Supporting Agricultural Trade for Improved Food Security Programming


This is one of several Activity Design Guidance documents for implementing the U.S. Government’s Global Food Security Strategy. The full set of documents is at www.feedthefuture.gov and www.agrilinks.org.

Introduction

International agricultural trade is critical to support global food security and eradicate poverty. The world relies upon international trade for access to inputs, technologies, machinery, and services that allow people to produce safe and affordable food while also providing access to more consumer markets. Trade has the potential to improve dietary diversity by increasing the availability of safe, nutritious food. Trade facilitates access to food during local production shocks and across different production seasons and acts to prevent domestic shortages. Without predictable agricultural trade, the world would face significantly greater food insecurity.

This document complements other U.S. Global Food Security Strategy (GFSS) guidance (e.g., Programming Approaches for Policy Systems Strengthening, Integrating a Market Systems Approach in Programming, Finance: Unlocking Capital Flows, Diets and Food Safety, and Private Sector Engagement in Programming) and informs country teams that are designing trade-related activities in Feed the Future target countries and regions. This document does not provide guidance on U.S. agricultural export promotion; it is intended to assist Feed the Future country teams with identifying what trade-related support can be integrated to achieve GFSS intermediate results (IRs) and prioritize efforts among competing actions to improve food security outcomes.

In addition, the new GFSS places increased emphasis on delivering economic benefits and expanded opportunities to the American people through new opportunities for U.S. investments, trade, and sales abroad. This includes helping Feed the Future partner countries in two ways: (1) to grow their agricultural and wider economies in ways that expand demand for U.S. exports, and (2) to promote Feed the Future country adoption of free and fair trade and evidence-based policies. This document also supports greater understanding of how Feed the Future activities can be designed to increase two-way trade and investment between the United States and Feed the Future countries.

Terminology and Context

Free and fair trade increases the flow of safe and nutritious agricultural products from surplus to deficit regions, which reduces price volatility and helps manage systemic risks, such as those associated with climatic variability. Further, research has shown how unjustified trade restrictions during a food crisis can exacerbate food insecurity, with the worst impacts on those countries with the greatest needs.
After a decade of applied evidence, technical support, and policy systems strengthening, Feed the Future countries have become less prone to enacting food and fertilizer export restrictions. Data from the International Food Policy Research Institute (IFPRI) indicates that during the 2008 food price shocks, 8 out of 21 countries that became Feed the Future priority countries imposed food export restrictions. In 2020, at the height of the global COVID-19 pandemic, only two Feed the Future priority countries adopted trade export restrictions. While trade policymaking has demonstrated some successes, there remains considerable room for trade reforms to further improve global food security. Furthermore, integration and gains from trade may not be distributed equitably. Recent empirical evidence by the World Bank has demonstrated that factors like labor flexibility and business enabling environment reforms are critical to help distribute the benefits of trade widely.2

A regional approach is critical to increasing food security and agricultural growth in developing country markets.3 On January 1, 2021, the African Continental Free Trade Area (AfCFTA) went into effect, uniting 54 African countries to create one of the largest free trade areas in the world by number of participating countries. This agreement features an improved trading space that lowers some tariffs and non-tariff barriers for goods, as well as increased opportunities for foreign direct investment and policy reform. However, country-level actions are also necessary to support rules-based, open, non-discriminatory, transparent, and predictable trade that meets consumer needs for safe and nutritious food.

Through this guidance, we will identify approaches to address policy and infrastructure constraints to improve equitable trade before and at the border.

Designing Activities

When designing trade programs, regional and bilateral Missions should coordinate to increase synergies, promote the adoption of trade protocols, and share best practices in appropriate technology solutions. Working with regional entities is an efficient way for country teams to deepen regional integration, facilitate trade, and increase competitiveness while supporting increased trade and investment with the United States. The implementation of regional commitments ultimately relies on national governments to enforce regional commitments. Country support remains key to the effectiveness of regional trade entities.

This section lays out broad principles for designing interventions, followed by a non-exhaustive list of types of trade interventions that could be undertaken to achieve IRs across the GFSS results framework.

Principles for Developing Trade Interventions

Identify and address key business enabling environment constraints that affect trade and investment at multiple levels. Not all trade constraints exist at the border: policies; rules; duplicative requirements; lack of reliable, easily available, and shareable data for production; trade and policy decisions; and institutions that increase the risks and costs of doing business in the agricultural sector are a non-exhaustive list of challenges that can affect the overall competitiveness of agricultural products. Business enabling environment reforms aim to level the playing field such that burdensome or inefficient government regulations and policies that are not based on sound data do not impede economic activity, from business formation and market entry to business closeout and market exit.

Research has found that the quality of a country’s contracts enforcement regime has a positive and statistically significant impact on its trade.4 But uncertainty, such as uncertainty if your contract can be
enforced, imposes costs throughout supply chains that increase prices for a country’s agricultural products and constrains trade. Improving contracts enforcement does not necessarily require expensive court systems reforms; for example, in the Kyrgyz Republic, the U.S. Agency for International Development (USAID) has supported improved rural access to alternative dispute resolution by digitizing operations of the country’s alternative dispute resolution (ADR) court, offering lower-cost access to simplified commercial dispute resolution, and ultimately improving contracts enforcement and boosting the competitiveness of rural producers.

Multilateral and regional agreements play a key role in encouraging business enabling environment reforms that lower the costs of trading across borders. For example, by aligning country practices with commitments under the World Trade Organization (WTO) Agreement on Agriculture, the Agreement on the Application of Sanitary and Phytosanitary Measures (SPS) standards, Technical Barriers to Trade (TBT), and the Trade Facilitation Agreement (TFA), which commits WTO member countries to institutional and border reforms, it is estimated that worldwide trade costs could be reduced by between 12.5 percent and 17.5 percent. Similarly, from a regional perspective, the AfCFTA could strengthen economic participation and boost incomes by nearly 7 percent and reduce the number of people living in extreme poverty by 40 million, according to the World Bank.

**Support policy systems to improve trade.** How policies, laws, regulations, and rules are developed and implemented can strengthen or limit the effectiveness of trade and business enabling environment reforms. A lack of transparency and inadequate public consultation in the rulemaking process, even for substantively sound rule changes, can limit effective implementation and result in negative impacts on trade. The Feed the Future policy matrix reporting from 2014–2015 suggests that inclusivity (i.e., consultation by government with other stakeholders) is the success factor most often cited for policy reform. The policy systems approach laid out in the GFSS Activity Design Guidance for Programming Approaches for Policy Systems Strengthening offers broad guidance on how to support:

- Data and analysis as a public good for decision-making and accountability
- Inclusive stakeholder consultations throughout the policy formulation, implementation, review, and reform processes
- An institutional framework providing cross-government collaboration and enabling policy performance feedback loops that enable a virtuous cycle for improved policies and mutual accountability to ensure free and fair implementation.

More specifically, the U.S. Government encourages and supports countries to promote transparency, equity, and accountability among all stakeholders for new rule changes; also known as “Good Regulatory Practices.” Good Regulatory Practices commitments have recently been prioritized in numerous bilateral and multilateral trade agreements.

**Coordinate with other U.S. Government agencies in your country or region.** In addition to USAID, several U.S. Government agencies invest in expanding agricultural markets and trade, including the U.S. Department of Agriculture’s (USDA) Foreign Agricultural Service (FAS), the Office of the U.S. Trade Representative (USTR), the Commerce Department, the State Department, the Development Finance Corporation (DFC), and the U.S. Food and Drug Administration (FDA). Complementary interagency and country team actions create opportunities for maximizing collaboration, such as information sharing, joint messaging, and engagement of private sector and host country stakeholders. Working with interagency representatives at country and regional posts strengthens U.S. Government development impact.
Leverage investments of partners, including the private sector, other donors, and regional organizations. A diverse group of stakeholders shares the goal of expanding markets and trade in target countries and regions. While incentives for facilitating improvement in the enabling environment for agricultural trade differ across actors, opportunities for leveraging support for capacity building, regulatory reform, and infrastructure improvements, including digital solutions, are numerous.

Promote science and risk-based regulatory regimes and SPS standards. Sufficient capacity to comply with sanitary (human and animal) and phytosanitary (plant) measures is essential to the exchange of agricultural goods, particularly toward increasing food safety and security. SPS-oriented support for reforms and capacity building can encompass a range of actions, such as lab capacity building, regulatory systems changes, and international standards that, taken together, are critical for reaching new markets and improving nutritional outcomes. Use of international standards developed by the Codex Alimentarius, the World Organization for Animal Health (WOAH; originally founded as the Office International des Epizooties (OIE)), and the International Plant Protection Convention (IPPC) is essential to ensuring that food is safe for in-country consumption and that exports are not rejected. For example, expected levels of pesticides on treated agricultural crops are called maximum residue limits (MRLs); these values are several factors lower than safety limits for human health. When countries adopt different or low residue standards, or are missing standards altogether, MRLs can be a significant barrier to trade and corresponding economic growth. Supporting Feed the Future countries to regularly monitor chemical pesticide residues in treated agricultural crops and to set science-based standards conforming to international standards is critical.

Adapt trade and business enabling environment systems to support innovations that boost competitiveness and, ultimately, facilitate more resilient agricultural systems. Where trade and business-enabling environment policy systems either restrict or do not create conditions that enable access to new innovations or technologies for reasons other than properly conducted scientific risk assessments, it can limit access to biotechnological advances, including drought tolerance, saline-tolerant varieties, and other adaptation measures that can enhance competitive advantage and improve resilience within the food system of both countries while bolstering agricultural trade. Strengthening resilient food and agricultural systems that are enabled for domestic trade and marketing channels can help to promote food security and reduce vulnerability to shocks.

Consider access to improved trade data and support for participation in Agricultural Market Information Systems. Improved access to better trade data and cogent analysis can help to discourage distortive trade policies and better enable global markets to more effectively respond to localized shocks in food systems. The United States closely monitors markets affecting the food system, including futures markets, to ensure full transparency and shares reliable data and information on global food market developments, especially through the relevant international organizations. We encourage wide participation in the Agricultural Market Information System launched by the G20 in 2011, as well as the development of supplemental market data systems, and timely sharing of supply and demand data by leading countries to enhance food market transparency and policy response for food security.

Ensure that women, youth, and other traditionally marginalized groups are aware of and can take full advantage of the benefits of engaging in trade, such as increased incomes through higher paying jobs or increased market opportunities. In trade, governments generally do not willfully or intentionally disadvantage these groups; more often, rules and institutions are established in a manner that is facially neutral, but have unintended barriers for these groups because their voice is too often inadequately represented in formal institutions. This form of systemic exclusion from decision-making necessitates proactive steps to ensure that all groups are well-represented in formal and informal institutions, and that these groups are enfranchised to participate in decisions that impact their opportunities and livelihoods at all levels.
## Examples of Trade Interventions within the GFSS Results Framework

### Objective 1—Inclusive and sustainable agriculture-led economic growth

<table>
<thead>
<tr>
<th>IR 1</th>
<th>Trade for inclusive agricultural systems that are productive and profitable</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Country Actions:</strong></td>
<td><strong>Regional Actions:</strong></td>
</tr>
<tr>
<td>● Strengthen agricultural data and market information systems to inform policy and investment decisions and improve risk management.</td>
<td>● Build capacity of regional organizations to harmonize regulations that enable increased flows of quality agricultural inputs, such as seed.</td>
</tr>
<tr>
<td>● Strengthen food loss and waste practices, including storage and postharvest handling along viable transit corridors.</td>
<td>● Work with relevant regional organizations and governments to build a framework and build technical capacities to generate agricultural data and market intelligence for trade and policy decision-making.</td>
</tr>
<tr>
<td>● Address tariff and unwarranted non-tariff trade barriers to expand trade, allowing competitive industries to grow and increasing the availability of and access to agricultural goods and services.</td>
<td>● Assess what regional policies impact trade (e.g., agricultural input registration, intellectual property rights, or SPS regulations), which may expand access for some beneficiaries, and support those that will have the largest impact.</td>
</tr>
</tbody>
</table>

### IR 2

<table>
<thead>
<tr>
<th>Strengthen and expand access to markets and trade</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Country Actions:</strong></td>
</tr>
<tr>
<td>● Assess the extent to which policy and standards harmonization efforts are domesticated to meet regional and global standards.</td>
</tr>
<tr>
<td>● Assess the institutional barriers to formulating and implementing evidence-driven policies across ministries and agencies (see the GFSS Activity Design Guidance for Programming Approaches for Policy Systems Strengthening).</td>
</tr>
<tr>
<td>● Build capacity of the private sector to engage meaningfully in policy dialogue (see the GFSS Activity Design Guidance for Private Sector Engagement in Programming) in a manner consistent with Good Regulatory Practices.</td>
</tr>
<tr>
<td>IR 3</td>
</tr>
<tr>
<td>------</td>
</tr>
<tr>
<td><strong>Country Actions:</strong></td>
</tr>
<tr>
<td>● Strengthen the institutional capacity of local-, regional-, and national-level organizations to meet preventative safety measures and WTO SPS Agreement-compliant measures, such as Good Agricultural Practices (GAPs).</td>
</tr>
<tr>
<td>● Support administrative streamlining for permitting and licensing through process reforms and the adoption of appropriate technology.</td>
</tr>
<tr>
<td>● Enable more sophisticated transactions by improving access to efficient and reliable dispute resolution mechanisms that are appropriate and accessible for local commercial practices.</td>
</tr>
</tbody>
</table>

| Objective 3—A well-nourished population, especially among women and children |
|-----------------------------|-----------------------------|
| IR 7 | Trade for enhanced nutrition |
| **Country Actions:** | **Regional Actions:** |
| ● Support strengthening of policy and food systems that conform to recognized regulatory standards that protect public health. | ● Work regionally to build capacity for WTO-consistent regulations, including food safety, packaging, and labeling rules. |
| ● Strengthen technical capacity in labs to test and certify goods as safe for domestic consumption or to meet importing country requirements. | ● Work with national governments and regional economic and health communities to establish harmonized standards and regulations for food fortification and for specialized nutritious food products (fortified complementary foods, food supplements, ready-to-use therapeutic foods) and support compliance. |
| ● Incorporate evidence from farm-level research as a basis for policy and regulatory formation as key drivers of reductions in stunting. | ● Support economic and health communities to build regional fortification laws and regulations, surveillance, and enforcement. |

<table>
<thead>
<tr>
<th>Crosscutting IR (CCIR) 3</th>
<th>Impacts of gender dynamics at borders</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Country Actions:</strong></td>
<td><strong>Regional Actions:</strong></td>
</tr>
<tr>
<td>● Support outreach/training to customs and border agents to explicitly reduce, prevention, and respond to gender-based violence</td>
<td>● Support women’s representation on regional trade associations and bodies to better advocate directly for inclusive trade</td>
</tr>
</tbody>
</table>
(GBV; sexual coercion, harassment, and exploitation) in collaboration with regional Missions or neighboring countries.10
- Conduct outreach on relevant trade policies to inform female traders of existing rules and regulations.11
- Improve hard infrastructure, such as adequate lighting and separate restrooms, to increase security.

Country Actions:
- Strengthen policy impact analysis capability to better understand potential undesired effects from trade policy actions, such as changes to tariffs or non-tariff barrier schemes within governments.
- Strengthen capacity of government regulators in rules-based regulatory flexibility to support technical innovation, as well as experimental regulatory techniques such as a regulatory sandbox model, utilizing innovation offices, and facilitating robust industry dialogue.

Regional Actions:
- Strengthen capacity of local, independent research institutions and civil society organizations to promote public sector accountability in trade-related policy formulation and implementations.
- Facilitate stakeholder consultation efforts on agricultural trade rules and policies through support for improved regional public/private dialogue mechanisms that are accessible for diverse stakeholders, with a focus on improving access for traditionally disadvantaged populations.
- Promote regional collaboration on development, adoption, and use of electronic documentation for cross-border trade.

### Programming in Practice

**Prosper Africa:** Leveraging the whole-of-government to boost trade and investment with Africa. Launched in June 2019, Prosper Africa is a whole-of-government initiative, leveraging support and resources from 17 U.S. Government agencies to boost bilateral trade between the United States and Africa. Prosper Africa offers a full suite of support services from deal identification and market analyses to credit subsidies and policy advocacy. Since June 2019, Prosper Africa has helped to close 800 deals across 45 countries at a total value of $50 billion in trade and investment, with nearly 10 percent of the deals focused on agricultural sector investments and trade, and is implemented at USAID through programs like the Africa Trade and Investment (ATI) program.

**Global Shea Alliance:** Using trade to boost women’s economic empowerment through linkages to global supply chains. Strengthening access to global value chains can help women producers increase their income and take advantages from new market opportunities. Through the Sustainable Shea Initiative, USAID works with the Global Shea Alliance to train more than 200,000 women shea collectors on cooperative and business development, resulting in the formation of 277 cooperatives. With access to 264 donated warehouses, improved conservation techniques, and operating as structured microbusinesses, the
cooperatives are linked to purchasers or exporters of shea kernels and/or butter. Between June 2016 and March 2021, the U.S. General Services Administration (GSA) facilitated the export of 529,772 metric tons (MT) of shea products worth over $311 million.

Tanzania: Unpredictable food export restrictions compounded food insecurity. In Tanzania between 2008 and 2010, unpredictable application and inconsistent enforcement of food export bans, coupled with high import duties, had a significant and detrimental effect on producers and consumers, disrupting well-established, cross-border marketing channels; exacerbating food insecurity; and chilling agricultural investment.\textsuperscript{14} Acknowledging the support from USAID/Tanzania in strengthening local capacity in trade data and economic impact analysis through its first generation of Feed the Future programs, the Government of Tanzania eliminated trade restrictions from its repertoire of policy options for addressing food insecurity.

The ePhyto Solution: USDA supporting digitalization to reduce time, costs, and uncertainty. Digital solutions that are administered competently and consistently can streamline compliance procedures and reduce the time, costs, and unpredictability of trade while still ensuring the safety of food products. Phytosanitary (i.e., plant health) certificates have traditionally been a paper-based compliance process and can involve inconsistent physical or digital transmission of certificates between national plant protection organizations, leading to delay and uncertainty in the trade of safe food. After significant contributions, including financial support and technical advice from the USDA Animal and Plant Health Inspection Service (APHIS), in 2017, the IPPC pilot tested the ePhyto Solution, a web-based platform that simplifies digital transmission through an intuitive user interface, and uses the same information as the traditional hard copy certificates. The IPPC ePhyto Solution provides the opportunity for over 180 IPPC member countries to further streamline their food trade procedures while maintaining the safety of the food in trade.

USAID/Bureau for Resilience and Food Security (RFS): Improving trade data for improved food trade policies. Timely access to good data, including sex-disaggregated data, is foundational to sound trade policy formulation. USAID has invested extensively with our partners to expand and enhance the collection and use of sound data, supporting better decision-making by policymakers, but also by actors across the food system. As trade systems evolve in Africa, so does the need for more robust data and complex analysis. USAID has engaged in significant partnership with Akademiya 2063, an African organization providing leadership through numerous regional analytics initiatives, including Regional Strategic Analysis and Knowledge Support System (ReSAKSS), AgroDep, and the Malabo Montpellier Panel (MaMo). Since 2019, USAID has helped sponsor the African Agriculture Trade Monitor (AATM) report to offer continent- and country-level agricultural trade analysis and trends. This improved data is helping to increase our understanding of the nuances of formal and informal agricultural trade flows and how this will help to ensure that the benefits of greater trade integration accrue to firms, farms, and families to bolster food security and eradicate poverty.

Current as of: January 2023
Additional Resources and Tools

Programmatic Tools and Guidance Resources

- USAID. 2014. Toolkit for Integrating GBV Prevention and Response into Economic Growth Projects. USAID. (Provides background and practical guidance on addressing GBV in economic growth and trade projects.)
- USAID. 2022. Capacity Building Guide for Good Regulatory Practices: Considerations for Development Practitioners. USAID. (Offers general guidance on supporting such reforms.)

Research and Data on Trade and Business Enabling Environment Reforms

- New analytical and research efforts are improving on:
  - Enabling Environment Reforms, poverty reduction and food security.
- Standards Map and ITC Tools:
References


5 WTO. 2015. World Trade Report 2015: Speeding Up Trade: Benefits and Challenges of Implementing the WTO Trade Facilitation Agreement. WTO. (See figure b2 on significant growth in trade facilitation components of regional agreements.)


12 Enabling Agricultural Trade. 2012. Women in Cross-Border Agricultural Trade. USAID.

13 Hageboeck, M. 2010. From Aid To Trade: Delivering Results. USAID.


For further assistance related to these Activity Design Guidance documents, please contact ftfguidance@usaid.gov.