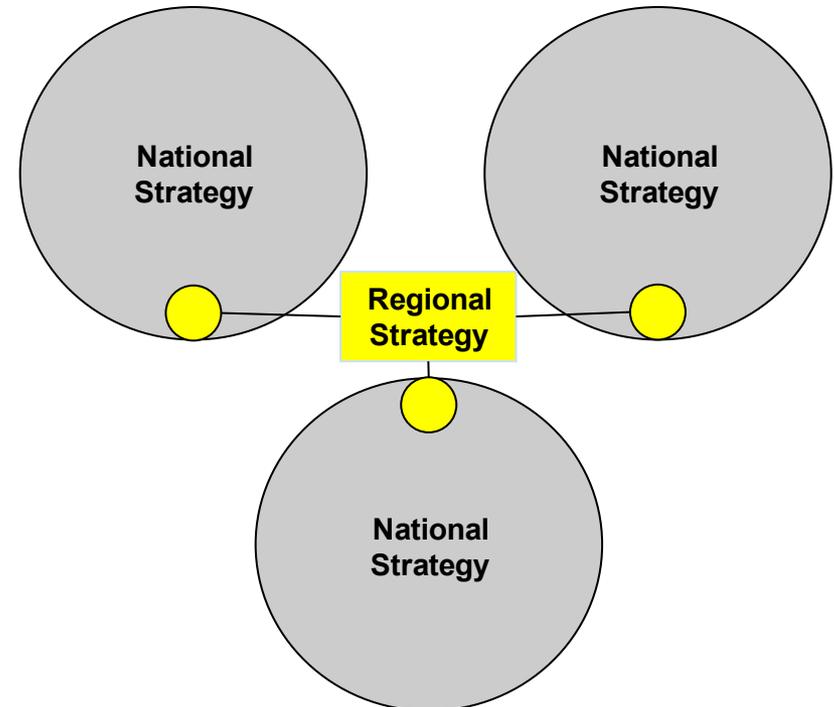
Strategic Regional Interventions with Greatest Potential

A Regional Strategy is Not...



...an aggregation of national strategies

A Regional Strategy is...



...an opportunity to focus on complementary issues

A regional staple foods strategy supports the development of seamless cross-border value chains that increase regional trade, promote regional food security and support greater regional integration

Theory of Change and Impact

Theory of Change

USAID/East Africa will improve regional food security and nutrition by building a structured regional market and lowering regional transit costs to expand access, availability, and utilization of staple foods in East Africa

Impact to date

Overall increase in regional trade 2000-08

- Intra-COMESA exports up from \$1.7bn to \$6.9bn
- Trade in maize increased from \$3.7m to \$67m

Reduction in transit times

- Transit times on Northern corridor cut by 5.5 days
- Customs inspection time reduced from 3 days to 3 hours and paperwork reduced from 14 to 4 hours at Malaba (on Uganda/Kenya border)

Harmonized trade standards at EAC and COMESA

- Maize, dairy, and seeds standards harmonized
- 23 further standards for other regionally traded food products form basis of new EAC negotiations
- Volume of seed production tripled and seed trade nearly doubled
- Regionally harmonized standards for micronutrient fortification developed and disseminated

Market information systems (RATIN)

- Reliable price information for 23k traders/buyers

5 Year Feed the Future Impact Goals

- Increase intra-regional volume of trade in staples by 30% through:
 - Regional adoption of 10 standards for staple foods
 - 3 functioning regional warehouse receipt systems
- 30% decrease in time and cost of transit at 5-6 border posts along the northern and central corridors
- 20% increase in the volume of improved seeds available for use by smallholders
- 20% increase in trade of fortified foods through improved regional mechanisms

GOAL:
Increased Access, Availability, and Utilization of African-grown Staple Foods in Regionally Integrated Markets on the Northern and Central Corridors

- USAID/East Africa works with African institutions to build their mandate and effectiveness in reaching improved results on regional trade

Transformational Focus Area: Increase trade flows of staple foods in region, focusing on corridors

- Integrate national and regional markets
- Promote regional, industry linkages in the private sector
- Improve regional access to technology and inputs

- USAID/East Africa manages and implements programs that bring a value-added regional dimension to national programs, and provides complementary services to bilateral missions to ensure coordination

Support Area: Support strategic partnerships with African regional institutions to increase trade flows

- Improve trade and health (nutrition) governance
- Lead/innovate private sector associations in agricultural and livestock trade
- Support agricultural research and knowledge regionally

Support Area: Provide regional services to achieve trade flow coordination

- Regional facilitation -- linking bilateral mission programs through quarterly forums, knowledge sharing/management, and provision of expertise
- Regional capacity building
- Regional innovator – funding for scaling up innovative strategies

- USAID/East Africa is the only Mission working directly with regional institutions with the recognition and authority to transform the region at the strategic partnership level

Transitional Focus Area: Increase Trade Flows

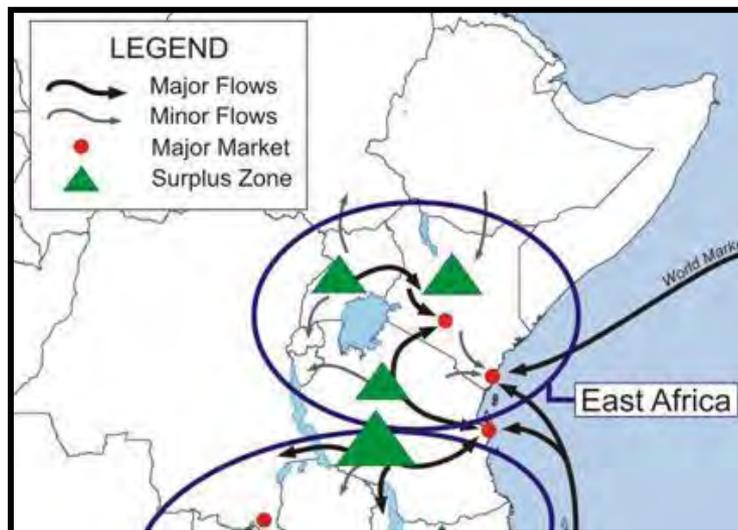
1 Integrate national and regional markets



2 Promote regional industry linkages in the private sector



3 Improve regional access to technologies and inputs



Current (2010) implementing partners:

- COMESA/ACTESA
- EAC
- COMPETE
- Market Linkages Initiative (MLI)
- ASARECA

Transitional Focus Area: Increase Trade Flows

1

Integrate national and regional markets

Policy environment supportive of trade

- Eliminate export bans
- Harmonize standards and SPS Requirements

Facilitate smallholder access to regional markets

- Assistance to meet regional standards
- Warehouses linked to regional corridors
- Reliable market information
- Regional WRS and commodity exchanges

Reduced transit barriers

- Reduce delays
- Increase logistics efficiency

2

Promote regional industry linkages in the private sector

Strong regional industry links lead to increased competitiveness

- Strengthen regional industry associations, create platforms for industry to advocate for common agenda and do business
- Facilitate regional reliable market information systems

3

Improve regional access to technologies and inputs

Promote regionally coordinated research on cross-border issues

- Make improved varieties, technologies and best practices available regionally
- Set regional research priorities and division of labor to maximize use of scarce resources

Support regional input associations

- Regional advocacy for harmonized standards
- Expansion of regional markets for improved seed and other inputs

Support Area: Strategic Partnerships

1

- Integrate national and regional markets**
- Drive regional CAADP process; support member countries implementing
 - Develop rules-based procedures to replace unpredictable policies and trade bans, **harmonize and gazette regionally agreed standards**, build capacity to apply SPS standards
 - Strengthen market linkages for **smallholders**, improve storage facilities, promote warehouse receipt systems and commodity exchanges, increase access to market information
 - Increase transit efficiency: streamline border operations, reduce delays along corridors, increase logistics efficiency
 - Harmonize fortification and food quality standards

| | COMESA | ACTESA | EAC | EAGC | ASARECA | ECSA | IGAD |
|---|--------|--------|-----|------|---------|------|------|
| • Drive regional CAADP process; support member countries implementing | ✓ | ✓ | | | ✓ | | |
| • Develop rules-based procedures to replace unpredictable policies and trade bans, harmonize and gazette regionally agreed standards , build capacity to apply SPS standards | ✓ | | ✓ | | ✓ | ✓ | |
| • Strengthen market linkages for smallholders , improve storage facilities, promote warehouse receipt systems and commodity exchanges, increase access to market information | | ✓ | ✓ | ✓ | | | |
| • Increase transit efficiency: streamline border operations, reduce delays along corridors, increase logistics efficiency | ✓ | | ✓ | | | ✓ | |
| • Harmonize fortification and food quality standards | | | | | | ✓ | |

Support Area: Strategic Partnerships

| | | COMESA | ACTESA | EAC | EAGC | ASARECA | ECSA | IGAD |
|---|--|--|--------|-----|------|---------|------|------|
| 2 | Promote regional industry linkages in private sector | | ✓ | | ✓ | | | |
| | <ul style="list-style-type: none"> • Support regional industry associations, trade fairs and commodities exchanges • Provide market information and regional food balance sheets | | ✓ | | ✓ | | | |
| 3 | Improve regional access to technology and inputs | | | | | ✓ | ✓ | |
| | <ul style="list-style-type: none"> • Support research and dissemination of best practices on productivity enhancing technologies, post harvest, integrated pest management, trans-boundary animal and plant diseases and land, soil and water management • Establish a Seed Alliance | | ✓ | | | | | |
| | Complementary activities | | ✓ | ✓ | | | | |
| | | <ul style="list-style-type: none"> • Harmonize financial regulations and operations (insurance, payment and settlement systems) | | | | | | |
| | | <ul style="list-style-type: none"> • Support regional integration, free trade areas and tripartite framework | ✓ | | ✓ | | | |
| | | <ul style="list-style-type: none"> • Support conflict early warning system • Global climate change – adaptation • Regional watershed management | ✓ | | | | ✓ | ✓ |

| | Kenya | Uganda | Tanzania | Rwanda | Ethiopia | Malawi | Zambia | S. Sudan | DR Congo |
|------------------|---|---|---|---|---|---|---|---|---|
| |  |  |  |  |  |  |  |  |  |
| Staples | Rice | | X | | | | | | |
| | Maize | X | X | X | X | X | X | X | X |
| | Other cereals ¹ | X | | | | X | | X | |
| | Cassava | | | | | | | X | X |
| | Bananas | | | | | | | | X |
| | Beans and legumes ² | | X | | X | X | X | X | X |
| High-value crops | Horti-culture | X | | X | | | X | X | |
| | Coffee | | X | | X | X | | | |
| | Other high value crops ³ | | | | X | X | | | |
| Animals | Dairy | X | | | X | X | X | | |
| | Livestock/meat | | | | | X | | X | |
| | Fisheries | | | | | | | X | |

Which value chains were prioritized by the bilateral Missions?

¹ Other cereals: Kenya—'orphan' drought-resistant cereals; S. Sudan—sorghum; Ethiopia—wheat

² Legumes: Uganda—beans; Rwanda—beans; Malawi—groundnuts, soya, pigeon peas; S. Sudan—groundnuts; Zambia—groundnuts, soya, and sunflower; Ethiopia—pulses

³ Other high value crops: Rwanda—pyrethrum and avocado; Ethiopia—honey

**Change agent
capacity
building and TA**

- **Skill-building and related best-practice support to**
 - Farmers/farmer groups
 - Input providers
 - Processor and warehouse entrepreneurs
- **Skills needed, e.g. in how to meet standards, association management, business skills**

**Which activity
areas are
common to most
strategies' value
chain efforts?**

Market linkages

- **Linking and aggregating smallholders with**
 - Input providers to get better access to seeds and other inputs
 - Purchasers & processors to ensure off-take
- **Provision of capital for post-harvest handling infrastructure, including processing**
- **Linking to large purchasers (e.g., P4P)**
- **Development of market information systems**
- **Development of local commodity exchanges and receipt systems**

Other areas

- **Seed research and breeding**
- **While not as common to all strategies**
 - Conservation agriculture
 - Infrastructure (roads, irrigation, etc)
 - Innovation (e.g., ICT)

Also come up in many of the strategies' value chain work

| | Kenya | Uganda | Tanzania | Rwanda | Ethiopia | Malawi | Zambia | S. Sudan | DR Congo |
|---|---|---|---|---|---|---|---|---|---|
| Policy area |  |  |  |  |  |  |  |  |  |
| Trade policy | X | X | X | X | | X | | | |
| ▪ Tariffs | | | | | | | | | |
| ▪ NTBs | | | | | | | | | |
| External competitiveness | | | X | | | X | | | |
| • Taxes | | | | | | | | | |
| ▪ Exchange rates | | | | | | | | | |
| Seeds and other inputs (including biotech) | X | X | X | X | X | | X | X | X |
| Pricing/Purchasing | X | | | | | X | X | | |
| Land tenure | X | X | X | X | | | | X | |
| Privatization | X | | | | | | | | |
| Nutrition | X | X | X | X | X | X | X | X | X |
| Climate change/ Natural resources | X | X | X | X | X | X | X | X | X |
| General support | | | X | X | X | | | | X |

 = EA focus

What are the common policy areas Missions are concerned about?

- Trade policy common to 5/8 Missions
- Inputs common to 6/8 Missions
- Nutrition policy support common to most Missions
- Climate change/natural resources common to most missions

Value chain categories and filters for prioritization

Staples

High value crops

Animals

A Increase trade flows of staple foods in region, focusing on corridors

- What are the most important value chains from a regional standpoint, based on detailed analytical studies?

B Support strategic partnerships with African regional institutions to increase trade flows

- What are the priority value chains of the Mission's partner regional institutions?

C Complementarities with bilateral FtF strategies

- Which crops are appearing most often in the bilateral strategies?
- Is there a regional dimension that could be brought to them?

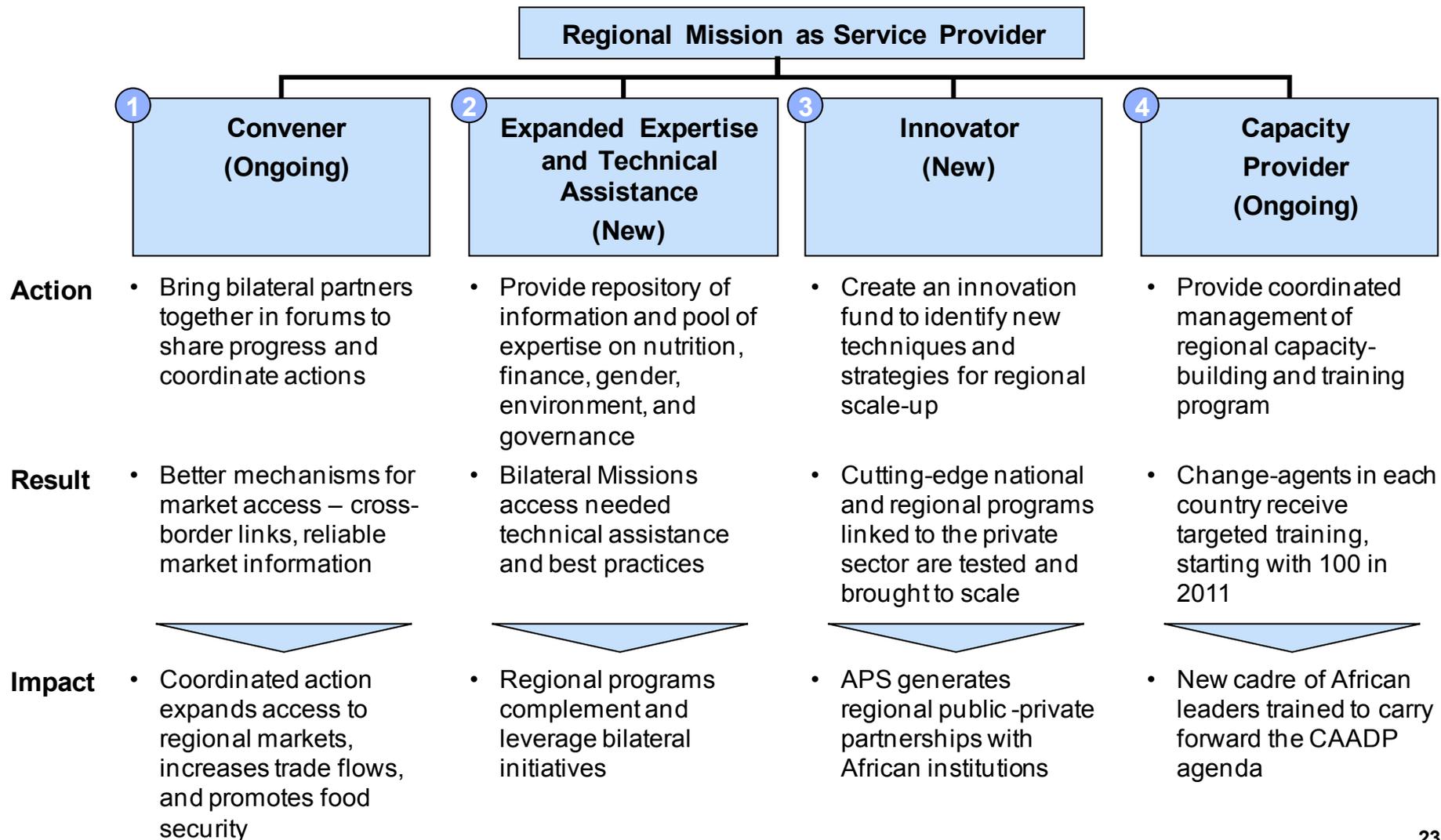
D Cross-cutting issues

- Nutritional value
- Relevance to women and youth
- Relevance to the ultra-poor
- Environmental impact

Prioritized value chains

- Trade in grains with primary focus on maize
- Legumes (including beans)
- Regionally traded horticulture
- Livestock

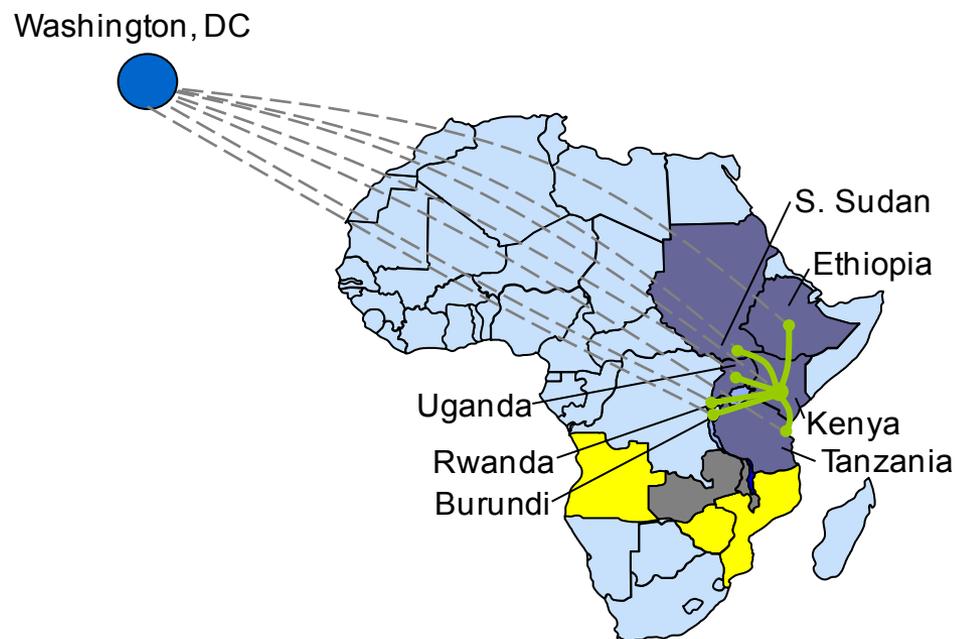
Support Area: Regional Services



Support Area: Regional Services

Strengthening links to coordinate, leverage results and optimize regional activities

- Expanded regional hub provides support and mandate for regional collaboration
- Innovation fund creates transformative & cross-cutting grants
- Regional steering committee includes USAID/East Africa, AFR/SD, BFS, MCC, USDA, and other agencies
- Support services expand within the region, for the region
- Incentives to collaborate on regional integration are purposefully maximized



Food Security & Nutrition illustrative activities for the regional FTF strategy

Problem: Currently, 50% of children are stunted in East Africa FTF focus countries. Poor nutrition costs these countries as much as 6% of their potential GDP

Increase trade flows

- Support regional aflatoxin control initiatives
- Strengthen coordination of WFP, FFP & OFDA with regional producers & traders to significantly expand local purchase programs for chronically food insecure
- Conduct regional assessment to establish public and privately held strategic stocks of staple foods

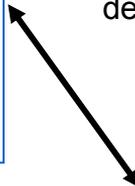
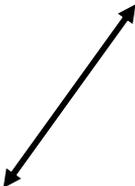
Goal: Reduce food insecurity and malnutrition through increased availability and accessibility of staple and micronutrient dense foods

Support Strategic Partnerships

- Develop harmonized fortification and food safety standards and quality control
- Support R&D for nutrient-rich crops and social marketing to ensure consumer acceptability
- Support nutrition-sensitive value chains through regional standards development & dissemination

Support Regional Services

- Identify nutrition points of entry in regional value chains
- Address patent, quality control and cross border issues for manufacturing and supply chains for Ready to Use Therapeutic Foods (RUTF)
- Promote best practices for safe water-irrigation-watershed management



Illustrative Gender Related Activities

Problem: It is critical that FTF interventions address gender roles and relationships and monitor changes

Increase Trade Flows

- Implement gender appropriate components in regional trade corridor program
- Promote capacity-building of female change agents in value chains
- Promote Greater Access to Trade Expansion (GATE) manual for integrating gender in value chain programs

Regional Gender Assessment Underway

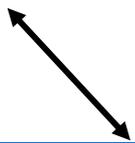
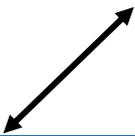
Goal: Promote women's leadership at all levels through the agricultural sector and at all stages of staple food value chains

Support Strategic Partnerships

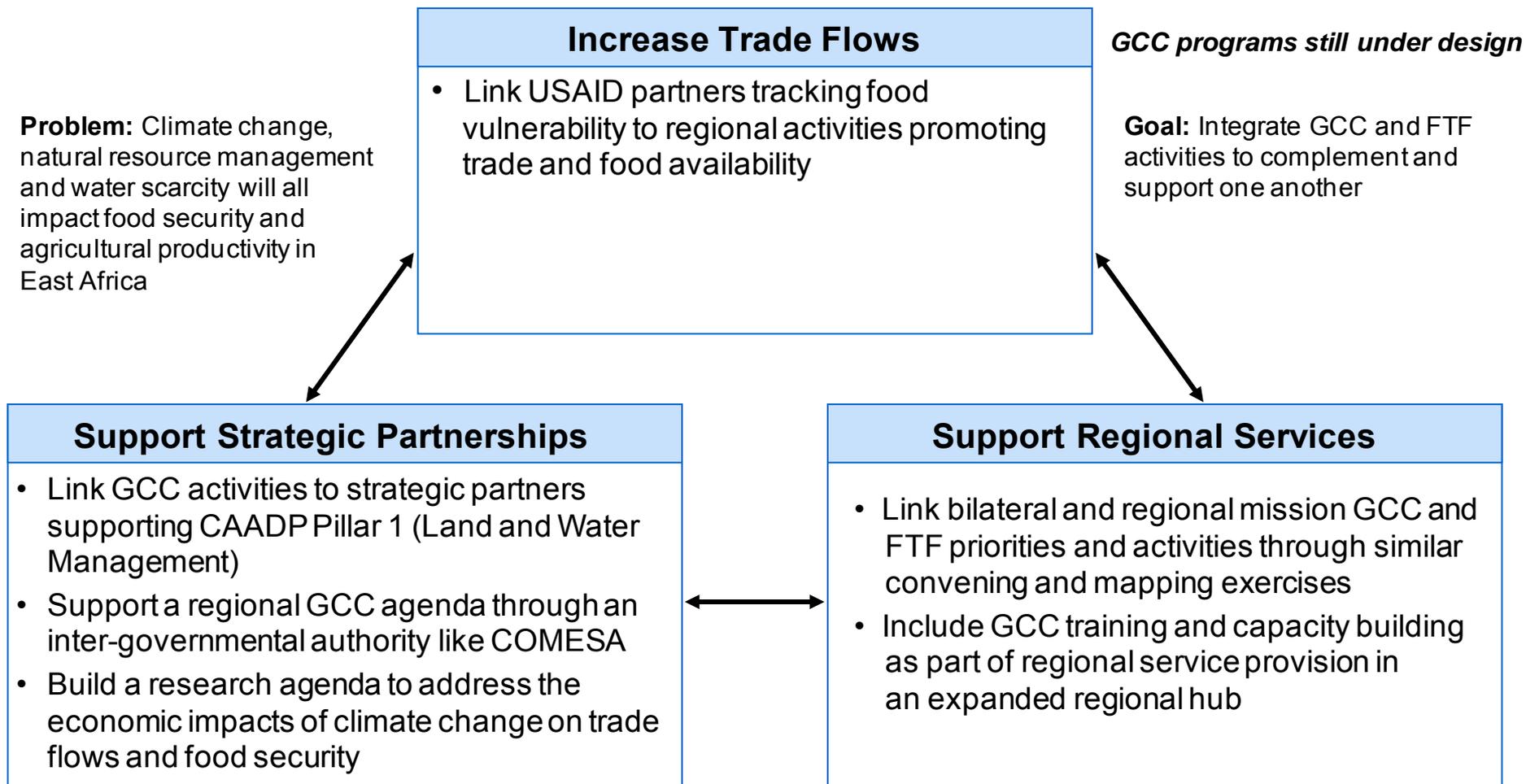
- Support gender sensitive programs and effective representation of women in regional institutions
 - COMESA: capacity building for women in agribusiness
 - ASARECA: capacity building of female scientists/researchers
 - ACTESA: integration of HIV/AIDS, gender, and value chain programs

Support Regional Services

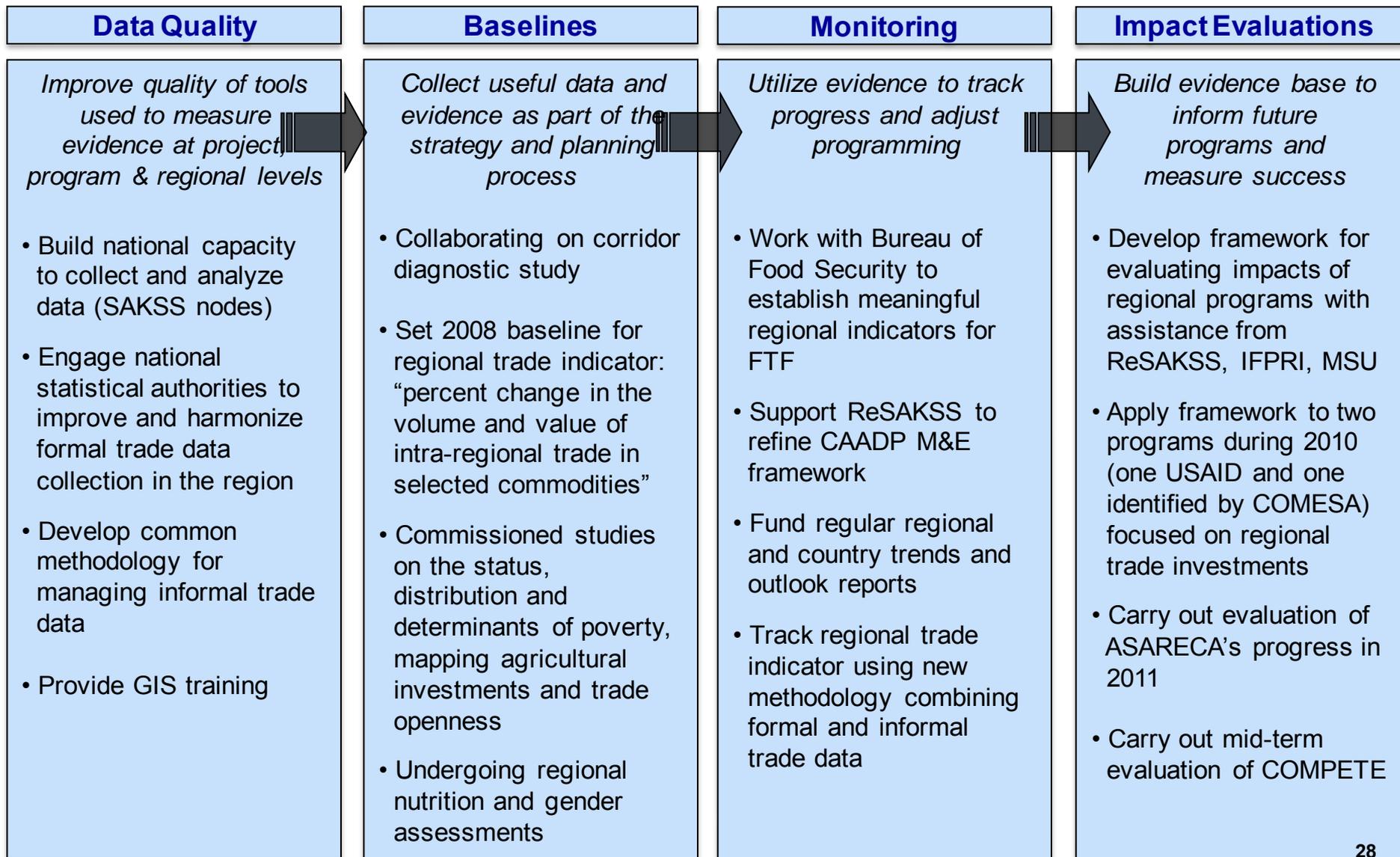
- Coordination of information and expertise for integration of gender in program design, implementation and M&E
- Gender training and collaboration of gender focal points in the region



Illustrative Global Climate Change (GCC) Related Activities



Evidence to Measure Success of Regional Programs



What they're doing



Research

- Food security assessments
- Integrated pest management
- Biotechnology to improve yields and nutrition
- Disease-resistant plant variety identification and propagation

Training

- Disease surveillance, recognition and treatment
- Food safety regulations
- Food nutrition labeling
- Pest risk assessments
- Agricultural statistics

Nutrition and Development

- McGovern Dole Food for Education (FFE)

US Commercial Exports

- Food for Progress (FFP)

Impact on Feed the Future

- Bolstered support to regional institutions, complementary investments
- Strengthened capacity to implement the CAADP agenda
- Improved child nutrition (direct school feeding, school gardens, health and nutrition education, water and sanitation)
- Food shortages mitigated by US exports while supporting private sector

What they're doing



- USTR supports trade and investment activities across the region



- Political and economic diplomacy bilaterally
- Representation to AU, COMESA, and EAC



- Full compact with Tanzania in energy, transport, and water
- Threshold programs in Kenya, Uganda, Rwanda, Zambia, and Malawi

Impact on Feed the Future

- TIFAs improve the trade policy environment with RECs
- Diagnose trade competitiveness issues linked to WTO and AGOA
- Utilize political clout to help drive regional policy implementation at the national levels
- Infrastructure investments may help focus corridor work/choices
- MCC should consider a regional compact with COMESA and/or EAC, to help shape transformational investments

November 18, 2010

Strategic Review with Interagency in Washington

January 12-13, 2011

Regional Feed the Future Meeting

Participants

- USAID Ethiopia, Kenya, Rwanda, Tanzania, Uganda, Malawi, Sudan, DRC, Southern Africa, OFDA, FFP
- State Department, USDA
- Bureau of Food Security
- Regional Partners

Objectives

- Strengthen Regional Coordination
- Define Regional Priorities
- Refine Strategic Decisions

March 4, 2011

Submission of Multi-year Strategy to Bureau of Food Security

April 15, 2011

Approximate Approval Date for Multi-Year Strategy

