

The Chicago Initiative on Global Agricultural Development

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The Obama Administration and the new Congress have before them an historic opportunity in 2009 and beyond to restore America's global leadership in the fight against hunger and poverty. Today, hundreds of millions of people in South Asia and Sub-Saharan Africa – women, men and children – are living in the impoverished countryside and struggling without success to provide more food and income for their families from farming. The Chicago Council on Global Affairs released, on February 25, a report describing the Chicago Initiative on Global Agricultural Development to mobilize knowledge, training, assistance, and investment to increase the productivity and income of these farmers.

In this Report we put forward a set of five broad policy recommendations, composed of 21 Actions in all, to refocus American development policy on agriculture, create new partnerships with the peoples and nations of Africa and South Asia, and restore American leadership in the fight against rural hunger and poverty.

The Need

In Sub-Saharan Africa today, one out of every three people is malnourished. Most of these hungry people (more than 200 million in all) live in rural areas where they struggle without success to secure adequate income and nutrition from their work as small-scale farmers. In South Asia, the number of farmers in deep poverty is even larger. Roughly 400 million rural dwellers in this region live in extreme poverty, earning less than \$1 a day from their work either on their own farms or as hired farm laborers.

Rural poverty in these two regions is now projected to worsen in the years ahead, due to continued rural population growth, growing pressures on limited land and water supplies, and adverse climate change. In Africa food production has fallen behind population growth for most of the past two decades, and the number of undernourished people is expected to increase another 30 percent over the next 10 years, to reach 645 million.

The use of more land and water in farming will be difficult in these two regions without even greater environmental damage, so the production growth needed will have to come from improved farm policies, techniques, and technologies. The challenge is acute, because many currently viable technical options may be removed due to accelerating climate change. Under a business-as-usual scenario with climate change taken into account, the number of undernourished people in Sub-Saharan Africa could triple between 1990 and 2080.

Fluctuating food prices on the world market are not the source of these worsening rural hunger and poverty problems in Africa and South Asia. The source of these problems is low productivity on the farm.

How Did We Get Here?

Rural hunger and poverty decline dramatically when education, investment, and new technologies give farmers better ways to be productive. This happened in Europe and North America in the middle decades of the 20th Century, then in Japan, and then on the irrigated lands of East Asia and South Asia during the Green Revolution in the final decades of the 20th Century. The problem for Sub-Saharan Africa, and also for non-irrigated farmlands in South Asia, is that these original Green Revolution achievements only had limited reach.

The early achievements of the Green Revolution were nonetheless dramatic enough to create a false impression that the world's food and farming problems had mostly been solved. As a consequence, international donors who had provided strong support for agricultural innovation and investment in the 1960s and 1970s began pulling money and support away. In Africa, America's official development assistance to agriculture fell from more than \$400 million annually in the mid 1980s (in real 2008 dollars) down to just \$60 million by 2006, a decline of approximately 85 percent. The United States is now spending twenty times as much on food aid in Africa as it is spending to help African farmers grow more of their own food.

What Should Be Done Now?

The challenge is to change U.S. government policies in this area to strike a better balance between simply giving people food versus helping them grow more food. The United States, and the American taxpayer, will not be asked to undertake this a new Initiative in this area alone. A strong new American initiative in the area of agricultural development in Africa and South Asia will encourage America's European partners, Japan, and others to bring new programs and resources of their own to the table. Lending from international financial institutions such as the World Bank will also be leveraged by this initiative. And finally, governments in Africa and South Asia will have to fulfill their pledges to restore the priority of rural poverty reduction. When the international donors began cutting back on support for agriculture after the 1980s, most governments in Africa did the same. This adverse trend can now be reversed if the United States takes a lead by renewing its commitment to the task.

Many of the recommended actions that make up this Initiative will be implemented not by government agencies, but by private citizens, working as teachers and researchers at universities, program officers at philanthropic foundations, organizers and field workers employed in development assistance NGOs, scientists or managers inside private business firms, and by farmers and their organizations, working to extend their technical knowledge and experience to others.

What Difference Will It Make?

Economists are able to project with some confidence the reductions in poverty that will occur if agricultural productivity is raised. Every 1 percent increase in per capita agricultural output tends to lead to a 1.6 percent increase in the incomes of the *poorest 20 percent* of the population. Every 1 percent increase in agricultural yields reduces the number of people living in poverty (on less than \$1 a day) by 0.83 percent.

How much added income might be created by the Actions recommended in The Chicago Initiative? One recent study by the International Food Policy Research Institute (IFPRI) in Washington, D.C. provides a partial answer. Increased investments in agricultural research are an important part of this proposed initiative, and if total investments in agricultural research and development in Sub-Saharan Africa, in both national research centers and international institutes, were increased to \$2.9 billion by the year 2013 (up from the 2008 level of \$608 million), the number of poor people living on less than \$1 a day in the region would decline by an additional 144 million by 2020. . If annual agricultural R&D investments in South Asia were increased to \$3.1 billion by 2013, a total of 140 million more citizens in this region would escape poverty by 2020, and the poverty ratio in that region would decrease from 35 percent to 26 percent

Looking beyond investments in research, we also recommend here increased investments in education, extension, and rural infrastructure. Economic models show that if governments in Africa were to begin devoting just 14 percent of their total budgetary resources to these kinds of investments in the agricultural sector, which employs 60 percent of their citizens, economic growth will increase enough to reduce poverty rates by more than 25 percent by 2015.

Why is it in America's Interest?

Much more than empathy or compassion is at issue here. America's diplomatic, economic, cultural, and security interests will increasingly be compromised if our government does not begin immediately to change its policy posture toward the rural agricultural crisis currently building in Africa and South Asia.

Diplomatically, both Africa and South Asia are already regions of heightened strategic concern for the United States. Finding a constructive new way to engage governments in these two regions will help restore America's policy influence.

An initiative to address rural hunger and poverty in Africa and South Asia will also bring long-term *economic and cultural* benefits to the United States. Africans and South Asians are becoming far more closely connected to the United States every year in areas such as trade, investment, health, and the arts. This Initiative would help consolidate those connections in a constructive and cooperative context.

National security interests are engaged as well. This Initiative to reduce rural poverty and hunger in South Asia and Africa will provide a valuable hedge against the serious future danger of more failed states — more Somalias, more Zimbabwes, more Sudans, and more Afghanistans. Hunger and poverty are humanitarian issues, but they can quickly become political flashpoints. We saw

during the 2007-2008 interlude of extremely high world food prices that human distress in this area can lead to violent political confrontation.

Why Act Now?

With so many other urgent priorities confronting the new U.S. Administration and Congress, why should any scarce governmental attention or resources go in 2009 to international agricultural development?

- First, this proposed Initiative is precisely what the new Administration needs to confirm that it is bringing a new approach to America's relations with the developing world. If the new Administration and Congress were to adopt this Initiative in 2009, it would be a dramatic change from the recent past, a first but transformative step promise
- Second, the Actions proposed under this Initiative should be taken in 2009 because they are transformative, and will produce a highly visible change in America's policy posture toward the developing world.
- Third, action on this Initiative in 2009 will respond to concerns over global food shortages triggered by the much higher wheat, corn, and rice prices seen on the world market in 2007-08. The greater political attention food and hunger issues are still receiving today creates an enhanced opportunity for action that may prove temporary.
- Fourth, prompt action on this Initiative is important because the rural poverty and hunger crisis in Africa and South Asia will only grow larger with every year of inaction. Postponing action on this Initiative beyond 2009 could mean, in the reality of American politics, a postponement until 2013, or even 2017. In the intervening years of inaction, levels of hunger and poverty in South Asia and Africa that might otherwise have begun to come down would tragically continue to increase.

The Recommendations

The recommendations of The Chicago Initiative on Global Agricultural Development take the form of 21 different actions that cluster in five different recommendation areas. I list them here in outline form.

RECOMMENDATION 1: Increase support for agricultural education and extension at all levels in Sub-Saharan Africa and South Asia.

- **ACTION 1a. Increase USAID support for African and South Asian students (and younger teachers and researchers, and policymakers) seeking to study agriculture at American universities.**
- **ACTION 1b. Increase the number of American agricultural universities partnering with universities in Sub-Saharan Africa and South Asia.**

- **ACTION 1c.** Provide direct support for agricultural education, research, and extension, for young women and men through rural organizations, universities and training facilities.
- **ACTION 1d.** Build a special Peace Corps cadre of agriculture training and extension volunteers, working closely within Sub-Saharan African and South Asian institutions, to provide on-the-ground practical training, especially with and for women farmers.
- **ACTION 1e.** Support primary education for rural girls as well as boys through school feeding programs based on local or regional food purchase.

RECOMMENDATION 2: Increase support for agricultural research in Sub-Saharan Africa and South Asia.

- **ACTION 2a.** Provide greater external support for agricultural scientists working in the national agricultural research systems of selected countries in Sub-Saharan Africa and South Asia.
- **ACTION 2b.** Provide greater support to agricultural research conducted at the international centers of the Consultative Group on International Agricultural Research (CGIAR).
- **ACTION 2c.** Provide greater support for collaborative research between scientists from Sub-Saharan Africa and South Asia and scientists at U.S. universities.
- **ACTION 2d.** Create a competitive award fund to provide an incentive for high-impact agricultural innovations to help poor farmers in Sub-Saharan Africa and South Asia.

RECOMMENDATION 3: Increase support for rural and agricultural infrastructure, especially in Sub-Saharan Africa.

- **ACTION 3a.** Encourage a revival of World Bank lending for agricultural infrastructure in Sub-Saharan Africa and South Asia, including lending for transport corridors, as well as for rural energy, clean water, irrigation, and farm-to-market roads.
- **ACTION 3b.** Accelerate disbursement of the Millennium Challenge Corporation (MCC) funds already obligated for rural roads and other agricultural infrastructure projects in Sub-Saharan Africa and South Asia.

RECOMMENDATION 4: Improve the national and international institutions that deliver agricultural development assistance.

- **ACTION 4a.** Restore the leadership role of USAID.

- **ACTION 4b. Rebuild USAID’s in-house capacity to develop and administer agricultural development assistance programs.**
- **ACTION 4c. Improve interagency coordination for America’s agricultural development assistance efforts.**
- **ACTION 4d. Strengthen the capacity of the U.S. Congress to partner in managing agricultural development assistance policy.**
- **ACTION 4e. Improve the performance of international agricultural development and food institutions, most notably the Food and Agriculture Organization (FAO) of the United Nations.**

RECOMMENDATION 5: Reform U.S. policies currently seen as harmful to agricultural development abroad.

- **ACTION 5a. Reform America’s food aid policies.**
- **ACTION 5b. Repeal current restrictions on aid that punish countries who might export products onto the world market.**
- **ACTION 5c. USAID should review its longstanding objection to any use of targeted subsidies (such as vouchers) to reduce the cost to poor farmers of key inputs such as improved seeds and fertilizers.**
- **ACTION 5d. Revive international negotiations aimed at reducing trade-distorting policies, including trade-distorting agricultural subsidies.**
- **ACTION 5e. Adopt biofuels policies that place greater emphasis on market forces and on the use of non-food feedstocks.**

American Support for this Initiative

The American people will offer strong support for this initiative. We know this because of several independent surveys commissioned by the Chicago Council on Global Affairs in the autumn of 2008. In these surveys, both the public at large and an elite leadership sample offered strong support for energetic United States action to reduce rural hunger and poverty in developing countries.

Among the public at large, 77 percent agreed that “addressing global poverty by helping improve the productivity of poor farmers in developing countries” was an important policy priority and a good way for America to improve its current standing in the world.

The leaders surveyed in 2008 believed even more than the public at large in the political importance of addressing hunger and poverty in developing countries. A majority of the leaders (60 percent) favored “funding major programs to improve the agricultural productivity of poor

farmers in Africa and Asia...even if it meant cutting back on development assistance commitments in other areas such as health and education.”

Executive Responsibilities

A number of the Actions proposed here, particularly under Recommendation 4, can be taken entirely within by Executive branch at the direction of the new President. This makes Recommendation 4 the most logical starting point for implementing this Initiative.

The first step should be Action 4a, our recommendation that the President restore and clarify the lead authority of USAID in the area of international agricultural development. Then, we recommend that the President appoint a NSC Deputy responsible for global agricultural development and create an Interagency Council on Global Agriculture (ICOGA). The USAID Administrator should next be named co-chair, with the NSC Deputy, of the newly created Interagency Council on Global Agriculture. The ICOGA Council would then provide the appropriate interagency venue for ensuring action on the other Executive Branch actions recommended in The Chicago Initiative.

The recommended Actions here that are Congressional budget actions are a different matter, as they will require strong leadership from both ends of Pennsylvania Avenue. Taking these budget decisions promptly in 2009 will be the greatest test for this proposed Initiative, but also a great opportunity for America to resume clear international leadership in the increasingly important fight against hunger and poverty.