

# Linking People and Food: The Role of Economic Growth Programs in Achieving Food Security

Food insecurity is not just an issue of food supply. It often occurs because poor people cannot afford the food they need to live a healthy life. USAID's economic growth (EG) programs have an important role to play in reducing poverty and linking people to food, for current and future generations.

Since global food prices soared in 2008, reversing more than three decades of a downward trend since the last price spike in the early 1970s, the global community has been paying renewed attention to ensuring that all people are food secure. A common impulse when thinking about food security is to focus on food production and supply. But demand-side issues are also critical, because hunger is often caused by the inability of poor households to afford food.

The president's new global hunger and food security initiative, Feed the Future ([www.feedthefuture.gov](http://www.feedthefuture.gov)), moves these issues to the forefront of the development assistance agenda. With the involvement of government agencies as well as private and non-profit resources, Feed the Future will invest in country-owned plans to alleviate food insecurity through strategic support for agriculture and food value chains. The initiative will promote gender-sensitive programs and integrate environmental perspectives.

In this framework, USAID's EG programs have an important role to play on both demand and supply sides of the market to help link people and food and ensure food security for future generations. The purpose of this note is to explain how.

## DEFINING FOOD SECURITY

At the first World Food Conference in 1974, the global community declared that "every man, woman and child has the inalienable right to be free from hunger and malnutrition." The conference set what turned out to be an impossible goal of eradicating hunger, food insecurity, and malnutrition within a decade. One reason the goal has remained out of reach is that the world cannot achieve food security just by increasing food supplies. As Amartya Sen showed in his Nobel prize-winning work on famines, extreme food insecurity often occurs not because of food shortages, but because poor people cannot afford to buy food—what Sen called "exchange entitlements" (Sen 1981). World poverty is therefore a central aspect of the problem.

For this reason, the generally accepted definition of food security today is that all people at all times have both physical and economic access to sufficient food to meet their dietary needs for a healthy and productive life (USAID 1992). As explained in USAID's Feed the Future Guide, "A family is considered food secure when its members do not live in hunger or fear of hunger. Food security is defined as having four main components: availability, access, utilization, and stability" (USG 2010, iv). Physical access involves food production, as well as research

---

This briefing note is part of a series produced for the EGAT Bureau at USAID as a contribution to the recurrent debate on development priorities. Each note in the Programming for Growth series examines a topic relating to the value and effectiveness of USAID's economic growth programs. All the titles in the series are listed on the last page of this note.

and knowledge management, prevention of postharvest losses, and efficient means to move food supplies within countries, within regions, and around the globe. Economic access to food is determined by people's abilities and opportunities to find work and earn a living and their ownership of assets, as well as the economic environment that determines food prices, including systems for marketing and trade. The quality of policies and institutions also influences both physical and economic access to food, as one can see from recent examples of extreme food insecurity in Zimbabwe and North Korea.

These insights lead to an understanding that there are many levers that USAID can pull to affect food security for people

around the world. These are grouped in Box 1 according to physical and economic access issues.

## EVOLVING DONOR SUPPORT FOR FOOD AND AGRICULTURE

Development organizations have long supported the efforts of developing countries to become food secure. In the early 1970s the world confronted rising commodity prices and food shortages (see Figure 1). Donors ramped up contributions to international agricultural and food policy research, helped to build famine early-warning systems, sponsored ambitious integrated rural development programs, and delivered technical assistance

### BOX 1

## Economic Growth Levers for Improving Food Security

### FOOD SECURITY GOAL

ALL PEOPLE AT ALL TIMES HAVE BOTH PHYSICAL AND ECONOMIC ACCESS TO SUFFICIENT FOOD TO MEET THEIR DIETARY NEEDS FOR A PRODUCTIVE AND HEALTHY LIFE.

#### PHYSICAL ACCESS

##### AGRICULTURAL PRODUCTION

- Factor markets (land, labor, capital)
- Productivity (inputs and technology)
- Farming systems
- Sustainable resource use
- Comparative advantage

##### KNOWLEDGE MANAGEMENT

- Research and development
- Workforce development
- Extension systems

##### OFF FARM

- Postharvest storage
- Food processing
- Distribution

##### MARKET AND TRADE LOGISTICS

- Border management
- Efficient physical infrastructure
- Modern logistics systems
- Enabling governance

#### ECONOMIC ACCESS

##### BROAD-BASED ECONOMIC GROWTH AND POVERTY REDUCTION

- Stable macroeconomic conditions for growth
- Sound business environment
- Inclusive opportunities for MSMEs
- Increasing resilience of rural communities

##### GOVERNANCE

###### Policies

- Macroeconomic stability, exchange rates
- Employment, land
- Financial and risk management
- Market and trade policies
- Regional coordination

###### Institutions

- Transparent implementation of rules and regulations
- Commitments to and participation in WTO bodies
- Regional coordination

##### MARKETING AND TRADE

- Producer and agribusiness organizations
- Increased private sector coordination with government
- Market information systems
- Market facilitation (grades and standards)
- Trade logistics and facilitation

##### CONSUMPTION

- Household income
- Choice between local and imported foods
- Dietary diversification

to promote modern agricultural production. Regional approaches to food security policy and planning were also encouraged, for example, in West Africa's Sahel, hit hard by drought, famine, and desertification.

In the 1980s, many developing countries faced structural and macroeconomic challenges that led to a decade of adjustment programming, implemented with support from the multilateral financial institutions and bilateral development agencies. Governments were urged to let markets play a greater role in the food system. At the same time, the combination of Green Revolution successes that increased farm productivity, especially in Asia and Latin America (World Bank 2008, 159),<sup>1</sup> and strong political support for protecting and subsidizing farmers in the industrial countries, led to a world awash in food compared to effective market demand. As a result, international food commodity prices fell rapidly, as seen in Figure 1. While the low prices were a boon to consumers with sufficient income to buy the food they needed, they undermined the ability of farmers in many developing countries to compete. Meanwhile, for lack of income, many of the world's poorest people still went hungry, unless they were fortunate enough to receive food assistance.

This confluence of factors was a backdrop to the Uruguay Round of multilateral trade talks, launched in 1986, which culminated in the establishment of the World Trade Organization (WTO) in 1995. Trade in agricultural products and domestic policies for agriculture are now governed by international rules under the WTO's Agreement on Agriculture, through which all but the least developed country members commit to reducing agricultural protection and support over time.

By the 1990s, it appeared that global food markets were capable of delivering adequate aggregate food supplies. And over time, the contribution of the agricultural sector to national income declined as many economies diversified into industries and services—a positive sign of structural transformation (Timmer 2007). Accordingly, donor support for food and agricultural programs fell off, declining from 18 percent of official development assistance in 1979 to 3.5 percent in 2004; even the level of absolute support fell significantly (World Bank 2008, 41–42).<sup>2</sup> Then, in 2004, USAID issued a new agricultural strategy reasserting its intention to address food, rural poverty, employment, investment, and sustainable resource management by linking agricultural producers to markets (USAID 2004a).

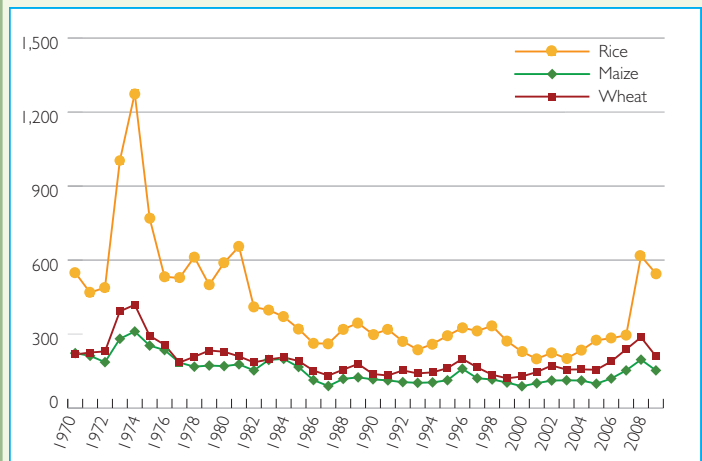
The world turned another corner in the late 2000s as formerly plentiful food supplies seemed to evaporate. Food stocks

fell relative to global consumption requirements as rising per capita incomes in many parts of the world increased monetary demand for food, while countries pared or eliminated inefficient food reserves and turned to world markets for an increasing portion of food supplies. Industrial demand complicated the picture, as increasing quantities of corn, soy, and sugarcane were diverted from food markets to use as biofuel. Other compounding factors included a withdrawal of supplies from global markets (especially in the case of bans on rice exports by India and Thailand), climate irregularity that reduced food exports from some leading economies, and overheating of global asset markets that led to speculative pressure on prices. Was it any wonder, then, that food prices spiked in 2008? (Abbott, Hurt, and Tyner 2009)

Specifically, real international prices for maize and wheat jumped in 2008 by 76 percent and 80 percent, respectively, compared with their average prices from the previous 10 years. For rice, the international market price rose by 138 percent above the average of the previous 10 years. Although real food prices in 2008 remained below the heights observed in 1974 (Figure 1), donors have responded to the market resurgence by committing billions of dollars to a renewed global food security initiative (U.S. Government 2010).

**FIGURE 1**

### Global Commodity Prices, 1970–2009 (\$/metric ton, constant 2005 FOB prices)



**Note:** Maize and wheat prices are FOB U.S. Gulf of Mexico; rice prices are FOB Bangkok. Although real prices did not soar as high in 2008 as in 1974, they did climb 81–137 percent above the 10-year averages of prices from between 1997 and 2006. From 1970 to 2007 the rice price is for 35 percent broken grains, while from 1980 to 2009 the 5 percent broken grains price is shown. The two series track each other closely.

**Source:** U.S. Department of Agriculture, Economic Research Service, and IMF Primary Commodity Price Data

## HOW USAID EG PROGRAMS LINK PEOPLE AND FOOD

As the U.S. government launches its new Feed the Future initiative, it is useful to see how USAID's EG programs have helped partner countries link people and food. This section examines some illustrative examples of USAID programs that have improved food security by reforming food sector governance, enhancing marketing and trading opportunities, and raising incomes for the poor.

### *Improving Food Sector Governance*

For many years in many countries, the heavy hand of government strongly influenced food and agriculture production. Governments set prices for farm inputs and outputs, managed food storage, processing, and trade through state enterprises, controlled prices of basic foods, and in many cases told farmers what to grow and distributed food directly to consumers.

Such interventions resulted in well-documented inefficiencies (Krueger, Schiff, and Valdes 1991; Anderson 2009). Farmers sowed valuable irrigated land with low-value grains rather than higher-value vegetables and fruits. Subsidies encouraged wasteful use of inputs and ended up benefiting mainly large farmers while smallholders faced black-market prices for improved seed and fertilizer.

Agricultural inputs and outputs were smuggled in or out of countries to avoid state trading enterprises or border taxes. The effect was equivalent to a tax that discouraged private investment in farming and agribusiness. The broad coverage of poorly targeted food subsidies also made them costly to governments while often benefiting well-connected consumers instead of the intended target groups.

Even now some countries continue to intervene in their food and agricultural markets. For example, the government of Pakistan sets official purchase prices for various crops (USAID 2009). The official price for wheat has historically been well below the equivalent world price,<sup>3</sup> discouraging farmers from investing in advanced wheat production technologies. Pakistan has the potential to become a regional wheat exporter, yet this prospect has been stymied by weak market incentives. On the consumer side, Pakistan's poorest consumers often do not have

access to wheat distribution outlets and thus to wheat flour at official subsidized prices.

USAID's agriculture sector reform programs in a number of countries have created more competitive and efficient food markets, spared wasteful public expenditures, improved the targeting of assistance to those in need, and raised the wealth of farm households by liberalizing market systems and expanding trade opportunities. In addition, institutional capacity-building efforts have strengthened policy formulation by training analysts and decision makers and linking policymakers with local research institutions.

Bangladesh, Indonesia, and Egypt are countries that were highly food insecure, where USAID provided effective support for improvements in food sector governance that greatly improved food supplies to the poor. In Bangladesh, a series of USAID projects from 1988 to 2001 provided policy analysis and advice

to the Bangladeshi government that led to the abolition of a corrupt and inefficient food rationing program, the entry of private sector competition in food grain procurement, the rationalization of costly food stocks held by public authorities,<sup>4</sup> and the introduction of a food-for-education safety net program targeting the poor (Box 2). In Indonesia, food system reforms, including elimination of public imports and market monopolies for key foods, and the removal of input subsidies, were initially championed

by multilateral financial institutions, but USAID provided essential support for policymakers to follow through and sustain the reforms (Box 3).

In Egypt, USAID provided support conditioned on verifiable progress in agricultural sector liberalization. From 1996 to 2002, USAID worked with government ministries as they introduced reforms covering markets for inputs, cash crops (cotton and sugar cane), animal feed, and food crops (including rice, wheat, beans, horticulture, fish, and milk). These reforms increased food supplies and led to wealth gains for rural households, implying greater food security (Box 4).

### *Raising Incomes through Broad-Based Economic Growth, Enterprise Development, and Trade*

Programs to stimulate broad-based economic growth and reduce poverty are essential to providing opportunities for poor

The effect of rigid government intervention in food and agriculture production is equivalent to a tax that discourages private investment in farming and agribusiness.

**BOX 2**

## Increasing Private Sector Participation in Food Markets in Bangladesh

Bangladesh's remarkable progress on food security is a major development success story. From desperate food insecurity at independence in 1971, Bangladesh today is largely self-sufficient in rice and is even exporting high-value foods. To a significant extent, this success is the result of a sustained partnership with USAID through the Bangladesh Food Policy Project from 1988 to 1994 and the Food Management and Research Support Project from 1997 to 2001. Both projects were led by the International Food Policy Research Institute (IFPRI).

Under the Food Policy Project, IFPRI helped to establish the Food Policy Monitoring Unit in the Ministry of Food to provide policy analysis and develop capacity to formulate sound food policies. Analytical work by IFPRI and the

Food Policy Monitoring Unit transformed conventional wisdom on food sector policy. Notably, the government abolished a rural rationing program that had been plagued by large leakages (i.e., benefits captured by the nonpoor at huge cost), promoted open tendering for grain procurement, and rationalized national food stocks.

These reforms contributed to fiscal savings and improved food grain market efficiency. USAID also helped to implement the Food for Education program, a novel (at the time) conditional-transfer program that linked children's attendance in school with targeted food distribution.

An impact assessment conducted for the Food Management and Research Support Project highlighted the importance of policy research in increasing

policymakers' confidence in the role of the market to solve food problems. The study noted

Bangladesh is currently reaping the benefits of increased private trader participation in food markets. For example, although major news media predicted the starvation of 20 million people in Bangladesh during the 1998 floods, large rice imports from India by the private sector saved millions of lives (Babu 2000, 35).

IFPRI estimated that abolition of the rationing program alone saved the Treasury \$15 million–\$30 million per year. Given the total project cost of \$4.3 million over six years, this one reform yielded a rate of return for the entire project of between 57 percent and 259 percent (depending on assumptions about the extent of attribution to USAID).

**BOX 3**

## Supporting Agricultural Policy Reforms in Indonesia

USAID's Food Policy Support Activity in Indonesia was launched amid the 1997–1999 financial crisis. Compounding the crisis, "two years of severe drought, the collapse of food import mechanisms, a tripling of rice prices, and extensive job losses had contributed to major food security problems" (USAID 2004b, 1). Major policy reforms had been enacted in 1998, including the removal of state monopolies for food imports and domestic marketing and the elimination of input subsidies. These measures were spurred by the IMF and World Bank (Timmer 2002). The Food Policy Support Activity complemented these efforts with training and capacity building to ensure

that sound policy analysis would ground decisions on food policy. The project also developed an impact indicator—the Starchy Staple Ratio, showing the share of total food calories consumed in the form of cereals and tubers—to monitor the impact of the crisis and ensuing reforms on household nutrition.

The USAID-supported policy analyses helped pro-reform decision makers sustain what were initially controversial measures to increase private sector participation in agricultural trade. The project also strengthened local food policy research institutions to create sustainable capacity for policy analysis. The long-term benefits have been great.

As noted in a U.S. Department of Agriculture report,

Indonesia has recorded one of the fastest agricultural transformations in history... Incentives induced through the market reorientation of the mid-1980s and the currency devaluation and market liberalizing policies after the Asian financial crisis may have been the main productivity driver. (Rada and Regmi 2010, 17).

Rada and Regmi also cite a United Nations finding that "the proportion of Indonesian households experiencing severe food insecurity decreased from nearly 31 percent in 1999 to just under 11 percent in 2002" (Rada and Regmi 2010, 3).



households to increase earnings and afford more secure access to food. As their incomes rise, the poor spend more on food. At first, their goal is to consume more calories. As families move further from bare subsistence, they reduce the share of calories from grains and starchy roots and tubers and consume more nutritious foods, such as proteins, fats, and fruits and vegetables.

When USAID helps partner countries improve macroeconomic management, facilitate trade, reform the business environment, and improve competitiveness, or when USAID helps to expand employment, develop workforce skills, and provide more inclusive opportunities for micro, small, and medium-sized enterprises, it is at the same time helping to ensure household food

#### BOX 4

### Reforming Egypt's Agricultural Policies

Government interventions stultified Egypt's farm sector for decades. Starting in the mid-1980s, as food gaps loomed, USAID-supported research helped the Ministry of Agriculture and Land Reclamation liberalize the animal feed sector, followed by liberalization of the rice sector and a reduction in the state's role in credit, input distribution, and output procurement (Ender and Holtzman 2003).

In 1996, USAID launched the Agricultural Policy Reform Program (APRP). One APRP team worked in the ministry's Reform Design and Implementation Unit (USAID 2002), while another supported the Monitoring, Verification, and Evaluation Unit (Ender and Holtzman 2003). A third group assisted the Ministry of Agriculture and Land Reclamation and the Ministry of Water Resources and Irrigation in a Water Policy Reform Group.

Other technical assistance teams addressed food security directly through policy reforms in the food subsectors and indirectly through reforms to factor and input markets, provision of services, and institutional development. The project also strengthened the capacity of the agricultural private sector to address Egypt's food needs.

An analysis of the socioeconomic impact of the agricultural policy reforms compared household incomes and education and health outcomes across crop zones involving horticulture, nonexport cotton varieties, rice, sugarcane, and diversified cropping. The results showed that "residents of areas in which reform specific to their local crop rotation was more comprehensive realized faster growth in wealth during the 1990s" (Rogers 2003, 55). In turn, greater wealth is a strong indicator of improved food security.

security—for example, in Cambodia, where garment production created over 350,000 jobs before the global economic crisis, mostly to young women. These women remit 25 to 30 percent of their monthly earnings home, helping their families to achieve higher standards of living, ensuring regular food consumption, and sending younger siblings to school (Cambodian Researchers for Development 2004). Since 2005, USAID has worked with the Garment Industry Productivity Center to provide Cambodian middle managers with the skills needed to raise factory productivity. Given the intensely competitive global market in this industry, raising productivity is essential to retaining jobs in Cambodia—and improving food security for more than a million people.

The relative importance of income generation over local food production for food security is a topic of debate involving the balance of risk. Those who believe that international markets are unstable and unreliable favor a food security strategy based on reliance on domestic food supplies. Those who believe that global markets allow risks to be spread across agro-climatic zones and a greater number of food suppliers favor a strategy based on comparative advantage and increased reliance on exports to pay for food imports. While the 2008 spike in world food prices understandably increased policymakers' nervousness with regard to the latter view, over the last 35 years reliance on the international market for food has been less risky.

In support of the latter approach, many USAID projects have delivered food security benefits for poor rural households by increasing their incomes through improved productivity and diversification of agricultural exports. Such projects allow countries and their citizens to maximize the benefits of comparative advantage by making the most of domestic land, labor, and capital to increase the value derived from exports.

In Guatemala and Rwanda, after the resolution of destructive civil conflicts, USAID programs stimulated agribusiness and the development of lucrative new markets for agricultural products. In Guatemala, a series of USAID-supported projects led to a dramatic increase in exports of nontraditional horticulture crops from small farmers in impoverished highland regions of the country (Box 5). And in Rwanda, USAID's agribusiness assistance generated large income gains for smallholder farmers through a wide range of services to facilitate both traditional and nontraditional exports (Box 6).

**BOX 5**

## Raising Guatemalan Household Incomes through Nontraditional Agricultural Exports

Between 1978 and 1994, a series of USAID-supported projects—Small Farmer Marketing, Agribusiness Development, Cooperative Strengthening I and II, and Highlands Agricultural Development I, II, and III—pursued an array of activities to diversify agricultural production in Guatemala. After focusing first on the domestic market, USAID later emphasized export diversification, especially nontraditional agricultural exports of labor-intensive horticultural crops, mainly in impoverished areas in the Guatemalan highlands. USAID provided more than \$70 million for institutional strengthening, enterprise development, export marketing support, and rural infrastructure. As a result,

- The value of Guatemala's nontraditional agricultural exports grew tenfold, from \$7.0 million in 1978 to \$74 million in 1994.
- More than 15,000 farmers participated in nontraditional agricultural exports.
- Employment in nontraditional agricultural exports rose from 19,000 to 250,000 workers by 1992.
- Expansion of nontraditional agricultural exports generated an estimated \$115 million in income for households in the bottom 25 percent of Guatemala's income distribution over the 15-year period, enabling thousands of small farm families to move out of extreme poverty. (Fox et al. 1994)

Surveys conducted in 1998 and 2001 found that 85 percent of women in highland households producing nontraditional agricultural exports reported that the sales revenues helped them improve family diets (Hamilton and Fischer 2003). In addition, 94 percent indicated that nontraditional agricultural exports sales helped to cover education costs so children could complete higher levels of schooling. A majority of families also reported that nontraditional exports provided off-farm employment opportunities for the men. However, another study using household data spanning the period 1980 to 2005 found that a substantial number of smallholder farmers did not continue producing nontraditional agricultural exports because of the complexity and risk involved in producing for the export market (Carletto et al., 2010).

**BOX 6**

## Creating Rural Economic Opportunities in Rwanda

USAID projects contributed to food security in Rwanda by expanding economic opportunities and incomes for poor rural households. Rwanda's traditional exports are highly concentrated in two crops—coffee and tea. USAID's Agribusiness Development Assistance to Rwanda (ADAR) project (2000–2006) helped clients in the coffee sector to improve productivity, quality, and competitiveness, and also increased access to finance and markets (USAID 2006; USAID 2007).

When ADAR began, Rwanda had just one operational coffee washing station and produced just 18 tons of fully washed coffee per year, as well as 14,000 tons of semi-washed coffee used in low-end blends. By the project's end, 76 washing stations were operating, and Rwanda exported 26,000 tons of coffee, of which 10–15 percent was fully washed. This included 1,000 tons of specialty coffee worth more than \$4 million. Productivity improved as coffee growers learned to pick beans at optimal ripeness.

Among other contributions, ADAR helped to brand Rwandan coffee and forge links with high-end buyers such as Starbucks. As explained by a Starbucks executive:

Until recently, high-quality coffee from Rwanda did not exist. But Rwanda has the perfect terrain and climate for growing the highest quality Arabica coffee, and the proof of that is in [this] cup. Rwanda Blue Bourbon should be celebrated not only for its amazing flavor, but also for the promising future it brings the people of Rwanda. (USAID 2006, 3)

ADAR's final report highlights major improvements in incomes and quality of life for farmers with access to the new coffee washing stations. Coffee growers reported that incomes from coffee production had increased significantly and, as a result, household children could benefit from shoes, schooling, mosquito nets, and even subscriptions to basic health insurance.

ADAR also supported the emergence of other cash crops, including horticulture (especially high-quality roses), bird's-eye chili peppers, geranium oil, passion fruit, and tea. Passion fruit supplies to fruit processors, for example, grew from 40 tons in 2002 to more than 740 tons in 2006. USAID used local currency from the sale of food aid to fund cooperatives and associations involved with exports of coffee, tea, wheat, rice, dairy processing, manioc, chili peppers, and other crops (USAID 2004c).

Regional coordination is another trade-related dimension of food security. In West Africa, for example, USAID has contributed to regional approaches to food security since the early 1970s, working with the *Club du Sahel*, a donor coordination group, and the Permanent Interstate Committee for Drought Control in the Sahel (or CILSS, in French). USAID continues to support West African regional integration to this day, helping to develop regional approaches to market access, agricultural policy, and transportation logistics, in partnership with the Economic Community of West African States. Similar approaches in other regions, such as East Africa, Southern Africa, and Southeast Asia, also contribute to food security.

## IMPLICATIONS FOR FUTURE FOOD SECURITY PROGRAMMING

---

Much has been learned about food security and food policy since 1974. Here we list some major lessons reflected in the examples given above:

- **Extreme food insecurity often occurs because people simply cannot afford food.** Food security is not always a result of inadequate food supply. As shown by Amartya Sen, programs aimed at reducing poverty are as important as efforts to increase food production.
- **Markets work best to match the supply and demand for food when price signals transmit information about surplus or scarcity** to producers and consumers, as shown in the example of Egypt. Efficient markets for food also require private sector involvement, as Indonesia learned.
- **The pursuit of comparative advantage can improve food security through trade.** This is true not just at the national level, but also at the household level—as when horticulture exports in Guatemala or Blue-Ribbon coffee exports in Rwanda allow small farmers to afford better diets from incomes earned through export production.
- **Efficient targeting of food safety net programs and management of national food stocks can greatly reduce the cost of improving food security,** as Bangladesh discovered.
- **Regional coordination of food security programs is essential.** Regional trade, regional labor migration, and regional bodies to coordinate food policy can and should play an important role in improving food security.
- **Food security programs should monitor longer-term socioeconomic benefits and intrahousehold dynamics**

**associated with project outcomes.** The cases of Egypt and Guatemala show that longer-term changes in household well-being and food consumption stemming from USAID activities can be tracked, providing valuable information about the ultimate effectiveness of these programs. Such changes should be evaluated more systematically.

Building on lessons of experience, the Feed the Future initiative presents a comprehensive approach for sustainable reductions in global poverty and hunger. The initiative covers programs to improve food availability, access, utilization, and stability, including efforts to increase gender equality and environmental sustainability, all within a framework for measuring results.

In carrying out this initiative, it is vitally important for USAID to recognize that programs to foster inclusive economic growth—as shown in the stories from Bangladesh, Egypt, Indonesia, Guatemala, and Rwanda, and Cambodia—can have enormous benefits in reducing poverty, linking people and food, and ensuring food security for future generations.



## REFERENCES

- Abbott, Philip C., Christopher Hurt, and Wallace E. Tyner. 2009. "What's Driving Food Prices? March 2009 Update." Washington, DC: Farm Foundation.
- Anderson, Kym, ed. 2009. *Distortions to Agricultural Incentives: A Global Perspective, 1995-2007*. Washington, DC: World Bank.
- Babu, Suresh. 2000. "Impact of IFPRI's Policy Research on Resource Allocation and Food Security in Bangladesh." Impact Assessment Discussion Paper No. 13. Washington, D.C.: International Food Policy Research Institute. February.
- Cambodian Researchers for Development. 2004. "Garment Employees in Cambodia: A Socio-Economic Survey." Phnom Penh: Asian Development Bank.
- Carletto, Calogero et al. 2010. "Globalization and Smallholders: The Adoption, Diffusion, and Welfare Impact of Non-traditional Export Crops in Guatemala." *World Development* 38, 6 (June): 814–827.
- Ender, Gary and John S. Holtzman. 2003. *Does Agricultural Policy Reform Work? The Impact on Egypt's Agriculture, 1996-2002*. Bethesda, MD: Abt Associates.
- Fox, James W., Kenneth Swanberg, and Thomas Mehen. 1994. *Agribusiness Assessment Guatemala Case Study*. USAID Center for Development Information and Evaluation, Working Paper No. 197. Washington, D.C. March.
- Hamilton, Sarah and Edward F. Fischer. 2003. "Non-Traditional Agricultural Exports in Highland Guatemala: Understandings of Risk and Perceptions of Change." *Latin American Research Review*, 38, 3 (October): 82-110.
- Krueger, Anne O., Maurice Schiff, and Alberto Valdés. 1991. *The Political Economy of Agricultural Pricing Policy*, 5 volumes. Washington, D.C.: World Bank.
- Rada, Nicholas and Anita Regmi. 2010. "Trade and Food Security: Implications From the Indonesian Agricultural Experience." WRS-10-01. Washington, D.C.: U.S. Department of Agriculture, Economic Research Service. May.
- Rogers, Glenn. 2003. "Measuring Socioeconomic Impact of Agricultural Policy on Geographic Regions in Egypt." In *Does Agricultural Policy Reform Work?* Ender and Holtzman, ed. Bethesda, MD: Abt Associates.
- Sen, Amartya. 1981. *Poverty and Famines: An Essay on Entitlement and Deprivation*. Oxford University Press.
- Spielman, David J. and Rajul Pandya-Lorch. 2009. *Highlights from Millions Fed: Proven Successes in Agricultural Development*. Washington, DC.: International Food Policy Research Institute.
- Timmer, C. Peter. 2002. "Food Security and Rice Price Policy in Indonesia: The Economics and Politics of the Food Price Dilemma." Indonesian Food Policy Program Working Paper No. 14. Jakarta: Bappenas/Departemen Pertanian/USAID/DAI Food Policy Advisory Team, September.
- \_\_\_\_\_. 2007. "The Structural Transformation and the Changing Role of Agriculture in Economic Development: Empirics and Implications." Wendt Lecture, presented to the American Enterprise Institute. Washington, D.C. October 30.
- U.S. Government. 2010. *Feed the Future Guide: A U.S. Government Initiative*. Washington, D.C. May.
- U.S. Agency for International Development. 1992. *USAID Policy Determination: Definition of Food Security*, PD-19.
- \_\_\_\_\_. 2002. *Agricultural Policy Reform Program, Reform Design and Implementation Unit, Final Report*. Cairo: Ministry of Agriculture & Land Reclamation. Prepared for USAID by DAI.
- \_\_\_\_\_. 2004a. *USAID Agriculture Strategy: Linking Producers to Markets*. Washington, D.C.
- \_\_\_\_\_. 2004b. *The Food Policy Support Activity—Poverty Reduction in Indonesia via Food Trade Policy, Economic Governance, and Nutritional Improvement: Final Report*. Prepared for USAID by the DAI Food Policy Advisory Team, with BAPPENAS, the Indonesian Department of Agriculture and USAID/Indonesia. July.
- \_\_\_\_\_. 2004c. *Final Evaluation of ACDI/VOCA Rwanda PL 480, Title II Monetization Development Program (2000-2005)*. Prepared for USAID by ACDI/VOCA, and written by Richard Swanson. Washington, D.C. October.
- \_\_\_\_\_. 2006. *Restoring Hope Through Economic Opportunity: Final Report of the Agribusiness Development Assistance to Rwanda (ADAR) Project*. Prepared for USAID/Rwanda by Chemonics International Inc. Washington, D.C. September.
- \_\_\_\_\_. 2007. *The Ties that Bind: Case Studies in Making Buyer-Supplier Relationships Last*. Research Report. Prepared for USAID/EGAT/EG by J.E. Austin Associates and Weidemann Associates, Inc., and written by Martin Webber, Justin Stokes, and Carlton Jones. Arlington, VA.
- \_\_\_\_\_. 2009. *Pakistan's Food and Agriculture Systems*. Prepared for USAID by Nathan Associates Inc. Arlington, VA. March.
- \_\_\_\_\_. No date. *USAID Bangladesh, Food and Agriculture in Bangladesh: A Success Story*. Archived online, [http://www.usaid.gov/bd/files/food\\_success.pdf](http://www.usaid.gov/bd/files/food_success.pdf), accessed March 17, 2010.
- Von Braun, Joachim, Justin Lin, and Maximo Torero. 2009. "Eliminating Drastic Food Price Spikes – A three-pronged approach for reserves." Washington, D.C.: International Food Policy Research Institute, March.
- World Bank. 2008. *World Development Report: Agriculture for Development*. Washington, D.C.

## NOTES

1 The term “Green Revolution” refers to crop breeding and technology initiatives launched in the 1960s to develop high-yielding varieties of cereals, with support from donors and foundations. Production of the high-yielding varieties typically requires irrigation, fertilizers, and pesticides to maximize yields, as well as a supportive economic policy environment. The Green Revolution found its greatest success in Asia, though recent efforts have focused on Africa and rainfed crops. See Spielman and Pandya-Lorch (2009).

2 This trend away from donor support for food and agriculture sector programming helps to explain why two of the USAID examples presented below date from the 1980s.

3 The so-called “minimum support price” sets a ceiling on the price at which millers sell wheat flour to retailers. This effectively controls the price paid to farmers. A government enterprise imports wheat to fill supply gaps, with a budget subsidy covering the difference between the import cost and the support price. In 2009, when the world price collapsed because of the global recession, the support price was higher than the world price.

4 Emergency food grain reserves help to mitigate food security risks, but they are often larger than needed, deteriorate physically if not properly managed, and impose a heavy fiscal burden. The humanitarian community favors reestablishing international grain reserves (see [www.iatp.org/foodreserves](http://www.iatp.org/foodreserves)). Others contend that national reserves be minimized in conjunction with a global food reserve and a “virtual” or monetary reserve to fund emergency food purchases (Von Braun et al. 2009).

### The Programming for Growth Series

#### Overview

#### Briefing Notes on Basic Issues

1. Economic growth as a goal of U.S. Foreign Assistance
2. The critical role of economic growth
3. Growth, poverty, and well-being
4. Reforming policies and institutions to foster economic growth
5. Measuring effectiveness to improve effectiveness

#### Briefing Notes on USAID’s Economic Growth Programs, with Case Studies

6. Linking people and food: The role of economic growth programs in achieving food security
7. Postconflict programming for growth
8. Economic impact
9. Intermediate results
10. Benefits over the long term

**BRIEFING NOTES CAN BE READ IN ANY SEQUENCE.**