



Administrator Samantha Power
U.S. Agency for International Development
1300 Pennsylvania Ave., NW
Washington, DC 20523

May 20, 2022

Dear Administrator Power:

I am pleased to transmit to you the report, *Agricultural Productivity Growth, Resilience, and Economic Transformation in Sub-Saharan Africa: Implications for USAID*, and accompanying policy brief commissioned by the Board for International Food and Agricultural Development (BIFAD). BIFAD is a seven-member, presidentially appointed advisory board to USAID established in 1975 under Title XII of the amended Foreign Assistance Act. The provisions of Title XII bring the capacities and expertise of U.S. universities to bear on development challenges in agriculture and food security. BIFAD's role is to advise USAID on how to best carry out this function.

BIFAD is confident that this report will be highly useful to USAID; its key conclusions and recommendations are consistent with perspectives you shared with us in our recent meeting on March 15, 2022. During preparation of the report, BIFAD and USAID organized several internal meetings with USAID officials in 2020 and 2021, held discussions with African stakeholder organizations, and jointly convened an October 13, 2020 public meeting. These meetings ensured that the report integrated perspectives of key USAID representatives and African officials to build stakeholder consensus regarding key report findings, conclusions, and recommendations, which are summarized in the advisory brief included below.

The report reviews the evidence of evolving economic transformation and progress toward resilience in Sub-Saharan Africa (SSA) and provides a priority agenda for promoting transformation and resilience in the region. The report highlights the under-appreciated but clear evidence of rapid economic transformation in SSA and associated reductions in poverty and improvements in nutritional status. Agricultural growth, however, has been achieved over the past several decades through converting forest and grasslands to cultivated farmland—which is unsustainable and will exacerbate climate change. A rapid pivot to agricultural growth through intensification of existing farmland is needed but will only happen through investment in capacity development of local institutions that promote technical innovation.

The report provides evidence of the varying pace of progress in reducing poverty and malnutrition in four categories of Sub-Saharan African countries: low-income, lower-middle income, resource-rich, and fragile states. The report also highlights differential challenges faced by these four country types and lays out priority actions for both African governments and USAID that account for the varied governance and resource challenges that these four country types face. Importantly, productivity-led agricultural growth is shown to play a continuing catalytic role in all four country categories to promote employment, resilience, and economic transformation.

The report recommends that USAID contribute to economic transformation and resilience by supporting African governments and other partners across the following opportunity areas:

1. Supporting COVID-19 recovery and focus on building resilience to human, animal, and plant diseases and to climate stress, all of which may become more important challenges to improving livelihoods in Africa;
2. Accelerating productivity-led agricultural growth, with particular emphasis on supporting national and regional agricultural research and development, extension services, and policy analysis capacity to promote technical innovation on smallholder farms and in broader agri-food systems;
3. Encouraging private sector-led efforts to expand employment opportunities for young Africans;
4. Achieving economic empowerment for women;
5. Capturing the opportunities for intra-African agricultural trade and supporting the African Continental Free Trade Area (AfCFTA) agreement;
6. Reducing the rural infrastructural deficit;
7. Leveraging strengths in African institutional capacity development to accelerate bringing innovative ideas and products into social and economic use;
8. Supporting African countries in the development of approaches to transparency and citizen engagement for policy reform, considering the importance of political economic factors, governance, and accountability for countries to invest in the infrastructure, policies, and institutions necessary for transformative growth; and
9. Leveraging USAID convening power and U.S. global leadership in agricultural innovation.

Already, this report has been disseminated at global events with such partners as the African Development Bank, World Bank, and the Regional Network of Policy Research Institutes (ReNAPRI), spurring dialogue with policy makers, researchers, and private sector leaders in Africa, with the findings referenced in the 2021 African Agricultural Status Report and informing the refreshed U.S. Government Global Food Security Strategy.

BIFAD firmly believes that these findings, conclusions, and recommendations can support decision-making by USAID as well as its partners and stakeholders working to advance food security, nutrition, and resilience at global, regional, and national levels.

Sincerely,

Laurence Alexander, Chairman, BIFAD

Enclosures:

Agricultural Productivity Growth, Resilience, and Economic Transformation in Sub-Saharan Africa: Implications for USAID

Report Policy Brief: Agricultural Productivity Growth, Resilience, and Economic Transformation in Sub-Saharan Africa: Implications for USAID

Advisory Brief

Agricultural Productivity Growth, Resilience, and Economic Transformation in Sub-Saharan Africa

Context

The Board for International Food and Agricultural Development (BIFAD) is a seven-member, presidentially appointed advisory board to the U.S. Agency for International Development (USAID) established in 1975 under Title XII of the Foreign Assistance Act, as amended. BIFAD helps to ensure that USAID carries out the mandate of Title XII in bringing the assets of U.S. universities to bear on development challenges in agriculture and food security.

Since the launch of the U.S. Government Feed the Future initiative to fight global hunger and malnutrition in 2010, BIFAD has convened a series of public meetings to probe more deeply into the emerging issues and evidence base surrounding the three main pillars of the initiative: (1) improving agricultural production and markets; (2) reducing hunger and improving nutritional status, especially for mothers and children; and (3) strengthening resilience of communities to shocks.

To look more closely at the core foundational pillar of agricultural production, with a focus on Sub-Saharan Africa (SSA), BIFAD sought to understand the drivers and level of variation in recent trends of high agricultural growth across the region, the role of agricultural production and growth in regional economic transformation, the extent to which the agricultural growth was resource or productivity led, and the key policy instruments enabling that transition—all in the context of emerging new evidence and research on agricultural productivity and the role of research and innovation.

With these trends and questions in mind, in 2020, BIFAD commissioned a study to review the evidence of evolving economic transformation and progress toward resilience in SSA. BIFAD convened a public meeting in October 2020 to discuss preliminary findings of the report. The report lays out a priority agenda for promoting transformation and resilience in SSA, recognizing the varying challenges faced by fragile, low-income, lower-middle income, and resource-rich countries, and the programmatic implications for USAID and the Bureau for Resilience and Food Security. The study also explored linkages among agricultural growth, economic transformation, and resilience, including to shocks such as COVID-19.

Over the past year, the Bureau for Resilience and Food Security revised the U.S. Government Global Food Security Strategy. BIFAD hopes that this report and its associated recommendations will provide useful input to USAID, external partners, and Congress as the strategy is implemented.

Key Findings

1. **Sub-Saharan Africa has experienced profound economic transformation since the early 2000s:** Despite the continued, deep challenges that the region is facing, mounting evidence points to profound economic transformation in SSA since the early 2000s. SSA's real per capita GDP rose 36% between 2000 and 2018. SSA has also achieved a marked decline in the share of people in poverty, from 58% in 1999 to 41% in 2015. Over 40% of SSA's labor force is now engaged in off-farm jobs.
2. **Across a broad range of indicators—health, life expectancy, education, public service delivery, government effectiveness, and public investment in future economic transformation—most African countries have made remarkable progress.** Today, a much greater proportion of Africans have access to safe water, electricity, transport networks, and mobile telephony. The proportion of men (women) holding bank accounts has risen from 22.8% (17.5%) to 47.0% (34.1%) in the six-year period from 2011 to 2017. Indicators of business environment,

government effectiveness, and voice and accountability have all improved. The percentage of Africans over 25 years of age who completed lower secondary school has climbed from 23% in the 1980s to 43.7% in 2017 and is over 75% for both men and women in rapidly developing countries such as Ghana. Girls who complete secondary school are less likely to marry early or have many children. Nutrition and health indicators also show clear improvement. The proportion of undernourished people in SSA fell from 28.4% in 2000 to 20.9% in 2015 before rising to 22.8% in 2018. The mortality rate of children under the age of five declined from 165 to 80 per thousand. Of all the world's regions, between 2000 and 2019, SSA had the greatest growth in life expectancy for both women and men, with an 11-year gain for women and men.

3. **Agricultural production growth has been a major driver of SSA's economic transformation and improvement in living standards.** SSA has achieved and sustained the highest rate of agricultural growth of any region of the world since 2000. The region's economic growth rate remains highly correlated with annual changes in agricultural growth. When agriculture grows, its extensive linkages with off-farm sectors of the agri-food system and other non-farm sectors expand employment opportunities and livelihoods in the rest of the economy and expand the tax base, enabling governments to finance greater investments in public services. High farm production growth in SSA since 2000 has been a major driver of overall economic growth and improvements in the welfare of most Africans.
4. **SSA's agricultural growth has been achieved mainly through the expansion of cropped area rather than through productivity growth (increases over time in the ratio of farm output to inputs).** Slow yield and productivity growth reflect chronic low investment in adaptive agricultural research, development, and extension (R&D&E) systems. Asian and African countries that have achieved high rates of agricultural productivity growth (e.g., Ghana, Ethiopia, Bangladesh, and Thailand) all show the importance of effective local agricultural R&D&E.
5. **Four policy pillars are critical for supporting agricultural growth.** Agricultural growth requires (1) a broader enabling environment; (2) scaling up productive and equitable investments, especially in agricultural research; (3) lifting policy implementation bottlenecks; and (4) enhancing value addition.
6. **Political economy dynamics can affect policy formulation and implementation in multiple ways.** Political regime type (e.g., democratic or autocratic) can affect the time-horizons of leaders and their willingness to pursue agricultural transformation strategies. Moreover, in order to win rural votes, there is often an incentive to disproportionately invest in more visible agricultural goods and services (e.g., subsidies) than in other high-productivity areas (e.g., agricultural innovation and extension). Government turnover can generate policy volatility as incoming leaders introduce new agricultural initiatives that supplant existing ones, while the nature of relationships between business groups and the state can determine the efficacy of agribusiness interventions. Finally, public administration issues are also key, including the establishment of cross-sectoral and multi-level coordination mechanisms to ensure coherent food systems interventions.
7. **The pace of transformation and resilience has been uneven.** Rapid improvements are especially evident in Africa's lower-middle-income countries and least so in the resource-rich and fragile countries. Uneven economic growth and development across the low-income, lower-middle-income, fragile, and resource-rich states have resulted in distinct challenges that require somewhat different programmatic responses.

Conclusions

1. **Economic transformation and resilience are mutually reinforcing.** By raising incomes and promoting economic diversification, economic transformation promotes resilience. In turn, greater resilience to shocks promotes long-term economic growth and transformation. Agricultural productivity growth holds great potential to support both economic transformation and resilience. A balanced approach that considers the full range of actions necessary to achieve economic transformation is required, acknowledging the synergies between growth in agriculture, downstream value chains, and non-farm sectors, as well as education, governance, water, sanitation and health, and hard and soft infrastructure.
2. **Developing and delivering a steady stream of technological innovations suitable to African farming systems may be the *single most important step* to accelerating agricultural productivity growth and economic transformation in Africa.** African governments and USAID need to maintain and enhance support for adaptive agricultural research and innovation.
3. **Policy and institutional change are necessary to achieve productivity growth.** Countries must get the institutions and policies right in order for the science—and associated financing—to follow and enable technology diffusion to achieve real transformation at scale. Strengthening state capabilities in public sector management and oversight—in finance, planning, budgeting, monitoring, and evaluation—as well as institutional governance—parliamentary agricultural committees, audit institutions, and revenue agencies—are key to supporting agricultural-growth-promoting policy reform in agri-food systems. While political economy dynamics are evident in the case studies investigated in this study, a deeper analysis is needed to understand the political economy factors that have enabled some countries to successfully adopt and implement transformative policies and to allocate necessary funding for agricultural institution strengthening.
4. **Country-specific and country-led strategies—not one-size-fits-all—are needed for agriculture-led productivity growth.** The unique challenges of fragile states must be recognized. Most fragile states cannot devote the attention or resources to an economic transformation agenda. Fragile states must first get back on a sustainable growth-oriented trajectory by addressing their humanitarian challenges, achieving peace and stability, and rebuilding their infrastructure and institutions.

Recommendations for USAID

BIFAD's findings and conclusions point to the following opportunities for USAID to contribute to economic transformation and resilience and to support African governments and partners:

1. **Support COVID-19 recovery:** Support African countries in recovering from the economic and social setbacks of the COVID-19 pandemic. Post-stabilization, support African countries in addressing other crucial challenges to maintain progress.
2. **Support African countries in accelerating productivity-led agricultural growth:** Support African-led adaptive agricultural scientific research and extension systems and improve the policy environment to support agricultural productivity growth. Sustained progress toward economic transformation and resilience increasingly depend on raising the productivity of existing farmland. The goals of feeding Africa's growing population and conserving the planet's natural resources, diverse ecosystems, and the services they provide will be more effectively achieved through productivity improvements on existing farmland instead of area expansion.
3. **Support African countries in improving the policy environment:** Support African countries in the development of constituencies for policy reform from the bottom up, particularly among

citizens and businesses. Support African countries to encourage their citizens to consider the benefits of low-visibility policy areas like agricultural research and development; to improve budget transparency and citizen access and oversight of agricultural budgets; and to support capacity development of smallholder and business organizations to ensure equal standing at the negotiating table with governments. Support African countries in assuring policy coherence across policy goals in agriculture, health, education, and decentralization. Recognize the variation that exists in country economic circumstances, political incentives, and state capacities when designing interventions. Commission analysis of case studies to understand the specific political economic dimensions that lead to policy improvements in some countries with the view toward informing USAID's partnerships with host governments.

4. **Support African countries in expanding employment opportunities for young Africans:** While sometimes framed as a youth employment challenge, the challenge is fundamentally a broader "missing jobs" crisis that reflects structural constraints on private investment and associated growth in new job opportunities, such as agricultural value-addition. Priorities for addressing this challenge include (1) policies that encourage economic growth and better jobs throughout the economy; (2) public investments that leverage new private investment and job opportunities; and (3) investments in human and organizational capacity development in Africa. Improving the productivity of the labor force is one of the most important avenues to making households, communities, and nations more resilient to pandemics, weather disturbances, and other shocks.
5. **Support African countries in achieving economic empowerment for women:** (1) Improve support to voluntary family planning and reproductive health services to give women greater control over their lives; (2) eliminate the gender education gap; (3) reform legal systems that deny women control of income, assets, and inheritance; (4) invest to decrease "women's time poverty"; and (5) foster agency (ability to choose how to use one's own time and economic resources) to reduce the negative impact of gender norms on women's lives.
6. **Support African countries in capturing opportunities for intra-African agricultural trade:** (1) Support the African Continental Free Trade Area (AfCFTA); (2) develop transport and communications infrastructure between African countries to reduce costs and risks of trade; and (3) promote competitiveness by reducing costs of production through agricultural R&D&E.
7. **Support African countries in reducing the infrastructural deficit:** (1) Improve management to achieve increased quantity and quality from existing infrastructure; (2) improve planning and project selection to achieve higher rates of return on investment; and (3) improve the enabling environment for private financing.
8. **Leverage U.S. strengths in institutional capacity development:** USAID is particularly well suited for institutional capacity development, especially for African agricultural R&D&E, policy analysis, and policy implementation. Several recent USAID-supported programs offer lessons on how to improve capacity in agricultural policy development.
9. **Leverage USAID convening power and U.S. global leadership in agricultural innovation:** USAID can convene and leverage the capacity of U.S. global leadership in agricultural science and innovation through the U.S. Department of Agriculture (USDA), the land-grant university system, and its robust agri-food business sector for trade and development. Supporting agricultural productivity-led growth will contribute to U.S. government-wide objectives for foreign assistance, including promoting country self-reliance and development, increasing private sector engagement to modernize and transform food systems, and supporting increased trade along agricultural value chains. Leverage USAID's strengths in investing in the agricultural sector and encouraging private investment in agri-food systems.